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2019

# BILLET D'ÉTAT

## WEDNESDAY, 30th JANUARY 2019

*ITEM DEFERRED FROM MEETING ON 12th DECEMBER, 2018*

1. Appendix Report - Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services - Bailiwick of Guernsey Law Enforcement – An inspection of the capability and capacity of Guernsey Police and Guernsey Border Agency, P.2018/142

*LEGISLATIVE BUSINESS*

*Legislation Laid Before the States*

The Income Tax (Pensions) (Contribution Limits and Tax-Free Lump Sums) (Amendment) Regulations, 2018

*OTHER BUSINESS*

2. States' Trading Supervisory Board – Alderney Airport Runway Rehabilitation, P.2018/138
3. Scrutiny Management Committee – In-Work Poverty Review, P.2018/140
4. Schedule for future States' business, P.2019/1

# BILLET D'ÉTAT

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**TO**
**THE MEMBERS OF THE STATES**
**OF THE ISLAND OF GUERNSEY**

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I hereby give notice that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE,** on **WEDNESDAY,** the **30th January, 2019** at **9.30 a.m.,** to consider the items listed in this Billet d'État which have been submitted for debate.

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey

19th December, 2018

**P.2018/142**

**THE STATES OF DELIBERATION**
**of the**
**ISLAND OF GUERNSEY**

**APPENDIX REPORT – DEBATE**

HER MAJESTY'S INSPECTORATE OF CONSTABULARY AND FIRE & RESCUE SERVICES - BAILIWICK OF GUERNSEY LAW ENFORCEMENT – AN INSPECTION OF THE CAPABILITY AND CAPACITY OF GUERNSEY POLICE AND GUERNSEY BORDER AGENCY

Pursuant to Rule 20(5) of the Rules of Procedure of the States of Deliberation and their Committees, the States are asked to decide:-

Whether, after consideration of 'Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services - Bailiwick of Guernsey Law Enforcement – An inspection of the capability and capacity of Guernsey Police and Guernsey Border Agency', they are of opinion:-

1. To take note of the Report.

HMICFRS

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services

# Bailiwick of Guernsey Law Enforcement

An inspection of the capability and capacity of Guernsey Police and Guernsey Border Agency

November 2018



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# Contents

# Summary

In 2017, the Bailiwick of Guernsey's Committee for Home Affairs invited HMICFRS to inspect the policing and border control arrangements. These are provided by two separate but closely connected organisations, which are collectively known as “Bailiwick Law Enforcement” (BLE).

The two organisations which comprise Bailiwick Law Enforcement are Guernsey Police and Guernsey Border Agency. They are distinct organisations but, since 2013 have operated under a single head and a shared senior management team.

Our terms of reference for this inspection were wide-ranging. They amounted to an examination of most aspects of BLE’s operations and the governmental, political, and social context in which they take place.

Generally, the Bailiwick of Guernsey’s population is very well-served by its police force and border agency. BLE has much to be proud of, and there are many areas of work which impressed us particularly. There are also nonetheless areas where there is scope for improvement, and some where we concluded that we should make specific recommendations.

Our report identifies 26 areas for improvement and makes eight recommendations.

## Governance

When the Guernsey Home Department appointed BLE's current head, BLE had three objectives: to drive out inefficiencies; to encourage greater joint working; and to increase professionalism. BLE has achieved these objectives, at least in part. However, it is stuck in an awkward ‘halfway house’. It is neither two separate organisations nor one single organisation. As a result of this, the full benefits expected from its creation have not been realised. The Committee for Home Affairs vision for the future structure needs to be clarified.

The Committee for Home Affairs Delivery Plan 2015-2018 defined the core business objectives of the services for which the Committee was responsible. However, since that plan’s publication, the membership of the Committee has changed and a new chairperson has been appointed. At the time of our inspection, the current Committee had neither adopted the *Delivery Plan 2015-2018* nor produced a new plan to replace it. As a result, BLE did not know what business objectives the Committee had set for it. Subsequently the plan was adopted, but it has since been superseded by a plan from the States of Guernsey.

In the Bailiwick of Guernsey, there is no protocol (of the kind used in England and Wales) or other document to clarify the respective roles of the Committee for Home Affairs and the Head of Law Enforcement. We identified a strong sense of frustration, shared equally by the Committee for Home Affairs and BLE personnel, that the governance arrangements were not functioning as well as they should.

## Technology

We found some very serious shortcomings in BLE's information and communication technology (ICT) systems. This was a dominant and recurring theme of our inspection. The ICT provision of the Bailiwick of Guernsey was among the worst we have seen. Throughout the inspection, interviewees told us about many problems with their ICT, the collective effect of which is profoundly damaging to BLE's morale, efficiency and effectiveness.

## Public expectation

BLE's leaders demonstrated their commitment to meeting public expectations, and we found they largely did so. Border controls generally worked well. The police attended most incidents. The crime investigation files we audited contained many examples of thorough investigations of crimes which most police forces in England and Wales would have treated as too minor to investigate.

However, we believe BLE could do more to involve the public in setting local and strategic priorities. We found that BLE did not formally consult parish contacts (such as the parish constables and douzaines[1]) when producing the *Service Delivery Plan 2017-2020*. There were no formal structures in place for consulting the public about their concerns and priorities, or feeding back what action BLE had undertaken to address them.

## Crime

There has been a significant downward trend in recorded crime in the Bailiwick of Guernsey since 2007, with 54 percent fewer offences recorded in 2016 than in 2007.

However, despite the fall in recorded crime, responses to the 2015 Crime and Justice Survey showed that 48 percent of respondents believed that crime had actually increased since 2013 (with 16 percent believing that there was a lot more crime). Only 12 percent believed there was less crime.

Guernsey Police's crime detection rate has improved markedly over the past decade. The detection rate has been consistently around 50 percent (the target set by the head of bailiwick law enforcement) since 2012, having fluctuated between 28

[1] Parish constables, or connétables, are the elected heads of parishes. Parish councils in Guernsey are known as douzaines.

and 36 percent between 2007 and 2011. This is considerably better than detection rates in England and Wales.

We found good-quality investigation plans had been created for most of the investigations we looked at and, in the specialist departments in particular, investigations were often well supervised. However, the quality of supervision was not as consistent outside these departments.

We were impressed by the quality of Guernsey Police's problem-solving policing. However, there are no formal review processes of problem-solving plans, nor analyses of results to assess their effectiveness.

## Borders

Through its administration of the customs and immigration systems, Guernsey Border Agency plays a crucial role in protecting the Bailiwick of Guernsey. Throughout the inspection, we found that Guernsey Border Agency is fulfilling its border responsibilities to the Bailiwick and the Common Travel Area.

We found robust immigration controls for scheduled arrivals. There are few scheduled maritime and aviation services to the Bailiwick of Guernsey, and Guernsey Border Agency has sufficient capacity for face-to-face immigration checks on everyone arriving on scheduled services from outside the Common Travel Area. Vehicular traffic and freight arriving from outside the Common Travel Area are subject to physical search for illegal migrants.

Since 2016, most seizures of restricted and prohibited goods have been from postal packets. In 2016, such seizures accounted for 91 percent of drugs seizures (by number of seizures, not weight of drugs seized), up from just 30 percent in 2015. Underlying this is a three-fold increase in the number of drug seizures from incoming post.

Guernsey Border Agency officers – along with their Guernsey Police colleagues – lack access to a particularly rich source of UK police intelligence: the Police National Database. This is a consequence of BLE's weak ICT infrastructure.

## Financial crime

With funds of £270 billion under management and administration, the Bailiwick of Guernsey's financial sector is internationally significant. It is the mainstay of the economy, contributing more than a third of the Bailiwick's gross domestic product. Consequently, the economic crime department's performance has national and international consequences.

The economic crime department's objectives include the receipt, development, analysis, and passing on of financial intelligence, and facilitating the Bailiwick of

Guernsey’s suspicious activity reporting régime. Suspicious activity reports provide law enforcement agencies with valuable information about potential criminality. There has been a very significant increase in the volume of suspicious activity reports since 2012. This coincides with a reinvigoration of the economic crime department’s outreach programme, through which it educates institutions about their responsibilities under the reporting regime.

There has been an increase in the number of money-laundering investigations following a fall in 2013. However, the total conducted in 2017 was no higher than it was in 2012.

We were particularly concerned by the extent of difficulties reported by investigators seeking to get financial orders in the course of their investigations. Very lengthy delays were commonplace. This frustrated investigators, seriously limited the rate at which investigations could progress, and had an adverse effect on asset recovery performance. We also found that delays with international mutual legal assistance cases were commonplace.

BLE has increased its capability to tackle proceeds of crime, through the creation of a new international co-operation and asset recovery team. This team's role includes pursuing suspected criminal assets which have been frozen in the Bailiwick of Guernsey. The economic crime department reported that there were significant further assets to explore.

## Intelligence

BLE's intelligence unit comprises a range of officers and staff from Guernsey Police and Guernsey Border Agency. The functions performed, and the structure of the unit, largely reflect similar units in England and Wales, and the officers and staff have access to similar training. Those staff we spoke with had significant experience in collating, developing and disseminating intelligence. We found a well-established and valuable network of relationships and working practices. These help BLE to gather and disseminate intelligence.

Each week, the director of intelligence chairs a tactical tasking and coordination group meeting. The meeting follows the principles of the National Intelligence Model and reflects good practice seen in England and Wales.

Guernsey Border Agency uses an intelligence-led strategy at the borders to identify the more serious offences such as commercial importations of controlled drugs. Drawing on the range of intelligence, enquiries are undertaken to identify persons of interest travelling, and coercive powers are used to good effect when stopping and searching people, vehicles and vessels.

We saw a number of examples where Guernsey Border Agency had undertaken complex and serious investigations relating to cross-border crime involving overseas jurisdictions. There was clear evidence that the Agency worked collaboratively with law-enforcement bodies in Jersey, the UK and France, and that it shared intelligence with them.

## Vulnerable people

We found that BLE does not consistently identify people who are vulnerable. It does not have a single, corporate definition of vulnerability. A suitable definition, supported by training and policies, would provide staff and officers with a common understanding of the ways in which people can be vulnerable and help ensure that vulnerable people receive the support they need.

The software in the Joint Emergency Services Control Centre highlights whether any previous calls have been made from the same telephone number or address. While this identifies some repeat victims, it does not automatically identify repeat victims who may be calling from a different address, or other callers whom BLE may previously have identified as vulnerable.

BLE’s domestic abuse policy makes clear the requirement for all attending officers to complete a risk identification checklist form for all domestic abuse incidents they attend. The response officers we spoke to knew of this requirement. We learned that forms completed by uniform officers vary in quality. However, we were pleased to find that BLE has a process to ensure that any errors or omissions are identified quickly.

Despite the processes in place for assessing risk in domestic abuse cases, we found no evidence that BLE officers are required to routinely assess the vulnerability of all the victims, witnesses and suspects they encounter. Consequently, it is likely that some of the vulnerable people BLE officers meet are not identified as such and therefore do not receive the appropriate response, whether it be referral for multi-agency intervention or other safeguarding measures.

We learned that public protection unit (PPU) officers receive additional specialist training on public protection issues. However, some officers told us that they felt the training is insufficient, and we heard concerns that it does not equip them with the specialist knowledge they need to deal with vulnerable people or to advise their uniformed colleagues.

Despite these concerns, our file review showed that most of the public protection unit cases we examined were effectively investigated. We also found evidence of effective supervision in almost all the cases investigated by the public protection unit.

We heard from partner bodies that public protection unit investigations are generally focused on the needs of the victim, especially in child protection cases. Our file review echoed this, as we found evidence of good victim care in the majority of PPU investigations we examined.

However, not all BLE investigations show good victim care. Victim care and witness care plans are not routinely completed.

BLE works constructively with partner organisations to protect those who are vulnerable and to support victims. Partner agency representatives to whom we spoke during our inspection made positive comments about the force’s engagement in this area.

## Forensic capabilities

In common with police forces in England and Wales, BLE faces significant demands associated with digital forensics. It is managing them in a sensible way. BLE’s digital forensics capacity had increased significantly during the year before our inspection. However, BLE realises that this capacity will require continuing investment to keep pace with increasing demand and developments in digital technology.

Since BLE's creation, Guernsey Police’s Scientific Support Department has also provided crime scene investigation services to Guernsey Border Agency. Given the low crime rate in the Bailiwick of Guernsey, demand for crime scene investigator attendance is low. The department can therefore attend a wider range of incidents than most police forces in England and Wales.

## Estates

At the time of the inspection, there was no BLE estates strategy, nor was there an estates strategy covering Home Affairs services as a whole. It is widely recognised that BLE's estate provision is inadequate.

In recent years, the Guernsey strategic asset management project and the home operational services transformation project have both examined a range of potential options for the estate. While these examinations were going on, BLE reduced its expenditure on maintaining and improving its current estate because it expected to relocate. It is likely that additional investment will be required to renovate parts of the current estate unless a decision is made to move to new accommodation.

Guernsey Police’s – and latterly BLE’s – custody facilities have long been an area of concern for senior managers, those working in the custody facilities and the Committee for Home Affairs. These facilities were subject to independent reviews, in 2010 and 2014. Both reviews identified concerns. Following the latter review, BLE took some immediate remedial action and developed a programme of works to refurbish the facility sufficiently to fully address the concerns. Progress has been slow, however.

## Other functions

Certain non-law enforcement functions are also carried out by BLE: revenue and excise collection; issuing passports; import and export licencing; and issuing work permits. The inspection did not show that the current arrangement had any significant disadvantages.

### Complaints

HMICFRS conducted a dip sample of public complaints made during 2017, to assess whether the professional standards department was referring all appropriate cases to the Police Complaints Commission. This revealed that the professional standards department's processes were robust, informal resolution was being sought correctly, and all appropriate cases were referred.

There have, however, been long delays in some of the cases which are not subject to informal resolution, with the professional standards department waiting long periods for the Police Complaints Commission to confirm whether it intended to supervise the investigation.

At the end of each supervised complaint investigation, the Police Complaints Commission prepares a statement on whether the investigation has been conducted to its satisfaction. We found problems with this. The Commission's, force's, and other stakeholders' interpretation of the legislation is that the Commission may only say it is either ‘satisfied’ or ‘dissatisfied’ with the PSD investigation, with no nuance or caveats. This can prove confusing to both the complainant and the officer subject to the complaint, and lead to unfair public criticism. Of those we asked, all were in favour of the legislation being redrafted.

### Enabling functions

The Committee for Home Affairs requested that HMICFRS examine the 'enabling functions': human resources, information and communications technology (ICT) and finance. These three functions are all now provided centrally. We found some evidence of benefits from a central approach. But we also found that the centralisation had a negative effect on BLE’s operational efficiency and effectiveness, as well as significantly increasing the workloads of BLE managers and supervisors.

# 1. Introduction

## Our commission

We conduct statutory inspections of police forces and other law enforcement agencies in England and Wales. We also inspect law enforcement arrangements in British Overseas Territories and Crown Dependencies upon invitation from the relevant Government.

The Bailiwick of Guernsey is a Crown Dependency comprising the islands of Guernsey, Alderney, Sark, Herm, Brecqhou, Jethou and Lihou, as well as a number of uninhabited islets. It covers an area of just over 63 square kilometres. The resident population is about 64,000. Guernsey's Government is called the States of Guernsey, subsequently referred to as 'the States'.

In 2017, the States' Committee for Home Affairs invited HMICFRS to inspect the policing and border control arrangements. These are provided by two separate but closely connected organisations collectively known as 'Bailiwick Law Enforcement' (BLE).

## About Bailiwick Law Enforcement

The two organisations which comprise Bailiwick Law Enforcement are Guernsey Police and Guernsey Border Agency. They are two distinct organisations but, since 2013 and following a report by the States' Committee for Home Affairs, have operated under a single head and a shared senior management team. BLE also includes other functions such as trading standards.

In 2016, BLE had an allocated budget of £18.2 million. Between March 2010 and March 2016, the budget was reduced by six percent.

In many respects, BLE faces challenges similar to those faced by England and Wales police forces and the UK Border Agency. But in some important respects there are major differences. The Bailiwick of Guernsey has a small, tight-knit community which enjoys a high standard of living. There are particularly low crime rates and very high public expectations on BLE – to keep crime low, manage the border well, provide an attentive service and keep the community safe.

## Our terms of reference

Our terms of reference for this inspection were wide-ranging. They amounted to an examination of most aspects of BLE's operations and the governmental, political and social context in which they take place.

We were asked to pay particular attention to the impact of the “RoLE” (restructuring of law enforcement) programme, which resulted in the integration of some of Guernsey Police's and Guernsey Border Agency's functions, through new joint teams. We were also asked to pay particular attention to BLE’s capability and capacity for the future. The terms of reference are reproduced in full at annex A.

## Our methodology and approach to this inspection

We conducted fieldwork for this inspection in December 2017 and January 2018. Our fieldwork team was a joint one, comprising personnel from HMICFRS, a representative from HM Borders and Immigration Inspectorate, and a police superintendent with particular experience of policing in a British Overseas Territory.

We interviewed BLE personnel at all levels of the organisation. We observed a series of management meetings. We consulted other law enforcement and criminal justice bodies and members of the public. We analysed various data and documents, including a comprehensive self-assessment that BLE completed at our request. We audited a series of BLE’s crime investigation files.

In reaching our judgments we have, where appropriate, made comparisons with police and border practices in British Overseas Territories and England and Wales. We have also drawn on guidance provided to police forces by the College of Policing ('authorised professional practice') and we have referred to our findings from other HMICFRS inspection reports.

For certain aspects of the inspection we have drawn comparisons with the work of the National Crime Agency, because it also carries out policing and border functions.

## The layout and content of this report

Our terms of reference had 12 sections. Each of the following chapters reports our findings in relation to one of those sections. Inevitably, certain aspects of our findings are relevant to more than one section. Where this is the case, we have included cross-references to other relevant chapters.

Generally, the Bailiwick of Guernsey’s population is well-served by its police force and border agency; BLE has much to be proud of, and in the chapters that follow there are many areas where we were particularly impressed.

There are also areas in which there is scope for improvement, and some where we concluded that we should make specific recommendations.

Our report draws attention to 26 areas for improvement and makes eight recommendations. These are listed at annex B and annex C respectively.

# 2. Resources

The Committee for Home Affairs asked HMICFRS to examine BLE resources and, in particular, the numbers of officers and staff and their allocation against priorities in the context of high public and political expectations. This chapter examines:

- BLE's staffing levels;
- BLE's understanding of the demand it faces (including that born of public expectations) and its awareness of the policing and border-related threat, harm and risk the Bailiwick of Guernsey faces; and
- the processes in place for setting BLE's priorities.

## Staffing levels

Because Guernsey Police and Guernsey Border Agency remain as two distinct bodies, we have examined their staffing levels separately.

Both bodies employ a mix of warranted officers and support staff. In human resource management terms, the numbers of support staff were counted independently by each body up to 2013, but have been counted as a combined total since 2014.

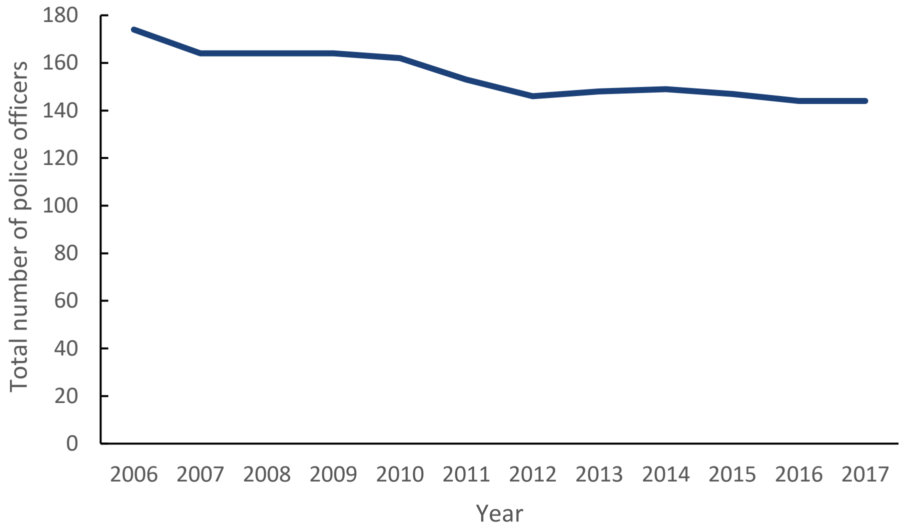
### Police officers

Under a 1949 law, the States has responsibility for setting the authorised police officer establishment. It does this by resolution.[2]

The most recent resolution was passed in 1998, when the establishment was set at 177 officers. However, throughout the last ten years the actual strength appears to have been lower and, since 2012, has remained under 150.

[2] Section 2 of the Island Police Force Establishment (Guernsey) Law 1949 says "*The establishment of the Island Police Force shall be such as the States may from time to time by Resolution determine, or may have, prior to the commencement of this Law, determined*".

**Figure 1: Actual police officer strength 2006–2017**




**Source: Guernsey Police annual reports, 2006–2017**

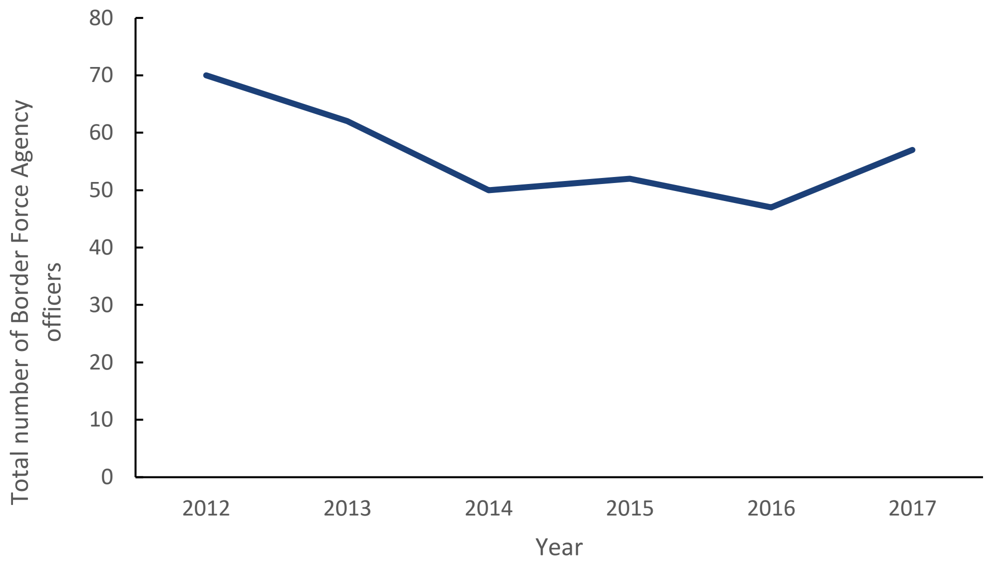
Figure 1 shows the number of officers in post on 31 December each year. Between these dates, officer numbers would have fluctuated and, at times, would have been higher or lower than the figure at the end of the year.

The decision to set the authorised establishment at 177 was taken 20 years ago. Since then the environment, and demands on policing, have changed considerably.

## Guernsey Border Agency officers

Guernsey Border Agency officer establishment is not set in the same way as police establishment. Instead, border officers are deemed civil servants and their numbers are determined by the States from time to time.

**Figure 2: Guernsey Border Agency officer strength 2012–2017**



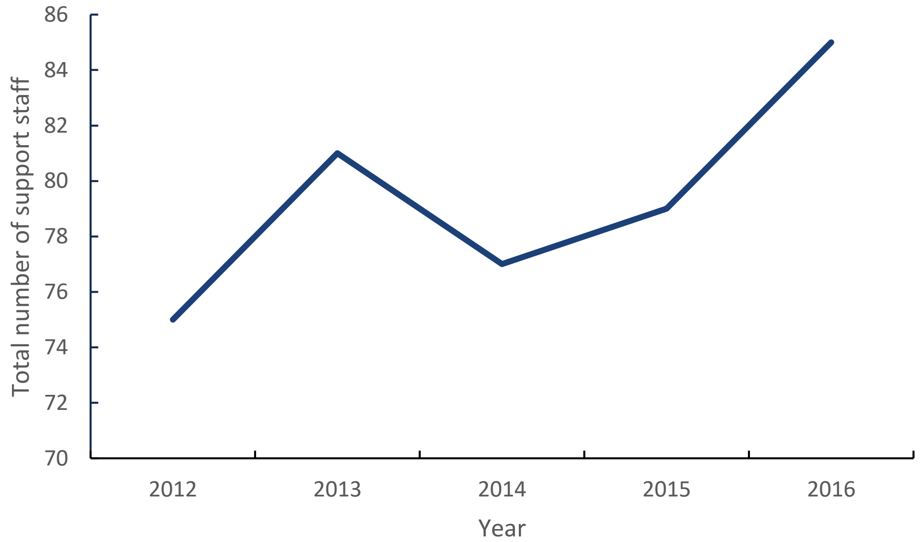

**Source: Guernsey Police annual reports, 2012–2016**

Figure 2 shows that until 2017, there was a downward trend in the number of Guernsey Border Agency officers.

### Support staff

In addition to police and border officers, there are support staff (also referred to by BLE as 'civilian staff') in various roles.

**Figure 3: BLE support staff employees 2012–2016**




**Source: Guernsey Police annual reports, 2012–2016**

At the time of our inspection, BLE had 304 members of staff. There were 147 police officers, 57 border officers and 100 support staff (26 of whom held warranted powers to discharge specific functions). There were also six special constables, and BLE was able to call upon the services of another voluntary group, Guernsey's Civil Protection Volunteers.

## BLE's understanding of demand

We examined BLE's understanding of demand. This is the extent to which systems, procedures and data were in place to give its managers a sound awareness of the scale and nature of demands on it and how they should be prioritised. This part of our report deals solely with BLE's understanding of demand. Other relevant evidence about demand is discussed elsewhere, including Chapter 5.

HMICFRS found that BLE understands much of the demand for the services it provides, although it should develop a more sophisticated assessment of it. Demand is currently assessed through a number of mechanisms.

### Daily and monthly meetings

We found a robust system of daily briefing meetings. Attended by the senior leadership team and other staff, these meetings review a wide range of issues including: expected passenger and freight movements; all crimes recorded in the previous 24 hours; suspicious activity reports; and 'high risk' individuals whose activities required monitoring.

At regular monthly meetings, senior managers review crime trends, domestic abuse cases, driving offences and digital forensic examinations. They also examine the volume of work at the border, public protection cases and other investigatory activity.

However, because of some very serious shortcomings in BLE’s information and communication technology systems – a dominant and recurring theme of our inspection which we explore in greater detail in Chapter 13 – there were limitations on the range of data that could be explored at these meetings. Moreover, as BLE does not have a sophisticated analytical capability, there were no comprehensive analyses of trends and patterns in demand.

**Under-reported crime and the hidden demand from minority communities**

We found that BLE has a limited understanding of under-reported or hidden crime types. A member of staff has been appointed to act as a liaison officer for the Bailiwick of Guernsey’s lesbian, gay, bisexual and transgender communities, and has sought to encourage reporting of any homophobic incidents. The force has also actively consulted the very small Jewish and Muslim communities.

Through a joint operation with the Guernsey Youth Commission, BLE has sought to identify children at risk of sexual exploitation. It has also participated in a national risk assessment of modern slavery and evaluated the scale of human trafficking in the Bailiwick of Guernsey.

**Developing a more sophisticated assessment of demand**

Although the methods used had enabled BLE to understand much about the demand it faces, there is no process for regularly collecting data from a wide range of internal and external sources (including other parts of the States) in order to compile a comprehensive annual strategic threat and risk assessment. Such a process is commonly used in many police forces and other law enforcement bodies; in England and Wales it is a requirement of the National Intelligence Model.[3]

A well-constructed strategic threat and risk assessment uses information from law enforcement and other sources, such as social services, health, fire and rescue, transport providers, demographic data etc. to provide a more holistic view of demand.

[3] The National Intelligence Model is a well-established and recognised model in policing that managers use for setting strategic direction, making prioritised and defensible resourcing decisions and various other matters.

In Guernsey's case such an assessment, although inevitably modest in size and scope, would be a valuable additional source of reference for BLE's leaders.

**Area for improvement 1**

- BLE's understanding of demand is an area for improvement. Regular production of a strategic threat and risk assessment would improve BLE's understanding and therefore assist in strategic planning.

## Prioritising against the demand

### Strategic priorities

BLE has defined its strategic priorities. While police and crime commissioners (and mayoral equivalents) set the strategic priorities for police forces in England and Wales, the equivalent has not happened in Guernsey. The States Committee for Home Affairs had not, at the time of inspection, confirmed its plan with BLE (see Chapter 11). In the absence of this strategic direction, BLE has tried to identify its priorities for itself, and has set them out in its Service Delivery Plan.

BLE had defined its strategic "service delivery priorities" in its *Service Delivery Plan 2017-2020*.[4] Priorities for the period are:

- security;
- protecting the vulnerable;
- tackling crime and anti-social behaviour;
- community engagement and citizen experience;
- technology;
- standards, performance and development;
- specialist capabilities; and
- efficiency.

While BLE drew on a wide range of data when setting its priorities, senior leaders recognise that the process could be more sophisticated. BLE recently appointed an analyst whose role will include the adoption of a risk management process similar to

[4] *Service Delivery Plan 2017-2020*, Bailiwick Law Enforcement. Available at: www.guernsey.police.uk/CHttpHandler.ashx?id=111224&p=0

that used by police forces in England and Wales[5] to identify the full range of threat, risk, and harm they face. Through its incorporation in the strategic assessment process, this work will help identify appropriate strategic policing priorities.

**Public expectations**

In communities with relatively high crime rates and limited policing resources, the public accept, albeit reluctantly, that the police are unable to respond to, and investigate thoroughly, all reported offences. This is not the case in the Bailiwick of Guernsey, where the public tend to expect that police will deal with all incidents, regardless of their seriousness.

BLE's leaders have expressed their commitment to meeting public expectations and we found they were largely successful in doing so. Border controls generally worked well. Incidents receive a police response and, in the crime investigation files we audited, there were many examples of investigations of crimes which most police forces in England and Wales would have seen as too minor to investigate.

**Public consultation**

We found that while BLE had not carried out a formal consultation exercise to learn about public expectations it knew about them through its contact with politicians, the media's focus on crime issues, and its daily contact with the public and businesses on border and policing matters.

However, we believe BLE could do more to involve the public in setting local and strategic priorities. It did not formally consult parish contacts (such as the parish constables and douzaines) when producing the *Service Delivery Plan 2017-2020*. Although neighbourhood officers carry out monthly environmental audits (see Chapter 5), there is no corporate structure in place for BLE to consult the public about their concerns and priorities, or to feedback what action it had undertaken to address these.

While the biennial Crime and Justice Survey[6] includes some questions relating to BLE, there are no regular surveys of the public to understand their priorities, their views of the organisation's strategic direction or their perceptions of its performance.

BLE does not regularly hold local parish meetings where the local community can raise issues of concern with neighbourhood officers.

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[5] The MoRILE (Management of Risk in Law Enforcement) model.

[6] Available at: www.gov.gg/crimejustice2018

**Area for improvement 2**

- BLE's arrangements for formal public consultation and communication are an area for improvement. BLE should introduce a structure and system for consulting and communicating with the public on matters such as strategic and local priorities, matters of concern to communities and feedback on BLE actions and performance.

### Prioritisation of calls, flexibility and multi-skilling

Consistently providing a very high level of service with finite resources requires sound prioritisation processes and a flexible, multi-skilled workforce. We found evidence that BLE possessed both.

Call handlers at the Joint Emergency Services Control Centre (see Chapter 5) follow a script of pre-set questions, which automatically prioritises response based on the seriousness of the incident. BLE’s meeting structures also provides a forum for prioritising activity and reassigning staff resources accordingly.

We found generally good relationships between different Guernsey Police units. Staff accept that the realities of small-island law enforcement require them occasionally to assist with other areas of work. Many police and border officers have a range of specialisms and can be deployed in a variety of roles. For example, public protection unit detectives assist with high-priority, complex criminal investigation division (CID) investigations and vice versa. Furthermore, CID regularly draws on uniformed police officers to assist with their work.

### Further integration

BLE may in future be able to increase flexibility and multi-skilling by further integration. Legislation has been passed to enable, in specific circumstances, any officer to operate as a police, customs, or immigration officer.

However, the strategic vision for law enforcement in the Bailiwick of Guernsey is unclear, in particular about the degree to which Guernsey Police and Guernsey Border Agency should further integrate or merge. We explore this important issue further in Chapter 4.

### Assessing the impact of abstractions

While BLE's staffing flexibility helps the organisation to prioritise its activities, BLE does not assess the impact of abstracting (taking away) police officers from their primary roles – in particular, the level and effect of abstractions from neighbourhood policing teams and roads policing. Such assessments are important because risks can arise where abstracted staff members are unavailable to fulfil other commitments.

**Area for improvement 3**

- BLE's lack of a process for assessing the effect of abstractions is an area for improvement; BLE should introduce such a process in order to minimise the risks associated with abstracting personnel from their core role.

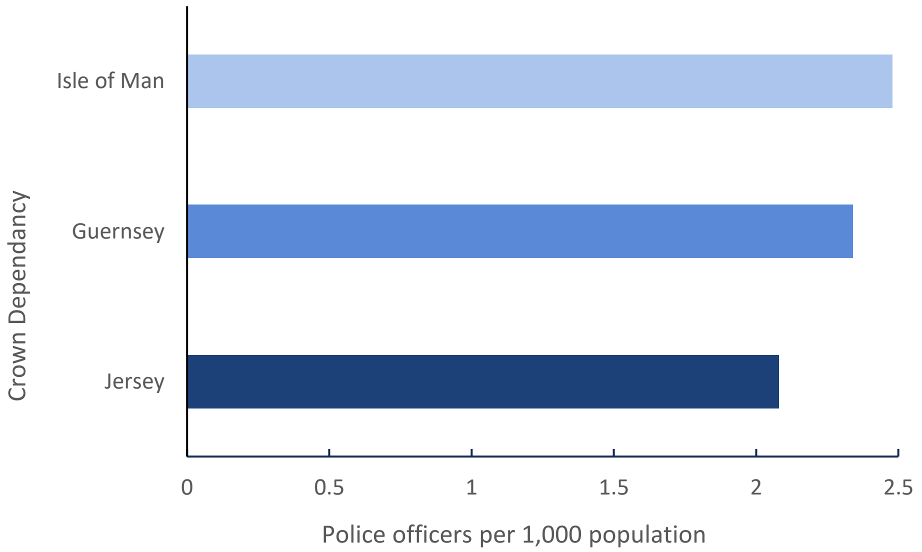
## BLE's staffing level

We were asked to offer our view on whether BLE's staffing level is appropriate to enable the organisation to fulfil its purpose.

### Comparison of staffing levels with other bodies

In terms of the number of police officers per 1,000 population, BLE is broadly comparable with the States of Jersey Police and the Isle of Man Constabulary. However, the operating environment and the judicial systems differ between the three territories. As a result, a simple numerical comparison between jurisdictions, while useful up to a point, are not necessarily a reliable guide to what is an appropriate staffing level in each.

**Figure 4: Number of police officers in post in British Crown Dependencies per 1,000 population, 2016**




**Source: Guernsey Police Annual Report, 2016; States of Jersey Police Annual Report, 2015–2017; Chief Constable's Annual Report, 2016–2017**

Most of the managers we interviewed during the inspection felt that they had sufficient staff for their current work.

However, five main barriers stop us from making a more authoritative evaluation of whether BLE has the right number and mix of staff. To conduct such an evaluation would require:

- an articulation of the plans for the future structure of BLE and its two component organisations;
- a sophisticated understanding of the range and scale of law enforcement threats, harm and risk to the Bailiwick of Guernsey;

- an articulation of the Committee for Home Affairs' and the States of Guernsey's priorities and expectations of BLE;
- a comprehensive understanding of organisational performance against these priorities; and
- greater clarity concerning the budgetary position within which BLE has to operate.

As discussed in this report, these are all currently areas for improvement. Additionally, a skills audit of the workforce and the identification of any skills gaps would be required (see Chapter 3).

In setting new, appropriate establishment levels, the Committee and BLE should also recognise that meeting areas of increasing demand – including, but not limited to, cyber-crime investigation and digital forensics – will probably require increased resources.

## 3. Staff retention and satisfaction

The Committee for Home Affairs asked HMICFRS to examine staff retention and satisfaction and in particular the difficulties faced by BLE in recruiting sufficient officers, including officers with specialist skills. This chapter examines:

- the attrition rate;
- morale and wellbeing; and
- the impact of continual recruitment pressures on BLE.

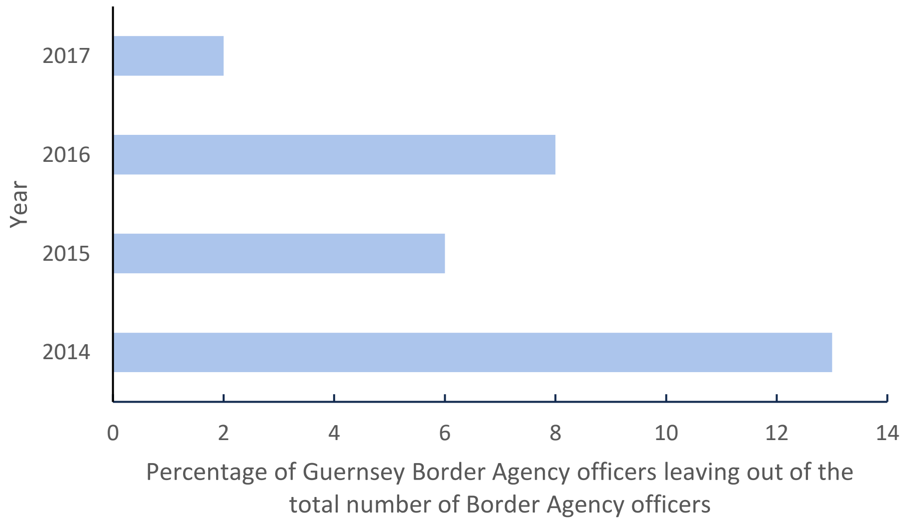
### The attrition rate

The following paragraphs set out the attrition rates in Guernsey Border Agency and Guernsey Police. In both instances, although the attrition rates in certain years may be thought high, the numbers of staff leaving the organisation in any given year are not large enough to support statistically significant conclusions.

#### Guernsey Border Agency

Figure 5 shows the percentage of border officers leaving the organisation each year since 2014.

**Figure 5: Guernsey Border Agency officer attrition rate 2014–2017**

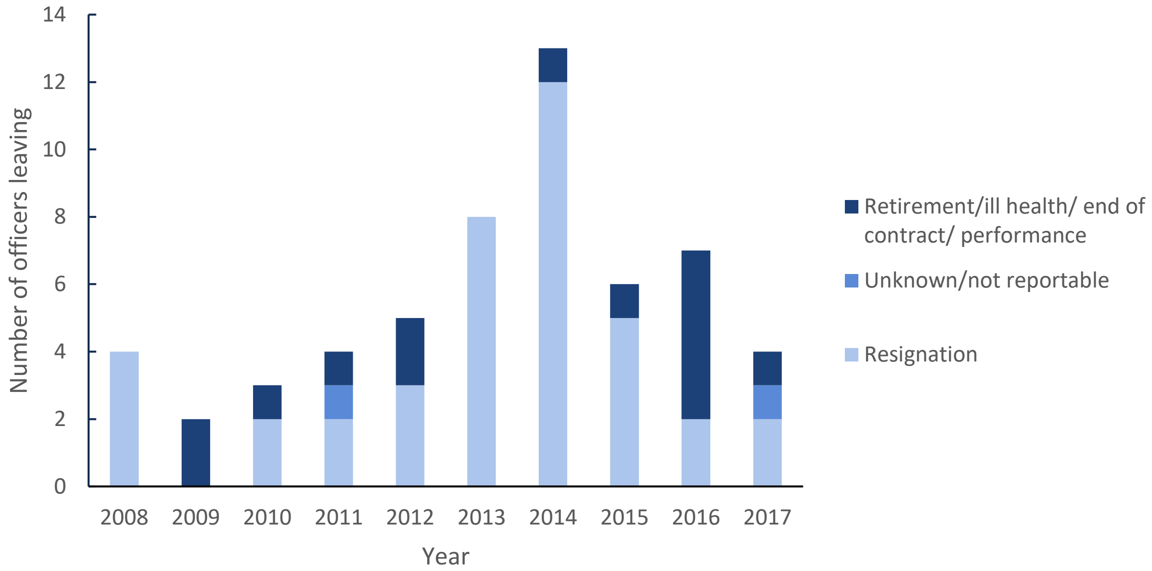



**Source: Guernsey Police annual reports, 2014–2017**

Employees leave organisations for a variety of reasons, some voluntary (such as retirement, alternative employment, relocation or changes to personal circumstances) and some involuntary (such as termination of contract or ill-health).

Figures 6 and 7 detail the number of officers and civilians who left Guernsey Border Agency over the past decade, and the reasons for their departure.

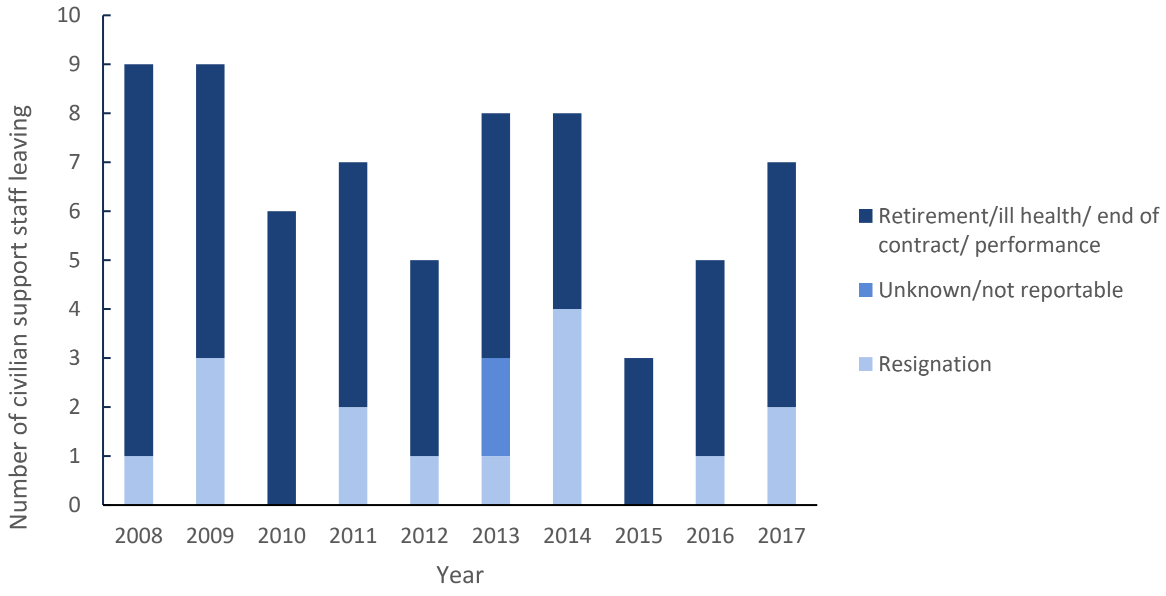
**Figure 6: Officers leaving Guernsey Border Agency 2008–2017**




**Source: Guernsey Police annual reports, 2008–2017**

Figure 6 shows that, while the number of officers leaving Guernsey Border Agency remained relatively consistent from 2008–2012, resignations increased markedly in 2013 and again in 2014. It is also clear that the number of officers leaving due to retirement, end of contract, ill health, or performance issues remained low during this period. We can therefore assume that most exits were voluntary.

**Figure 7: Civilians leaving Guernsey Border Agency 2008–2017**



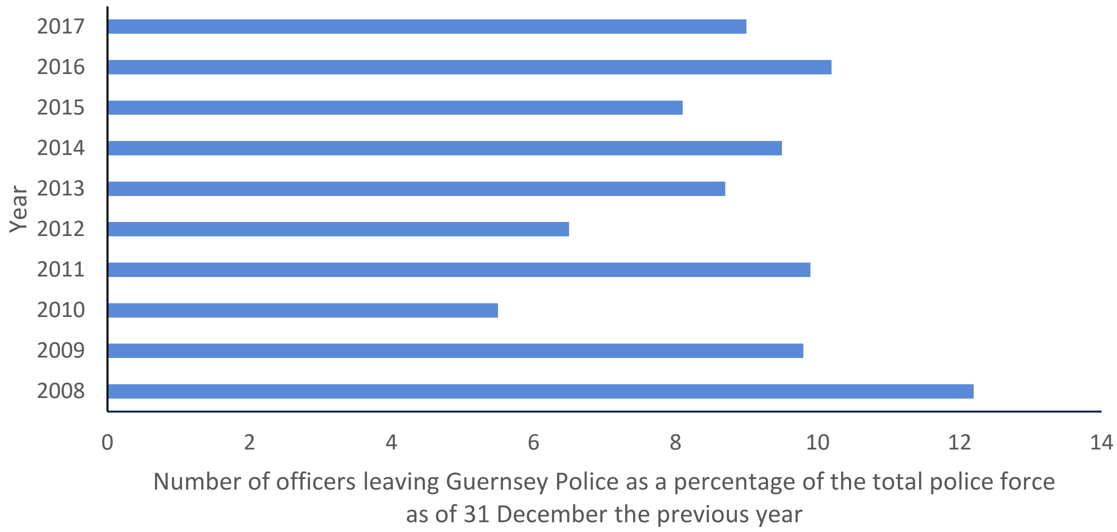

**Source: Guernsey Police annual reports, 2008–2017**

Figure 7 shows a more consistent level of staff attrition among civilian support staff. There is a small increase from 2012–2013, followed by a fall in 2015. But it is not clear that this would reflect the changes in staff attrition seen in figure 6 for border agency officers.

States of Guernsey's human resources department categorises each event under a range of headings, and they provided us the figures for 2013–2015. However, its categorisation does not help to further understand the changes in Border Agency staff attrition seen in figures 6 and 7. So we have omitted this information.

### Staff attrition: Guernsey Police

**Figure 8: Police officer attrition rate 2014–2017**




**Source: Guernsey Police Annual Reports, 2008–2017**

The attrition rate among Guernsey police officers has remained relatively consistent since 2009, fluctuating between 5.5 and 10.2 percent per year. In police forces in England and Wales this figure has also remained relatively stable over the same period at just below eight percent.

## Morale and wellbeing

In any organisation, the workforce's perception of how it is treated by its employer will influence the attrition rate and have wider consequences. It is important, therefore, for organisations to understand staff views.

### Staff survey results

BLE uses the States of Guernsey-wide biennial staff survey to develop an understanding of how the workforce feels it is treated, and to identify and understand the issues that affect it. The latest survey, which was undertaken in 2016 and reported in late 2017, suggests that there was low morale among BLE’s workforce and that the proportion of respondents reporting low morale had increased since the 2014 survey.

In 2016, 75 percent of survey respondents from Guernsey Police[7] and 71 percent from Guernsey Border Agency[8] said that morale was low where they worked. Although these figures are disappointing, they should be viewed in the broader law enforcement context. When the Police Federation of England and Wales surveyed police officers in 2017, some 89.6 percent of respondents reported low morale in their force.[9] While it is clear, therefore, that low morale among law enforcement employees is not unique to the Bailiwick of Guernsey, we found among BLE's leaders a strong commitment to improving morale, together with indications of a promising approach.

### The FOCUS action group and its plan

Following the survey's publication, the senior leadership team encouraged Focus – an 'action group' involving staff from across the organisation – to help with developing solutions to problem areas highlighted by it. Focus has created an action plan to address the ten areas that received the highest proportion of negative comment.

At the time of our inspection, this action plan had been presented to BLE's senior leadership team, and members of the action group were preparing to start work on various strands of activity across their departments. Governance arrangements have been established and the action plan has been added, as a standing item, to the senior leadership team's meeting agenda.

### FOCUS communication plan

The 2016 survey showed that the workforce was sceptical that action would be taken as a result of the survey.[10] BLE's senior leaders and Focus action group members recognise that not only do they have to address the concerns raised in the survey, they have to show the workforce that this is happening. To facilitate this, there is a plan to inform the workforce about any initiatives resulting from this work and to communicate to staff that such initiatives have been developed in response to the survey findings.

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[7] States of Guernsey Say It Survey 2016, Guernsey Police

[8] States of Guernsey Say It Survey 2016, Guernsey Border Agency

[9] *PFEW Pay and Morale Survey 2017 Headline Statistics July 2017*, Boag-Monroe, Fran (2017) Police Federation Research and Policy Support Report R011/2017, p11. Available at: www.polfed.org/documents/Pay%20and%20Morale%20Survey%20National%20Report%202017.pdf

[10] States of Guernsey Say It Survey 2016, Guernsey Police (question 66): I believe that action will be taken as a result of this survey: GBA – 58 percent negative / Police – 67 percent negative.

## Other systems and processes

In addition to the staff survey, BLE uses several other systems and processes to generate feedback from the workforce. These include a staff suggestion scheme, a group called the ‘Middle Management Forum’, and ‘Coffee and Conversation’ meetings. The latter are held regularly to give staff at all levels the opportunity to meet with members of the senior leadership team and raise concerns with them.

BLE uses a good variety of data sources to understand the risks and threats to the wellbeing of staff. These sources include attendance management information, return to work interviews, accident at work data and communication with the staff associations.

## Wellbeing strategy

We concluded that senior leaders took wellbeing seriously and tried hard to make themselves available to staff. During the inspection, various interviewees – particularly Guernsey Border Agency personnel and some police staff – emphasised the personal commitment shown by the head of law enforcement, who had made a point of meeting BLE personnel in their workplaces.

BLE's senior leadership team demonstrated a strong commitment to improving wellbeing. BLE has developed a Wellbeing Strategy, which begins with a clear statement of intent:

> "The wellbeing of our workforce is so important that we cannot leave it to chance, we have to have a planned, co-ordinated approach to ensure our people are as physically and mentally fit as possible."

Although the BLE Wellbeing Strategy is relatively new, and BLE is not as advanced as some forces in England and Wales in this area, substantial progress has been made. Members of the senior leadership team have been appointed to lead the five pillars of the Wellbeing Strategy, one of which focuses specifically on mental and emotional wellbeing. Supervisors have been trained to identify staff welfare issues and there are mechanisms to escalate these where necessary.

We also noted that staff wellbeing received a suitably high level of attention at the daily management meeting we attended.

BLE actively communicates wellbeing information to staff. There is a dedicated ‘Wellbeing’ section on the front page of its intranet, and a dedicated contact email that staff can use if they have any ideas for future initiatives. Through a new ‘Wellbeing Wednesday’ initiative, the personnel responsible for each ‘pillar’ also circulate a weekly email across BLE. This includes information and advice relating to their area of the Wellbeing Strategy.

### Mental health and wellbeing

BLE uses a range of measures, including counselling services and mental health first aid training, to improve mental health. Counselling services are arranged in collaboration with the human resources manager with responsibility for Home Affairs. Mandatory counselling is provided to those in high-risk roles, and sessions are also available to all members of staff on request.

In 2016, mental health awareness training was provided to 30 middle managers. Four members of staff have also taken a mental health first aid training course designed to enable students to provide improved initial support to people developing mental health issues or in mental health crisis. These officers' contact details are included in communications about wellbeing.

### Staff and Government recognition

The interviews and focus groups we conducted showed that staff welcomed BLE's commitment to wellbeing. Apparently, the States has recognised this approach as good practice and is using the strategy as a template for wellbeing provision across all its departments.

Despite this strong evidence of BLE's commitment, there is still scope for BLE to further expand its wellbeing provision.

### Occupational health provision

BLE's occupational health provision is provided through a centralised States of Guernsey arrangement. We found that it can be difficult for BLE staff to obtain assistance from occupational health as soon as they need it, as the service is not based within the Bailiwick. This can delay employees' return to work. As a pragmatic solution, BLE has, on occasions, paid for staff to have medical treatment to enable them to resume their duties.

**Area for improvement 4**

- The timely availability of occupational health services is an area for improvement.

### Other factors affecting BLE staff morale and wellbeing

In the course of our inspection, BLE personnel reported five major factors beyond BLE's sole control that are having an adverse effect on their morale. Those were:

- The inevitable upheaval and demands on people, created by organisational change and formation of BLE and the lack of clarity of strategic vision concerning the future state of integration between Guernsey Police and Guernsey Border Agency (discussed in Chapter 4).

- Weaknesses in ICT provision, which are so severe as to make it hard – and in some cases impossible – for staff to do their job (discussed in Chapter 13).

- Inadequate boundaries between the operational control by BLE leaders and the political governance and oversight of BLE by the Committee for Home Affairs, which create tension and frustration for both parties (discussed in Chapter 11).

- Poor estate provision, resulting in buildings and working environments that are not fit for purpose (discussed in Chapter 9).

- A lack of capacity in centralised human resource functions, which places burdens on managers (discussed in Chapter 13).

Based on the extent of commentary in the self-assessment, our observations during the fieldwork, and the depth of views expressed by various interviewees, we concluded that these factors had an adverse effect, not only on morale and wellbeing but also on the wider efficiency and effectiveness of the organisation.

## The impact on BLE of continual recruitment pressures

In June 2017, a separate external review (see Chapter 4) reported that the level of overtime expenditure were attributable to the level of vacancies.[11]

### BLE's recruitment strategy

Finding suitable recruits to fill specialist posts can be a problem for BLE, as it is for other law enforcement agencies in small jurisdictions. Given that BLE is a small organisation, it is understandable that several of its specialist units consist of just one or two people. In many such units, staff tend to remain in post for a long time.

When such staff leave, it creates gaps in experience and skills which often cannot be filled by internal applicants or by people in the local workforce. We were pleased to see that Guernsey Police's recruitment strategy, supported by the States' population management regime, enabled it to recruit from elsewhere when necessary.

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[11] *Costing, prioritisation and benchmarking – Report Committees for Home Affairs and Education, Sport & Culture*, Price Waterhouse Coopers, June 2017, page 46. Available at: www.gov.gg/CHttpHandler.ashx?id=108428&p=0

To legally live and work in the Bailiwick of Guernsey, migrants require an employment permit. Guernsey-based employers such as Guernsey Police, that wish to recruit people from outside the Bailiwick of Guernsey, can apply for these permits from the Population Management Office providing the job is one of those on the employment permit policy list.[12] The Population Management Office then assesses the applications on a case-by-case basis. We were told of various examples where this system had worked well.

### Benefits and drawbacks of external recruitment

Where it is feasible, there are benefits to BLE in recruiting people with the requisite skills and experience from outside the Bailiwick of Guernsey, rather than investing significant time and resources in training inexperienced staff. Given the Bailiwick of Guernsey's low crime rate and the nature of the border controls, it can take longer for personnel to gain valuable experience than in busier environments.

We found a good blend of locally-recruited and externally-recruited personnel in Guernsey Police's workforce. We were informed of a few isolated examples of external recruitment processes which had not worked as well as hoped; some recruits had not settled. Such cases are disappointing for BLE and for the individuals themselves.

### Workforce planning and skills audit

BLE has workforce planning structures that prioritise recruitment for various posts across the organisation based on the skills required and budgetary constraints. At the time of the inspection, BLE was developing a training needs analysis. This will provide it with a skills audit of its workforce.

Once it knows clearly what skills it has, it will be better able to see the gaps in its current capability. Understanding these would enable it to develop the workforce more appropriately.

However, to complete this work, BLE first needs to develop a better understanding of the demand it faces (see Chapter 2) and a clearer strategic vision (see Chapter 4).

[12] Available at: https://populationportal.gov.gg/policies

# 4. Structure and combination of the two services

The Committee for Home Affairs asked HMICFRS to examine the structure and combination of the two law enforcement services, the concept of a single chief officer to head BLE, and the skills required by that chief officer.

It is HMICFRS's long-held view that police forces in England and Wales stand to benefit from closer collaboration with each other and with other law enforcement organisations; we actively encourage them to do so. Our views on police collaboration may also be applicable to law enforcement at the border.

Generally, it is uneconomical for smaller police forces independently to assemble and maintain the full range of specialist capabilities required. Furthermore, when major incidents occur, smaller forces may struggle to provide sufficient capacity to deal with them while carrying out their normal work. When these circumstances arise, forces often rely on helping each other out.

The Bailiwick of Guernsey's constitutional arrangements, and its geography, present BLE with obstacles to such mutual aid which police forces in England and Wales do not face.

We approached this inspection from the viewpoint that BLE's creation should have made Guernsey Police and Guernsey Border Agency more resilient, efficient and effective.

### The objectives of BLE's creation

BLE was created with three objectives: to drive out inefficiencies; to encourage greater joint working; and to increase professionalism in a national agency environment.[13] A strategic review of policing and law enforcement had identified these as early as 2008.[14] Pressure on budgets and opportunities to reduce estate and accommodation costs convinced the States that a unified law enforcement agency under one chief officer would be desirable.

### Achievement of the objectives

We found that these objectives have been achieved, at least in part. However, BLE is stuck in an awkward 'halfway house'. It is neither two separate organisations nor one single organisation. As a result of this the full benefits of BLE's creation have not been realised.

[13] The Future of Law Enforcement Board Report March 2012

[14] The Kendall Report 2008

The influence of a single BLE head has brought improvements such as unified command and direction setting, joint values and culture development, and refined policies and procedures.

BLE has done well in removing unnecessary duplication between certain police and border functions such as custody, training, corporate services, digital forensics, and professional standards. We found that there was closer collaborative working, with certain joint teams resourced by both police and border officers.

In addition, the States has passed new laws that allow the chief officer to appoint or designate officers into other roles (for a specific or broad purpose and following appropriate training). For example, customs officers may be given the powers of police officers.

### Savings achieved

We were struck by many benefits of the approach, particularly the savings achieved. We were told these ran to more than £800,000.

Further integration holds the potential for greater rationalisation, resilience and efficiency. However, there has not yet been a formal post-implementation review or a future options appraisal. These are necessary before a thorough analysis of the improvements already realised – and, importantly, those which could be realised – can be made.

### Perceptions of unfairness

While BLE is keen to achieve consistency as far as possible, it is a small but diverse organisation which has inherited cultures, processes and expectations, from its two predecessors. We found that personnel saw variations in pay and terms and conditions, across the organisation as unfair. This feeling is worse in joint teams. It has generated a good deal of debate and comparison between staff members and – as suggested in some staff surveys – has adversely affected morale.

These perceptions are not peculiar to the Bailiwick of Guernsey and often arise when organisations, including law enforcement agencies, seek to integrate. They arose, for example, when the Serious Organised Crime Agency, the National Crime Agency and the UK Border Force were created.

### Home operational services transformation programme

Through its home operational services transformation programme, the Committee for Home Affairs is responsible for evaluating wider options for change in emergency services, such as combining or co-locating BLE with the fire and rescue service, and, previously, the potential co-location of police and ambulance services. Bringing services together in this way can bring about further savings, particularly in relation to estates costs.

We found that this programme appeared to have foundered, with little progress for a long time. Consequently, the vision for BLE's future – as one integrated organisation or two separate organisations sharing a single head and carrying out certain functions jointly – was unclear.

**Priority-based budgeting exercise**

In 2016 BLE conducted a full review of all its services as part of a wider priority-based budgeting exercise undertaken by an external consultancy on behalf of the States.

The review involved BLE listing all its functional areas (which were grouped into 49 headings) and costing each function in terms of staff and non-staff associated costs.

The development of a strategic vision for BLE's future is a major issue that needs the Committee for Home Affairs' attention. Based on our wider perspective on police collaboration in general, and the evidence from this inspection, we believe that a full post-implementation review should be conducted to assess the full range of benefits and drawbacks that have resulted from the creation of BLE and to fully scope the opportunities presented by further integration.

**Recommendation 1**

- By 31 January 2019, the Committee for Home Affairs, in consultation with the Head of Law Enforcement and other stakeholders, should carry out a post-implementation review and future options appraisal. The outcome of this work should provide enough evidence upon which to base a clear, compelling strategic vision for BLE's future.

## The skills required of the single BLE head

The current head of law enforcement retires later in 2018 and HMICFRS was asked to review the professional qualifications required for the position.

For this aspect of the inspection we reflected on our findings across BLE to identify themes we considered particularly relevant to the appointment of the next head of law enforcement. We drew on five additional sources of information:

- present job description for the BLE head;
- job description for the director general of the National Crime Agency;

- UK Government's *Civil Service Competency Framework 2012-2017*;[15]
- Skills for Justice Policing Professional Framework and associated National Occupational Standards; and
- guidance on the College of Policing's forthcoming ‘policing professional profiles’.

### Relevant themes from our inspection findings

There are four findings from our inspection to which the Committee for Home Affairs may wish to pay particular attention when testing the suitability of candidates for the role.

First, in a small island environment there is a particularly high level of public expectation. In common with other public officials, the Head of Law Enforcement will need to be highly accessible to the Bailiwick of Guernsey’s communities.[16] Candidates should demonstrate excellent communication skills and a very strong commitment to public service.

Secondly, there is a close relationship between BLE and the Committee for Home Affairs, and an indistinct boundary between operational leadership and political oversight (see Chapter 11). Candidates must be comfortable operating in such an environment, being open to scrutiny and challenge but standing firm on matters which require operational independence.

Thirdly, given the present state of integration between Guernsey Police and Guernsey Border Agency, the next head of law enforcement will have to make a major contribution to determining the future of this relationship between them. Candidates should demonstrate the capability to develop a strategic vision for BLE and have a strong track record of leadership in a collaborative environment.

Fourthly, this is a dual role, to maintain both effective policing and effective border functions. Candidates are unlikely to be experienced in both, so will need to be willing to adapt and learn quickly.

### The present job description

We examined the job description of the current head of law enforcement and found that it covered responsibilities across policing and borders functions. Importantly, it

[15] *Civil Service Competency Framework 2012-2017*, Civil Service Human Resources. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/436073/cscf_fulla4potrait_2013-2017_v2d.pdf

[16] This aspect of public expectation was summed up by one official who described the expectation as, at all times, "being public property".

focuses on the strategic direction and financial management of both functions, as well as minimising duplication and maximising performance of BLE.

### National Crime Agency director general job description

BLE is not the only organisation to face the challenges inherent in bringing together elements of two distinct organisations to be led by a single chief officer. Although operating with a different set of responsibilities, and on a far bigger scale, the National Crime Agency successfully brought together police, customs, and other law enforcement staff.

The National Crime Agency director general is a former chief constable. During the recruitment process, the Home Secretary stressed the importance of operating in collaboration and leading a transformation programme. These are strikingly similar characteristics to those required of the next head of law enforcement. The essential criteria for the National Crime Agency director general included:

- effective operational law enforcement in highly challenging situations;
- a proven track record of inspirational leadership of a wide range of partners;
- breadth of vision, innovation and credibility;
- first class communication skills;
- experience of working with government and an understanding of the wider political context;
- proven capabilities in delivering 'better for less' and a practical understanding of how to generate efficiencies, reduce overheads, and ensure real value for money;
- significant experience in change management and strategic leadership – delivering substantial improvements in operational effectiveness and value for money; and
- based on a proven record, capability to inspire confidence and support from partners, staff and – crucially – the public.

We consider these criteria to be equally applicable to the next head of law enforcement.

### Civil Service competency framework 2012-2017

This framework is based on ten competencies, which are grouped into three 'clusters': Setting the Direction; Engaging People; and Delivering Results. For each competency, there are descriptions of effective and ineffective behaviours at six different levels, each reflecting the seniority of the post (from director general level to administrative assistant). Levels 5 and 6 reflect the head of law enforcement's seniority and responsibilities.

We consider that all ten competencies have some degree of relevance to the head of law enforcement. Of these, the seven in the diagram below, with some minor adaptation to the terminology in the underlying behaviour descriptions, would be the most relevant.

**Diagram A: Most relevant competencies for post of head of law enforcement**

| Competency cluster | Competency |
|---|---|
| Setting the direction | Seeing the big picture<br>Changing and improving<br>Making effective decisions |
| Delivering results | Delivering value for money<br>Managing a quality service |
| Engaging people | Leading and communicating<br>Collaborating and partnering |

**Source: Skills for Justice policing professional framework**

This framework, which is designed for police rather than civil service roles, is based on a series of ’rank profiles’ for police officers from constable to chief constable. The profiles include a description of the ’personal qualities’ – common to all ranks – required by the postholder:

- decision making;
- leadership;
- professionalism;
- public service; and
- working with others.

The personal qualities are defined in different ways depending on the seniority of rank. For this purpose, each rank has been placed into one of five groups, which include ‘executive level’ (chief officers) and ‘senior managers’ (chief superintendents and superintendents).

On balance we are drawn to the personal quality descriptions at executive level rather than senior manager. This is because they include more specific requirements for leading strategic change (rather than simply leading change) and leading the workforce (rather than leading people).

### Policing professional profiles

The College of Policing is developing a set of policing professional profiles which will replace the Skills for Justice police professional framework. However, at the time our inspection ended, they were still work in progress and were largely incomplete.[17]

The National Police Chiefs' Council was considering a proposal to implement a five-tier hierarchy into which each of the professional profiles would fit. Based on the information available to us, and notwithstanding that this work was in development, we concluded that certain elements of the relevant descriptions at level 4 ('service function leader') and level 5 ('force leader) would be appropriate for the head of law enforcement. Examples of relevant descriptions include:

- at level 4, "exercise constructive thinking to achieve objectives and service improvement"; and
- at level 5, "develop and lead the implementation of plans to deliver national and [Committee for Home Affairs] priorities".[18]

We suggest that, when designing the recruitment process the Committee for Home Affairs studies the policing professional profiles to determine their suitability – in their more developed form – for its purposes.

While the Skills for Justice policing professional framework and the policing professional profiles were developed for the police service, we are not suggesting that candidates for the head of law enforcement should be limited to serving senior police officers. The Committee for Home Affairs may find that candidates with other seniority or from other sectors demonstrate the requisite experience and competencies.

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[17] *Policing Professional Profiles Guidance for Forces*, College of Policing, 2017. Available at: https://profdev.college.police.uk/professional-profiles/information-and-guidance/

[18] *Introduction to the National Levels of Policing v0.1*, National Police Chiefs' Council, 2017. Available at: https://d17wy4t6ps30xx.cloudfront.net/production/uploads/2017/06/What-are-the-Levels-of-Policing-Guide-v0.1.pdf

# 5. The objectives in an overarching governmental and political context

The Committee for Home Affairs asked HMICFRS to examine BLE's objectives in the overarching governmental and political context, including:

- whether there were sufficient staff resources available to protect the Bailiwick of Guernsey's 'safe haven' low crime image and reputation;
- concerns regarding future 'Moneyval'/International Monetary Fund inspections versus successful prosecution outcomes; and
- the Bailiwick of Guernsey being a secure jurisdiction for data security with a robust law enforcement response to cyber-crime.

We dealt with staffing levels in Chapter 2. To address the remaining points, we examined:

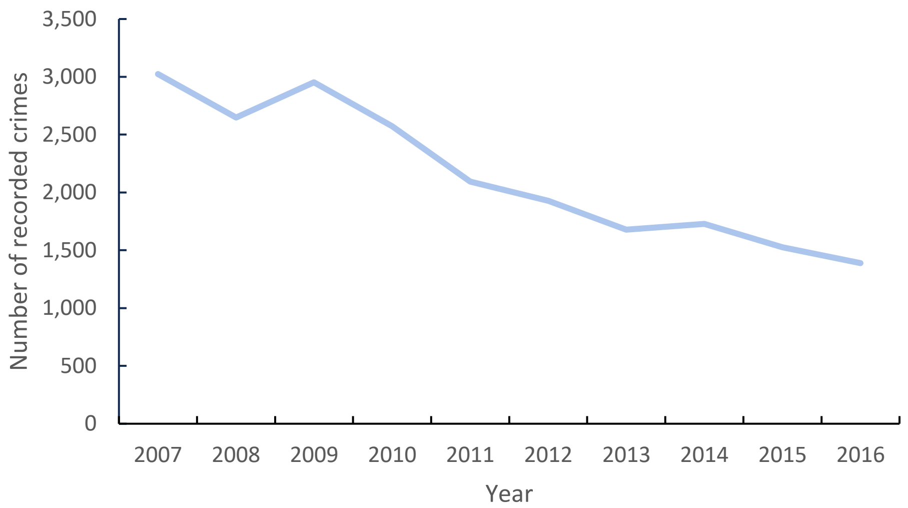
- crime levels and the reliability of the data;
- BLE’s effectiveness in dealing with crime and anti-social behaviour;
- Guernsey Border Agency’s role in keeping the Bailiwick of Guernsey safe;
- BLE’s understanding of the scope of financial crime in the Bailiwick of Guernsey, its effectiveness in investigating financial crime and in recovering criminal and terrorist assets; and
- BLE’s firearms, counter-terrorism and cyber-crime capabilities.

## Crime levels

### Recorded crimes

Figure 9, below, shows the number of recorded crimes in the Bailiwick of Guernsey each year over the past decade. Total recorded crime is made up of victim-based crime (crimes involving a direct victim such as an individual, a group, or an organisation) and other crimes against society (e.g. possession of drugs).

**Figure 9: Recorded crimes in the Bailiwick of Guernsey, 2007–2016**




**Source: Guernsey Police annual reports, 2007–2017**

This figure suggests that recorded crime in the Bailiwick of Guernsey has been going down significantly, with 54 percent fewer offences recorded in 2016 than in 2017.

### Crimes per 1,000 population

The volume of police-recorded crimes can provide a further indication of how safe a jurisdiction is when it is expressed as a crime rate per 1,000 population.

The Bailiwick of Guernsey's crime rate per 1,000 population is broadly similar to the crime rates in the Isle of Man and Jersey, and is considerably lower than in England and Wales. However, differences in criminal legislation and recording practices prevent a direct comparison across the jurisdictions, and there is a question about the accuracy of the data.

### Crime data integrity

Police forces in England and Wales must comply with the National Crime Recording Standards (NCRS) and the Home Office Counting Rules ('the rules'), which set out how crimes must be recorded. However, our crime data integrity inspections have repeatedly shown that English and Welsh police forces don't always comply with the rules.[19] Consequently, crime figures are not as reliable as they should be. We found similar issues in the Bailiwick of Guernsey.

Like police forces in other crown dependencies, BLE is not required to follow the same rules as those in England and Wales. However, an internal review of Guernsey Police's crime-recording practices in 2015 found that crime was recorded locally in accordance with those rules, and in 2017 BLE decided to adopt the NCRS.

Although we did not specifically set out to examine how BLE recorded crime, it became apparent during our crime file audit that there are crime recording problems in the organisation. In a number of instances, offences and detections had not been recorded.

BLE is aware of the problem, and in January 2018 it introduced a new crime-recording policy. This, in large part, reflected the National Crime Recording Standard and Home Office Counting Rules. BLE has also included 'compliance with the rules' as a performance indicator in the *Service Delivery Plan 2017–2020*.[20]

**Area for improvement 5**

- BLE's compliance with the crime recording rules is an area for improvement. Thorough implementation of the new crime-recording policy and performance monitoring, BLE should secure improvements in crime data integrity.

### Public perceptions of crime

Notwithstanding our concerns about the quality of crime data, the recorded crime statistics clearly suggest a trend of reducing crime. However, this does not necessarily result in the public perceiving the Bailiwick of Guernsey as a low-crime, safe, haven.

In the 2015 Crime and Justice Survey, 48 percent of respondents believed that crime had increased since 2013 (with 16 percent believing that there was a lot more). Despite the fact that recorded crime appears to have fallen, only 12 percent believed there was less crime.[21]

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[19] HMICFRS carries out a rolling programme of crime data integrity inspections, details of which are available at: www.justiceinspectorates.gov.uk/hmicfrs/our-work/article/crime-data-integrity/reports-rolling-programme-crime-data-integrity/. Based on inspections of 20 police forces in 2017/18, the combined recording accuracy for all reported crime was 85.9 percent.

[20] Bailiwick of Guernsey Law Enforcement (2018) *BLE Service Delivery Plan 2017–2020*, page 14.

[21] States of Guernsey (2015) *Crime and Justice Survey 2015: Survey Results,* Page 11. Available at: www.gov.gg/CHttpHandler.ashx?id=105821&p=0

As in many small communities, most incidents of crime or antisocial behaviour are reported by the local media irrespective of their severity. This can create the impression that crime is rife when it is not. It may be difficult for BLE to overcome this perception, particularly if the quality of its crime data is doubtful.

Nonetheless, BLE could do more to reassure the public that crime in the Bailiwick of Guernsey is low. It could do this through increased public engagement (see Chapter 2) and through more effective use of communications channels such as its social media accounts. The Committee for Home Affairs could also play a role in this.

**Area for improvement 6**

- BLE's external communication activities are an area for improvement. Working closely with the Committee for Home Affairs, BLE should make more effective use of external communications to challenge inaccurate public perceptions of crime levels.

## BLE's effectiveness in dealing with crime and anti-social behaviour

### Problem-solving policing

BLE undertakes a range of activities aimed at reducing crime and has adopted the SARA[22] problem-solving policing model. To provide police officers with the requisite skills, BLE includes relevant training in its core curriculum.

Officers in neighbourhood policing produce monthly environmental audits that outline issues affecting their local community. Drawing on these audits, police intelligence and community liaison information, officers identify policing problems and produce plans to tackle them. The plans are overseen by the neighbourhood policing team inspector and the crime reduction adviser.

During the inspection, we found evidence of such plans resulting in worthwhile joint work with other agencies. As one example, BLE is tackling antisocial behaviour at St Peter Port bus terminal to good effect through a multi-agency operation involving Guernsey mental health services, the Youth Commission for Guernsey and Alderney and the Guernsey Youth Justice Service.

We learned that BLE also conducts high-profile enforcement operations to tackle issues such as drink driving and street-level drug crime. Operational activity such as this is reviewed at BLE's fortnightly 'Optimum' meetings.

[22] An acronym for 'scan, analyse, respond and assess', the SARA process aims to identify legal and ethical solutions to policing problems such as anti-social behaviour.

We were impressed with the quality of Guernsey Police's problem-solving policing. However, there is no formal results analysis of the effectiveness of problem-solving plans.

**Area for improvement 7**

- BLE's scrutiny of problem-solving policing plans is an area for improvement. BLE should carry out formal reviews of each plan's effectiveness in addition to the oversight by the 'Optimum' meetings.

### Multi-agency working and crime prevention

BLE has also invested time and effort in multi-agency working, to ensure crime prevention and safety are not seen as a responsibility for BLE alone. We found that BLE undertakes useful crime prevention education for young people. It works alongside the Office of the Children's Convenor, the Youth Justice Service, and social work groups who engage with young people.

BLE gives helpful crime-prevention advice through a range of communication channels. These include using its good relationships with the local press to have crime-prevention messages circulated in local media. The crime reduction advisor has a weekly slot on local radio and regular liaison with businesses and the wider community. We also found that BLE gives a range of crime-prevention advice to the finance industry.

BLE also participates in multi-agency events providing cyber-security advice to the public. It uses its social media accounts to warn the public about fraud and to promote its other crime prevention activity. However, we found that crime prevention advice on the Guernsey Police website was limited to 'getting safe online'. There is scope for BLE to use its website to provide a broader range of crime prevention advice.

**Area for improvement 8**

- The range of crime-prevention advice on the Guernsey Police website is an area for improvement. BLE should add relevant advice to the site, including links to other relevant sites which offer advice.

### Public safety remit

In addition to traditional crime prevention, BLE also takes on a wider remit to promote public safety and prevent harm in the Bailiwick of Guernsey. During our inspection, we found that its Twitter and Facebook pages provided frequent warnings about inclement weather and adverse driving conditions.

BLE also participates in multi-agency initiatives to promote safety. In one recent example, it supported the Guernsey Child Accident Prevention Group in running a series of activities for school children. These involved role-playing accident-prevention scenarios and gave the children the opportunity to practise making emergency calls.

Generally, initiatives of this nature can be time-consuming for police forces and are often among the first to be dropped when resources are scarce. Nonetheless, they are a valuable link between the police and the community. Therefore we were pleased to see BLE's commitment to supporting them.

**Anti-social behaviour policing strategy**

Guernsey Police’s 2013–2016 business plan highlighted the need to "continuously review the effectiveness of our responses to anti-social behaviour as a key action for the Force". However, there is no mention of this in BLE’s *Service Delivery Plan 2017–2020* and we found no evidence that any such continuous review was being conducted. The reason for the omission was unclear.

An understanding of any trends in anti-social behaviour would be central to an informed assessment of whether police activity was having the desired effect. We found that such incidents are not recorded on BLE’s NICHE computerised records management system[23],and consequently BLE lacks data. Perhaps unsurprisingly in the circumstances, there was no mention of anti-social behaviour in any of the senior management team meeting agendas we reviewed.

**Area for improvement 9**

- BLE's strategic approach to tackling anti-social behaviour is an area for improvement. BLE should put in place measures to improve incident recording and performance management.

## Effectiveness of crime investigations

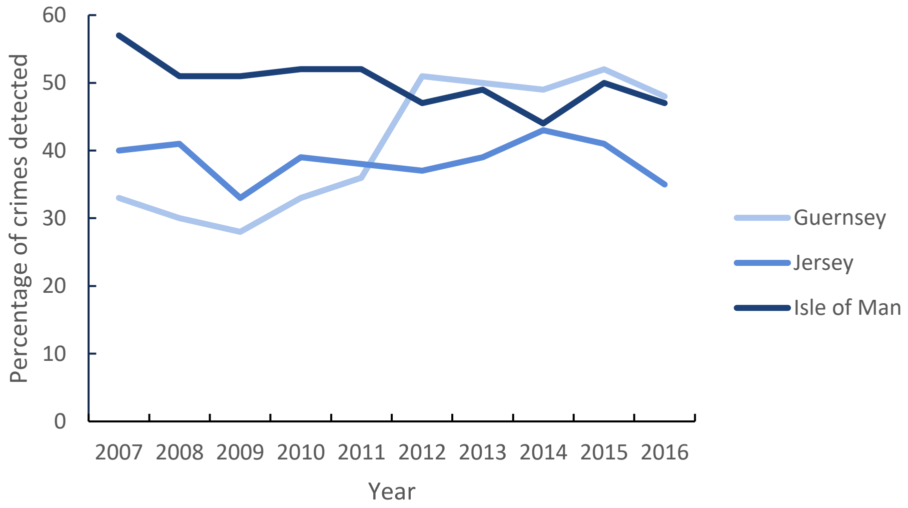
When a crime occurs, the public must have confidence that the police will investigate it effectively, taking seriously their concerns as victims and bringing offenders to justice. Since April 2014, police forces in England and Wales have been required to record how investigations are concluded in a new way, known as ‘outcomes’. Replacing what was known as ‘detections’, the outcomes framework gives a fuller picture of the work the police do to investigate and resolve crime.

[23] The NICHE records management system is also used by a several police forces in the UK and elsewhere.

Guernsey Police adopted the outcomes framework in January 2018, during the course of our inspection. At the time of this report, there is not enough data to make it easy to compare the rate of positive outcomes in the Bailiwick of Guernsey with that in England and Wales.

Figure 10, below, shows detection rates in the Bailiwick of Guernsey, Jersey, and the Isle of Man over the past ten years.

**Figure 10: Crime detection rates, British Crown Dependencies, 2007–2016**




**Source: BLE data collection 2018**

Guernsey Police's crime detection rate has improved markedly over the past decade. The detection rate has been consistently around 50 percent (the target set by the head of BLE) since 2012, having fluctuated between 28 percent and 36 percent between 2007 and 2011.

### Initial response and the Joint Emergency Services Control Centre

The initial investigative response is critical for an effective investigation. The investigative process should start from the moment victims and witnesses contact the police, so that accurate information and evidence can be gathered.

The Joint Emergency Services Control Centre (JESCC) is not part of BLE but is the responsibility of the Committee for Home Affairs. It handles emergency calls for Guernsey Police, Guernsey Fire and Rescue Service, the St. John Emergency Ambulance Service and the Guernsey Coastguard. JESCC is a good example of a multi-agency arrangement that works well, but there are areas for improvement.

JESCC has a call-handling system called ProQA and a CAD (computer aided dispatch) software solution called Vision. ProQA generates the pre-set list of questions for callers to be asked. From initial information gathering, the chief complaint is identified and, as a result of the answers to the questions asked, JESCC identifies the most appropriate response. We heard concerns, however, that some of the pre-set questions – designed for law enforcement in the USA – are not suitable for the Bailiwick of Guernsey.

JESCC does not have a performance management framework. Important management information, such as the average time taken to answer emergency calls and the volume of abandoned emergency calls, is not monitored routinely.

JESCC team leaders were responsible for overseeing call handing and dispatch only. At the time of our initial fieldwork, their remit did not extend to supervising other aspects of the police response.

**Area for improvement 10**

- The Joint Emergency Services Control Centre's (JESCC's) Vision emergency dispatch software and performance management framework are areas for improvement. BLE should ensure that these areas are addressed in any future equipment upgrades or capital investment plans for JESCC.

**Quality of initial investigations**

We found that officers responding to incidents usually conducted prompt initial enquiries, made appropriate arrests, and took timely witness statements. However, this did not always happen. In some of the cases which were assigned to the criminal investigation department (CID) for secondary investigation, detectives found they had to make initial enquiries again because they had not been carried out correctly by the first responders.

Guernsey Police has policies in place to ensure that crimes are investigated by the most appropriate unit. The CID and public protection unit are there to investigate the more serious or complex cases. In addition, BLE recently established a secondary investigation unit to investigate 'high volume' crimes such as criminal damage. We found that most cases were assigned correctly. However, we also identified instances where lower-risk cases were being conducted by the public protection unit, thus reducing the unit's capacity to take on more serious cases.

### Supervision of investigations

We found good-quality investigation plans for most of the investigations we examined and, in the specialist departments, investigations were often well supervised. However, the quality of supervision was not as consistent outside these departments.

Because of this, BLE's criminal justice unit – the role of which should be administrative rather than supervisory – has taken on a *de facto* quality assurance role to ensure that investigations are conducted effectively and meet prosecution standards. Furthermore, the prosecutors have identified consistent shortcomings in investigations. They have therefore provided additional training to investigators in subjects including disclosure and identification procedures.

Problems like this are not uncommon in other police forces. However, they may be more acute in low-crime environments, such as the Bailiwick of Guernsey, where investigators have less opportunity to build the skills and experience they need. Where this is the case, effective supervision is all the more important.

**Area for improvement 11**

- The consistency of supervision for criminal investigations is an area for improvement. BLE should set clear expectations for supervisors about the frequency and depth of supervision required, training them if necessary. Inspectors should carry out regular dip checking to provide assurance that these expectations are met.

### Continuous professional development

Detectives in specialist units had received initial CID training, but continuous professional development (CPD) and ongoing training was inconsistent. This has resulted in some officers having to investigate serious crimes without adequate knowledge of how to do so. This creates risks to the success of investigations and reputational risks to BLE.

Sending officers on regular formal training, to ensure their continuous professional development (CPD), requires a significant financial commitment. Given BLE’s limited training budget and other high-priority training requirements, there are not enough resources to provide consistent CPD to all specialist investigators. BLE has actively sought to address this by negotiating with a major training provider to try to secure lower prices. It has also broadened the skills of its officers through secondments to Jersey Police and by inviting officers from other police forces to present case studies about significant investigations to some investigators and supervisors.

Despite these efforts, inconsistencies in CPD provision remain and there needs to be a better investment in officers' development.

**Area for improvement 12**

- The quality of continuous professional development for investigators in specialist units is an area for improvement. The Committee for Home Affairs and BLE should ensure that all such officers are provided with sufficient access to development opportunities.

## Guernsey Border Agency's role in keeping the Bailiwick of Guernsey safe

Guernsey Border Agency plays a crucial role in protecting the Bailiwick of Guernsey through its administration of the customs and immigration systems. We found that Guernsey Border Agency is fulfilling its border responsibilities to the Bailiwick and the Common Travel Area (CTA).[24]

### Border Agency capacity

We found robust immigration controls for scheduled arrivals. There are few scheduled maritime and aviation services to the Bailiwick, and Guernsey Border Agency has enough staff for face-to-face immigration checks on all persons arriving on scheduled services from outside the CTA. Furthermore, vehicular traffic and freight arriving from outside the CTA is searched for illegal migrants.

### Access to intelligence

Detection officers have access to information and intelligence that helps target their customs searches. Officers at the seaport and airport have access, albeit not always reliable, to electronic passenger and freight manifests, the Home Office Warnings Index[25] and a range of other intelligence databases.

In a 2015 internal review, BLE recommended applying to the Service Guernsey Digital Innovation Fund for money to set up a 'Borders Profiling Hub', the intention being to automate the checks. At the time of the inspection, BLE was exploring with UK authorities whether these could assist with this.

Guernsey Border Agency officers – along with their Guernsey Police colleagues – do not have access to one particularly rich source of UK police intelligence: the Police National Database. This is another consequence of BLE's weak ICT infrastructure (See Chapter 13).

[24] The Common Travel Area is an open borders area comprising the United Kingdom of Great Britain and Northern Ireland, Ireland, the Isle of Man, and the Channel Islands.

[25] The Warnings Index contains intelligence about persons of interest.

**Area for improvement 13**

- Guernsey Border Agency's capability to carry out automatic checks of passenger and freight manifests against relevant law-enforcement intelligence databases is an area for improvement. Improvements to this capability – and in access to the Police National Database – should feature in BLE's ICT investment and development proposals.

### Non-canalised traffic

In addition to scheduled arrivals, a large volume of non-canalised maritime and general aviation traffic[26] arrives in the Bailiwick from outside the CTA. Guernsey Border Agency has risk assessment processes in place to identify the highest risk arrivals and deploys its resources accordingly.

Unlike many border agencies in other jurisdictions, Guernsey Border Agency requires a declaration of passengers and goods from small boats and general aviation aircraft. This information is checked against customs and immigration databases. For inbound flights, Guernsey Border Agency seeks to undertake pre-clearance for any air passengers requiring immigration clearance. In instances where pre-clearance has not been granted, the air traffic control tower advises the Guernsey Border Agency of the arrival and, wherever possible, these arrivals will be met for border checks.

### Coastal patrols

The threat of smuggling by non-canalised traffic is not limited to recognised ports. Guernsey Border Agency officers conduct coastal patrols and have links to a network of people responsible for coastal areas, as well as coastguard personnel, harbour control, and the special constables on Sark and Herm who report suspicious activity. Guernsey Border Agency also uses its links with law enforcement organisations in other jurisdictions, and its intelligence capabilities, to counter the threat to the border from organised criminality (see Chapter 6).

### Drug seizures and street prices

Figure 11 below shows an upward trend in drug seizures over the past five years but a declining trend in revenue goods seizures. There are no robust estimates of what goes undetected, so it is not possible to determine whether performance is improving and whether the quantities of drugs and revenue goods entering the Bailiwick of Guernsey are reducing or on the rise.

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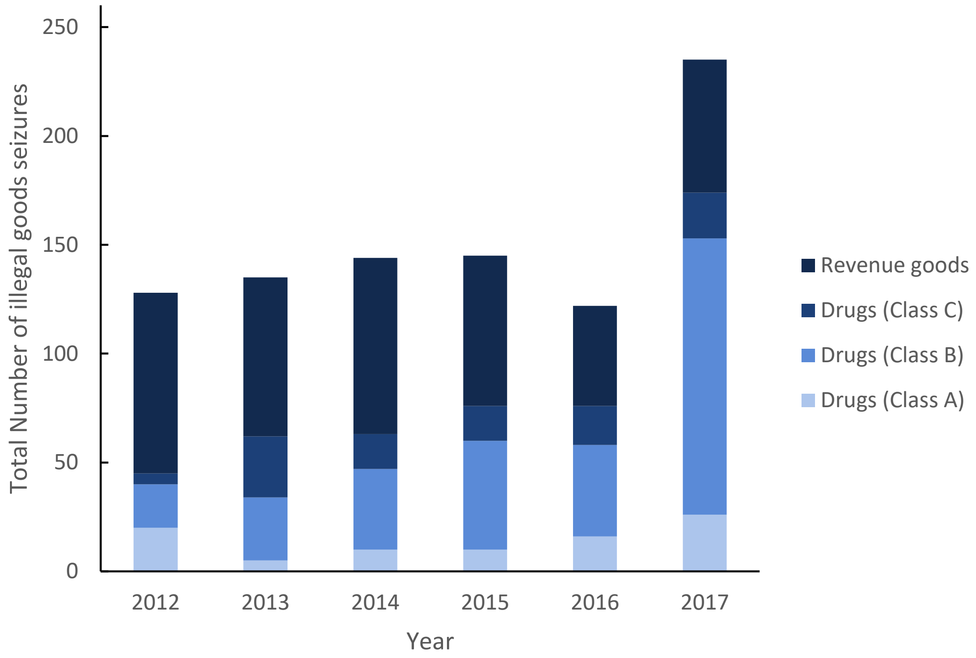
[26] Private maritime and aviation traffic.

**Figure 11: Number of seizures of drugs and revenue goods, 2012–2017**




**Source: Guernsey Police Annual Reports, 2012–2017**

BLE's intelligence suggests that the street prices for all prohibited drugs are considerably higher in the Bailiwick of Guernsey than in the UK. High prices can reflect limited supply and therefore suggest successful law-enforcement efforts, especially in relation to narcotics that cannot be grown or manufactured locally. Prices can also, however, be influenced by other factors such as disposable income.

There is scope for BLE to develop a more comprehensive framework to gauge its performance on drug trafficking into the Bailiwick of Guernsey. The framework could draw on a range of data, including the numbers of drug arrests, drug-related deaths, drug-related hospital admissions and public perceptions of availability of drugs, as well as seizure and street price information.

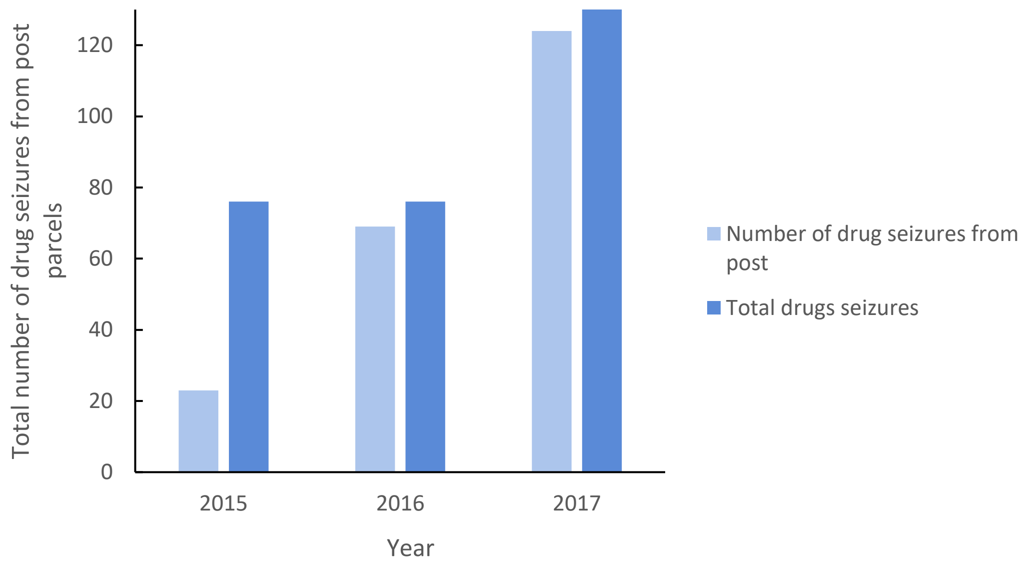
**Area for improvement 14**

- BLE's understanding of its performance concerning smuggling and the unlawful supply of controlled drugs is an area for improvement. BLE should develop a more comprehensive performance framework which draws on all available data from law enforcement and other sources.

### Postal packets

Since 2016, most seizures of restricted and prohibited goods have been from postal packets. In 2016, such seizures accounted for 73 percent of drugs seizures (by number of seizures, not weight of drugs seized), up from just 30 percent in 2015. Underlying this is a five-fold increase in the number of drug seizures from incoming post.

**Figure 12: Guernsey Border Agency drug seizures from post parcels 2015–2017**




**Source: Guernsey Police annual reports, 2015–2017; BLE data collection 2018**

Although it is not possible to know how many such parcels posted to the Bailiwick of Guernsey evade detection, these figures suggest that BLE's capability to identify and seize such contraband has improved. To evidently good effect, detection officers conducting postal searches use profiles[27] designed to identify suspicious packages, and they have the range of technical equipment required to perform their role effectively. Guernsey Border Agency also has good liaison with Guernsey Post.

## Economic crime division

### Background

In partnership with the Guernsey Financial Services Commission, BLE's economic crime division (ECD) is responsible for combating the abuse of the sector for money laundering or terrorist financing purposes, as well as recovering criminal assets.

[27] In this context, a profile is a definition of the characteristics of a suspicious package, used by detection officers to select such packages for closer examination.

With funds of £270 billion under management and administration, the Bailiwick of Guernsey's financial sector is one of the biggest in the world.[28] It is the mainstay of the economy, contributing more than a third to the Bailiwick's gross domestic product. Consequently, the ECD's performance has both national and international consequences.

### International obligations

The Bailiwick of Guernsey's international obligations, discharged in part through ECD, are enshrined in a framework of recommendations created by the Financial Action Task-Force on Money Laundering (FATF).[29] Countries' compliance with the recommendations is reviewed periodically through assessments by the International Monetary Fund (IMF) and the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).[30] The assessors' comprehensive reviews evaluate the effectiveness of a country's legislative framework, financial regulation bodies, law enforcement agencies and criminal justice systems, in tackling money laundering and terrorist financing.

The Bailiwick of Guernsey has been subject to two recent assessments: by the IMF in 2011, and by MoneyVal in 2015. These reports include a detailed evaluation of ECD's capabilities. Although our inspection was informed by the findings of these assessments, our methodology and remit differed; we did not seek to conduct a similar assessment.

### Financial intelligence and suspicious activity reports (SARs)

The ECD's objectives include receiving, developing, analysing and disseminating financial intelligence and facilitating the Bailiwick of Guernsey's suspicious activity reporting regime. Suspicious activity reports (SARs) are reports from financial and other institutions which alert law enforcement agencies that certain client/customer activity is in some way suspicious and might indicate money laundering or terrorist financing. SARs, therefore, provide law enforcement agencies with valuable information about potential criminality both within the Bailiwick and from outside jurisdictions.

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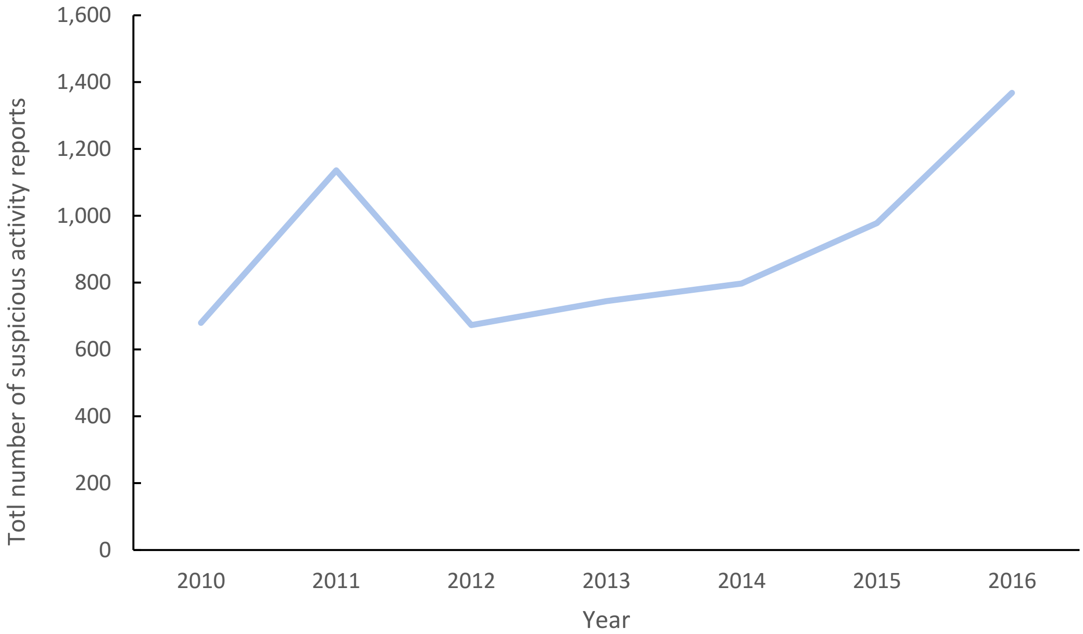
[28] Source: Guernsey Financial Services Commission fourth quarter 2017 statistics. Available at: www.gfsc.gg/industry-sectors/investment/statistics.

[29] FATF is a 37-member intergovernmental body established by the G7 1989 Paris Summit.

[30] MONEYVAL is a permanent monitoring body of the Council of Europe entrusted with the task of assessing compliance with the principal international standards to counter money laundering and the financing of terrorism.

**Figure 13: Suspicious activity reports received per year**




**Sources: Financial Intelligence Service Annual Report, 2016; MONEYVAL, 2015**

Institutions are required under Guernsey law[31] to submit SARs and the ECD has taken good steps to ensure local institutions comply with their obligations. As figure 13 shows, there has been a significant increase (103 percent) in the number of SARs since 2012.

This increase coincides with a reinvigoration of the ECD's outreach programme, through which it educates institutions about their responsibilities under the SARs regime. The ECD conducts about 15 such presentations per year at various financial forums across the Bailiwick of Guernsey. It has provided specific training to those working in the gambling sector and also given presentations in foreign jurisdictions. We heard from ECD staff that there have been increases in SARs following such presentations.

**THEMIS**

We also learned, however, that the ECD's weak ICT infrastructure adversely affected institutions' compliance with the SARs regime and the ECD's ability to develop the intelligence opportunities SARs provide.

[31] Disclosure (Bailiwick of Guernsey) Law 2007, and Terrorism and Crime (Bailiwick of Guernsey) Law 2002, as amended.

Institutions can report SARs online, using a system called THEMIS. However, THEMIS has been unreliable, and there have been periods when it has been offline, which has reduced institutions' ability to submit SARs.

Furthermore, the ECD personnel we interviewed reported that THEMIS's configuration did not make it easy to export data for analysis, and that the system was prone to crash when they tried to perform searches. We were left with the impression that THEMIS is fit for purpose in only a limited number of respects and that there are some important things it cannot do.

We saw a comprehensive business case, written in 2016, for THEMIS enhancements. These were estimated to cost £267,000. At the time of the inspection, no financing had been secured to improve THEMIS, and all requests for new or upgraded software were on hold pending the completion of the ICT recovery programme (see Chapter 13).

**Area for improvement 15**

- The THEMIS system is an area for improvement. THEMIS requires system upgrades to make it stable and reliable, and to enable its use for intelligence development and analysis purposes. These should include automated and live-time data matching with other sources of law enforcement intelligence and the other improvements specified in the business case.

**Consent to transact**

SARs are often accompanied by a request for the ECD's consent to a particular transaction. If the ECD grants consent, this may amount to a defence for the reporting person to the money laundering offences under Guernsey's Proceeds of Crime Law and the Drug Trafficking Law.

In its 2015 report, MoneyVal stated that most cases where consent is requested do not give rise to suspicion. The ECD withheld consent in approximately two percent of these cases in 2013[32]. This figure was unchanged in 2016[33]. At the time of the inspection, a review of the consent regime was under way. This will explore the reasons why relatively few requests are denied. We are aware that this is likely, in part, to be due to organisations requesting consent where they are not required to.

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[32] *Report on fourth assessment visit of Guernsey*, Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL), 2015, page 101. Available at: https://rm.coe.int/report-on-fourth-assessment-visit-anti-money-laundering-and-combating-/16807160f3

[33] *Financial Intelligence Service Annual Report 2016*, Bailiwick of Guernsey Law Enforcement, 2017, page 23. Available at: www.guernseyfiu.gov.gg/CHttpHandler.ashx?id=108486&p=0

The ECD has identified that 14 percent of the consent SARs it receives do not meet the criteria set.

### SARs dissemination

The ECD is responsible for passing on SARs intelligence it receives, where relevant, to local and international authorities. Examining 2010 – 2013 data, MoneyVal reported that 70 to 85 percent of all disclosures are passed on. As figure 14 shows, this has remained the case in later years.

**Figure 14: Dissemination of suspicious activity reports (SARs)**

| Dissemination of suspicious activity reports | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| SARs received | 680 | 1,136 | 673 | 745 | 797 | 978 | 1,368 |
| Local disseminations | 278 | 126 | 93 | 84 | 90 | 132 | 208 |
| International disseminations | 411 | 840 | 390 | 473 | 520 | 539 | 868 |
| Total disseminations | 689 | 966 | 483 | 557 | 610 | 671 | 1,076 |

**Source: MoneyVal, 2015**

### Strategic analysis capability and risk assessments

While the evidence shows that the ECD is collecting and disseminating financial intelligence, HMICFRS found that the ECD cannot carry out strategic analysis. ECD staff pointed out that they could not estimate the full extent of money laundering and terrorist financing taking place in the Bailiwick of Guernsey financial sector.

We also found that Guernsey does not have an up-to-date money laundering and terrorist financing risk assessment. The Financial Action Task-Force on Money Laundering (FATF) emphasises the importance of such risk assessments thus:

> "Understanding the money laundering and terrorist financing risks is an essential part of developing and implementing a national anti-money laundering / countering the financing of terrorism (AML/CFT) regime.
>
> A risk assessment allows countries to identify, assess and understand its money laundering and terrorist financing risks. Once these risks are properly

> understood ... [this] ... enables countries to prioritise their resources and allocate them efficiently."[34]

The most recent risk assessment was produced in 2010. It was updated for MoneyVal's assessment in 2015. A multi-agency working group[35] – which includes representatives from the ECD – began work on a new risk assessment in 2016 with support from the IMF. However, it was still in development at the time of our inspection.

**Money laundering investigations**

In its 2015 report, Moneyval highlighted that although the ECD's money laundering investigations, prosecutions and convictions had increased during the four years before its assessment, "the overall level remains low and there is a discrepancy between the numbers of investigated ML cases and final convictions."[36]

As figure 15 below shows, there has been a recent increase in the number of ECD money laundering investigations following a fall in 2013. However, the total conducted in 2017 is no higher than it was in 2012. In addition, there have only been four prosecutions and three convictions since the 2015 report.

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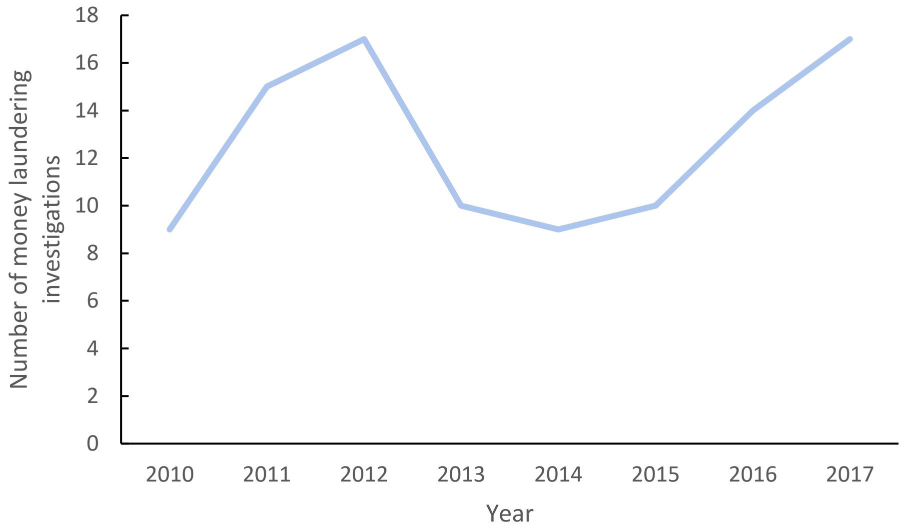
[34] *National money laundering and terrorist financing risk assessment*, Financial Action Task Force, 2013. Available at: [www.fatf-gafi.org/documents/news/nationalmoneylaunderingandterroristfinancingriskassessment.html](www.fatf-gafi.org/documents/news/nationalmoneylaunderingandterroristfinancingriskassessment.html)

[35] The States of Guernsey Anti-Money Laundering / Countering the Financing of Terrorism Working Group.

[36] Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) (2015), paragraph 26.

**Figure 15: Economic crime division money-laundering investigations 2010–2017**




**Source: Financial Intelligence Service Annual Report, 2016; MoneyVal, 2015**

In part, this may be due to capacity problems in the ECD. Investigators reported being "snowed under" with low-level fraud investigations which demanded attention. The ECD was designing case-acceptance criteria which are intended to ensure that such cases would be investigated by CID where appropriate.

We are also aware that ECD's high staff turnover means that many of the unit's staff are relatively new in post and lack financial crime experience. This will invariably damage the unit's performance.

### Financial orders

Financial investigators have access to a wide range of tools that provide them with financial information in support of their investigations. These tools include production orders, account monitoring orders and customer information orders. In England and Wales, such orders can be applied for by an appropriate officer or, for some orders, by a senior officer equivalent to superintendent rank.[37]

[37] **Legislative bases**: **Production Orders**: Proceeds of Crime Act 2002 c. 29, Part 8, 345 (3); Terrorism Act 2000 Schedule 5, 5 (5); **Customer Information Orders**: Proceeds of Crime Act 2002 c. 29, Part 8, 363 (1); Terrorism Act Schedule 6 1 (1); **Account Monitoring Orders**: Proceeds of Crime Act 2002 c. 29, Part 8, 370 (1); Terrorism Act Schedule 6A 2 (1)

While BLE officers can apply for similar orders under the Bailiwick of Guernsey's proceeds of crime, terrorism, civil forfeiture and drug trafficking legislation[38], the law stipulates that no application for such orders may be made without the consent or authorisation of Her Majesty's Procureur.[39]

We were particularly concerned by the reports by investigators about the extent of difficulties they experienced when they sought to obtain orders in the course of their investigations.

**International mutual legal assistance (IMLA)**

We also found that delays were commonplace in IMLA cases. IMLA is a method of co-operation between jurisdictions for obtaining assistance in the investigation or prosecution of criminal offences, or in retrieving proceeds of crime. The FATF requires all jurisdictions to provide the widest possible range of mutual legal assistance in relation to the investigation and prosecution of money laundering and its associated predicate offences. MoneyVal has determined that the Bailiwick's legal framework for mutual legal assistance is "comprehensive and address[es] all criteria under the FATF standard..."[40]

However, we found that the ECD routinely experienced unacceptably long delays in Guernsey law officers' responses to letters of request from overseas jurisdictions. Delays of months were commonplace and delays of a year or more were not

[38] **Legislative bases**: **Production Orders**: The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 45 (1); The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 Schedule 5 4 (1); The Drug Trafficking (Bailiwick of Guernsey) Law, 2000 63 (1); **Customer Information Orders**: The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 48A (1); The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 Schedule 6 4 (1); The Drug Trafficking (Bailiwick of Guernsey) Law, 2000 67A (1); **Account Monitoring Orders**: The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 48H (1); The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 Schedule 7 4 (1); The Drug Trafficking (Bailiwick of Guernsey) Law, 2000 67H (1)

[39] **Legislative bases**: **Production Orders**: The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 45 (10); The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 Schedule 5 4;The Drug Trafficking (Bailiwick of Guernsey) Law, 2000 63 (1); The Forfeiture of Money, etc. in Civil Proceedings (Bailiwick of Guernsey) Law, 2007, 20 (1) **Customer Information Orders:** The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 48G (5); The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 Schedule 6 4; The Drug Trafficking (Bailiwick of Guernsey) Law, 2000 67G (5); The Forfeiture of Money, etc. in Civil Proceedings (Bailiwick of Guernsey) Law, 2007, 28 (1) **Account Monitoring Orders**: The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 48M (5); The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 Schedule 7 4 (1); The Drug Trafficking (Bailiwick of Guernsey) Law, 2000 67M (5); The Forfeiture of Money, etc. in Civil Proceedings (Bailiwick of Guernsey) Law, 2007, 35 (1)

[40] Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) (2015), page 265.

uncommon. Letters of request for mutual legal assistance can present complex issues that require careful handling. Nevertheless, the delays were worrying.

It was beyond the scope of our inspection to examine the underlying causes for the delays in obtaining orders and dealing with mutual legal assistance requests. But, because of their adverse effect on the ECD's performance, we believe these matters require urgent attention and rectification.

**Recommendation 2**

- By 31 January 2019, the head of law enforcement and Her Majesty's Procureur should conduct a review of working practices to find out why there are delays associated with Letters of Request for Mutual Legal Assistance.

### International co-operation and asset recovery team

BLE has increased its capability to tackle criminal finances through the creation of a new international co-operation and asset recovery team (ICART) within the ECD. The ICART, funded for its first three years from Guernsey's Seized Asset Fund, has a range of responsibilities including confiscation investigations and cash seizures.

The ICART also has a new role: pursuing suspected criminal assets which have been 'frozen' (usually because they are subject to restraint orders or because consent to transact is withheld). At the time of our inspection, the ECD reported that there were significant further assets to explore, and ICART have initiated civil forfeiture cases linked to more than £200 million of criminal assets.

Some of the cases involve alleged corruption of foreign heads of state whose assets have been frozen in the Bailiwick of Guernsey. ECD has, historically, found such cases to be among the more difficult to resolve, but the ICART process may yield some results in this area.

## Firearms capability

Although the Bailiwick of Guernsey does not suffer much firearms-related crime, BLE must maintain the capability to provide an armed response. In England and Wales, forces seek to comply with the requirements set out in the College of Policing’s Authorised Professional Practice for Armed Policing.[41] Although the Bailiwick is not required to comply with these requirements, we found that BLE intended to ensure that professional standards were comparable to those in British policing.

[41] Armed Policing Index, College of Policing, 26 January 2015. Available at: www.app.college.police.uk/index/

All firearms officers and commanders are trained and accredited to College of Policing standards. Firearms officers are also required to have annual appointments with professional psychologists, in line with practice in England and Wales. With one apparent exception (see Chapter 9), we found firearms equipment and storage arrangements were compliant with standards in England and Wales, as were the associated policies and procedures.

Like English and Welsh police forces, BLE has produced an armed policing strategic threat and risk assessment (APSTRA) outlining priorities, an analysis of armed incidents, training requirements and resourcing issues. This sufficiently sets out existing and likely future capacity and capability needs.

We found BLE faces difficulties in resourcing its firearms team. Its armed policing strategic threat and risk assessment identified that it should have 24 authorised firearms officers (AFOs) to allow resilience for on-call arrangements and that its current AFO establishment of 18 is insufficient.

In order to mitigate the risk, Guernsey Police maintains a permanent on-call operation. It fills the resourcing gaps by relying on officers to volunteer for additional on-call sessions, for which they receive additional payment. While this is a temporary fix, it is not a sustainable solution in terms of additional cost and officer wellbeing.

The force knows that it needs to increase its AFO establishment. However, despite actively seeking recruits, the specialist nature of the role limits the numbers of applications it has received from local candidates and from officers in UK forces.

## Counter-terrorism

We found that BLE took the threat of terrorism seriously. It had developed a localised version of CONTEST – the UK's counter-terrorism strategy[42] – suited to the Bailiwick of Guernsey's operational environment. At the time of the inspection, the work to implement this strategy across the four workstreams (prevent, protect, pursue, and prepare) was progressing, and BLE had secured commitment from partner organisations to take it forward. Given the breadth of our terms of reference, we did not have the opportunity to investigate what progress had been made with this.

Leadership of BLE's counter-terrorism activities is the responsibility of the special branch. The head of special branch has daily conferences with counter-terrorism officers based in the UK and, where appropriate, intelligence is passed on to frontline officers in briefings.

[42] Home Office, 2011. *CONTEST: The United Kingdom's Strategy for Countering Terrorism* (Cm 8123). Norwich: TSO. Available from: www.gov.uk/government/uploads/system/uploads/attachment_data/file/97995/strategy-contest.pdf

This has proved successful. For example, such briefings have led to a 20 percent increase in terrorist-related intelligence submitted to special branch by Guernsey Border Agency. We also found that BLE has developed a pragmatic operational relationship with French colleagues at St. Malo and Cherbourg ports to make easier co-operation and the exchange of relevant intelligence.

## Cyber-crime

BLE recognises the threat posed by cyber-crime and knows that it needs to develop a capability to address it.

### Cyber security strategy

In 2017, the Committee for Home Affairs produced its *Cyber Security Strategy*, through which it sought to ensure that " … Guernsey citizens, business and Government are as 'safe and secure' going about their legitimate lives in cyber space as they are in the physical environment".[43]

The strategy includes eight strategic goals to be achieved by the Committee for Home Affairs and its operational services. Goal seven, which specifically concerns law enforcement, makes BLE the lead agency for cyber security and sets three discrete objectives for the organisation. These require BLE to:

- develop the high-tech crime unit's capability and capacity;
- develop and maintain effective links with law enforcement partners in other jurisdictions to tackle cyber-crime; and
- enhance understanding of the threats, through engagement with the National Cyber Security Centre and other bodies.[44]

In relation to the first objective, at the time of the inspection, BLE did not have a cyber-crime investigation capability. BLE managers recognised that the organisation lags behind some forces in England and Wales in this area. They were keen to draw on good practice from other police forces when developing this capability. To this end, BLE was in contact with the Southwest regional organised crime unit (ROCU) and was exploring the opportunities to measure itself against the capabilities held by City of London Police.

In relation to the second objective, good links were in place, principally with the National Crime Agency and the Southwest ROCU.

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[43] *Cyber Security Strategy*, Committee for Home Affairs, 2017, page 5. Available from: www.gov.gg/ChttpHandler.ashx?id=111010&p=0

[44] *Cyber Security Strategy*, Committee for Home Affairs, 2017, page 9.

In terms of the third objective, we found evidence of good engagement. In October 2017, the UK's National Cyber Security Centre agreed to create a Channel Islands section of its cyber-information-sharing partnership. This is designed to facilitate sharing information about cyber threats, and reports of cyber-attacks by Channel Islands businesses.

BLE is also a partner in SINCERE (Small Island Nations Centre of Excellence for Research & Education), part of the EU-funded Project SENTRE (Strengthening European Network Centres of Excellence in Cybercrime). Currently led by the Isle of Man Constabulary, SINCERE is a joint Isle of Man, Guernsey and Jersey initiative, which, among its wide-ranging objectives, seeks to conduct a threat analysis of the islands' business and financial sectors and provide preventative advice to industry and law enforcement.

# 6. Intelligence-led crime investigation

In the context of BLE's capability and capacity to tackle serious and organised crime, the Committee for Home Affairs asked HMICFRS to examine:

- drug trafficking and Royal Court cases;
- covert capabilities and border resources, including the impact of structural change since our previous inspection in 2007; and
- financial crime resources.

The impact of structural change – i.e. BLE's creation and configuration – is dealt with in Chapter 4. BLE's financial crime resources are within the ECD, which we discuss in Chapter 5). We deal with BLE's resources in general in Chapter 2. In this chapter we consider how well BLE understands the threat posed by serious and organised crime and how effectively it tackles it.

## Understanding the serious and organised crime threat

A good understanding of the threat from serious and organised crime should be built on a foundation of structured risk-assessment processes, systematic intelligence sharing with multiple organisations within and beyond law enforcement, and a rigorous approach to identifying and mapping organised crime groups.

Although we did not find a current strategic assessment which sets out all the demands and threats faced by BLE (see Chapter 2), we did find useful assessments of individual threats such as human trafficking, modern slavery, child sexual exploitation, drug trafficking, and revenue fraud.

### Intelligence unit

BLE's intelligence unit comprised a range of officers and staff from Guernsey Police and Guernsey Border Agency. The functions performed, and the structure of the unit, largely reflect similar units in England and Wales, and the officers and staff had access to similar training. Those staff we spoke with had significant experience in collating, developing and disseminating intelligence, including special branch intelligence, in a police and borders environment.

We also found that BLE adopted similar intelligence handling procedures to those in England and Wales. For example, supervisors monitor all intelligence received by BLE and process or disseminate the intelligence as required.

### Intelligence unit internal review 2017

We found that the director of intelligence had conducted a review of the intelligence unit in 2017 with a view to developing its capacity and capability further.

Recommendations for changes to the size and structure of the unit, and improved procedures, had been accepted by BLE’s senior leadership team. At the time of our inspection, work was under way to implement the recommendations.

**Access to intelligence and links with other bodies**

We found a well-established and valuable network of relationships and working practices. These help BLE to gather and disseminate intelligence.

BLE has access to the National Confidential Unit network based in England and Wales. This enables the quick and secure exchange of information and sensitive intelligence with UK police forces and other bodies.

BLE works closely with the Southwest ROCU and shares intelligence on organised crime groups. This co-operation provides not only updates on known criminals but also intelligence on the movement of passengers and freight on visiting aircraft and ships. We also found good links with UK Border Force Intelligence team, based at Gatwick Airport, allowing BLE to access threat and risk assessments and to analyse emerging threats and trends.

Police personnel have access to Guernsey Police's non-sensitive intelligence system. Guernsey Border Agency staff have access to intelligence held on the GBA’s database according to their role, security clearance and the sensitivity of the intelligence. Such appropriate access to intelligence systems assists uniformed officers to attend calls for assistance, help investigators mount enforcement operations, and build prosecution cases. Those we spoke with described an effective daily intelligence digest circulated for briefing purposes.

We also found that BLE has good working agreements with a number of other parts of the States, where nominated officers can contact each other with requests for information when required. These include personnel in:

- Guernsey Prison;
- Social Security;
- Housing;
- Driver and Vehicle Licensing; and
- Sea Fisheries.

These arrangements support practices such as the multi-agency risk assessment conference (MARAC) and safeguarding hub (MASH) (see Chapter 7) where the risks presented by particularly dangerous offenders are managed through joint plans.

### Annual report to Surveillance Commissioner

The Regulation of Investigatory Powers (Bailiwick of Guernsey) Law 2003 (RIPL) provides the framework for the lawful use of covert tactics and specialist techniques such as gaining intelligence from informants. BLE completes an annual report for the Surveillance Commissioner detailing all the RIPL activities and authorisations that have taken place throughout the year and reporting on any breaches that may have occurred. The report is overseen by the director of intelligence and compiled by nominated members of the covert operations management unit.

### Covert investigation capability

The development of intelligence and operations against organised crime groups is the responsibility of the cross-border crime team. This team also provides a covert evidence-gathering capability. The cross-border crime team has developed an investigative capability which includes covert static, foot, mobile and maritime surveillance, and other specialist covert support functions.

## Tackling the serious and organised crime threat

Once forces have understood the threat posed by serious and organised crime, they need to tackle it effectively. This means applying an objective, structured, approach to decision-making on where, when and how to allocate investigative resources.

### Tactical tasking and co-ordination group

Each week there is tactical tasking and co-ordination group meeting, chaired by the director of intelligence. This is attended by the intelligence unit manager, crime analyst, and other intelligence managers. along with representatives from ECD, cross-border crime, borders and CID teams. The meeting follows the principles of the National Intelligence Model and reflects good practice seen in England and Wales.

### Operational meetings

We also found that more detailed meetings took place between intelligence officers, operational team leads and covert tactical advisors. These were held regularly, from the beginning of an operation to its conclusion. These meetings reviewed the strategy, aims and objectives of the investigation, identified opportunities to disrupt or dismantle serious organised crime groups, and dealt with operational security and risk management issues. We were shown details of various successful operations against a range of serious and organised crime.

### Intelligence-led border enforcement

Guernsey Border Agency uses an intelligence-led strategy at the borders to identify the more serious offences such as commercial importations of controlled drugs. Drawing on the range of intelligence, it makes enquiries to identify ‘persons of interest' travelling, and police powers are used to good effect when stopping and searching people, vehicles and vessels. We also found that the ECD supports intelligence-led border enforcement in a number of ways.

We saw a number of examples where GBA had undertaken complex and serious investigations relating to cross-border crime involving overseas jurisdictions. There was clear evidence of collaborative work with law-enforcement bodies in Jersey, the UK and France, sharing intelligence with operational co-operation with them.

BLE's intelligence suggests that the Bailiwick of Guernsey is targeted by British and French organised crime groups because of the potential profits to be made due to the inflated street price of drugs in Guernsey. We found that the cross-border crime team worked closely with corresponding law-enforcement teams in England and France. They were often successful in enlisting the support of these to tackle the organised crime groups at source, encouraging disruptions and interventions in the UK or France whenever possible. From Guernsey's point of view, this is an efficient use of resources as it reduces the burden on the courts and on the prison, allowing a greater focus on disruption and prevention.

We also found that BLE has worked with other public services in the Bailiwick, such as health and the Post Office, to make it harder for organised criminals to operate, particularly in terms of drug supply offences (see Chapter 5).

# 7. Public protection capability, domestic abuse and child protection

The Committee for Home Affairs asked HMICFRS to inspect BLE's public protection capability, including the capability to deal with domestic abuse and child protection. For this aspect of the inspection, we examined BLE's capability to:

- identify those who are, or may be, vulnerable;
- assess their vulnerability;
- investigate crimes against vulnerable people;
- provide support to vulnerable victims;
- participate in multi-agency arrangements; and
- deal with domestic abuse and child sexual exploitation.

## Identifying vulnerable people

We found that BLE does not identify vulnerable people consistently.

### Defining vulnerability

BLE does not have a single, corporate definition of vulnerability.

HMICFRS's annual PEEL inspections of policing in England and Wales identified that all English and Welsh forces have corporate definitions of vulnerability, albeit these definitions differ from force to force. Most forces use either the definition provided by the Association of Chief Police Officers[45], the definition provided by the College of Policing[46], the definition in the UK Government's *Code of Practice for Victims of Crime*[47], or a combination of the three. Each force's definition underpins its policy, procedure and practice.

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[45] The Association of Chief Police Officers (ACPO) is now the National Police Chiefs' Council (NPCC). *ACPO Guidance on Safeguarding and Investigating the Abuse of Vulnerable Adults*, NPIA, 2012. Available from: www.app.college.police.uk/app-content/major-investigation-and-public-protection/vulnerable-adults/

[46] See: www.college.police.uk/News/College-news/Pages/police_transformation_fund.aspx

[47] *Code of Practice for Victims of Crime*, Ministry of Justice, October 2015. Available from: www.gov.uk/government/uploads/system/uploads/attachment_data/file/254459/code-of-practice-victims-of-crime.pdf

During our inspection, we identified several laws and BLE policies referring to vulnerable persons, each of which defines aspects of vulnerability.

BLE managers highlighted this point during the inspection and explained that they do not have one definition which they use consistently, as vulnerability will arise in different ways. Our concern is that the frontline officers we spoke to during the inspection could not outline what constitutes vulnerability.

The fact that some legislative requirements only apply to people with specific vulnerabilities should not stop BLE from developing a corporate vulnerability definition. A suitable definition, supported by training and policies, would provide staff and officers with a common understanding of the range of ways in which people may be vulnerable and help ensure that vulnerable people receive the support they need.

**Area for improvement 16**

- BLE's approach to identifying vulnerable people is an area for improvement. BLE should develop a corporate definition and ensure that it is applied.

**First contact with BLE**

Staff in the joint emergency services control centre (JESCC) are the first point of contact for 999 and 112 calls. Despite the lack of a corporate definition of vulnerability, call handlers succeed in identifying some vulnerable people. The Vision emergency dispatch software (see Chapter 5) helps to identify that people may be vulnerable, but is no substitute for training and knowledge, especially as the pre-set questions do not cater for all circumstances. For example, we were told about an incident where a night-time call made by an intoxicated lone female was not prioritised, because she was not identified as vulnerable.

The software highlights whether any previous calls have been made from the same telephone number or address. While this identifies some repeat victims, the system does not automatically identify repeat victims who may be calling from a different address, or other callers whom BLE may previously have identified as vulnerable. This data is held on the NICHE records management system, for which call handlers are required to conduct manual searches. Given the lack of regular quality assurance of call logs (see Chapter 5), BLE's leadership could not be certain that such searches were always carried out.

Similarly, the level of call handlers' compliance with a requirement to record information about vulnerable people on NICHE was also variable. BLE is aware that the NICHE and Vision ICT systems are not integrated, and is developing an interface between them.

## Assessing the vulnerability

### Risk assessment checklist for domestic abuse cases

Response officers have access to guidance on appropriate action to take when attending domestic abuse incidents. BLE's domestic abuse policy makes clear that all attending officers must complete a risk identification checklist (RIC) form for all domestic abuse incidents they attend. The response officers that we spoke to knew of this requirement.

Completion of the RIC form generates a risk score that shows the theoretical level of risk, and helps officers decide whether immediate safeguarding action is needed for the members of the household. RICs with a score over a certain threshold will be automatically referred to the multi-agency risk assessment conferences (MARAC) by BLE's MARAC co-ordinator.[48]

We learned that RIC forms completed by uniformed officers vary in quality. However, we were pleased to find that BLE has a process to ensure that any errors or omissions are identified quickly. The detective sergeant in BLE's specialist public protection unit (PPU) conducts a daily review of all domestic abuse incidents recorded during the previous 24 hours. This review includes an examination of the RIC forms to ensure that risk has been appropriately assessed and the safeguarding actions taken reflect this. Any omissions or errors are highlighted and addressed.

### Risk assessment in other cases

Despite the processes in place for assessing risk in domestic abuse cases, we found no evidence that BLE officers are required to routinely assess the vulnerability of all the victims, witnesses, and suspects they encounter. Consequently, it is likely that some of the vulnerable people BLE officers meet are not identified as such and therefore do not receive the appropriate response, whether it be referral for multi-agency intervention or other safeguarding measures.

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[48] MARACs (multi-agency risk assessment conferences) are regular local meetings where information about high-risk domestic abuse victims (those at risk of murder or serious harm) is shared between local agencies. By bringing all agencies together at a MARAC and ensuring that whenever possible the voice of the victim is represented by the independent domestic violence advocate service, a risk-focused, co-ordinated safety plan can be drawn up to support the victim.

Forces in England and Wales have developed processes to ensure that such vulnerabilities are assessed at an early stage. This maximises any early intervention opportunities and may help prevent victimisation. For example, the Metropolitan Police Service expects its personnel to conduct a vulnerability assessment framework when encountering members of the public. The framework requires officers to measure vulnerability across five areas,[49] and outlines action that should be taken if the score meets certain thresholds.

**Area for improvement 17**

- BLE's process for assessing vulnerability in cases not involving domestic violence is an area for improvement. In combination with the development of a corporate definition of vulnerability, BLE should develop processes to ensure officers identify any vulnerabilities of the victims, witnesses, and suspects they encounter, and make appropriate interventions.

## Investigation of crimes involving vulnerable people

BLE’s PPU has a remit to investigate domestic abuse, sexual offences and cases involving child protection. As is the case in most forces in England and Wales, the PPU does not carry out all such investigations, and lower-risk cases can be conducted by officers in CID or in the secondary investigation unit.

However, we found that BLE lacks a clear risk-based allocation policy. Consequently, we heard examples of low-risk cases being investigated by the PPU and occasions when more serious public protection incidents reported to CID were not referred to the PPU.

There will always be instances where it makes sense for the PPU to investigate low-risk cases, and, vice versa, the CID to investigate high-risk cases, but those responsible for case allocation and workloads need a policy to which they should generally adhere.

**Area for improvement 18**

- BLE's case allocation practices for public protection cases are an area for improvement. BLE should develop a risk-based allocation policy.

[49] The five areas are appearance, behaviour, communication/capacity, danger and environmental circumstances.

### Specialist training

We learned that PPU officers receive additional specialist training on public protection issues. However, some PPU officers told us that they felt the training is insufficient, and we heard concerns that it does not equip them with the specialist knowledge they need to deal with vulnerable people or to advise their uniformed colleagues.

We found training issues in other teams too. We were told that civilian investigators in secondary investigation units, who conduct some of BLE's domestic abuse investigations, have not received specialist domestic abuse training.

**Area for improvement 19**

- The level of training provided to specialist investigators is an area for improvement. BLE should develop a better understanding of specialist investigators' training needs and ensure it meets them.

### Effective investigations and supervision

Despite these issues, our file review revealed that most of the PPU cases we examined were effectively investigated. We also found evidence of effective supervision in almost all the cases conducted by PPU.

## Support for victims

### Code of Practice for Victims of Crime

In the UK in 2015, the statutory *Code of Practice for Victims of Crime*[50] introduced measures to comply with the European Union Victims' Directive[51]. The code outlines a range of victims' entitlements, including:

- a written acknowledgement that the victim has reported a crime, including the basic details of the offence;
- a needs assessment to help work out what support the victim needs;
- a referral to organisations supporting victims of crime;

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[50] *Code of Practice for Victims of Crime*, Ministry of Justice, October 2015. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/476900/code-of-practice-for-victims-of-crime.PDF

[51] *Directive 2012/29/EU of the European Parliament and of the Council establishing minimum standards on the rights, support and protection of victims of crime, and replacing Council Framework Decision 2001/220/JHA*, 2012 O.J. L 315/57. Available from http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012L0029&from=EN

- updates about the police investigation, such as if a suspect is arrested and charged and any bail conditions imposed; and
- the opportunity to make a victim personal statement.

The code also requires police and other bodies to provide an enhanced service to victims of serious crime, persistently targeted victims and vulnerable or intimidated victims, including 'special measures' to assist vulnerable or intimidated witnesses to give their best evidence in court.

**Voluntary adoption of Code of Practice**

As the Bailiwick of Guernsey is not an EU member state or subject to England and Wales legislation, it is not legally required to adopt the code. However, BLE's leaders recognise the importance of victim care, and they have committed BLE to voluntarily adopting it. We took the code as our benchmark when examining victim care.

We heard from partner bodies, including Health and Social Services that PPU investigations are generally focused on the needs of the victim, especially in child protection cases. Our file review echoed this, as we found evidence of good victim care in most PPU investigations we examined.

However, good victim care was not always apparent in BLE investigations. Victim care and witness care plans are not routinely completed.

**Victim personal statements**

A victim personal statement provides the victim with an opportunity to describe the wider effects of the crime upon them, express their concerns and indicate whether they need any support. This can strengthen prosecution evidence and make clear to the offender the consequences and gravity of their behaviour.

We found that BLE is not routinely offering victims the opportunity to make a victim personal statement.

**Special measures**

Although BLE cannot consistently identify vulnerable victims and witnesses, it does have some 'special measures' in place to provide children and other vulnerable victims and witnesses with the support they need.

BLE has a facility for filming 'achieving best evidence' (ABE) video interviews. Several PPU officers are ABE trained and between 2014 and 2016 there was a 174 percent increase in the number of ABE interviews conducted.[52] However, BLE management is aware that the current ABE facility is not fit for purpose. Located on

[52] *Annual Report 2016*, Bailiwick of Guernsey Law Enforcement, 2017, page 25. Available from: www.guernsey.police.uk/CHttpHandler.ashx?id=111186&p=0

the first floor, it lacks disability access. Its location, next to a busy road, also causes problems. We heard from BLE and partner agencies that, on occasions, background noise interferes with the recordings and the audio is unclear. BLE has applied to the Seized Asset Fund to move the facility to more suitable premises.

### Action plan

The various shortcomings we identified in relation to BLE's victim care provision led us to conclude that an action plan is needed.

**Recommendation 3**

- By 31 January 2019, the head of law enforcement should design and implement an action plan to improve the quality of BLE's victim care, including more widespread use of care plans and victim personal statements, and renewed efforts to relocate the video interview suite.

## Multi-agency arrangements

BLE works constructively with partner organisations to protect vulnerable people and to support victims. Representatives of partner agencies including Health and Social Services commented positively on the force’s engagement in this area.

### Multi-agency risk assessment conferences (MARACs)

The force takes a leading role in the MARACs. These fortnightly conferences are chaired by the PPU detective inspector and are well attended, with representatives from 15 other agencies including third sector organisations such as the Women’s Refuge, as well as the statutory bodies.

### Children's multi-agency safeguarding hub (MASH)

At the time of the inspection, a children’s MASH[53] had been in place for 18 months. Following a post-implementation review, the PPU had identified a gap, whereby the MASH was not informed about ‘looked after’ children[54] once they had been allocated a social worker. To address this, it has secured support from the Health and Social

[53] A MASH brings together into a single location principal safeguarding agencies to better identify risks to children, and improve decision-making, interventions, and outcomes. The MASH enables the multi-agency team to share all appropriate information in a secure environment, and ensure that the most appropriate response is provided to effectively safeguard and protect the individual.

[54] The term ‘looked after’ refers to children who are under 18 and have been provided with care and accommodation by Children’s Services. Often this will be with foster carers, but some might stay in a children’s home or boarding school, or with another adult known to the parents and Children’s Services.

Care Committee’s Looked After Children's team to pilot a process to close this gap in MASH provision.

### Adult safeguarding

In the UK, the Care Act 2004 provides a legal framework for how local authorities, police and other statutory partners should safeguard adults at risk of abuse or neglect. There is, however, no comparable legislation in Guernsey law, and consequently no formal governance arrangements for adult safeguarding provision. Despite this, some adult safeguarding does take place, and we found appropriate PPU involvement at multi-agency adult safeguarding strategy meetings. At the time of the inspection, BLE was also working with other bodies to establish an adult MASH process.

### Capacity for multi-agency public protection arrangements (MAPPAs)

The MAPPA unit plays a central role in the multi-agency management of MAPPA offenders, as well as managing registered sex offenders. We found that the police officer in the MAPPA unit was managing 76 such offenders. We were told that 19 were in prison, 14 of whom were not in Guernsey. This left 52 low-risk offenders. This unacceptably high workload means that home visits to violent offenders and registered sex offenders – intended to manage the risks they pose – are being delayed.

**Area for improvement 20**

- BLE's capacity to discharge its responsibilities in the multi-agency public protection arrangements is an area for improvement. BLE should increase capacity in order to reduce individual officers' workloads and enable more frequent home visits to violent and sexual offenders.

## Domestic abuse

Domestic abuse causes serious harm. It constitutes a considerable proportion of the crime in the Bailiwick of Guernsey, as it does in England and Wales. HMICFRS has conducted a series of national thematic inspections on domestic abuse.[55] In addition it has made detailed inspections of each police force's effectiveness in this area in 2014,[56] and in subsequent annual inspections, as part of the PEEL inspection framework.

While the breadth of this inspection's terms of reference did not permit us to examine BLE's effectiveness in tackling domestic abuse to a similar depth as the reports cited above, our inspection identified the issues below.

### Positive arrest policy and police-led prosecutions

BLE has a positive arrest policy in respect of domestic violence incidents. In some cases, victims are reluctant to support the work of the police but, in accordance with established good practice, the force will nonetheless pursue a prosecution. This is often referred to as 'police-led prosecution', and is done to safeguard the victim. We were pleased to find that BLE officers have pursued such cases.

### Domestic violence prevention orders and notices

Since 2010, police officers in England and Wales have had additional powers to protect victims of domestic abuse.

A domestic violence prevention order (DVPO) enables the police and courts to act immediately following a domestic abuse incident. Where there is insufficient evidence to charge a perpetrator and provide protection to a victim via bail conditions, a DVPO may be used instead. This can prevent the perpetrator from returning to a residence and from having contact with the victim for up to 28 days, allowing the victim time to consider the options and get the support needed.

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[55] See *Everyone's business: Improving the police response to domestic abuse*, HMIC, 2014. Available from: www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/2014/04/improving-the-police-response-to-domestic-abuse.pdf; *Increasingly everyone's business: A progress report on the police response to domestic abuse*, HMIC, 2015. Available from: www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/increasingly-everyones-business-domestic-abuse-progress-report.pdf; *A progress report on the police response to domestic abuse*, HMICFRS, 2017. Available from: www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/progress-report-on-the-police-response-to-domestic-abuse.pdf

[56] These reports are available at: www.justiceinspectorates.gov.uk/hmicfrs/publications/improving-the-police-response-to-domestic-abuse/

A domestic violence protection notice (DNPN) is a notice issued by the police to provide emergency protection to an individual believed to be the victim of domestic violence. This notice contains prohibitions that effectively bar the suspected perpetrator from returning to the victim's home or otherwise contacting the victim.

DVPOs and DVPNs provide similar powers to emergency banning orders, which are used in many European jurisdictions and recommended by the Council of Europe. However, there is no equivalent in Guernsey law. As a consequence of this, BLE and the courts are unable to provide victims of domestic violence in the Bailiwick of Guernsey with the level of protection provided to victims of domestic violence elsewhere.

**Recommendation 4**

- By 31 January 2019, the head of BLE should carry out an evaluation of reported domestic violence incidents in the Bailiwick of Guernsey. Based on this data, the most appropriate agency should conduct an evaluation to establish whether DVPOs and DVPNs, if they had been available, would have provided valuable additional protection to victims. If the evaluation shows that they would, the Committee for Home Affairs should consider pursuing changes to legislation to enable their introduction as soon as possible thereafter.

## Preparedness to tackle child sexual exploitation

BLE has started taking action to increase its preparedness to tackle child sexual exploitation (CSE), which is defined as follows.

- Sexual exploitation of children and young people under 18 involves exploitative situations, contexts and relationships where the young person (or third person/s) receive 'something' (e.g. food, accommodation, drugs, alcohol, cigarettes, affection, gifts, money) as a result of them performing, and/or another or others performing on them, sexual activities.

- Child sexual exploitation can occur through the use of technology without the child's immediate recognition; for example, being persuaded to post sexual images on the internet/mobile phones without immediate payment or gain.[57]

[57] This is the national UK definition and the definition used in Bailiwick of Guernsey Child Sexual Exploitation Operating Protocol. See *Bailiwick of Guernsey Child Sexual Exploitation Operating Protocol*, Guernsey Education Department, Barnardo's, Guernsey Home Department, Guernsey Health and Social Services Department, Office of the Children's Convenor, The Hub, Guernsey Police, Guernsey Contraceptive Service, and Action for Children, 2015, page 5. Available from: http://iscp.gg/CHttpHandler.ashx?id=99564&p=0

### Intelligence and joint working

BLE has produced an intelligence threat assessment on CSE and receives intelligence reports about potential CSE victims living in the Bailiwick of Guernsey from law enforcement bodies in the UK and other jurisdictions.

Through its membership of the multi-agency Islands Safeguarding Children Partnership, BLE has contributed to the production of the *Bailiwick of Guernsey Child Sexual Exploitation Operating Protocol*. At the time of the inspection, following external consultation with a CSE expert from an English force, it was participating in a review of the protocol.

We found other evidence of effective joint working in this area. BLE, working with third-sector bodies, has developed and delivered short CSE training sessions to officers. It is also using its close links with other bodies to help assess whether children who regularly go missing or abscond are victims of CSE.

BLE is aware that regular absconders are more likely to tell where they have been to youth workers than to police officers. BLE officers therefore work closely with youth workers to understand the risks, which can be significant, to these children. This is a good example of joint working.

At the time of our inspection, BLE had also recently started actively educating hoteliers about the warning signs of CSE and encouraging them to report suspicious incidents involving hotel guests.

At the time of the inspection, grooming was not a criminal offence in the Bailiwick of Guernsey. This makes it more difficult for BLE to tackle CSE. However, we were informed that new draft legislation would soon make grooming illegal in the Bailiwick. This is welcome.

# 8. High-tech crime and forensic capabilities

The Committee for Home Affairs asked HMICFRS to examine BLE's high-tech crime and forensic capabilities, in particular to establish:

- whether there was an adequate range of capabilities; and
- the financial viability of BLE maintaining dedicated capabilities rather than 'outsourcing' them to external contractors.

## High-tech crime capability and capacity

Increasingly, crime is committed online and using digital devices such as tablets, computers, or mobile phones. Law-enforcement agencies have to retrieve data from these devices and examine them for evidence. High-tech crime units (HTCUs) carry out these digital forensic examinations.

In common with police forces in England and Wales, BLE faces significant demands associated with digital forensics. It is managing them in a sensible way.[58]

BLE's digital forensics capacity had increased significantly during the year before our inspection. However, BLE knows that this capacity will require continuing investment to keep pace with increasing demand and developments in digital technology.

### Seizure of digital devices and prioritisation for examination

BLE has sought to limit and prioritise the demand for digital forensics. The HTCU provides training to officers to help them identify the appropriate digital devices to seize during an investigation. It has resulted in officers being more selective about which devices they take, which helps to make workloads more manageable.

The HTCU acts as a gatekeeper for digital forensic requests. If a digital forensics request with more than ten digital exhibits is submitted, the HTCU sergeant meets the requesting officer to discuss which exhibits should be submitted first.

### Mobile phone triage kiosks

BLE has also introduced mobile phone 'triage kiosks', where staff can download and assess mobile phone data themselves, without having to refer the phones to the HTCU. These kiosks can quickly provide first responders with evidence and intelligence and help them decide which devices to submit to the HTCU for more detailed examination.

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[58] *PEEL: Police Effectiveness 2017 A national overview*, HMICFRS, March 2018, page 58. Available at: www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/peel-police-effectiveness-2017-1.pdf.

### Digital forensic examinations

BLE and the States of Jersey Police have recognised that having a collaborative digital forensics capability could provide operational and financial benefits. In 2015, the two organisations established a memorandum of understanding to make the best use of their digital skills.

### Joint Jersey and Guernsey high-tech crime unit

Later, in 2016, Guernsey and Jersey HTCUs were brought under the management of the experienced head of Jersey's HTCU. This collaborative approach to digital forensics provision has resulted in a number of benefits.

The joint working arrangements have made it possible to undertake complex digital device examinations to support BLE's investigations, and have increased the timeliness of digital forensics provision. As the Jersey-based HTCU is larger and more skilled in complex examinations than its counterpart in the Bailiwick of Guernsey, it conducts such examinations for Guernsey Police and Guernsey Border Agency investigations.

Furthermore, as the unit in Jersey is the larger of the two, it can take on some of the work from Guernsey during busy periods. For example, in BLE investigations that have many digital exhibits for examination, some are examined in Jersey in order to minimise delays.

### Timeliness improvements and other benefits

It appears that the timeliness of digital forensic examinations has improved since the introduction of joint working arrangements. We heard that previously examinations had been taking up to six months to complete. A target of 90 days has been introduced. Any extension to the 90-day turnaround has to be approved by a senior officer.

HTCU officers and customers of the service, including CID managers, told us that delays have reduced and the 90-day target is usually met. However, BLE does not compile any statistical data to provide evidence of such improvement, or to routinely monitor performance in this area of business. We were also informed that the caseload is kept under review and cases are re-prioritised as required.

We were told that bringing the two HTCUs under one manager has also provided two other benefits:

- development opportunities for staff in Guernsey's HTCU, who from time to time work alongside their Jersey colleagues to gain experience and develop their skills; and
- improvements in financial efficiency, through the alignment of contracts to achieve better deals for ICT hardware and software across the unit's two sites.

**Future development and financial viability**

Digital forensics are integral to an increasingly wide range of investigations. As the number of cases requiring digital forensics investigations increases, so does the complexity and range of software and the storage capacity of devices.

BLE is seeking to increase the size of the Guernsey HTCU. This would allow both units to provide resilience and take on routine activity for the other if either had an influx of work generated by a major investigation.

In the longer-term, the unit's managers plan to install a high-speed data link between the Jersey and Guernsey HTCUs. This will remove the need for devices and staff to physically move between the units.

In England and Wales, some forces assign digital forensic work to external contractors to help manage the demand.[59] Given the breadth of our terms of reference, we could not analyse the costs and benefits of the high-speed data link, nor whether BLE would benefit from using external contractors as well as, or instead of, the HTCUs.

HTCUs must continually develop to ensure their skills, capabilities and capacities keep pace with the ever-changing environment in which they work. Notwithstanding the efficiencies that the joint HTCU provides for BLE, this remains an area of business that is likely to require ongoing, increased investment.

[59] *Op cit.*

## Forensics

Guernsey Police's scientific support department has long provided crime scene investigation services to Guernsey Border Agency. Given the low crime rate in the Bailiwick of Guernsey, demand for crime scene investigator (CSI) attendance is low. The department has sufficient capacity to attend a wider range of incidents than most police forces in England and Wales.

**Crime scene attendance and quality of service**

BLE's CSI staff usually attend any incident that occurs during working hours (08:00 to 20:00) where there may be forensic opportunities. No incidents are 'screened out' during these hours. Out of hours, there is an on-call service, with set call-out criteria. During the inspection, PPU and CID supervisors and managers spoke of the good service they receive from the scientific support department.

**Outsourcing arrangements**

BLE outsources some of the more complex forensic analysis that cannot be conducted in-house (including fire investigation and toxicology analysis) to a UK-based provider. This arrangement appears to work well, with the quality of service described to us as very good and work turned around without undue delays.

Before Guernsey Police's scientific support department took on Guernsey Border Agency cases, the Agency's drug analysis was also outsourced to a UK-based contractor. This work is now provided by an analyst within the States, which we were told has resulted in significant financial savings.

Further efficiencies have also been generated through BLE's renegotiation of its contract with an English police force, to which it outsources its fingerprint analysis. This has resulted in a reduction of about 50 percent in costs for future fingerprint work over the next three years.

Outsourcing forensics functions that cannot be conducted by BLE, such as fingerprint analysis and highly complex forensic analysis is a practical measure. However, outsourcing the full range of forensic services from outside the Bailiwick of Guernsey would be inappropriate for BLE, given its geographic setting and the fact that bad weather can cut the Bailiwick off from the outside world for a number of days every year. CSIs need to attend crime scenes quickly, otherwise there is a risk that fragile forensic evidence will be lost, degraded or destroyed.

# 9. Estate and custody facilities

The Committee for Home Affairs asked HMICFRS to examine BLE's estate including its custody facilities.

### Estate strategy

At the time of the inspection, there was no BLE estates strategy, nor an estates strategy which took account of the whole range of Home Affairs services.

There is widespread recognition that BLE's estate provision is poor.

### Estate projects and BLE investment

In recent years, the States of Guernsey strategic asset management project and the home operational services transformation project have both examined a range of options for the estate. While these projects were under way, given that it expected to relocate, BLE reduced its expenditure on maintaining and improving its current estate.

However, both projects have stalled. Consequently, it is likely that additional investment will be required to renovate parts of the current estate unless a decision is made to move to new accommodation.

The previous home operational services transformation programme – led by the chief secretary to the Committee for Home Affairs – identified a range of limitations of BLE’s current estate. These included:

- insufficient space at BLE’s headquarters;
- no major crime and critical incident room;
- limited storage;
- insufficient locker, shower and toilet facilities for female staff;
- no appropriate training venue;
- financial inefficiencies of leasing expensive accommodation;
- the ‘fragmentation’ of police and BLE staff in different buildings across the estate; and
- a poor custody facility.

We saw some of these shortcomings during our fieldwork visits. While some offices in BLE headquarters are suitable for their occupants, others are too small. For example, at its fullest strength, the investigation support unit has nine staff on shift. Its office, however, only has six desks and three computers. Consequently, staff must search for other accommodation to work from when they start their shifts. We also heard staff concerns about a range of other accommodation issues.

**Staff concerns**

We also heard staff concerns about a range of other accommodation issues:

- The lack of an appropriate training venue means that training has to be provided off the estate, which incurs additional expense.
- There is no secure car parking and there have been incidents where police officers' private cars have been vandalised when parked near BLE headquarters, as a few members of the public with malicious intent know they belong to police officers.
- The area for vehicle searches at Guernsey Border Agency's facilities at St Peter Port harbour is unsuitable.

It also became apparent during the inspection that (with some exceptions) most police personnel work from police buildings and most border personnel work from border agency buildings. Breaking down the cultural barriers between Guernsey Border Agency and Guernsey Police staff is one of the challenges BLE will face if the Committee for Home Affairs decides to progress with further integration of the services. Accommodating staff from both precursor organisations in the same building, where operationally possible, can help to achieve this.

**Custody facilities**

Guernsey Police's – and latterly BLE's – custody facilities have long been an area of concern for senior managers, those working in the custody facilities, and the Committee for Home Affairs. The main custody suite, located at BLE headquarters, was formerly used only by Guernsey Police. As part of the restructuring of law enforcement programme, this suite became the primary custody unit for BLE detainees.[60]

These custody facilities were inspected by the European Committee for the Prevention of Torture or Degrading Treatment or Punishment in 2010 and by HM Inspectorate of Prisons (HMIP) in 2014. Both reviews identified concerns with the unit, including risk to detainees.

[60] The exception is detainees suspected of internal concealment of controlled drugs, who are detained under medical care at the hospital.

### Refurbishment programme

Following the HMIP report, BLE took some immediate action and developed a programme of works to refurbish the facility sufficiently to address the concerns. Progress has been slow.

In 2015, BLE secured funding from the Committee for Home Affairs for a refurbishment programme. In 2016, the specification had to be amended to address the requirements of the NICHE custody system that BLE had introduced and to remove additional ligature points identified in a detailed survey of the suite. Additional funds were secured. However, at the time of the inspection, work had not begun, and additional funds are still required to carry out all the work. Consequently, risks to detainee safety remain.

Although BLE expects that the refurbishment will fully address the safety concerns, it will not deal with other concerns about cell capacity and physical security.

### Cell capacity and physical security

The unit is very small, with only five cells, which are often full. Vehicular access to the unit is via a drive-way which is too narrow for prison vans. Consequently, detainees have to be walked out of the custody area, via the staff pedestrian entrance and through the police vehicle garage, past mechanics, equipment and vehicles under examination, to the waiting prison van.

There is also no secure access to the custody suite from the public enquiry office at BLE headquarters. Detainees are walked through the staff corridor beyond the enquiry office area and through the police garage.

### Staff survey responses

BLE’s senior managers recognise the inadequacy of the current estate. BLE has recommended changes to the estate, and outlined the requirements for new custody provision to the Committee for Home Affairs.

BLE’s senior managers are also aware that accommodation issues have a discouraging effect on the workforce. In the 2016 staff survey, fewer than one-third of Guernsey Police respondents and fewer than half of Guernsey Border Agency respondents agreed with the statement "I am satisfied with my physical working conditions". The senior leadership team recognises the effect the accommodation issues have on the workforce, and the matter appears on BLE’s organisational risk register.

### Developing a new estates strategy

We recognise that land and buildings are at a premium in Guernsey, so improving the estate will not be straightforward. Furthermore, BLE is not alone in having poor accommodation, with many law enforcement buildings across England and Wales also lacking space and facilities. However, in most police forces there is a drive to modernise estates, resulting, in part, from the need to increase efficiencies. Most police forces have an estates strategy. BLE needs one too.

To achieve this, it is essential that form follows function and the estates strategy is informed by the strategic objectives for the organisation. Therefore the work needed to develop the strategic vision for BLE's future (see Chapter 4) must be carried out before an appropriate estates strategy can be devised.

# 10. Non-law enforcement functions

The Committee for Home Affairs asked HMICFRS to examine whether the following non-law-enforcement functions should be performed by BLE:

- revenue and excise collection;
- issuing passports;
- import and export licencing; and
- issuing work permits.

**The background**

Revenue and excise collection was a primary role of States of Guernsey Customs and Excise from its formation in 1972 until 2010. Passports were issued by the Immigration and Nationality Service, whose staff also provided the technical expertise for applications of British naturalisation, visa applications, work permits, on-entry and post-entry immigration controls. In 2010, these roles passed to the new Guernsey Border Agency.

Work permits, import and export licenses are responsibilities of the Committee for Home Affairs. The Committee has delegated authority to the technical experts in the Guernsey Border Agency, who process and approve applications that fall within certain definitions, referring the remainder for a Committee decision.

At the time of inspection, there were 15 staff[61] performing the four functions.

The decision about whether these functions should continue to be performed by BLE is, in effect, about whether they should remain Guernsey Border Agency responsibilities. Therefore it is not dependent on the broader decision the Committee for Home Affairs should make about the future relationship between Guernsey Police and Guernsey Border Agency.

**Flexibility**

We found that the primary operational benefit of including these functions within Guernsey Border Agency's, and ergo BLE's, remit is the resourcing flexibility it allows. While focusing on their own mandate, the 15 staff also contribute to other border work, providing additional capacity at times of heightened demand.

[61] 12.67 full-time equivalent staff.

### Intelligence-sharing

We were also told about cases where intelligence had been shared between staff conducting these non-law enforcement functions and other Guernsey Border Agency colleagues. Although de-merging these functions would not, necessarily, make such intelligence sharing impossible, intelligence flows are often smoother within organisations than between them.

### Government objectives

Keeping these functions within Guernsey Border Agency is also in line with a broader programme across the States, which has sought to create a smaller, less intrusive, better organised and more cohesive government and services. The States seek to achieve greater financial efficiencies by reducing duplication and rationalising in certain areas.

To de-merge the functions into separate organisations, with the requisite establishment of management and support structures, would seemingly run counter to this objective.

In 2016, the States debated and accepted a far-reaching review of reforms and restructure of States' departments and the services that they provide, and did not suggest that the non-law-enforcement functions should be moved from Guernsey Border Agency's remit.

The functions discussed in this chapter are clearly different from the majority of BLE's activity, as they are not directly related to law enforcement. We heard during the inspection that it can, therefore, prove difficult to incorporate these functions into BLE's service delivery plans and objectives. We do not, however, believe this to be a significant disadvantage of the current arrangement.

Other organisations with a range of law-enforcement and non-law-enforcement responsibilities, such as HM Revenue & Customs, have strategic and operational objectives for both kinds. Moreover, these are not BLE's only non-law-enforcement functions. Policing and border security are both broader than simply law enforcement.

### Options for change

It was clear during our inspection that there was no States department that would be a more natural 'fit' for all four functions. Dividing the services across various agencies and units may be the only other realistic option.

Given the breadth of the terms of reference, HMICFRS could not evaluate comprehensively all possible models for the delivery of BLE's non-law enforcement functions.

However, it is worth noting that the inspection did not reveal any significant disadvantages in the current arrangement, either to the performance of these functions or to BLE’s wider remit. Furthermore, given the flexibility it adds to BLE’s deployment options, a transfer of these functions to another part of the States might have an adverse impact on BLE’s border activity.

# 11. Governance and political relationships

The Committee for Home Affairs asked HMICFRS to examine BLE's governance arrangements, including the political relationship and the interface between BLE and the Committee. In particular, it asked us to examine how the head of law enforcement was held to account.

### The role of the Committee for Home Affairs

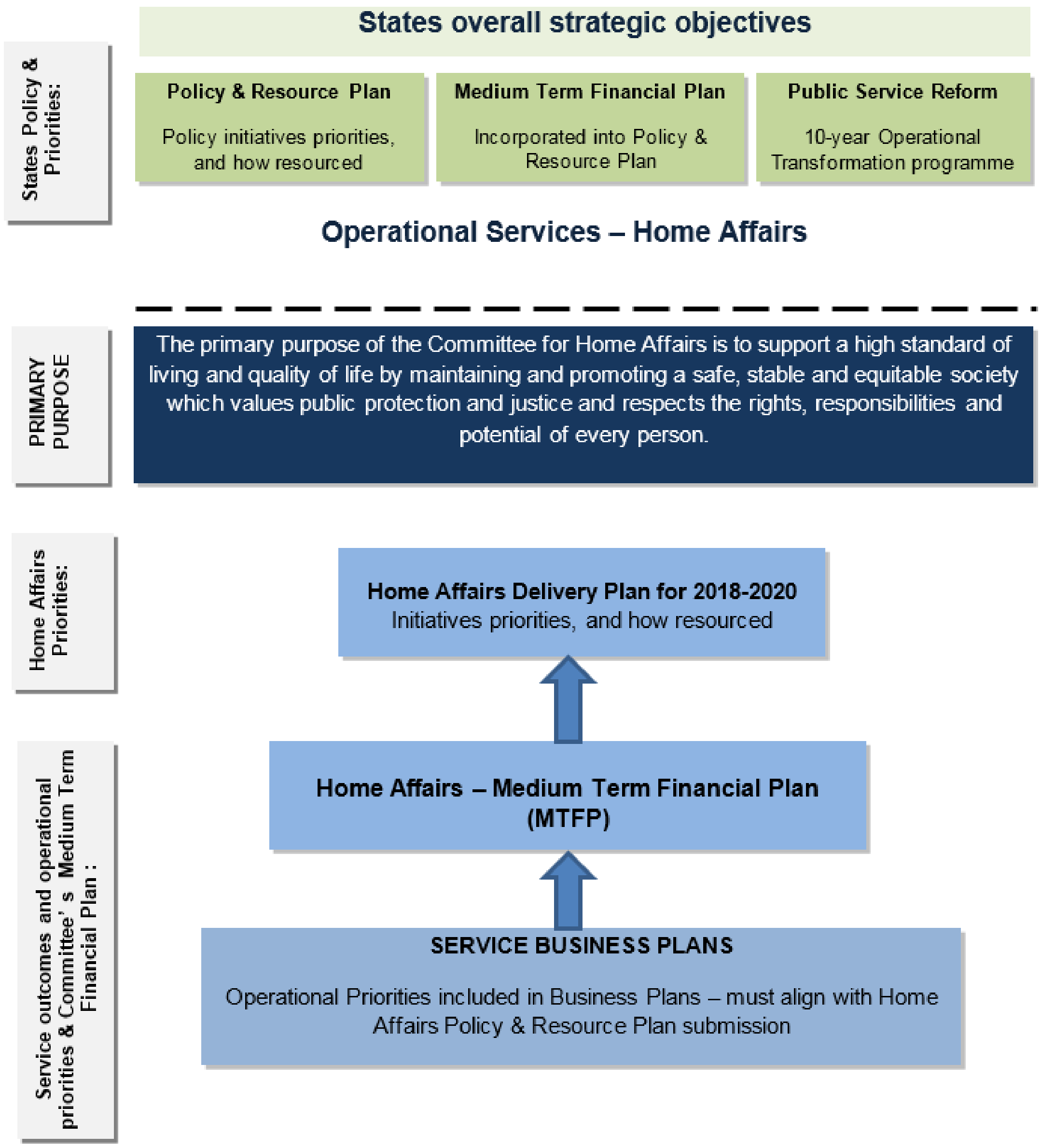
The States of Deliberation[62] relies on a system of committees for advice and to develop and implement policies on matters relating to its purpose.

The Committee for Home Affairs is responsible to the States of Deliberation for various operational functions conferred on the Committee, including policing, customs and immigration. Therefore the Committee for Home Affairs has a vital governance role in respect of BLE.

The Committee for Home Affairs comprises five deputies, elected by their constituents to the States of Guernsey under individual manifestos, who are then appointed by the States to serve on the Committee. The operating model of the Committee for Home Affairs is set out on the next page.

[62] Guernsey's Parliament.

**Diagram B: Operating model of the Committee for Home Affairs**




## The Committee's Delivery Plan and BLE's Service Delivery Plan 2017–2020

In 2015, the Committee for Home Affairs produced a *Delivery Plan 2015-2018* [63] that defined the core business objectives for the services for which the Committee was responsible. This set out the priorities for individual services. In the case of law enforcement, these focused on separate projects for each of the three years of the plan, including restructuring, joint working, IT development, property management, and legislative changes.

[63] *Delivery Plan 2015-2018*, Home Department, States of Guernsey Government, 2015. Available at: www.gov.gg/CHttpHandler.ashx?id=104011&p=0

However, since that plan's publication, the membership of the Committee has changed and a new chairperson has been appointed.

At the time of our inspection, the current Committee had not adopted the *Delivery Plan 2015-2018*, neither had it produced a new plan to replace it.

Therefore, BLE was unaware of the business objectives set by the Committee for Home Affairs. Subsequently the Committee adopted the plan but it has since been superseded by a plan from the States of Guernsey.

Consequently, on its own initiative, BLE has created eight service delivery priorities (see Chapter 2), set out in its *Service Delivery Plan 2017 – 2020.*[64] These include security, protecting the vulnerable, tackling crime and antisocial behaviour and other matters.

**Recommendation 5**

- By 31 January 2019, the Committee for Home Affairs should publish a strategic plan that sets out BLE's business objectives and priorities. BLE should use this to inform a revised service delivery plan.

**The boundary between strategic governance and operational control**

In England and Wales, in an effort to clarify the roles of police and crime commissioners and chief constables respectively, the Home Secretary has published the *Policing Protocol*.[65]

The protocol lists 14 specific legal powers and duties of police and crime commissioners. These include setting the force's strategic direction and objectives, scrutinising, supporting and challenging performance, and holding the chief constable to account.

The protocol sets out how the chief constable, who has direction and control over the force's officers and staff, is accountable to the law for the exercise of police powers and to the police and crime commissioner for the delivery of efficient and effective policing.

In practice, the boundary between strategic governance and operational control may not always be crystal clear. However, the Policing Protocol is sufficiently detailed to

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[64] *Service Delivery Plan 2017-2020*, Bailiwick of Guernsey Law Enforcement, 2017. Available at: www.guernsey.police.uk/CHttpHandler.ashx?id=111224&p=0

[65] *Policing Protocol Order 2011*, Home Office, 2011. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/117474/policing-protocol-order.pdf

help police and crime commissioners and chief constables navigate their way through their relationship.

In Guernsey, there is no such protocol or other document to clarify the roles of the Committee for Home Affairs and the head of law enforcement respectively. This is problematic.

**Financial planning**

Between March 2010 and March 2016, BLE's budget was reduced by just over six percent.[66] Under the States' Policy and Resources Committee's medium-term financial plan, a real-terms target of three percent was set for all non-formula-led cash limits (including the Committee for Home Affairs) in 2017 with a further 5 percent saving in both 2018 and 2019.

The Committee for Home Affairs has passed these efficiency targets on to BLE and the other operational services, requiring each to make one percent per year savings.

The Committee for Home Affairs, along with other States committees, is required to produce a medium-term financial plan. This plan should set out how the Committee intends its operational services to achieve their objectives, while balancing the budget set by the Policy and Resources Committee.

We found that the Committee for Home Affairs has not carried out medium-term financial planning. However, we learned that just before the inspection fieldwork, the heads of BLE and other operational agencies had convened preliminary financial planning meetings to get on with this work.

While the Policy and Resources Committee has mandated the reductions to the Committee for Home Affairs' budget, it has not stipulated that each operational service's budget should be cut by the same percentage.

It is beyond the scope of this inspection to evaluate the financial and operational impact of making such cuts. However, the Committee for Home Affairs should undertake financial planning that covers the whole range of its responsibilities. This should allocate resources, based on decisions that the Committee should take about the level of service each agency should provide, and on their strategic priorities for each agency. Such a process may identify opportunities for efficiencies through closer working, or may necessitate service reductions in some areas.

The absence of a Committee-level medium-term financial plan has also caused problems for BLE's financial planning. In recent years, BLE has not learned how much money it would have until part-way through the financial year. We were told that in 2016 there had been significant delays in finalising the budget. This had led to BLE delaying decisions about recruiting staff to fill staffing gaps caused by staff

[66] This equates to a real-terms reduction of 10–20 percent of the non-pay element of the budget.

attrition, as it had been unclear it could afford to recruit. This, in turn, had resulted in an increased reliance on overtime to cover resource gaps.

**Area for improvement 21**

- The process for agreeing BLE's annual budget is an area for improvement. In order to enable effective business planning, the budget should be set sufficiently far in advance, with in-year adjustments to be made where required.

**BLE governance arrangements in practice**

The Committee for Home Affairs hold regular meetings with the Head of Law Enforcement and other senior officers to discuss a range of matters. We examined papers submitted by BLE to the Committee on subjects such as estates, finances, resource deployments, restructuring, IT, and recruitment. These papers provided comprehensive briefings and updates to the Committee, as well as answers to specific questions raised by its members. In addition, they provided the Committee with business cases for passing or amending legislation, recruiting staff and developing business opportunities (such as a revised warehousing guarantees scheme) for the Bailiwick.

We also examined redacted minutes of Committee meetings from July 2016 to December 2017. These showed proper consideration of proposed legislation or changes to existing legislation, discussion about savings and acknowledgement of some of the issues facing BLE such as overtime being ‘managed correctly’ and the need to address sickness levels and access to occupational health.

However, the minutes also showed the subjects and level of detail focused on by Committee members. These subjects included a range of what might be described as low-level issues, for example flashing bicycle lights, a complaint about a parking ticket and a car wing mirror found after a road traffic collision. While to the individual these are important matters, we were surprised at how much time such matters take up in Committee meetings, and how frequently they do so. On one occasion a complainant was invited to the Committee meeting to confront the head of law enforcement despite existing formal compliant handling procedures being in place.

Important work is done at Committee meetings, such as approving the purchase of equipment and challenging the details of changes to policy and procedure. Nonetheless, too much time is taken up in what appears to be tactical and day-to-day operational policing. This is properly the preserve of the head of law enforcement.

The minutes we read did not describe strategy, for example concerning custody estate. They did not consider the ‘service delivery priorities’ (see Chapter 2).

They also did not provide a shared or joined-up approach across the services the Committee is responsible for (this final point was raised by another service chief).

However, as States policy restricts the publication of minutes of Committee meetings we were unable to examine the process of meetings and understand the reasons for decisions, or the decisions that were made. In addition, apart from a recently published strategy on cyber-crime we were unable to find any strategic direction by the Committee concerning the future requirements for the structure of BLE for the middle to long term.

The minutes also reflected the views of other service chiefs concerning the challenges of new HR and finance regimes, specifically that they were ‘not resourced enough’ (see Chapter 13). They also highlighted the frustration felt by some service chiefs at not having a mid-term financial plan.

During our inspection we noted that the Committee in its turn felt exasperated. Deputies felt that BLE was not sufficiently responsive to requests by deputies and therefore they had been unable to discharge their responsibilities to the States of Deliberation. The Committee provided examples of where they had engaged with senior officers and been left feeling that their views had not been acknowledged, or information the Committee required for scrutiny purposes had not been forthcoming, or action had not been taken. However, the minutes we read do not appear to support that view.

Senior BLE officers and staff felt similarly frustrated. They thought that deputies attempted to direct operational activity. Some provided examples of where they had been asked to take enforcement action in cases that had been brought to the attention of deputies by members of the public. In addition, the Committee had discussed operational matters and agreed actions when no BLE representative had been present.

We recognise that these frustrations are felt by individuals whose actions are motivated by good intent. Nevertheless, the depth of feeling on both sides is not to be underestimated.

In our view, two issues are at the root of the problem:

1. the lack of a joint approach to setting priorities; and
2. the lack of clarity about the roles of the parties.

**Recommendation 6**

- By 31 January 2019, the Committee for Home Affairs, in consultation with the head of law enforcement, should design, publish, and subsequently operate in accordance with, a document that clarifies each party's responsibilities for (as a minimum):
    - objective and priority setting;
    - strategic governance and oversight;
    - operational direction and control;
    - independence; and
    - provision of performance information for governance purposes.

# 12. The complaints system

The Committee for Home Affairs asked HMICFRS to examine the complaints system, including the Police Complaints Commission.

This chapter sets out our findings on these and examines a range of other processes that BLE has in place to ensure the integrity of its workforce. These include the systems through which BLE assesses the risks to the integrity of the organisation and its vetting arrangements.

## Guernsey Police complaints

### Accessibility

An accessible complaints system is crucial to building public confidence in the police and upholding standards. Guernsey Police provides clear, useful information on its website about how to make a complaint. Complaints can be made in several formats:

- in person to front counter staff;
- post;
- telephone; or
- email.

This information is available on the professional standards department (PSD) page of Guernsey Police's website and can easily be found by searching for 'complaint' on the site's search bar. The page also outlines how complaints are dealt with, and gives information about the appeals mechanism. The PSD also has access to translation services, which enables it to handle complaints from people who are not fluent English speakers.

### Referrals to the Police Complaints Commission

The law requires Guernsey Police to refer to the Police Complaints Commission all complaints that are not suitable for – or cannot be dealt with by – informal resolution (also known as 'local resolution').[67] The law also gives the Police Complaints Commission authority to inspect PSD's register of complaints, to satisfy itself that all such complaints are referred.[68]

[67] Informal resolution or local resolution is a flexible process for dealing with complaints. Resolution may involve, for example, providing information and explanation, an apology, or a meeting between the complainant and the officer.

[68] Police Complaints (Guernsey) Law, 2008, 4 (5).

HMICFRS conducted a dip sample of public complaints made during 2017, to assess whether PSD was referring all appropriate cases to the Commission. This revealed that PSD's processes are robust, informal resolution was being sought correctly, and all appropriate cases were referred.

**Supervision of complaint investigations**

The law stipulates that the Commission "shall supervise the investigation of any complaint alleging that the conduct of a member of the Force resulted in the death of or serious injury to some other person, whether or not in custody, and of any other description of complaint that may be prescribed."[69] The Commission can also choose to supervise the investigation of any other complaint referred to it.[70]

Since its formation in 2011, the Commission has supervised all the complaint investigations which it was either obliged or entitled to. Given that there are few such cases (on average only three per year between 2014 and 2017), this approach appears appropriate and contributes to ensuring public confidence and trust in the complaints system.

**Updates to complainants**

It is crucial that forces provide clear, personalised, updates to complainants about the progress of their complaint, and that complaint investigations are progressed in a timely manner. BLE has processes in place to ensure that complainants are updated regularly about the progress of their complaint, whether it is being progressed through informal resolution or is subject to a supervised investigation. HMICFRS's audit confirmed that such updates were being made appropriately.

**Delays**

There have, however, been lengthy delays in some of the cases not subject to informal resolution, with the PSD waiting long periods for the Police Complaints Commission to confirm whether it intended to supervise the investigation, or whether the complainant had lodged an appeal.

Although the PSD ensures that complainants in such cases are regularly informed of the situation, the lack of progress can damage the complainant's confidence in the system and prolong the uncertainty for the officer subject to the complaint.

**Updates and access to materials**

The law requires the PSD officer leading the complaint investigation to keep the Police Complaints Commission updated on progress and provide it with access to

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[69] Police Complaints (Guernsey) Law, 2008, 7 (1).

[70] Police Complaints (Guernsey) Law, 2008, 7 (2).

the material, such as statements etc.[71] Our inspection confirmed that the force was complying with these requirements and was providing the Commission with access to all relevant material.

**Satisfaction with complaint investigations**

At the end of each supervised complaint investigation, the PSD provides the Commission with a report. The Commission then prepares a statement on whether the investigation has been conducted to its satisfaction.

We found problems with this. The Commission's, force's and other stakeholders' interpretation of the legislation is that the Commission may only say it is ‘satisfied’ or ‘dissatisfied’ with the PSD investigation. This does not allow any nuance or caveats.

Consequently, there have been examples of the Commission having to state that it is dissatisfied in respect of investigations where it agrees with the outcome but where there has been a minor procedural problem. This can prove confusing to both the complainant and the officer subject to the complaint, and lead to unfair public criticism.

During the inspection, the Commission, the force and other stakeholders identified this shortcoming in the legislation and were in favour of the legislation being redrafted to permit a more nuanced assessment.

BLE recognises other limitations of the law that governs police complaints. During 2014, it commissioned an independent review comparing the Guernsey system with the legislative framework in England and Wales. This resulted in a series of recommendations highlighting sections of Guernsey legislation which the review suggested should be amended to bring Guernsey into line with England and Wales.

[71] Police Complaints (Guernsey) Law, 2008, 7 (4)

**Area for improvement 22**

- The legislation concerning police complaints is an area for improvement, specifically the constraint on the Police Complaints Commission when reporting its satisfaction, or otherwise, with investigations. The Committee for Home Affairs should seek a minor amendment to the legislation. When doing so, the Committee should review the recommendations of the 2014 comparative analysis and seek any further amendments it considers necessary. It should also consider extending the Police Complaints Commission's role to include complaints against Guernsey Border Agency.

## Guernsey Border Agency complaints

With BLE's creation, the former Guernsey Police PSD’s remit has been increased to include complaints made against Guernsey Border Agency employees. As with complaints against the police, it is important that the complaints procedures for the Guernsey Border Agency are accessible to the public.

However, we found that the PSD page of the Guernsey Police website lacks any reference to Guernsey Border Agency or its complaints procedures. Furthermore, we found no details about how to make a complaint against the Guernsey Border Agency either on the Guernsey Police website, or the Guernsey Border Agency page on the States website. This prompted our seventh recommendation.

**Recommendation 7**

- By 31 January 2019, the head of law enforcement should ensure that information on Guernsey Border Agency's complaints procedure is made available to the public and is easily accessible.

While the Police Complaints (Guernsey) Law 2008 empowers the Police Complaints Commission to supervise complaints against the police, there is no comparable arrangement for complaints made against Guernsey Border Agency employees.

Introducing independent oversight of Guernsey Border Agency complaints would increase transparency and public confidence and should be considered as part of the review of the legislation governing the Police Complaints Commission.

## Vetting

One of the first things forces can do to develop an ethical culture is to use effective vetting procedures to recruit applicants who are more likely to have a high standard of ethical behaviour and to reject those who may previously have demonstrated questionable standards of behaviour, or whose identities cannot be confirmed.

### Initial vetting

Vetting procedures for BLE employees are similar to those in the UK.[72] At the time of the inspection, Guernsey Vetting Bureau was reviewing the College of Policing's 2017 *Vetting Code of Practice*, to decide whether this will be incorporated in local policy.

BLE now has suitable initial vetting arrangements in place. There is a vetting unit. All officers, staff, volunteers and contractors are vetted before taking up post and contractors are not permitted access to premises until the vetting process is complete. Appropriate vetting levels have been designated for all of the relevant roles within the force that require more than the basic recruit vetting.

### Retrospective vetting

However, the vetting unit has not yet applied this retrospectively to people who were in post prior to the current policy being launched. This should be done as a matter of urgency.

**Recommendation 8**

- By 31 January 2019, the head of law enforcement should ensure that retrospective vetting is carried out on all staff recruited before the current vetting policy was introduced.

### The disapproved register

The College of Policing's 'disapproved register'[73] contains details of those officers who have been dismissed from the service. It also includes officers who either resigned or retired while subject to a gross misconduct investigation where it had been determined there would have been a case to answer. The register assists in

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[72] The *States of Guernsey Home Department Vetting Policy*, written by the Home Department Information Security Officer and Guernsey Police in 2012, reflects the *2012 United Kingdom ACPO / ACPOS National Vetting Policy for the Police Community.*

[73] College of Policing disapproved register. Available at: www.college.police.uk/What-we-do/Ethics/integrity-and-transparency/Disapproved-Register/Pages/Disapproved-Register.aspx

ensuring that individuals whose lack of integrity has shown them to be unsuitable to serve in a police force do not re-join.

BLE refers to the register as part of the vetting process. Currently, the register holds cases relating to all Home Office forces in England and Wales and some non-Home Office forces, including British Transport Police and the States of Jersey Police.

Like other non-Home Office forces, BLE is not obliged to provide information to the College of Policing for inclusion in the disapproved register. While it is keen to do so in order to support policing in England and Wales, there is no mechanism to share this information, which is maintained by the States of Guernsey human resources function under Guernsey legislation.

**Area for improvement 23**

- BLE's ability to provide information to the College of Policing for inclusion in the disapproved register is an area for improvement. The Committee for Home Affairs should seek to enable BLE or the States of Guernsey to provide such information.

## Identifying and understanding risks to integrity

### Monitoring processes

BLE has established processes to monitor associations with criminals, business interests and gifts and hospitality. These apply to Guernsey Border Agency and Guernsey Police officers and staff at all ranks. All new recruits receive training on the requirement to register any association with compromised persons.

The PSD uses ‘learning the lessons’ newsletters and internal memos to highlight the need to register secondary employment and association with compromised persons. It sends staff annual reminders to update any details in relation to this. We also found evidence that the PSD seeks to identify non-compliance with these policies, and proactively investigates breaches.

### Vetting health checks

The vetting unit also has a role in identifying risks to integrity. It has procedures to conduct ‘vetting health checks’ of those employees who change roles, such as on promotion or posting, and to manage aftercare checks following any change in personal circumstances or adverse reports. These actions are triggered by the human resources team notifying the PSD about such changes in role or circumstances.

### Counter-corruption capability

In 2017, BLE commissioned an external review of the potential for corruption. This followed an incident which highlighted that criminal association leading to the disclosure of intelligence was the main corruption threat to the organisation.

While this work is commendable, BLE’s counter-corruption capability is limited. Although it monitors use of police computers, it currently does not conduct random or 'with cause' (intelligence-led) drug testing, or intelligence-led integrity testing to identify corruption. Furthermore, at the time of the inspection, BLE could not monitor its workforce’s use of social media actively except when they were using BLE’s official accounts.

**Area for improvement 24**

- BLE's counter-corruption capability is an area for improvement. BLE should compile a comprehensive local counter-corruption threat assessment and control strategy, to evaluate and manage the full range of risks to the integrity of the organisation.

# 13. Human resources, technology and finance

The Committee for Home Affairs asked HMICFRS to examine the 'enabling functions':

- human resources;
- information communication technology; and
- finance.

These three functions were all carried out within Guernsey Police and Guernsey Borders Agency until about ten years ago, when they were removed and provided centrally. This change affected all aspects of the Guernsey public sector, not just law enforcement. The expected benefits of this change included improved consistency and flexibility to respond quickly to significant issues such as computer failures, as well as efficiency savings achieved by bringing functional teams into one space.

However, while we found some evidence of these benefits, we also found that this change had damaged BLE’s operational efficiency and effectiveness, as well as significantly increasing the workloads of its managers and supervisors.

## Human resources

In the central team, we spoke with very experienced human resources (HR) professionals and an HR advisor dedicated to BLE's HR requirements. This central team is regularly involved in matters such as absence management and workforce planning. However, many BLE supervisors and managers were dissatisfied.

In addition to their concerns about the recruitment rules (see Chapter 3), they reported that it was more difficult to access HR services and that they had to do more HR-related administrative work than before the centralisation. This work included housing licence renewals, writing job descriptions and advertisements, and managing HR databases.

In our view, it was legitimate to expect some of these tasks (such as writing job descriptions) to be carried out by supervisors and managers but not others (such as managing HR databases). We concluded that this needed reviewing and that there should be a clearer definition of where responsibilities properly lie.

**Area for improvement 25**

- The management of human resources tasks is an area for improvement. The central HR team, in consultation with BLE, should review each party's HR responsibilities and provide a clearer definition of where responsibilities should lie.

## Information communication technology (ICT)

In our inspections of police forces in England and Wales, and the National Crime Agency, we regularly encounter major weaknesses in the police use of technology. A summary of our views can be found in the *State of Policing 2016* report.[74]

The ICT provision in Guernsey was among the worst we have seen. Throughout the inspection, interviewees told us about many problems with their ICT, the collective effect of which is profoundly damaging to BLE's morale, efficiency and effectiveness.

### Major weaknesses

We found computer terminals, network systems and databases that were old, fragile and prone to crashing. System functionality, network storage capacity, processing power, reliability and stability, integration, security and mobile technology capability were all matters of substantial concern. Some applications did not interface where they should, such as NICHE to the Royal Courts and the Police National Network with the UK and we found that cloud storage facilities were not being used.

In some cases, officers waited weeks for log-on facilities. One officer told us of having had to wait four months to access a database. Vital computer systems can cease to work without notice and for long periods. The Guernsey Border Agency manifest computer didn't work for two days. This prevented border officers from interrogating the system for information about imports and exports, which is an important aspect of their work. The server for the Joint Emergency Service Control Centre collapsed and it took several hours to get it back up and running.

We also found that ICT support was less accessible and more remote than it had been when ICT staff worked within the police and borders agency, and that telephone calls to the central ICT service centre were not subject to any service level agreements, so slow responses led to even greater frustration.

It was beyond the scope of the inspection to examine every shortcoming that was raised with us, or the underlying reasons for each. In any case, this was nothing new

[74] *State of Policing: The Annual Assessment of Policing in England and Wales 2016*, HMIC, 2017, page 28. Available at: www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/state-of-policing-2016.pdf

to BLE or the central ICT team, which was well aware of the state of affairs. It was doing its best to improve matters, principally through a recovery plan it had created.

It was plainly evident to us that, even if the present systems can be made more reliable, major capital investment is needed to upgrade them. Until the States of Guernsey's ICT is given the level of attention and investment it requires, it will remain a critical issue.

Once the recovery plan has been completed the next stage is to undertake a comprehensive programme of work to automate and digitise BLE. For this to succeed, BLE should specify its ICT requirements in detail. This cannot be done until the vision for BLE's future has been set out (see Chapter 4).

**Area for improvement 26**

- BLE's ICT provision is an area for improvement. The Committee for Home Affairs and the head of law enforcement should prioritise the development of a new ICT improvement strategy.

## Finance

As with HR and ICT, finance staff are no longer working in offices alongside police and border officers, so face-to-face, daily contact has been reduced. However, we found that BLE had good working relationships with the finance staff.

There was little evidence that the States are analysing financial or other data about BLE current or future resource demands. This makes financial planning difficult. Despite this, we found that BLE was realising efficiencies and providing services even in the context of limited information about budgets and required savings.

# Annex A: Terms of reference

Our terms of reference were to determine:

(a) BLE establishment resources:

- numbers of staff;
- appropriate allocation against priorities; and
- high public/political expectations.

(b) Retention of staff and staff satisfaction survey findings:

- analysis/scoping of cause and effect (since 2007 inspection);
- continual recruitment pressures (drain on resources/training);
- need to employ non-local staff and short-term contracts;
- performance comparison since last inspection in 2007; and
- significant issue of retaining high-level specialist investigators especially financial crime (poaching by Tax/GFSC/industry).

(c) Structure and combination of the two BLE services:

- review BLE single head concept (is it necessary? Does it work?); and
- review professional qualifications required for BLE position.

(d) Examination of BLE objectives in an overarching governmental political context:

- sufficient staff resources available to protect the Bailiwick of Guernsey's 'safe haven' low-crime image/reputation;
- concerns regarding future Moneyval/International Monetary Fund inspections versus successful prosecution outcomes as a result of legislation and regulation; and
- Guernsey being a secure jurisdiction for data security with a robust law enforcement response to cyber-crime.

(e) Intelligence-led crime:

- drug trafficking and Royal Court cases (including comparison on Royal Court conviction rate since last review);

- covert capabilities and border resources/impact of structural change since 2007 inspection; and
- financial crime resources.

(f) Public protection capability, domestic abuse and child protection

(g) High-tech and forensic crime capabilities:

- adequate capability; and
- financial viability in house versus outsourcing.

(h) Overall BLE estate, including custody facilities.

(i) Non-law enforcement functions – should they be part of BLE?:

- revenue collection / excise;
- passport issuance;
- import and export licences; and
- work permit issuance.

(j) Governance, including political relationships and interface:

- holding to account; and
- levels of appropriate political challenge.

(k) Police Complaints Commission:

- view on current Guernsey system and need for change.

(l) Enabling functions:

- HR, ICT and finance support.

# Annex B: Areas for improvement

**Area for improvement 1**

- BLE’s understanding of demand is an area for improvement. Regular production of a strategic threat and risk assessment would improve BLE’s understanding and therefore assist in strategic planning.

**Area for improvement 2**

- BLE's arrangements for formal public consultation and communication are an area for improvement. BLE should introduce a structure and system for consulting and communicating with the public on matters such as strategic and local priorities, matters of concern to communities and feedback on BLE actions and performance.

**Area for improvement 3**

- BLE's lack of a process for assessing the effect of abstractions is an area for improvement; BLE should introduce such a process in order to minimise the risks associated with abstracting personnel from their core role.

**Area for improvement 4**

- The timely availability of occupational health services is an area for improvement.

**Area for improvement 5**

- BLE's compliance with the crime recording rules is an area for improvement. Thorough implementation of the new crime-recording policy and performance monitoring, BLE should secure improvements in crime data integrity.

**Area for improvement 6**

- BLE's external communication activities are an area for improvement. Working closely with the Committee for Home Affairs, BLE should make more effective use of external communications to challenge inaccurate public perceptions of crime levels.

**Area for improvement 7**

- BLE's scrutiny of problem-solving policing plans is an area for improvement. BLE should carry out formal reviews of each plan's effectiveness in addition to the oversight by the ‘Optimum’ meetings.

**Area for improvement 8**

- The range of crime-prevention advice on the Guernsey Police website is an area for improvement. BLE should add relevant advice to the site, including links to other relevant sites which offer advice.

**Area for improvement 9**

- BLE's strategic approach to tackling anti-social behaviour is an area for improvement. BLE should put in place measures to improve incident recording and performance management.

**Area for improvement 10**

- The Joint Emergency Services Control Centre's (JESCC's) Vision emergency dispatch software and performance management framework are areas for improvement. BLE should ensure that these areas are addressed in any future equipment upgrades or capital investment plans for JESCC.

**Area for improvement 11**

- The consistency of supervision for criminal investigations is an area for improvement. BLE should set clear expectations for supervisors about the frequency and depth of supervision required, training them if necessary. Inspectors should carry out regular dip checking to provide assurance that these expectations are met.

**Area for improvement 12**

- The quality of continuous professional development for investigators in specialist units is an area for improvement. The Committee for Home Affairs and BLE should ensure that all such officers are provided with sufficient access to development opportunities.

**Area for improvement 13**

- Guernsey Border Agency's capability to carry out automatic checks of passenger and freight manifests against relevant law-enforcement intelligence databases is an area for improvement. Improvements to this capability – and in access to the Police National Database – should feature in BLE's ICT investment and development proposals.

**Area for improvement 14**

- BLE's understanding of its performance concerning smuggling and the unlawful supply of controlled drugs is an area for improvement. BLE should develop a more comprehensive performance framework which draws on all available data from law enforcement and other sources.

**Area for improvement 15**

- The THEMIS system is an area for improvement. THEMIS requires system upgrades to make it stable and reliable, and to enable its use for intelligence development and analysis purposes. These should include automated and live-time data matching with other sources of law enforcement intelligence and the other improvements specified in the business case.

**Area for improvement 16**

- BLE's approach to identifying vulnerable people is an area for improvement. BLE should develop a corporate definition and ensure that it is applied.

**Area for improvement 17**

- BLE's process for assessing vulnerability in cases not involving domestic violence is an area for improvement. In combination with the development of a corporate definition of vulnerability, BLE should develop processes to ensure officers identify any vulnerabilities of the victims, witnesses, and suspects they encounter, and make appropriate interventions.

**Area for improvement 18**

- BLE's case allocation practices for public protection cases are an area for improvement. BLE should develop a risk-based allocation policy.

**Area for improvement 19**

- The level of training provided to specialist investigators is an area for improvement. BLE should develop a better understanding of specialist investigators' training needs and ensure it meets them.

**Area for improvement 20**

- BLE's capacity to discharge its responsibilities in the multi-agency public protection arrangements is an area for improvement. BLE should increase capacity in order to reduce individual officers' workloads and enable more frequent home visits to violent and sexual offenders.

**Area for improvement 21**

- The process for agreeing BLE's annual budget is an area for improvement. In order to enable effective business planning, the budget should be set sufficiently far in advance, with in-year adjustments to be made where required.

**Area for improvement 22**

- The legislation concerning police complaints is an area for improvement, specifically the constraint on the Police Complaints Commission when reporting its satisfaction, or otherwise, with investigations. The Committee for Home Affairs should seek a minor amendment to the legislation. When doing so, the Committee should review the recommendations of the 2014 comparative analysis and seek any further amendments it considers necessary. It should also consider extending the Police Complaints Commission's role to include complaints against Guernsey Border Agency.

**Area for improvement 23**

- BLE's ability to provide information to the College of Policing for inclusion in the disapproved register is an area for improvement. The Committee for Home Affairs should seek to enable BLE or the States of Guernsey to provide such information.

**Area for improvement 24**

- BLE's counter-corruption capability is an area for improvement. BLE should compile a comprehensive local counter-corruption threat assessment and control strategy, to evaluate and manage the full range of risks to the integrity of the organisation.

**Area for improvement 25**

- The management of human resources tasks is an area for improvement. The central HR team, in consultation with BLE, should review each party's HR responsibilities and provide a clearer definition of where responsibilities should lie.

**Area for improvement 26**

- BLE's ICT provision is an area for improvement. The Committee for Home Affairs and the head of law enforcement should prioritise the development of a new ICT improvement strategy.

# Annex C: Recommendations

**Recommendation 1**

- By 31 January 2019, the Committee for Home Affairs, in consultation with the Head of Law Enforcement and other stakeholders, should carry out a post-implementation review and future options appraisal. The outcome of this work should provide enough evidence upon which to base a clear, compelling strategic vision for BLE's future.

**Recommendation 2**

- By 31 January 2019, the head of law enforcement and Her Majesty's Procureur should conduct a review of working practices to find out why there are delays associated with Letters of Request for Mutual Legal Assistance.

**Recommendation 3**

- By 31 January 2019, the head of law enforcement should design and implement an action plan to improve the quality of BLE's victim care, including more widespread use of care plans and victim personal statements, and renewed efforts to relocate the video interview suite.

**Recommendation 4**

- By 31 January 2019, the head of BLE should carry out an evaluation of reported domestic violence incidents in the Bailiwick of Guernsey. Based on this data, the most appropriate agency should conduct an evaluation to establish whether DVPOs and DVPNs, if they had been available, would have provided valuable additional protection to victims. If the evaluation shows that they would, the Committee for Home Affairs should consider pursuing changes to legislation to enable their introduction as soon as possible thereafter.

**Recommendation 5**

- By 31 January 2019, the Committee for Home Affairs should publish a strategic plan that sets out BLE’s business objectives and priorities. BLE should use this to inform a revised service delivery plan.

**Recommendation 6**

- By 31 January 2019, the Committee for Home Affairs, in consultation with the head of law enforcement, should design, publish, and subsequently operate in accordance with, a document that clarifies each party's responsibilities for (as a minimum):
    - objective and priority setting;
    - strategic governance and oversight;
    - operational direction and control;
    - independence; and
    - provision of performance information for governance purposes.

**Recommendation 7**

- By 31 January 2019, the head of law enforcement should ensure that information on Guernsey Border Agency's complaints procedure is made available to the public and is easily accessible.

**Recommendation 8**

- By 31 January 2019, the head of law enforcement should ensure that retrospective vetting is carried out on all staff recruited before the current vetting policy was introduced.

***STATUTORY INSTRUMENTS LAID BEFORE THE STATES***

The States of Deliberation have the power to annul the Statutory Instruments detailed below.

No. 79 of 2018

**THE INCOME TAX (PENSIONS) (CONTRIBUTION LIMITS AND TAX-FREE LUMP SUMS) (AMENDMENT) REGULATIONS, 2018**

In pursuance of section 203A of the Income Tax (Guernsey) Law, 1975, as amended, "The Income Tax (Pensions) (Contribution Limits and Tax-free Lump Sums) (Amendment) Regulations, 2018" made by the Policy & Resources Committee on 20th November 2018, are laid before the States.

EXPLANATORY MEMORANDUM

These Regulations amend the Income Tax (Pensions) (Contribution Limits and Tax-free Lump Sums) Regulations, 2010 by -

(a) specifying, from the 1st January, 2019, the maximum tax free lump sum that may be taken by a member of a pension scheme, and

(b) enabling the cap to be modified for future years of charge by Resolution of the States.

The full text of the statutory instruments can be found at:
http://www.guernseylegalresources.gg/article/163343/2018

P.2018/138

**THE STATES OF DELIBERATION**
**of the**
**ISLAND OF GUERNSEY**

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 States' Trading Supervisory Board, they are of the opinion:-

1 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 and in particular, in paragraphs 5.6 to 5.23.

2 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, as set out in paragraphs 7.1 to 7.2 of the Policy Letter.

3. 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.

4. 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.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

**<u>THE STATES OF DELIBERATION</u>**
**<u>of the</u>**
**<u>ISLAND OF GUERNSEY</u>**

STATES TRADING SUPERVISORY BOARD
ALDERNEY AIRPORT RUNWAY REHABILITATION

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

19th November 2018

Dear Sir

## 1 Executive Summary

1.1 The States of Guernsey and the States of Alderney recognise the importance of Alderney Airport and the governments of both islands are committed through recent extant Resolutions, to urgent improvements to safeguard Alderney's air connections in the medium and long term.

1.2 The States' Trading Supervisory Board (STSB), in accordance with its mandate, puts forward the following recommendations for :-

(a) The investment in the Runway refurbishment at Alderney Airport according to the specification of the 'preferred option' to extend the life of the runway, including widening, improved drainage and replacement approach and runway lighting (i.e. Option 3).

(b) The release of the necessary funding to carry out the solution design and tender for construction, before subsequently contracting with a preferred bidder.

1.3 The rehabilitation of Alderney Airport's runway is a critically important investment in the islands' future. The runway provides an *essential* social and economic lifeline for the community of Alderney. This was reaffirmed recently in the Guernsey States of Deliberation following consideration of the Policy Letter, *Review of Air Transport Licensing*[1]. The Guernsey to Alderney route was

[1] 18th July 2018, Billet XIX, P.2018/62

designated as a lifeline route, essential for social and economic well-being in Alderney.

1.4 This vital connectivity is a Bailiwick issue and the States of Guernsey are required to provide this critical infrastructure for Alderney, as a transferred service in accordance with the Alderney (Application of Legislation) Law, 1948. Alderney Airport is operated by Guernsey Airport and provides lifeline services to the residents of Alderney, 363 days per year.

1.5 This Policy Letter sets out the proposals for the preferred option for the runway rehabilitation, revisiting the original long list and short listed options. These have been updated but broadly represent the set of options that were consulted on and then debated in 2014. This Policy Letter demonstrates how the then preferred option continues to be the recommended option. This conclusion has been reached following lengthy substantive additional consultation and appraisal.

1.6 The current condition of the runway at Alderney Airport continues to deteriorate, as a consequence of the existing pavement now exceeding its operational life. Regular engineering inspections of the runway have evidenced a continued decline in pavement condition. Substantive patch repairs have been carried out in 2016 and 2018 and most recently the runway has had an application of an asphalt stabiliser in September 2018. These treatments only serve to mitigate the problems and to slow down any further significant deterioration. Whilst they provide short term solutions, it is vital the reconstruction project continues to avoid ongoing and escalating maintenance costs and operational risks.

1.7 This Policy Letter sets out the rationale for the recommended solution (Option 3), to restore the existing pavement and additional improvements. It also describes why this is deemed to be the best option, demonstrating that this option represents the best value for money. In addition it highlights key aspects of the findings from the Outline Business Case (OBC).

1.8 The proposed redevelopment will address the condition of the current infrastructure, ensuring it meets with the regulatory requirements set by the Office of the Director of Civil Aviation of the Bailiwick and is fit for purpose for the next 20 years. It will also ensure that should the conditions change, making it economically viable to do so, that the runway could be extended and strengthened to accommodate larger aircraft in the future.

1.9 This essential investment represents a significant capital outlay, which reflects the specialist nature of the works and the complexity of working on an operational airfield in a relatively remote island context. The estimated cost for this preferred option at this stage of the project has been identified within the

OBC at circa £11.6m Whilst this cost estimate includes appropriate contingencies and a set of assumptions, it can only be indicative until final design and procurement. In addition there are costs already expended on the project and future design and professional fees estimated at £558k prior to the tender for the construction stage.

1.10 Detailed financial analysis has involved input from several consultants, including the TPS Consult Runway Options and York Aviation Reports (detailed below). Project and financial assurance has been carried out at the Strategic Outline and OBC stages. **Northgates Limited, having reviewed the project OBC most recently, consider the economic and financial analysis of the runway extension options to be thorough.** This Policy Letter also identifies the funding sources for the recommended option and the next stages, including implementation of the procurement strategy and design phase for the recommended option.

## 2 Introduction

2.1 This Policy Letter provides further information and the recommendation to procure services to implement the preferred Option 3 to rehabilitate the Alderney Airport pavement on the main runway and to make additional improvements.

2.2 This follows a Policy Letter which explained the key findings of the Strategic Outline Case (SOC) for the project. The Resolutions of the States at Article 6, Billet XXVI of 10th December 2014, included the following directions to the then Public Services Department:

- **"to include proposals for full refurbishment of the existing asphalt runway at its existing length (877m), to hard surface to the existing width of 23m and to include an overlay of the whole runway and ancillary taxiway and aprons;**

- **at the present time, not to include any proposals to extend the existing asphalt runway to 1100m or to widen or strengthen the existing taxiways to accommodate an 40-seater aircraft, on the basis of indicative cost and an absence of direct evidence to link a significant investment in the runway to economic growth, provided that no works are carried out that would effectively prevent such an extension at a future date (if demand grows to a point where a sound evidence-based business case can be developed to justify such an extension);**

- **to retain the potential lengthening of the asphalt runway as an issue to be reviewed in the future, dependent on economic development and subject to a persuasive case in future."**

2.3 The project team has since continued to develop the requirements for the 'preferred way forward' option as directed (now Option 3). However, States Resolutions of 2014 left the future open to a potential lengthening of the runway, dependent on a number of factors, including economic development.

2.4 The December 2014 Policy Letter referred to the Alderney Economic Development Study, conducted by Frontier Economics commissioned and completed earlier that same year (August 2014). This identified economic drivers and scope for future economic development, including whether there was a causal link to improving Alderney Airport and unlocking economic potential. The main economic drivers identified were not all directly related to the airport, the focus being on improvements to public administration, business services, finance, eGaming, tourism and energy.

2.5 The report identified the need for improvements to the Alderney Airport, to ensure regulatory compliance and service performance are maintained but there was no clear case for an extended runway. The report was inconclusive as to whether or not an extended runway would improve the service, reduce the cost of the service or reduce the passenger fares.

2.6 In addition, a technical review was commissioned (TPS Consult Runway Options Study) which concluded it would be technically feasible to extend the Runway 08/26 to the east to provide a 1,100m long runway.

2.7 For a number of reasons, key stakeholders, including the States of Alderney and Aurigny, still felt strongly that the opportunity should be taken further to review whether the runway should be lengthened at the same time as the works to be undertaken to rehabilitate the existing runway length. This would allow larger (typically 42-seater) aircraft to operate into the airport.

2.8 Following further stakeholder engagement and options appraisal after the States debate, an economic and financial analysis of the advantages and disadvantages of an extended runway, compared to the refurbishment of the existing length of runway, was jointly commissioned and funded by the States of Guernsey and States of Alderney. The Final Report was provided by York Aviation in January 2017. In summary, this report independently concluded, to the satisfaction of the States of Alderney, that on a cost/benefit analysis, an extension of the runway could not be justified. This is dealt with later in this Policy Letter and the full report is available in Appendix 1.

2.9 The Alderney Airport Pavement Rehabilitation Project Board recommended a 'preferred way forward' of an equivalent to Option 3 in 2014. This report provides the background and evidence following further consultation and analysis, that, despite a number of significant changes, Option 3 should now be confirmed as the preferred option. This was supported by the States of Alderney in their letter of April 2016 (see paragraph 11.4).

2.10 Since the initial scope of the SOC, the project scope has changed.

(a) Works to the grass runways are no longer required, as appropriate remedial works and an intensive maintenance regime has been developed since 2014. This approach has improved the tolerance of the two grass runways when subjected to wet weather. Both of the grass runways are now fully functional and the operational restrictions imposed by the airport operator have now been removed. The Dornier 228 is capable of using the grass runways, but performance limitations could impact on take-off weights.

(b) The works proposed to the existing tarmac runway (i.e. Option 3) has significantly expanded since the SOC, from just repairs to complete re-surfacing and other ancillary elements comprising:

a. re-widening[2] of the existing asphalt runway, aprons and taxiways;
b. enhanced airfield lighting;
c. runway centreline lights;
d. improved drainage and outfall; and
e. does not impede the facilitation for a runway extension to the east some time in the future[3].

2.11 Additional lighting for the approach to the runway and the centre line of the runway will improve the standards of the runway to meet the airport regulatory requirements and assist with landings. Reinstatement of the width of the runway to 23m will assist with operations, particularly in landing in cross-winds. This together with other enhancements such as drainage improvements in combination, will assist with withstanding effects of the weather, improve operational performance, improve safety and meet regulatory standards. Runway centre line lighting will provide greater visual references for pilots, increasing safety measures, particularly in poor conditions.

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[2] The declared runway width was reduced from its original width (23m) down to 18m in 2014. The outer edges of the originally declared runway width were grass, with an 18m paved centre. By declaring the runway as 18m, it prevents the runway being closed when the grass element is waterlogged (due to anomalies in classification).

[3] Whilst Option 3 allows for any future extension, its costs are marginally higher than Option 6, Phase 1. The only difference is the addition in Option 3 of replacement airfield approach lighting at the Eastern end, which could be delayed until the extension for Option 6, in Phase 2 (see also Table 4).

## 3 Current Situation

3.1 The Airport runways consist of 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. See Appendix 2: Airport Runways.

3.2 Previous options also considered paving the two grass cross-wind runways, with the intention of them being brought back into use for commercial passenger aircraft as well as private aircraft. This was at a time when the Trislander aircraft operated in Alderney, which from time to time made use of these runways during conditions with strong cross-winds.

3.3 The cost of paving the two grass cross-wind runways was estimated to be in excess of £22m. Since the 2014 Policy Letter, the grass runways have been improved, through a highly effective maintenance regime, as part of the 'business as usual operations'. Improved drainage and aeration of the grass has now brought them back into suitable operation.

3.4 There are very few occasions on which commercial aircraft would need to use the grass runways because the Dornier 228 has improved cross wind performance when compared to the Trislander, for example. The Dornier 228 is capable of using the grass runways, but performance limitations could impact on take-off weights. Private aircraft now use the improved grass runways on an occasional basis. For these reasons, capital rehabilitation of the grass runways is no longer required, nor is any work on them included within the scope of this project.

3.5 **The pavement condition of the existing paved runway 08/26, taxiway and apron are now deteriorating to the extent whereby ongoing patch repairing will neither provide an acceptable surface for the safe operation of aircraft, nor be economical, over the medium term.**

3.6 The existing 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 was undertaken on the eastern end of the runway in the Autumn of 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, pot holes occur due to the effects of weather and traffic. Deterioration to such an 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 service would be required to decrease the risks of aviation incidents or accidents.

3.7 Following several harsh winters, the pavements at Alderney have recently experienced an increased rate of deterioration, with increased loss of aggregate from the surface of the runway. Following detailed inspection and specialist advice, an asphalt stabiliser was applied in September 2018. This product provides improved binding and waterproofing properties to the existing surface. **This will arrest immediate deterioration of the pavement, but will not improve the underlying strength nor likely to extend the runway's operational life beyond 3 years. Therefore, work should continue on the substantive rehabilitation of the runway without further delay, so that the rehabilitation work will be complete just before the recently applied binding and water-proofing agent reaches the end of its life.**

3.8 Whilst not within the scope of this project, remedial works are also necessary to maintain the structure of the Alderney Airport building, including the roof. Initial work has commenced with some testing of a fibreglass material.

## 4 Strategic & Legislative Context

4.1 The States of Guernsey has 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 that Guernsey must provide to Alderney, Alderney residents pay Guernsey tax. The obligation to provide and maintain an airfield has been met by provision of the airport.

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. Guernsey Airport is a Trading Asset of the STSB and provides the day to day operational management for Alderney Airport and levies a cross-charge for these services.

4.3 Developing a solution for the rehabilitation and improvement of Alderney Runway is a project that is an integral part of the Alderney Strategic Plan 2014.

4.4 A subsequent update to the States of Alderney's Strategic Aims (2015/2016) has seen the focus on transport links redefined to achieve social and economic objectives. These include ensuring acceptable minimum service standards for air services to and from Alderney and to ensure the airport is fit for purpose.

4.5 The Alderney Airport Runway is prioritised as a project to be funded from the Capital Reserve to be developed into delivery (Design stage) and as such is contained in the States of Guernsey's Medium Term Financial Plan (2017 – 2021), Appendix 1, Capital Portfolio Plan. Previously it had been identified as a 'Priority A' status capital project.

4.6 The design for airfield pavements is highly prescriptive and based on international regulations and guidelines issued by European Aviation Regulatory bodies. The Alderney Airport runway must conform to the relevant international standards as directed by the Office of the Director of Civil Aviation of the Bailiwick. Any design specification will need to conform to these regulations and will ultimately need to be approved by the Director of Civil Aviation, before any procurement commences.

## 5 Review of Proposed Options for Alderney Airport Runway Rehabilitation

5.1 The following Investment Objectives were identified against which all the identified project options and the recommended or 'preferred option' have been assessed. During the workshop sessions Investment Objectives 5 and 6 were added to the original Investment Objectives set out in the SOC. These were reviewed and agreed in the course of meetings and workshops with all key stakeholders held in May 2016.

**Table 1: Investment Objectives**

| | |
|---|---|
| **Investment objective 1:** | To maintain a fit for purpose airfield over the medium to longer term. To rehabilitate the 08/26 Runway and associated pavements to provide a reliable and safe paved surface for the operation of aircraft. This is defined as a pavement which is in full compliance with regulatory requirements, with an expected design life of 20 years (with a first maintenance period of 5 years). |
| **Investment objective 2:** | To ensure that any works achieve an appropriate level of compliance with current airfield construction regulatory standards, including the Civil Aviation Authority (CAA) and EASA. This is achieved through regulatory approval of the preferred design and subsequent ratification of the construction phase against that design. |
| **Investment objective 3:** | To ensure that works take into account the likely passenger and aircraft fleet demands for the next 20 years. This should be based on the status quo, accepting there is already capacity for significant additional aircraft movements and passenger handling – (i.e. back to the highest levels experienced - circa 1990 levels), without significant changes to the layout and configuration of the airfield. |
| **Investment objective 4:** | To ensure that works take into account the opportunity for development now that could provide enhanced capacity for larger aircraft (GA and Commercial) and increased incremental passenger capacity over the next 25 years. This represents a step change in the existing infrastructure to facilitate levels and type of traffic over and above the 1990 benchmark. |
| **Investment objective 5:** | To provide opportunity in the solution to future-proof further phased development at a later stage. Without unnecessarily adding cost to the proposed development that would only be of benefit if the runway were extended to 1,100m and widened to 30m. |
| **Investment objective 6:** | To ensure that the preferred option is supported and provides benefit to key stakeholders including the Alderney Community. |

**Review and Appraisal of the Long List of Options**

5.2 At the SOC stage, a long list of Options were identified and evaluated and a short list selected. These have now been revisited and updated to reflect work undertaken to improve the condition of the grass runways; the further deterioration of the paved runway; the resolutions of the States of Deliberation on 10th December 2014; and the further detailed analysis commissioned in 2016/2017.

5.3 A series of four workshops were held with key stakeholders in May 2016, the 30 delegates included technical managers at Guernsey Airport, States of Alderney politicians and civil servants, as well as representatives from the Alderney Chamber of Commerce, Aurigny Airlines and private pilots. This resulted in an agreed set of Investment Objectives outlined above. It also included an update of the options and evaluation of the long and short listed options.

**The Long List of Options**

5.4 The long list of options has been refined since the initial Mott MacDonald Stage 1 Report (May 2012) which contributed to development of the SOC and the 2014 States Policy Letter. The refined list has been reviewed by stakeholders in a series of four consultation workshops with the long list and short list updated during May 2016.

**Table 2: Long List Options**

| **Options for Scoping** | **Finding** |
|---|---|
| 0 - Do nothing | Incompatible with the requirement to retain the airport as an essential lifeline link for Alderney. This would not satisfy regulatory requirements. **Option rejected at an early stage.** |
| 1 - Do Minimal: widen runway to 23m | This option is in the medium term (5 years) and is incompatible with requirement to retain essential lifeline link for Alderney. It would not meet the business need over the longer term and would require year on year repairs to the asphalt and therefore does not represent value for money. This option would be at risk of not meeting regulatory requirements[4]. No support for this option at workshops. **Option rejected**. |
| 2 - Basic Resurfacing: existing pavements no improvement to lighting | Meets full requirements for pavement rehabilitation (re-lifeing) but Airport Ground Lighting (AGL) is also aged and in need of replacement. Little support for this option at workshops. **Option Rejected.** |

[4] When considering approval of substantive maintenance programmes, Aviation Regulators may insist the opportunity is taken to either resolve or substantively improve other existing non-compliances. There is a strong probability that the Regulators would require the standards identified in either Option 2 or Option 3 to be implemented anyway as minimum 'baseline' investment.

| | |
|---|---|
| 3 - Basic Resurfacing plus enhancements, including lighting. | Meets full requirements for pavement and Airport Ground Lighting (AGL) rehabilitation. Runway centreline included to reduce the number of 'go arounds' due to missed approaches. Positive drainage improvements to the main runway incorporated, in order to address drainage problems at the intersection with the two grass runways. Minimal maintenance for the next 10 years. This option has lower capital cost than Option 5. Good support for this option from all parties other than States of Alderney, who rejected it (May 2016). Note that following the York Report, Alderney's view subsequently changed to supporting this option (April 2017) - see paragraph 11.4. **Option Shortlisted** |
| 4 - Option 3 Plus Pave the grass Crosswind Runway 03/21 | As Option 3, plus a short paved runway for those wind conditions that prevent use of RWY 08-26. Other than a few General Aviation (private) pilots, who championed this option, there was limited support, probably because there are very few occasions on which it would be used by commercial aircraft. **Option Rejected** |
| 5 - Extend the existing Runway to 1100m (Single phase extension) | Meets full requirements for pavement and AGL rehabilitation and increases the length to 1100m, width to 30m and strength of the runway to a Pavement Classification Number[5] (PCN) 17 regulatory standard, to allow 42-50 seater aircraft to operate. Runway centreline lighting included to reduce the number of 'go arounds' due to missed approaches. Positive drainage incorporated to protect the two grass runways. Improvements to terminal needed for this option.<br>**Option Shortlisted**. |
| 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.<br>A high level of support other than from States of Alderney. **Option Shortlisted** |

[5] Pavement Classification Number (PCN) is a regulatory standard for determining the strength of runways, taxiways and aprons.

**Evaluating the Short List of Options**

5.5 Three options from the long list went forward for more detailed consideration and evaluation in the short list. The details of the shortlisted options are provided here for clarity, as there are significant additional works that are entailed with the extension of the runway and these and their reasons are explained in the following table:

**Table 3: A Description of the Shortlisted Options**

| |
|---|
| **Option 3 - Resurfacing plus enhancements, including lighting. £11.63m**<br><br>**The preferred option**. This option entails the reconstruction of all paved surfaces at Alderney Airport, including the paved runway 08/26, taxiway and apron. This includes re-widening the runway from its current 18m to 23m which will improve the cross wind capability.<br><br>Operational enhancements include the Airport Ground Lighting (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. Positive drainage will further protect the two grass runways, to avoid flooding at their intersection with the asphalt.<br><br>These all contribute to providing greater resilience to the effect of weather and improve operational safety and performance. Runway centreline lighting will help to reduce the number of 'go arounds' due to missed approaches (a desirable safety measure) and provide greater visual reference to pilots.<br><br>This option assumes that the commercial aircraft using this facility would be the Dornier 228 or similar type and weight of aircraft with similar passenger capacity as currently (i.e. the status quo). That aircraft type and frequency has been used to determine proposals for the design, specifically the pavement strength.<br><br>Option 3 entails carrying out the works in a manner which would not preclude the cost-effective construction of a runway extension at a later date. It does not incorporate unnecessary cost for works that could be deferred until such time as might be deemed appropriate for a runway extension to be developed in the future (e.g. strengthening the runway to PCN 17 standards). |

| |
|---|
| **Option 5 Extend the existing Runway to 1100m (Single phase extension) £19.77m**<br><br>Includes ***__all of Option 3__***, plus an extension to the runway to the east. This option meets the full requirements for pavement and AGL rehabilitation and increases the length of the runway to 1100m from its current 877 metres length and the width to 30m. Strengthening of the runway to PCN 17 standard would also be required to allow 42-50 seater aircraft to operate. This option would allow larger aircraft to operate in Alderney, such as the ATR 42<br><br>A new set of approach lighting would be required at each end of the runway and re-routing of roads around the runway extension. The regulatory requirements to meet the needs of larger aircraft entail additional safety, security and amenity measures. A full Runway End Safety Area (RESA) would be needed to accommodate larger aircraft. Additional facilities would also be needed at the airport to accommodate enhanced security measures, baggage screening and passenger handling. A high level of support for this option was received from both States of Alderney and Airport Operational staff. |
| **Option 6 – Delivery the same as Option 3 with additional enhancements to enable extension to 1100m with less disruption at some point at a later stage (Includes costs for the extension as a Two-phase approach) £26.35m**<br><br>A phased approach that provides the full benefits of option 3 in phase 1 and option 5 in phase 2. Phase 2 would be instigated if demand was generated from commercial airlines to use 42-50 seater aircraft on a regular timetable (should these demand conditions be in place). This option received a high level of support other than from States of Alderney originally. This option is the most costly of all and currently the evidence does not support the benefit of strengthening the runway to PCN17 standard during phase 1, at a cost of £2.5m. |

**The Benchmark**

| |
|---|
| **Option 2 – Do Minimum £3.48m**<br><br>This option provides the benchmark to assess value for money of the shortlisted options. This option could provide a limited extension to the life of the existing pavements (around 5 years). It provides a minimum level of investment to re-widen the runway to 23m, patch repair and carry out routine planned and reactive maintenance sufficient to keep the runway safe to facilitate operations. In the medium term, the inherent structure is in need of fundamental refurbishment. The creation of multiple joints of patch repair would create extensive maintenance issues in the future which would incur mobilisation costs at regular intervals, which would not represent best value for money. |

**Stakeholder Workshop Scoring Results**

5.6 The Shortlisted options were then scored in comparison to the 'Do Minimal' Option, according to the investment objectives by stakeholders. During consultation in May 2016, an agreed weighting was applied to each of the objectives/factors. The results are shown in the following table:

**Table 4: Stakeholder workshop vote results**

| **Option Reference:** | **Weighting** | **Option 1** | **Option 3** | **Option 5** | **Option 6** |
|---|---|---|---|---|---|
| **Investment Objectives** | | | | | |
| Allow for enhanced capacity over 25 years | **5** | 155 | 245 | 565 | 370 |
| Allow for passenger and aircraft fleet demands over 25 years | **4** | 140 | 252 | 444 | 316 |
| Compliant with standards | **3** | 135 | 255 | 333 | 261 |
| Future-proof future phased development | **2** | 58 | 88 | 158 | 200 |
| Fit for purpose airfield – medium/long term | **1** | 43 | 75 | 104 | 106 |
| **Critical Success Factors** | | | | | |
| Business Need | **7** | 224 | 385 | 644 | 434 |
| Strategic Fit | **6** | 192 | 324 | 660 | 420 |
| Achievability | **5** | 455 | 485 | 515 | 515 |
| Affordability | **5** | 43 | 75 | 107 | 84 |
| Benefits Optimisation | **3** | 108 | 177 | 312 | 219 |
| VFM | **2** | 135 | 255 | 383 | 261 |
| Supply side capacity and capability | **1** | 92 | 102 | 104 | 106 |
| **Total** | | **1780** | **2718** | **4329** | **3292** |

**Results of the Short Listing Appraisal**

5.7 The results of these workshops evidenced that consultees had a clear preference toward a runway extension. This was despite the States Resolution of 2014 which supported the rehabilitation of the runway to the existing length (the now revised option 3), rather than extension (the now revised option 5). Options 3, 5 and 6 all scored higher than the 'Do minimum' option.

5.8 Some of the main drivers or assumptions that led to the desire for an extended runway were principally to accommodate larger aircraft on the grounds that these aircraft may be more cost effective for airlines to operate in Alderney.

5.9 There was also an assumption that larger aircraft could in turn lead to cheaper airfares for passengers and that could have a positive impact of boosting the economy and tourism for Alderney.

5.10 Also, at the time the Workshops were being held, the Dornier 228s were being phased in to replace the Trislander fleet. There were heightened feelings regarding a degradation in service at that time, some of which were associated with short term operational issues with this transition to the new aircraft, compounded by weather and maintenance issues with the older aircraft. It may have been assumed that larger aircraft would also lead to better operational reliability.

5.11 The above assumptions are at the core of the decision between the short listed options and they also have a significant cost implication. The cost differential between the different options is substantial with Options 5 and 6 being approximately £8.1m and £14.7m (this excludes the inclusion of an additional +£2.6m of additional security requirements in and around the terminal which would be triggered through the use of larger aircraft) more expensive respectively, when compared with Option 3, which has an estimated cost of circa £11.6m.

5.12 Further consultation and discussion was undertaken at Board level and with the States of Alderney concerning the results. It was agreed that, in order to validate the findings and the assumptions of the stakeholder workshops, an extensive study into the viability of a runway extension was then commissioned in late 2016. York Aviation completed their study in January 2017, see **Appendix 1: An Extended Runway for Alderney – Economic and Financial Analyses.**

**Independent Review of the Option to Extend the Runway for Alderney**

5.13 The York Aviation report (see Appendix 1) aimed to test and validate the potential benefits in a runway extension at Alderney Airport, compared to a baseline requirement to maintain and recondition the existing infrastructure at the existing runway length. The report contained significant research which showed conclusively why Option 3 would clearly be the most advantageous solution, in terms of economic and financial benefits, compared to Options 5 or 6. It demonstrated that the market is currently not large enough to warrant the use of larger aircraft.

5.14 At its meeting of the 4th April 2017, the Policy & Finance Committee, States of Alderney considered the York Aviation report and by a significant majority, confirmed its agreement to proceed with Option 3, to rehabilitate the paved runway to the present 877m, with the proviso this scheme does not prejudice the ability to extend to 1100m should conditions change in the future.

5.15 The details of the York Aviation Report demonstrated that the economic growth assumptions on which the favoured runway extension were based (i.e. Options 5 and 6) were largely unfounded. They concluded in their report that introduction of larger aircraft before passenger growth was in evidence, would be more likely to increase the costs of operating the routes to/from Alderney than to reduce them, leading to higher operating losses for the airline concerned and potentially higher costs of subsidy, even on the basis of reduced frequencies of service and that this would result in no reduction in air fares.

5.16 The scope for larger aircraft to deliver lower costs than the current operation which could be passed on to passengers, would not arise before a threshold of c.82,000 annual air passengers across two main routes, a level of demand not seen since 1995, requiring a population greater than 2,500 and tourist air passengers above 25,500 per annum (or equivalent combination) to support the level of air passenger demand. Even then, the routes would still be loss making and require subsidy.

5.17 The case for extending the runway now would only be economically justified on the most optimistic assumptions over the deliverability of population and tourism growth directly related to the extension of the runway and if construction of all the required infrastructure improvements to then support that operation could be delivered at the lowest possible cost.

5.18 The report also found that the conditions were unlikely to be met given the higher cost of operating larger aircraft and the effects on the frequency of service offered. This would reduce not increase economic welfare. Economic growth following a runway extension would be unlikely, given the higher operating costs of larger aircraft, leading to lower frequencies of service and no potential to reduce airfares.

5.19 The report recommended that if Option 3 was approved, then the design should be carried out in manner that would not preclude the cost effective construction of a runway extension at a later date, thus providing future proofing for any change in circumstance, however unlikely.

5.20 The report also recognised the need for improvements (at that time) in the reliability and peak period capacity of air services, but noted that the recent shortcomings in the reliability were largely attributable to the difficulties in transition from the Trislander aircraft to the replacement Dornier 228 fleet, which were likely to improve. In addition, further improvements could be achieved through a Public Service Obligation contract (see section 8.0).

5.21 Based on the York Aviation Report, the Project Board reviewed the shortlisted options and concluded that Option 3 provides the best value for money and is the 'best fit' for the investment objectives and critical success factors.

**Table 5: Benefit Assessment of Option 3 Following York Aviation Report Findings**

| **Investment Objectives & Critical Success Factors** | **How well does Option 3 meet this criteria?** |
|---|---|
| Allow for enhanced capacity over 25 years | It will allow for future runway extension, should the environment and economic growth provide the right circumstances for this (i.e. exceeding the highest levels of passenger growth as experienced in 1995). |
| Allow for passenger and aircraft fleet demands over 25 years | It satisfies this requirement by providing for sufficient additional capacity based on realistic rather than optimistic growth assumptions. |
| Compliant with standards | It addresses all regulatory concerns and is compliant with standards required to operate the Dornier 228 and similar type aircraft. |
| Future-proof future phased development | It allows for future extension but does not incorporate unnecessary cost for additional strengthening works (to accommodate larger aircraft) that could be deferred until such time as might be deemed appropriate |
| Fit for purpose airfield – medium/long term | It provides a fit for purpose airfield to support the existing services (same or similar type of aircraft) and allows for passenger growth. It allows for Medivac evacuation via stretcher on the Dornier 228 and at night, by helicopter. |
| Business Need | This option is proven to deliver the business need of the airlines, General Airport (private) operators and the Airport, including satisfying the Public Service Obligations (PSO) in the medium term. |
| Strategic Fit | As there is a weak correlation between airfield extension and economic growth, this option meets the requirements and is likely to provide *better* economic |

| | |
|---|---|
| | welfare to the Alderney community than the potential consequences of runway extension. |
| Achievability | All options are relatively complex construction projects in a small island setting, and this is arguably the least complex to deliver of the shortlisted options. |
| Affordability | This option is the most affordable of all the shortlisted options. |
| VFM & Benefits Optimisation | This option provides the most cost effective investment whilst achieving enhanced benefits to the status quo. It provides for enhanced operational performance and safety for aircraft, meeting regulatory standards. |
| Supply side capacity and capability | There are a number of off-island contractors that could provide the project, design and construction services required. |

**It is for these reasons that Option 3 is being recommended as the preferred solution**.

**Cost Benefit Analysis**

5.22 The York Aviation report (Appendix 1) included economic appraisals and hypothetical economic evaluations. These included benefits such as additional fare revenue and negative 'benefits' such as waiting time costs (due to reduced service frequency). A hypothetical set of economic costs appraisals were considered by the York Aviation report using Net Present Cost, which pointed to some options having negative economic effects.

5.23 A simpler cost/benefit assessment was subsequently undertaken by the project team. The investment objectives and critical success factors for the project entail qualitative/indirect benefits in economic terms, in order to maintain the essential requirement of a 'lifeline' airport for Alderney, plus non-quantifiable/ indirect benefits for the overall island economy.

5.24 Engineering advice and indicative costs on the various proposed options and schemes have previously been provided by Mott MacDonald and TPS Consult, throughout the evolution of the options and specification. During Spring 2018, RPS, a specialist pavement consultant, was commissioned to conduct a final review of the engineering and cost estimates for the Outline Business Case. The costs estimates summarised in this Policy Letter reflect the detailed financial appraisal of the options, which meet the recommendations of the Project Assurance Review.

5.25 Costs estimates were provided for the capital costs for design and construction and were assessed for comparison of all the options. The costs relate to the main capital expenditure for each option and do not include any other consequential capital costs or operations costs, such as the need for security and terminal upgrades and operational costs, should the runway be extended, for example.

5.26 **A further £2.3m capital costs would need to be included for both Options 5 and Option 6 (phase 2), as a provisional sum for additional security requirements.** Regulatory requirements stipulate additional security infrastructure for facilities receiving larger aircraft, such as the ATR42. This provisional sum allows for full screening of passengers, and necessary terminal infrastructure to support these services.

5.27 The main capital expenditure costs for the three short listed options, compared to the 'Do Minimum' Benchmark, have been updated and are summarised in table 6 below.

5.28 Risks and contingencies have been allowed within two budget headings. The 'on-island costs' reflect the additional costs arising from factors due to the Alderney location and are based on estimates carried out by RPS. The 'risk, contingency and insurance' budget heading reflects recommended allowances for such projects. These estimates are based on experience, especially that gained by RPS in the Guernsey Airport Pavements Project.

**Table 6: Capital Costs for each of the Shortlisted Options**

| | |
|---|---|
| **Option 1 – Do Minimal**<br>**Widen to 23m** | |
| **Total** | **£3,484,500** |
| **Option 3 – Intermediate Project**<br>**Resurfacing plus enhancements, including lighting** | |
| **Total** | **£11,626,700** |
| **Option 5 – Maximum Project**<br>**Extend to 1100m (in single-phase project)** | |
| **Total** | **£19,765,200**[6] |
| **Option 6 – Phased Maximum Project**<br>**Extend to 1100m (implemented over two phases)** | |
| **Total** | **£26,352,600**[6] |

[6] Option 5 (£19.7m) and Option 6 (£26.3m) do not include provision for an enhanced aviation security at Alderney Airport which is triggered by the use of larger aircraft. This is estimated at an additional £2.3m.

**Capital cost estimates are provided in detail within the Outline Business Case[7].**

**Summary of Option Appraisal and Overall Conclusion**

5.29 The conclusion from the assessment of the shortlisted Options following consultation with key stakeholders and the subsequent detailed York Aviation report, is that Option 3 remains the most advantageous and is therefore recommended to go forward as the 'preferred option' for the design and procurement stage.

5.30 Option 3, the refurbishment of the existing runway length, has a lower capital cost (in the order of £8.1m lower costs) than Option 5 (runway extension now)[6]. Given that the economic and financial analyses do not recommend runway extension, Option 3 is the best solution to meet the requirements for Strategic Fit, Benefits Optimisation and Affordability. Option 3 can be carried out in a manner that would not preclude the construction of a runway extension at a later date.

5.31 Option 5 (Extension immediately to 1100m runway length), involving extension to the runway and associated works to accommodate larger aircraft has a higher capital cost and does not compare favourably to Option 3. The detailed analysis in the York Aviation report (Appendix 1) does not provide an economic case for extending the runway now, given the higher costs of operating larger aircraft and the consequential effects on the frequency of service offered. It would require new investment in the Terminal facilities, additional to the runway infrastructure cost.

5.32 Option 6 (Refurbishment at existing runway length, with provision for future extension to 1100m runway length and upgrade to PCN to 17 strength when justified by future traffic growth) has a higher capital cost than Options 3 and 5. However, it would provide a flexible way forward beyond Option 3 as and when future business development may justify the additional investment in development of the airport. Option 6 phase 1 and Option 3 costs are largely the same, as the strengthening of the runway to PCN 17 would not be implemented until Phase 2 of Option 6. Indeed, Option 6 – Phase 1 has a slightly lower cost estimate than Option 3, as works planned under Option 3 to replace the eastern approach lights would be deferred under Option 6 until Phase 2. Under Option 6, the replacement of these lights could only be undertaken once the extension to the runway had been built and once their final position had been confirmed.

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[7] Details of the Capital Costs per Option are provided in the States of Guernsey's Members Room.

## 6 Next Steps – Design, Approvals and Procurement

6.1 The works will be delivered through a conventional contract route, comprising a client design phase followed by a construction contract, to be awarded to an experienced airfield contractor.

6.2 Subject to approval of the preferred option, it is the intention to procure a specialist design consultant, to develop a detailed design for an approval 'in principle' by the Office of the Director of Civil Aviation. This will be to ensure the design is compliant with the relevant regulatory requirements before formal tender for the contractor to construct the solution. This is set out in the OBC Project Procurement Strategy with the objective of minimising additional and unnecessary redesign costs. This was a principal established in the Guernsey Airport Pavements Project, which reduced the risks of tendering in the case of a complex project.

6.3 Option 3 will require a simple planning application, for the site construction compound. However, other options involving runway extension would require a more detailed planning approval process, involving at least an additional 9 months to the process.

6.4 To bring the project through these key stages will require specialist skills, supported by Client Project Management resources on Island, with Airport Management staff oversight. These will be provided for within the Design, Approvals and Procurement phase of the project (see paragraph 7.2 below).

## 7 Funding of the Rehabilitation of the Alderney Runway Pavements

### Short term Funding Arrangements

7.1 The States are asked to approve delegated authority to direct the Policy & Resources Committee to release expenditure for the development of the proposals, through the preparation and implementation of the procurement stage. This will enable the development of the 'Design and Specification Approvals Stage' of the project up to tender of the main contract for construction of the works. The costs will be funded by the Capital Reserve.

7.2 The estimated costs to carry out design, approvals and procurement prior to contracting for construction is estimated to be £558k. These are additional costs to the construction costs identified for each of the options. Table 8 below, provides a summary of these costs. The States are asked to approved delegated authority and direct the Policy & Resources Committee to release expenditure for this work, provided they do not exceed £558k.

**Table 7 Design, Specification Approval and Procurement Stage Funding**

| | 2019 |
|---|---|
| Client Project Manager | £130k |
| Design Consultant | £180k |
| Topographical and Services Site Survey<br>Ground Investigation | £ 50k |
| Regulatory Authority Approval Fees | £ 10k |
| Environmental Impact Assessment | £ 70k |
| Contingency | £ 20k |
| **Total Future Costs** | **£460k** |
| Plus Consultants Fees incurred 2014 – 2018 | £ 98k |
| **Grand Total** | **£558k** |

**Longer Term Funding**

7.3 Following the completion of the design and necessary approvals a procurement process will be undertaken seeking to contract with pavement construction specialists, to undertake the pavement rehabilitation and associated works.

7.4 At this stage of the project, the anticipated capital costs of Option 3 are expected to be in the region of £11.6m, with an additional sum of £98k already incurred in consultant's fees in advancing the project to its current stage and future design and professional fees estimated at £460k prior to tender for construction. The Build stage costs will require further financial assessment and a further decision making process before funding can be released and contracts for construction signed (estimated to be during Quarter 3 or Quarter 4 of 2019). The States are asked to approve delegated authority to direct the Policy & Resources Committee to release expenditure for the construction works providing they do not exceed £12.2m. The capital costs will be funded by the Capital Reserve allocation for this project.

7.5 The costs have been set out in the OBC and have been subject to a Project Assurance Review. The estimated costs allow for a significant element of unknown or unquantifiable risk at this early stage of a complex engineering project.

**Affordability**

7.6 The capital costs for construction of Option 3 estimated at £11.6m will be met by a capital allocation from the States of Guernsey Capital Reserve. The total costs including the Design, Specification Approval and Professional Fees as described in 7.4, have an inclusive capital expenditure estimated not to exceed £12.2m. The cost based on the proposed solution, represents the most advantageous option, which provides an essential lifeline to the residents of Alderney.

## 8.0 Public Service Obligation

8.1 The States of Alderney, the States of Guernsey and Aurigny, currently have in place a Memorandum of Understanding, which sets out targets for the performance of the air services. This agreement relies on 'best endeavours' and therefore lacks the ability to enforce any provisions for failure to perform, which would be included under a formal Public Service Obligation (PSO) contract. A PSO has formed part of the recommendations of the Frontier Economic and York Aviation reports.

8.2 The Committee *for* Economic Development published the Invitation to Tender (ITT) for the Alderney Public Service Obligations (PSOs) on 11th October; the submission deadline for bids is 6th December. It is not yet clear how many operators may choose to bid for the contract. Whilst a matter for the Board of Directors of Aurigny, it is currently understood that Aurigny may express interest in tendering.

8.3 The new PSO framework is likely to be awarded early in 2019, for a 4 year period from 2019 to 2023 (which straddles the expected timeframe for the pavement rehabilitation work) and there is a strong appetite not to defer the PSO contract. Therefore, there is a strong likelihood that the first iteration of a PSO contract would be in place before any works start on the runway. To this end, the PSO will make it clear works will be undertaken during the life of the contract, but that as a minimum (if approved) operators could expect a restoration of the full width of the runway to 23 metres, which would reduce the number of disruptions caused through cross winds.

8.4 Whilst no decision on a preferred scheme will be taken by the time bids for the PSO contract close, potential bidders will be made aware that the preferred runway project scheme will not by default include an option for a runway extension and it is therefore likely that the first PSO would include bids that involve aircraft capable of operating on the existing runway length of 877 metres (i.e. either a Dornier 228 fleet or similar (19 seater) aircraft type).

8.5 The PSO procurement process may influence the strategic direction of this project and does not limit the consideration of alternative options at or before the tendering stage of Option 3. This would be a consideration for the Final Business Case, in due course.

8.6 The York Aviation report addresses the possible perception that an extended runway may encourage more bidders with larger aircraft to compete for the Alderney air services PSO contract. The research in that report identified that extending the runway before demand warrants is unlikely to increase the number of bidders for a PSO, as it is unlikely that larger aircraft could match operating costs of smaller aircraft at the current demand levels. The report also identified that trying to save costs through reducing the frequency of service with larger aircraft would be detrimental to the economic welfare of Alderney.

## 9.0 Ferry Alternatives

9.1 In discussion with the Policy and Resources Committee, the States' Trading Supervisory Board has been asked to consider whether the investment at Alderney Airport could be avoided through an alternative ferry public transport offering. **However, the States of Guernsey is under a legal obligation to maintain the airport, not provide a ferry service, so this could only be an option in the future if the obligations upon the States of Guernsey are so altered. For this reason alone, leaving aside problems of feasibility in bad weather, a ferry service is not a viable option to discharge the obligations upon the States of Guernsey.**

9.2 In addition, no commercial operator of ferries could provide the level of capacity required without a significant subsidy and significant investment in the harbour infrastructure. In order to operate a year-round service in the weather and sea conditions that the island experiences, any vessel would need to be of a similar size to those operated by Condor Ferries. In order to accommodate this larger vessel type, the facilities at Alderney's Braye Harbour would require extensive investment, including larger berths, a Ro-Ro ramp, a passenger terminal and security screening area, to enable the island to accept national and international sailings and deal with a large number of people at any one time. The current facilities are only just adequate for the small commercial traffic the island receives, with tidal constraints and the number of berths available.

9.3 Previous attempts by the States of Alderney to encourage sea connectivity have indicated that neither an Alderney to Guernsey ferry nor a UK to Alderney ferry operation would be financially and economically viable. The commercial tender undertaken by the States of Guernsey and States of Jersey during late 2017/early 2018 found there was no current operators who would find a regular year-round Guernsey to Alderney ferry service viable without a significant public subsidy.

9.4 Between early July and 30th September, a subsidised 12-seater ferry service has been trialled, with much lower fares than air fares. This service operated twice daily connections between Guernsey and Alderney. Whilst this has proved to be a successful additional service in the peak summer months, on the occasions when demand for air services can outstrip the supply, this is not considered to be a year-round alternative to air.

9.5 In July 2018, the States of Guernsey approved the Committee *for* Economic Development's policy letter *Review of Air Transport Licensing*[8]. The air transport licensing framework set out in that policy letter came into effect in September 2018. The new framework defines lifeline routes as "**routes that are deemed to be *essential* for economic and/or social reasons; and which would not be sustainable without some degree of government intervention and/or ongoing financial support. They should therefore remain subject to air transport licensing, in order to ensure that the air service provided meets the needs of the island that they serve**."

9.6 **The Guernsey-Alderney route was designated as a lifeline route. In short, the States of Deliberation confirmed that the air route was essential in order to enable social and economic wellbeing in Alderney.** This includes health referrals, education, essential public services, business connections, mail, medevac, and ongoing air links to other UK destinations.

9.7 It seems highly probable that any significant investment in ferry services and harbour infrastructure would fail to realise the capacity required for social and economic wellbeing in Alderney, which is already provided through air services deemed by the States of Guernsey's Resolutions as essential.

## 10 Timescale and Implementation Plan for the Preferred Way Forward

10.1 It is likely that the rehabilitation project construction will be completed by the end of 2021, following the necessary procurement processes, regulatory and political approval timescales. In the short term (to 2021) it will be necessary to continue regular maintenance and to patch and repair the runway as required, to ensure it meets with regulatory standards.

10.2 The Alderney Airport Rehabilitation Project to deliver the medium/long term proposals, has the following key milestones and outline target dates for delivery of Option 3:

[8] 18th July 2018, Billet XIX, P.2018/62

**Table 8: Key Milestones**

| Option 3 – Preferred Option Outline Plan | | |
|---|---|---|
| **Key Milestone** | **Completion Date** | |
| Finalise OBC | September | **2018** |
| States Decision on Policy Letter | January | **2019** |
| Appointment of Design Consultant & Project Manager | Q1 | |
| CAA/ EASA Approval of design | Q2 | |
| Issue Construction Tender | Q2 | |
| Appoint Preferred Bidder | Q4 | |
| Value Engineering and Environmental Impact Assessment | Q4 | |
| Planning Application for Site Construction Compounds | Q1 | **2020** |
| Pre-Construction Conditions Discharged | Q2 | |
| Contractor Mobilisation | Q2 | |
| Construction Completion | Q2 | **2021** |

10.3 There are a number of key milestones where there are risks that the project will need to manage and mitigate and at worst may not be able to proceed to the next stage, if the requisite approvals are not possible.

## 11 Consultation

11.1 There have been a number of presentations and briefings to stakeholders at key stages of the project, including at the stage of shortlisting of options (in May 2016). This has been with the objective of assisting with gaining agreement on the preferred option and reinforcing the importance of Alderney Airport as a lifeline for the island.

11.2 The final identification of the 'preferred option' followed consultation with key stakeholders regarding the findings of the York Aviation report. This included input from the States of Alderney following its debate of the report.

11.3 The States of Alderney are updated regularly on the project. The Project Board has included within its membership an Alderney senior civil servant since June 2016, who has been fully engaged and has input into the development of the proposed scheme.

11.4 At its meeting of the 4th April 2017, the Policy & Finance Committee, States of Alderney considered the York Aviation report and by a significant majority, confirmed its agreement to proceed with Option 3. The Chairman wrote that his Committee

"…by a significant majority confirmed its agreement to proceed with Option 3 to rehabilitate the present 880m airstrip including restoration of the width (fully paved) to 23m…".

11.5 On 11th September 2018 the General Manager, Guernsey Ports, provided an update on the progress with the Outline Business Case to the States of Alderney's Policy & Finance Committee, and has input updates to the Alderney Liaison Group on regular intervals.

11.6 A Project Assurance Review has been undertaken, to review the OBC (including the development of the short list of options and preferred option) and to provide assurance to Treasury and the Project Team at this key Gateway to the project. The Business Case Review of the Alderney Project (OBC) report (August 2017) provided a number of recommendations which have been fully discharged.

11.7 The OBC Business Case was considered and approved by the STSB on the 4th October 2018.

11.8 The Law Officers of the Crown have been consulted on this Policy Letter.

## 12 Conclusions

12.1 In view of the current condition of the pavements at Alderney Airport, and in line with legislative and regulatory requirements, work on the preferred option 3, including procurement for the Client Design Consultant and design stage of this project needs to commence immediately.

12.2 This option will rehabilitate the existing runway and associated pavements, re-widen the runway and improve the approach and centre line lighting as well as drainage enhancements. This 'preferred option' will be subject to procurement for a detailed design solution, prior to commencement of tender for construction.

## 13 Compliance with Rule 4

13.1 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications. She has advised that there is no reason in law why the Propositions should not be put into effect.

13.2 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the States' Trading Supervisory Board.

13.3 In accordance with Rule 4 (5), the Propositions relate to the duties of the States Trading Supervisory Board to ensure the efficient management, operation and maintenance of any States' unincorporated trading concerns and commercial interests which the States have resolved to include in the mandate of the Board, which includes Alderney Airport.

13.4 The preparation and agreement of the propositions and content of the Policy Letter has involved consultation with the States of Alderney, the Committee *for* Economic Development and the Committee *for the* Environment & Infrastructure who are supportive of the propositions and Policy Letter (see Appendix 3) and the Policy & Resources Committee who have also been consulted.

Yours faithfully

**States' Trading Supervisory Board**
P T R Ferbrache
President, STSB

J C S F Smithies
Vice President, STSB

J Kuttelwascher
Member, STSB

S J Falla MBE
J C Hollis
Non-States Members, STSB

York Aviation

# STATES OF GUERNSEY & STATES OF ALDERNEY

# AN EXTENDED RUNWAY FOR ALDERNEY
# ECONOMIC AND FINANCIAL ANALYSES

## FINAL REPORT

## JANUARY 2017

| | |
|---|---|
| York Aviation | **Originated by: Louise Congdon/Richard Connelly**<br><br>**Dated: 7th December 2016**<br>**Finalised: 16th January 2017**<br><br>**Reviewed by: James Brass**<br><br>**Dated: 8th December 2016** |

# STATES OF GUERNSEY & STATES OF ALDERNEY

# AN EXTENDED RUNWAY FOR ALDERNEY
# ECONOMIC AND FINANCIAL ANALYSES

## FINAL REPORT

## JANUARY 2017

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## EXECUTIVE SUMMARY

1. York Aviation was commissioned by the States of Guernsey and the States of Alderney to undertake an economic and financial feasibility study to test and validate the potential benefits of investment in a runway extension at Alderney Airport compared against a baseline reconditioning of existing infrastructure at its existing length through resurfacing, widening and improving the drainage and lighting.

2. The incremental cost of extending the runway to allow larger aircraft to be operated is estimated in the range £11.49 to £19.05 million, once allowance is made for the additional costs of improving the terminal and enhancing security arrangements to permit larger aircraft to be operated. The wide range of cost is largely related to the assumptions made about the incremental cost of specialist runway construction works on Alderney, having regard to the need to import specialist labour and materials. We do not consider it prudent to assume that the project could be delivered at the lower end of the range. Based on updated information received from the engineering consultants, TPS, the baseline refurbishment works do not need to be enhanced now to facilitate a decision to extend the runway at some date in the future, albeit there would be additional costs to be incurred in future if the works are not undertaken concurrently.

3. Through detailed consultations with stakeholders on Alderney, we identified that there was a clear need for improvements to the reliability and peak period capacity of the air services compared to the recent service delivery and that these service improvements are essential in order to prevent further economic damage due to transport difficulties. However, the recent shortcomings in the reliability of the service are largely as a consequence of the difficulties experienced by Aurigny in transitioning from a Trislander fleet to a new fleet of Dornier228 aircraft, which will result in some capacity improvements once the transition is complete and reliability reinstated. The problems are largely unconnected to the length of the runway.

4. In order to test whether there is an economic case for extending the runway, the key consideration is whether a longer runway would enhance reliability and:

   - deliver lower air fares
   - deliver more seat capacity
   - deliver higher frequency
   - lower the cost of subsidies
   - enable the operation of new routes
   - translate to population and tourism growth

   These form the key hurdles which the development of the runway extension would need to pass. We considered these issues under two broad headings; the effect on the pattern of air services and population and tourism growth.

**Effect on the Pattern of Air Services**

5. Our analysis of aircraft operating costs shows that, currently the market is simply not large enough to warrant the use of larger aircraft. If a longer runway did enable airlines to introduce larger aircraft, this would be expected to result in reduced frequencies of service to better match capacity to demand and be more likely to increase the costs of operating the routes to/from Alderney than to reduce them. There would be no scope to reduce air fares and the introduction of larger aircraft earlier than warranted by the market would result in higher operating losses for the airline concerned and potentially higher costs of subsidy. Our analysis suggests that, even at lower frequencies of service, there would be no scope for reduced operating costs to be passed onto passengers through lower fares until the total number of passengers using the routes to Guernsey and Southampton exceed c.82,000 annual air passengers, a level of demand not seen since 1995. This would require other economic factors to be addressed to deliver a population greater than 2,500 and tourist air passengers above 25,500 per annum. Even then, the routes would still be loss making and require subsidy.

6. Whilst an extended runway would offer airlines some greater flexibility in terms of using larger aircraft to meet specific short term peaks in demand and/or recover from delays and cancellations, such ad hoc operations are unlikely on their own to justify the costs involved in extending the runway. Refurbishment of the existing runway, including an improved surface and drainage, improved lighting and reinstated usable width, will improve the operational performance in any event, so contributing to improving reliability and provide a platform for an improvement in the quality of service based on a fully functioning fleet of Dornier228 aircraft.

**Population and Tourism Growth**

7. As the operation of larger aircraft, facilitated by a longer runway, would almost certainly lead to lower frequencies of service and with no prospect of lower air fares for the foreseeable future, it is difficult to see how any population or tourism growth on Alderney could be causally linked to extending the runway. Our analysis, on a conventional transport economic basis, demonstrates that economic welfare would be reduced, not increased, by facilitating the operation of larger aircraft in the short to medium term. Using conventional transport appraisal techniques, extending the runway would not deliver an economic return based on the target rate of return of 4.4% and would, in practice, have negative economic effects due to the expected reduced frequencies of service.

8. The States of Alderney and the Steering Group asked us to consider the circumstances whereby the extension of the runway might be justified if the wider benefits from increases in population or tourism could be directly attributed to its provision. For the reasons outlined above, our analysis suggests that it is not realistic to assume such causality due to the likelihood of reduced frequency of operations for the foreseeable future. Nonetheless, looked at in this way, the conditions under which extending the runway might deliver a return of 4.4% over 20 years would be if:

- it can be delivered at the lowest realistic cost (less than c.£13 million);
- there is no consequential expenditure required to upgrade the terminal and security infrastructure to enable larger aircraft to be handled (or the costs are included within the capital cost ceiling above); and
- assuming that the an increase in population of c.140 additional permanent residents over 10 years, and an increase in annual tourist visitors of c.1,100 over the same time period can be directly and solely attributable to the provision of a longer runway, i.e. without additional expenditure on such as high speed broadband, the electricity supply or improved tourist facilities.

Our analysis demonstrates the extremely low probability of any of these conditions being met in the foreseeable future.

9. Our recommendations are, hence, that:

- the case for extending the runway now would only be economically justified on the most optimistic assumptions about deliverability of population and tourism growth directly related to the extension of the runway and if construction of all of the required infrastructure improvements necessary to support the operation could be delivered at the lowest possible cost;
- these conditions are unlikely to be met given the higher costs of operating larger aircraft and the consequential effects on the frequency of service offered;
- the case for a runway extension should be kept under review and that the Option 3 works should be carried out in a manner which would not preclude the cost effective construction of a runway extension at a later date;
- all possible steps are taken to improve the reliability and capacity offered by the existing air services based on 19 seat aircraft to provide a platform for improving economic performance and delivering passenger growth.

10. In the light of the concerns about service reliability and resilience, it appears to us important that the refurbishment works (Option 3) are undertaken as soon as possible lest further delay, whilst the provision of an extended runway is deliberated, leads to the more occasions when the runway is not operationally fit for aircraft to land, resulting in further economic damage. We also recommend that consideration is given, as a matter or priority, to the imposition of a PSO on the routes serving Alderney in order to strengthen the incentives on the airline to deliver a robust, appropriate and resilient service.

# 1 INTRODUCTION AND BACKGROUND

1.1 In early August 2016, York Aviation was commissioned by the States of Guernsey and the States of Alderney to undertake an economic and financial feasibility study to test and validate the potential benefits of investment in a runway extension at Alderney Airport compared to a baseline reconditioning of existing infrastructure. The output of this work will be an input to the Outline Business Case (OBC) for investment, for which two of the key issues are affordability and value for money.

1.2 Seven options for improving the runway and airfield infrastructure at Alderney Airport have been developed by design consultants TPS, with options including works to one or more of the grass runways as well as works to the main runway. The range of options identified is:

- **Option 0**: Do nothing;
- **Option 1**: Do minimal through patching and repair works, including widening the main runway to 23 metres, with an estimated life of up to 5 years;
- **Option 2**: Reconstruct all paved surfaces at the airport and extend the main runway width to 23 metres;
- **Option 3**: As Option 2 but with enhancements to improve runway lighting and more efficient drainage;
- **Option 4:** As Option 3 but also to hard surface and extend the short grass runway to improve cross-wind capability;
- **Option 5:** Extension of asphalt[1] runway to 1,100 metres from its existing 877 metres, with the width extended to 30 metres to accommodate larger GA and commercial aircraft;
- **Option 6:** A hybrid scheme which delivers Option 3 with certain additional enhancements to the design to enable and minimise the costs and disruption of construction of a runway extension at a later date.

1.3 We understand that Option 0 was rejected early in the process as this would place the maintenance of air services to/from Alderney at severe risk due to the deterioration of the existing runway pavement.

[1] We were also asked to take account of the possibility of concrete construction at a lower cost but we understand from TPS that such construction is not likely to be a viable solution.

1.4 Our terms of reference (set out in **Appendix A**) require us to assess whether there is a prima facia economic case for an extension of Alderney's runway to 1,100 metres either now (Option 5) or as part of a phased approach (Option 6) against a baseline case of Option 3, comprising the reconstruction of the paved surfaces at the Airport, including widening the paved runway to 23 metres, to provide greater cross wind resilience, but without lengthening the runway[2]. In the first instance, we are required to assess the case for an extended runway and, if a case exists, whether there is an economic argument in favour of completion of the works in a single immediate phase (Option 5) or safeguarded for implementation at a later date (Option 6). We have relied on cost estimates prepared by TPS, taking into account reasonable sensitivity tests. This is described further in **Section 4**.

1.5 The aim of our study is to identify which option is likely to deliver an optimum balance between cost and the broader benefit to the economy of Alderney and the Bailiwick as a whole. We understand that this is part of a wider initiative to improve the quality of air services serving Alderney, including the possibility of imposing a Public Service Obligation (PSO) on the existing routes to Guernsey and Southampton in order to ensure that an appropriate quality of service is provided at competitive fare levels with a view to stimulating greater use of the services for economic gain. Hence, ensuring that the Airport has the correct runway infrastructure to support these wider objectives is key. The study will examine the costs and benefits of the 3 identified options, having regard in particular to the potential wider economic benefits from allowing a greater range of aircraft types to serve Alderney.

1.6 A critical issue, therefore, is to consider the likelihood of airlines deploying larger aircraft on the routes now or in the short to medium term and whether the ability to operate larger aircraft would result in an improved quality of air service and/or at a lower cost. In particular, this requires consideration of each of the three identified options against:

- the potential for lower operating costs, on a seat-km basis, with larger aircraft which, if passed through to air fares, could result in higher demand, with consequential economic benefits;
- the risk that the use of larger aircraft could result in lower frequencies of services with detrimental effects on patronage;
- potential future changes in airline operating models and infrastructure requirements;
- the opening up of the market to airlines other than Aurigny, operating different types of aircraft and/or with different operating models, and which might enter the market competitively or compete to operate a PSO (potentially lowering the effective cost of any subsidy) if a longer runway was available;
- the extent to which a longer runway might open up the potential for additional routes and/or growth in passenger numbers.

[2] Consideration of the other options was excluded from our Terms of Reference.

1.7 Hence, a key requirement for our analysis was to develop scenarios of future growth with the different runway options in order to inform our economic assessment, taking into account the inherent uncertainties in developing such projections. This has required the assessment of the way in which the economic and social needs of Alderney can best be met through air service provision. It was, hence, recognised at the Inception Meeting that the question of the appropriate runway length could not be determined in isolation from the broader question of how to best secure the optimum service air service for Alderney in terms of the delivery of routes, frequencies of service and air fares. Understanding what level of service is likely to be delivered with each of the options is fundamental to the economic assessment.

1.8 Overall, the study objective is to assess whether an extended runway would deliver sufficient wider social and economic benefits to the economy over the life of the investment, specifically in stemming further economic losses on Alderney, so as to justify the incremental cost compared to Option 3 refurbishment. This requires the scope of the potential benefits and risks under each option to be clearly set out and quantified as far as possible, so as to form an effective weighted cost benefit appraisal, with the probability of benefits and risks clearly set out. In so doing, we have been required to give consideration to the strategic importance to the Alderney economy of air connectivity, including in relation to stemming population losses, sustaining and developing businesses on the island and growing tourism. Our assessment is required to take into account both direct and indirect effects, including the implications for the wider economy having regard to appropriate multiplier effects.

1.9 We have also considered how the development might be funded, taking into account the capital required and the alternatives available. As part of this, we have also taken account of the scope for charges to use the Airport to rise to fund all or part of the development costs and any consequential implications for growth in the air travel market if the costs are passed through to passengers.

1.10 The remainder of the Report is structured as follows:

- **Section 2** – we explore the economic context of Alderney;
- **Section 3** – we examine the current and historic use of air services to/from the island;
- **Section 4** – we set out the options and their costs, including other costs associated with handling larger aircraft;
- **Section 5** – we set out the potential pattern of air services under the three runway options and the implications for levels of demand;
- **Section 6** – we set out our assessment of the costs and benefits of the options;
- **Section 7** – we set out our analysis of the financing options;
- **Section 8** - we present the conclusions of our analysis.

# 2 ECONOMIC CONTEXT

2.1 Alderney is a very small island, with a population currently of just over 2,000 people[3], resulting in a very 'thin' market for air services, notwithstanding the tourist influx in summer. This has implications for the level of air services which can realistically be provided, even on a subsidised basis. In this section, we set out our understanding of the current state of the economy and the emerging economic strategy to deliver growth.

## Economic Issues

2.2 In their review of the Alderney Economy in 2014[4], Frontier Economics noted an overarching trend of decline in both population and economic activity. These trends were expected to continue unless action was taken to reverse these trends. Key findings and recommendations from the Frontier Economics review were grouped around four key themes:

- *Economic and population decline* – population decline was forecast to continue unless policy action is taken to reverse it, with particular attention focussed on the need to attract more young people to live and work on Alderney.
- *Economic drivers* - the main economic drivers on Alderney were seen as public administration, business services, finance, eGaming, tourism and energy.
- *Potential for economic recovery* – although signs were identified of recovery in a number of sectors, driven in part by resumed economic growth in the UK and in part by a number of initiatives already underway, caution was expressed that this may simply be cyclical change rather than an indication that there is sustainable structural change in the Alderney economy.
- *Economic opportunities* - scope for change was identified building on exploiting one or two of a number of identified economic opportunities, particularly around tourism, business services, renewable energy and drawing on Alderney's recognised global strengths in regulation.

2.3 A number of recommendations were made, including:

- establishing an economic development strategy in Alderney based on more robust economic data;
- increasing resources to market Alderney to tourists and improve tourism data as part of a dedicated tourism strategy;
- marketing the ease of relocation to Alderney to businesses and individuals;

[3] Alderney Electronic Census Report, 31st March 2015, Population snapshots and trends.
[4] Alderney Economic Development Study, Frontier Economics, Draft Final Report, August 2014.

- exploring the scope for targeted tax incentives to attract business to Alderney;
- seeking opportunities to improve ICT connectivity (e.g. to enable eGaming servers on-island) besides the possible FAB interconnector;
- seeking to exploit any opportunities from UK and EU regulatory reform in the eGaming sector and using licensing fees generated to fund intangible capital investments;
- identifying how best to interconnect Alderney with electricity supply from France before 2020;
- exploring options to improve ferry connections.

***Airport Issues***

2.4 Issues around the Airport were considered separately in the Frontier Economics Report. In the first instance, there was a clear recommendation of the need to improve current facilities so that they are in line with regulatory standards and to reduce risks around weather- and infrastructure-related reliability. This basic requirement is covered by all options under consideration in this study.

2.5 The need for a longer runway to support the economic strategy was also discussed in the Report. Frontier Economics noted that the replacement of the Trislander fleet with Dornier aircraft did not appear to represent a significant threat to frequency, and would improve the quality and reliability of the service. They also stated that they did not consider the Southampton route to be at risk. Frontier Economics went on to note that the current facilities and runway length at the Airport provide the scope for significant passenger growth but that a longer runway, allowing larger planes to land, would tend to lead to a reduced frequency of service in the absence of significant market growth and entry by other airlines/new routes. Frequency of service was noted as important for business, tourist and residential travel to and from Alderney. Price was also recognised as an issue for air travel but Frontier Economics noted that, without a proven increase in demand, the larger aircraft facilitated by a longer runway may suffer low load factors, such that the cost per served passenger is no lower than currently.

2.6 Frontier Economics key recommendations regarding Alderney airport were for:

- the funding of the improvements to ensure regulatory compliance but that they were not persuaded, on the basis of evidence they had gathered, that an extended runway at Alderney airport is critical to unlocking economic potential in the sectors identified;
- more detailed consideration of implementing a PSO for the Alderney routes to ensure that fares and frequencies reflect Alderney's economic needs;
- further analysis of the extent of unmet demand on existing and new routes, with a view to re-examining the case for extending the runway in the future;

- ✈ any immediate improvements to the runway should not preclude its future extension.

2.7 In this study, we have set out to explore further the linkage between the runway length at the Airport and delivering the key economic recommendations.

***Population Trends***

2.8 A key issue identified by Frontier Economics is the reduction in population on Alderney and many of the recommended actions are aimed at reversing that decline through stimulating new economic activity.

2.9 The latest e-Census Report[5] indicates a resident population as at 31st March 2015 of 2,020 based on those living on the island for more than half of the year and/or working on the island. It is believed that this data excludes second home owners. Population data is given in this report for the period since 2007[6], as set out in **Table 2.1** below.

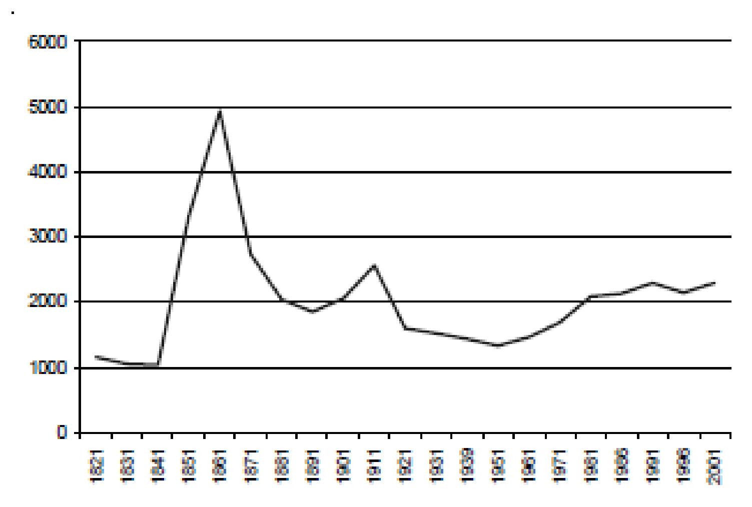
**Table 2.1: Alderney Population 2007-2015**

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| 2,216 | 2,219 | 2,174 | 2,142 | 2,059 | 2,037 | 2,027 | 2,008 | 2,020 |
| Source: Alderney e-Census | | | | | | | | |

2.10 Prior to 2015, population data was collected using a conventional 10-yearly census approach and historic data is set out in the Report on the Alderney 2001 Census[7]. Detailed figures are given at 10-yearly intervals from 1951. The historic trend is illustrated in **Figure 2.1**. What appears evident from the data is that the post-war peak in the recorded Alderney resident population was 2,294 in 2001, albeit it is unclear whether this may have included some second home owners. The decline in population since then appears, based on the data, to have been of the order of 12%, although in overall terms, population has been in the band 2,000 – 2,300 since 1981, albeit with year to year fluctuations in recorded population.

[5] States of Guernsey Policy Council, States of Alderney, Alderney Electronic Census Report, 31st March 2015.
[6] Information for earlier years is derived from social security records and some adjustments were made to reconcile to the e-Census approach from March 2014.
[7] https://gov.gg/CHttpHandler.ashx?id=5510&p=0. It is less clear whether this earlier data did include second home owners.

**Figure 2.1: Historic Population on Alderney**




Source: Report on the 2001 Alderney Census

2.11 The previous peak in population was c.2,500 in 1911 and the population had already declined substantially before the German invasion and this probably coincided with the peak of quarrying activity on Alderney. Prior to that, the population had briefly reached c.5,000 during the fortification of the island in the 1850s due to the temporary influx of construction workers.

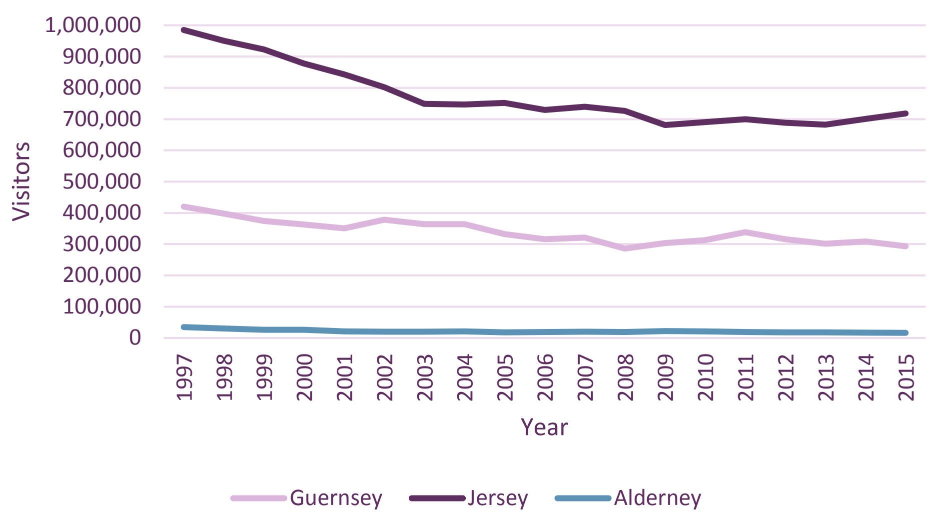
2.12 A key consideration for this study is the extent to which the population decline reflects air service issues or is reflective of other issues such as the lack of fast broadband, electricity costs ( reportedly most expensive in the world[8]), planning restrictions on new building or broader economic and social issues affecting island economies. This will be considered further in the next section in the context of the relatively recent manifestation of the air service issues compared to the medium term trend of population decline. Historic data would also suggest that recent/current levels of population, at over 2,000, are the highest which have been sustained for any length of time over the longer term in the history of Alderney.

[8] http://www.bbc.co.uk/news/world-europe-guernsey-23432398.

***Tourism Trends***

2.13 Although the States do not keep detailed data on the number of visitors to the island, we understand from consultations and available data, that there has been a long term decline in tourism to Alderney, consistent with patterns seen across all of the Channel Islands. The recorded decline in visitors to Guernsey and Jersey may also have impacted on the number of day trip visitors to Alderney from these islands. We have estimated inbound visitor numbers as explained in **Section 3**, and these form the basis of comparison with the other Channel Islands in **Figure 2.2**.

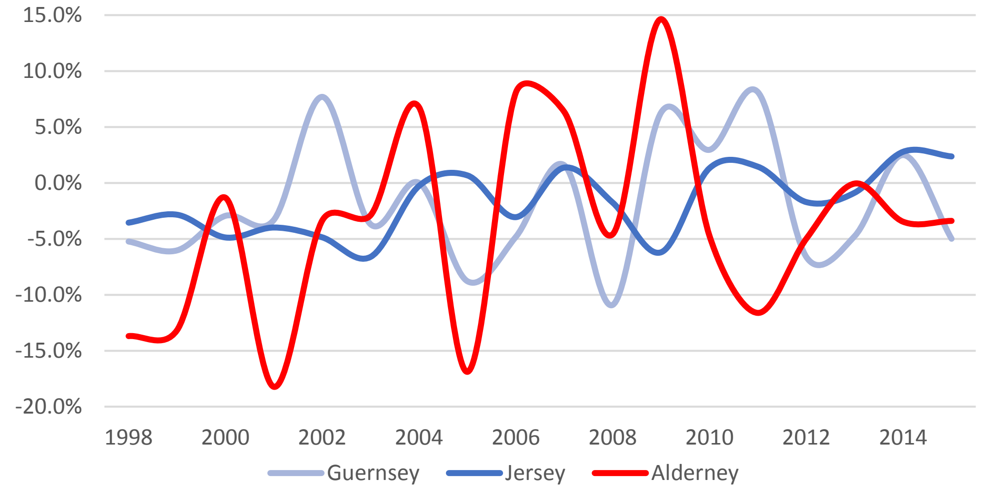
**Figure 2.2: Channel Island Visitors 1997-2015**




Source: States of Jersey, States fo Guernsey, York Aviation

2.14 Over the period from 1997, we estimate that visitor numbers have fallen by 53% to Alderney, compared to 30% on Guernsey, and 27% on Jersey, although the latter had also fallen by 30% to 2013, before recent up turns. Declines accelerated in the early 2000s as a result of structural changes to tourism more generally, driven to a large extent by the low fares carriers. The pattern of year on year changes is shown in **Figure 2.3**. The biggest declines were in the late 1990s and early 2000s, suggesting that these cannot be ascribed to the quality of the air service offer.

**Figure 2.3: Year on Year % Change in Channel Island Visitors 1997-2015**




Source: States of Jersey, States fo Guernsey, York Aviation

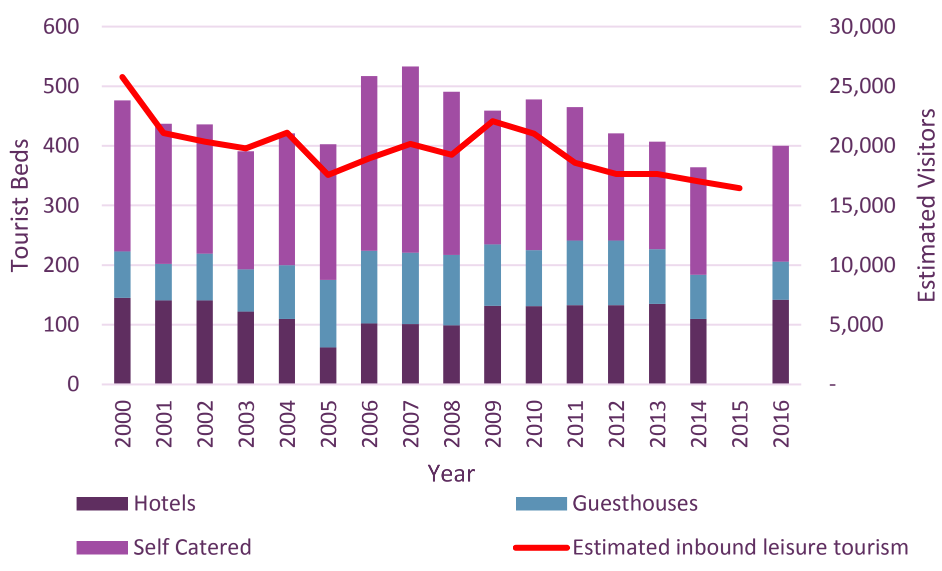
2.15 Among the structural changes which took place were:

- increased travel to Europe as the cost of air fares reduced significantly and could not be matched on UK regional routes;
- growth of the short break market, with moves away from conventional week-long holidays towards multiple short trips throughout the year;
- decision making driven by where cheap air fares are available to, rather than the actual destination, with travellers choosing to focus their spend on higher quality hotels and restaurants on arrival;
- a move away from repeat visits annually, as the number of routes increased significantly from across the UK;
- growth in independent travel, with tourists moving away from inclusive tour package holidays towards independent travel arrangements (flights and hotel separately).

2.16 Historically, the product offered by the Channel Islands had largely been focused on repeat visitors from the UK, making longer stays of one to two weeks. Consequently, the product offered has become out of line with the changes over the period since the early 2000s. All three of the key Channel Islands have made changes to their products, with Jersey and Guernsey in particular seeking to develop products better aligned to the broad changes in travel patterns. However, even given these improvements, it is unlikely that either island would be able to restore visitor numbers to historic highs. The same is almost certainly true for Alderney, despite targeted growth for the island, such as in niche markets for example wildlife related visitors.

2.17 Running in parallel to the changes in tourist preferences and decision choices has been a decline in the bed stock on Alderney, as can be seen in **Figure 2.4**. There is some lag between the decline in visitor numbers and the decline in available bed spaces. Anecdotally, we understand from consultees that as tourism declined and bed occupancy levels fell, this was the point at which some accommodation dropped from the market, suggesting that bed spaces have followed demand, rather than the other way around. It could, therefore, be expected that if demand did appear to increase, it is likely that there would be an equivalent increase in bed spaces in the market. However, the key point is not so much the number of beds but in the nature of the offer, with short break consumers requiring a different product, e.g. spa facilities, high quality dining etc.

**Figure 2.4: Alderney Tourist Beds 2000-2016**




*Notes: 2015 Unknown. Excludes camp site spaces, estimated at 350 annually*

Source: Report on the 2001 Alderney Census

2.18 Although the bed spaces shown above are based on those officially registered with the States, we understand that there remains an unofficial market for rooms, often where former guest accommodation has retained the ability to offer stays to previous visitors who book directly. This may mean that the decline in available space has not been as dramatic over the last few years as official data suggests. However, we understand that, in reality, most of this bed space is only available during Alderney week and, as it is not advertised or visible to non-repeat travellers, such accommodation is unlikely to be seen as a way to drive forward growth in tourism. Equally, lack of bed spaces currently is unlikely to be a reason for low tourist numbers.

2.19 During consultations, we were made aware that there was a perception that some hotels had suffered from lost bed nights and revenue during 2016 due to unreliability and capacity constraints to and from the island. We discussed this with the Braye Beach Hotel and were told that the issues mainly related to the high number of cancellations in the early part of the summer, which we consider further in Section 3. However, it was acknowledged that, by August, service reliability had improved to more normal levels. In considering availability, it was highlighted that many inbound visitors book well in advance, so availability of seat capacity had not been a significant issue overall for their tourist visitors. The relatively high costs of air fares were viewed as being unattractive in expanding the market but, in part, this reflected the contract arrangements between Aurigny and Braye Beech, which did not provide the lowest possible fares. Hence, the hotel decided to suspend its block booking agreement with the airline in favour of allowing individual customers to avail of the lowest air fares in the market through advance booking.

## Emerging Economic Strategy

2.20 Following on from the Frontier Economics Report, an economic development plan is being developed with the aim of securing growth of the economy. A key part of the economic strategy is a target to see the permanent population on the island increase to 3,000, on the basis that this is believed to represent a sustainable population having regard to housing stock and other infrastructure and of sufficient scale as to be self sustaining. In the light of the historic population trends, this is an ambitious target as it would represent a level of permanent population on the islands not seen since the fortification works in the mid 19$^{th}$ century and substantially higher than achieved at any time in the period since the German invasion.

2.21 A number of actions have been identified towards achieving this aim:

- Improving Transport, including:
  - improving the Airport and securing better services from Aurigny and/or through a PSO;
  - reinstatement of the 'Bumblebee' ferry from Guernsey;
  - improvement of the freight service through re-tender;
- Improve digital connectivity, including:
  - Provide fit for purpose broadband across the island to support technology dependent business;
- Modifications to the financial relationship with Guernsey;
- Development and implementation of a tourism strategy;
- Encouraging the re-location of high net worth individuals to Alderney;
- Exploiting regulatory opportunities to develop new digital businesses;

- Facilitating growth in maritime industries;
- Developing apprenticeships and entrepreneurship.

***Transport Policy***

2.22 To accompany the Economic Development Plan, a Transport Policy is being developed. The draft Policy notes that the population is in decline and that this can only be halted by making Alderney a more attractive place to do business which requires, amongst other things, improving transport links. New businesses will bring in new residents, who will spend money in the local economy and who will pay local taxes, fees and charges so generating revenues for the Bailiwick.

2.23 The draft states that "*In order to bring about the economic development that we all desire, significant investments are now needed, particularly at our airport. While improved air-links will not guarantee economic development, we believe that, without them, there cannot be the development we all now need.*"

2.24 The draft Policy goes on to discuss the historic performance of the air service, noting that:

- the number of air passengers and visitor numbers have been in decline since 1990;
- the cost of getting to and from our island is high when compared to the costs of travelling to other European destinations, which is attributed in the draft Policy to:
    - the small aircraft traditionally operating in and out of our island having high costs per seat-mile;
    - traffic volumes varying considerably by season and by days of the week;
    - lack of competition to Aurigny and the airline's financial challenges within the public ownership regime;
    - the state of the Airport, including the length and width of the runway limiting potential operators.

2.25 Nonetheless, it was noted that there were key questions which needed to be addressed before it could be determined which runway rehabilitation option should be adopted:

- are the additional costs in constructing a longer runway likely to lead to a sufficient reductions in fares if larger aircraft fly in?
- given the thin market, would Alderney be happy to trade a small reduction in the frequency of flights for cheaper air fares?

These are questions that we set out to address in this study.

2.26 The draft Policy also envisages the States of Alderney taking control of the operation of the Airport (albeit a commercial operator might be appointed), as well as assuming responsibility for establishing a PSO for the delivery of the air services to the required standard. We understand that the terms by which such a transfer of responsibility would be achieved are under discussion between the States of Alderney and the States of Guernsey as part of the broader discussions about the financial relationship.

### Stakeholder Views

2.27 A number of stakeholders identified by the States of Alderney were consulted either face to face in August 2016 or through telephone calls. A list of stakeholders consulted is attached at **Appendix B**.

2.28 Throughout the consultations, there were a number of common themes and a number of common views, although some consultees had differing views across a broad spectrum of issues in relation to the air service offer and the need, or otherwise, for a runway extension. It is notable that more consultees wanted to focus on the short term air service problems than on the long term relationship between air service provision and economic regeneration. There were, nonetheless, strongly held views on the current air service offer and its perceived deficiencies in terms of providing the service required by Alderney.

2.29 Virtually all consultees highlighted the significant reliance of the island on air services, being the only means of accessing Alderney, without the alternative of a regular ferry service as seen to other islands such as Guernsey, Jersey and the Isle of Man. Overall, consultees considered that the economic and social wellbeing of the island is completely reliant on good air links. However, whilst some consultees felt that air services were the number one issue in trying to regrow the population and increase business on the island, this was not a universally held view. Other material factors affecting the potential to grow the population were identified, including the need for greater broadband speed and reliability, improved electricity supplies, improved healthcare and education services, and relaxation of planning controls. There was also a focus on ‘lifestyle’ as an attractor of new residents, with stakeholders identifying the potential for Alderney to be attractive to those in creative industries, such as artists or those working in the IT sector, for which homeworking would be an option. However, whilst quality air transport access was seen as an important part of this ‘lifestyle’ vision, there is also a pre-requisite for high speed broadband and other basic infrastructure improvements before such people could be attracted to live on Alderney.

2.30 Whilst consultees held the view that the island was unattractive for businesses looking to relocate due to the current quality of air services, practical examples were also given of businesses that could not be attracted to the island because of the other identified issues, including in the eGaming industry, where a number of facilities have been established on Guernsey, though regulated by Alderney, because of the reliability of the broadband and electricity there. Indeed, in some cases, the power grid was highlighted as the number one issue, rather than air service provision at present. Nonetheless, some consultees highlighted that, as their businesses are split between Alderney and Guernsey, they are more inclined to grow the Guernsey element because of the greater air service reliability from the latter.

2.31 Based on these examples, it is clear that a number of criteria need to be met to allow for the growth of the population and, therefore, not all economic benefits from population growth could realistically be ascribed to improved air services. This goes to the heart of whether the quality of the air service offer is either a necessary or a sufficient condition to secure population growth and how the benefits of population growth can be attributed in our appraisal.

2.32 Consultees recognised the decline in both visitor numbers and hotel bed spaces and, in some cases, highlighted a perceived circularity between the air service offer and tourism offer of the island. Some consultees pointed toward a more general shift in travel patterns, away from traditional destinations such as Alderney, mirroring what has been seen across Jersey, Guernsey and the Isle of Man over the last 20 years. On the whole, however, consultees believed that improved air services would encourage more visitors to the island, which would itself halt the decline in bed spaces as islanders would look to capitalise on any increase in demand. Some consultees pointed to a perceived vicious circle of declining bed stock because of lower demand, which in itself meant that there were then insufficient bed spaces when demand was higher, resulting potentially in some visitors being turned away. Consultees highlighted, in particular, that there was insufficient air service capacity to enable all visitor demand during Alderney Week. However, it was noted that, to some degree, this demand is often driven by second home owners and their family/guests rather than visitors requiring more conventional holiday accommodation. Overall, it was clear that the lack of a clear tourism strategy and uncertainty over how Alderney's product offer fits within the current tourism market was a key factor in the decline in tourist numbers, regardless of the air service offer. The lack of capacity is largely, but not entirely, specific to Alderney week and concerns have been exacerbated by recent reliability issues.

2.33 What is clear from the consultations is that the current air service provision is not meeting the needs of the economy or residents of the Alderney. All consultees highlighted increases in air fares, reduced seat availability for sale, reduced reliability, and an inability of the airline to clear any back log of delayed passengers within a reasonable period of time. The period over which this degradation has happened was viewed as between 18 months and 6 years depending on the consultee, though the majority pointed to the last 2-3 years as being the period over which real problems with the air service provision may have impacted on business and tourism.

2.34 Key points made by consultees in relation to air service availability were:

- Business users suffer from lack of availability as their booking window is often shorter, and flights are often sold out by the time they know they need to travel;
- Resident business users increasingly now travel a day or more ahead in order to ensure users reach their destination, adding cost to their journeys in order to stay in hotels and reducing productivity overall;
- Business visitors may be reluctant to travel to Alderney as flight timings are not convenient and can lead to a loss of productive working time. The problems are compounded by the risk of flight cancellation. Flight connections to other services are not optimised.
- Not being able to efficiently get on and off the island is a key bottleneck in trying to attract business growth on Alderney;
- There is no flexibility to cope with the peaks and, even outside of the peak periods, there remains a shortage of seats at times. However, it was acknowledged that it is difficult to fill flights during the winter months.

As a consequence of these problems, some businesses have taken to meeting their customers on Guernsey so as to bring people to the Channel Islands, but remove the risk associated with the last hop to/from Alderney.

2.35 Consultees highlighted the problems caused by the high number of flight cancellations, although it was recognised that these were partly related to weather (with an acknowledgement that low cloud and fog has been unusually high in summer 2016). However, it was evident that there had been a substantial number of cancellations due to difficulties arising from the introduction of new aircraft, with their own unreliability issues, which were then exacerbated by insufficient crews qualified on each aircraft type (Dornier/Trislander) to allow short notice changes to the schedules. The Braye Beach Hotel indicated that it had suffered lost bed-nights as a result of cancellations and that, during the early part of the summer 2016, this was well beyond levels previously seen. However, it was acknowledged that moving into August the problems had eased but that, nonetheless, over the year as a whole the business had suffered.

2.36 Compared to previous years, consultees indicated that historically there had been sufficient suitable aircraft in the fleet to allow Aurigny (and previously Blue Islands as well) to put on extra flights and catch up with any back log in passengers arising from flight cancellations. This is no longer the case as the Trislander fleet has been retired as the aircraft are near the end of their operating life. The current fleet is more limited in scale, giving less flexibility to deal with unforeseen circumstances. Consultees suggested that, in some cases, this uncertainty suppresses demand further because those living on the island now travel less for fear of not being able to get back onto Alderney.

2.37 When we probed consultees on what a good air service offer would be like, the majority of consultees were adamant that frequency should not be compromised and must be maintained at current levels as a minimum. However, overall reliability and seat availability needed to be improved but without sacrificing the current frequency of service. Nonetheless, some consultees felt that lower frequencies could be accepted if it would improve reliability and ensure greater seat capacity at peak times. One consultee even suggested that a single daily service would be better if the reliability could be guaranteed. There appears to be a greater tolerance for reducing frequency on the Southampton route, but high frequencies of service to Guernsey were seen as vital to enable business, health and personal trips to best be managed, with short face-to-face meetings important for business users. Some consultees suggested that additional frequency may be the best way of delivering extra capacity overall, albeit ideally with a way of providing a further boost to seat capacity during peak periods such as through the use of larger aircraft off a longer runway for key weekends in the summer period.

2.38 It was highlighted that reliability issues go beyond capacity and cancellations, extending to aircraft weight restrictions on the some of the Dornier fleet, often leading to passengers or bags being offloaded, and prohibitive weight restrictions applied to baggage that were inconsistent with the requirements of passengers leaving or visiting the island for any extended period of time. We understand, from discussions with Aurigny that these specific issues relate to the older Dornier aircraft and that the newer version (with another to be delivered) can operate unrestricted in all conditions over the relevant sector lengths from Alderney.

2.39 As with frequency, there were mixed views on air fares, although again there was an overarching agreement that fares had increased over the last few years and are currently too high. (Although this may simply be a product of the requirement imposed on Aurigny to behave more commercially.) Some consultees indicated a willingness to accept a premium for air services in recognition of the other 'lifestyle' benefits of living on an island. These consultees tended to identify that fares were ultimately less of an issue than reliability and availability, particularly for business users. Others, however, felt that high air fares disadvantaged some on the island, including critical key workers and made it a less attractive place to live, thus damaging the sustainability of the island. In most cases, it was felt that air fares were a deterrent to growing visitor demand and some felt that residents have been driven away by higher fares, making living on the island too expensive. Indeed, a combination of air fares and service quality were claimed by one consultee to be the biggest single reason for houses being up for sale on the island, although this comment covered second homes, as well as main residencies, as the island became harder and more costly to access for those seeking breaks in second homes at short notice.

2.40 In terms of the range of air services, most consultees were satisfied that links to Southampton and Guernsey were adequate for the Island's needs. The links and need for the Guernsey route are clear, satisfying both social and economic needs. Southampton was flagged as being the critical link to the UK, offering a great service for those accessing London due to the proximity of the rail station to the terminal at Southampton. Indeed, it was felt that Southampton was a better alternative for the island than direct flights to London. It is noted that flights to Guernsey do not offer good quality onward connections, with flight schedules not well timed in either direction to a number of destinations. In particular, the flight timings do not allow convenient travel to/from London Gatwick, which many islanders use to access leisure flights into Europe and beyond. Some consultees had aspirations for the range of air services to be expanded, with Jersey having the most support as there are business links, with some companies active across all of the Channel Islands, and the route had previously been served prior to 2006. It was felt by some that a direct link to Jersey could offer more connecting opportunities than Guernsey because of a greater range of airlines and destinations served. A number of users already use light aircraft to take them to Jersey so as to avoid long connections at Guernsey. Others suggested that Exeter and Cherbourg could offer new opportunities, with the latter felt to offer both business and tourism potential.

2.41 Consultees also raised concerns about the provision of Medevac services from Alderney, and the reliance on the current fleet of aircraft, which offered no actual medical facilities on board and required patients to be placed on stretchers on the floor. With health access being one of the key concerns previously highlighted, it was felt that this is not adequate and that it was an issue for some visitors to the island. There is a view among some stakeholders that access to the medevac aircraft based at Guernsey would provide a better service, but that the aircraft cannot land on the current runway length.

2.42 There were mixed views on the perception given to business travellers and tourists by the small aircraft that serve the Island. Overall, there is a feeling that the Trislanders, and their continued usage, do not give a good impression at all and that some travellers do not like the alternative Dornier aircraft either. Others, however, felt that the new Dornier aircraft gave the impression of just being a small airliner and did not present an image problem, being a significant improvement over the Trislanders.

2.43 In relation to an extended runway, consultees had mixed views on what it might offer. Key themes that were expressed by a number of consultees included:

- Larger aircraft could bring lower fares because of lower seat-mile costs;
- Larger aircraft could be more reliable in stronger crosswinds;
- An airline could operate smaller aircraft for most scheduled services, but then use large aircraft to cope with peak flights or to provide extra capacity to clear any back log arising from delays/cancellations.

2.44 However, other consultees expressed the view that it would be better to improve the current air service and get a return to growth in demand to prove the case for then extending the runway. A number of consultees recognised some tensions over what a runway extension could deliver, with a number acknowledging that, despite positive hopes, in reality there could be some frequency reduction and air fare benefits may be hard to deliver due to too many seats still being empty on most flights, even if demand could be increased.

2.45 A number of stakeholders felt that further niche opportunities could be facilitated by having an extended runway, in particular the ability to hold functions and conferences on the island requiring larger groups of visitors to be ferried in, so providing an opportunity to fill bed spaces outside of the peak season. It was envisaged that larger aircraft could be chartered in their entirety to bring groups to Alderney.

2.46 In addition to being able to handle the Guernsey based Medevac aircraft, it was highlighted that the runway extension may allow some additional corporate aircraft to use the island, making Alderney attractive to high net worth individuals as a place to be based for tax purposes, or to seek second homes. The scale of this was not quantified.

## Conclusions on Economic Issues

2.47 It is evident that there are strongly held views that the current air service offer is deficient and is a factor in the economic decline of Alderney. However, it is clear that there are other factors impacting on the ability to turn the economy around and attract more residents to live on Alderney. Key amongst these are high speed broadband and electricity supplies.

2.48 The aspiration to grow the population to 3,000 residents is very ambitious and its achievability needs to be seen in the context of the broader list of requirements set out in the emerging economic strategy. Similarly, increasing visitor numbers will require a coherent tourism strategy, addressing other aspects of the product as well as the air service offer.

2.49 Key questions for us to consider, therefore, are:

- whether improvements to the Airport by way of a longer runway would lead to improvements in the air connectivity offered to Alderney and at what cost?
- the extent to which any improvements would represent either a necessary or a sufficient condition to deliver the desired improvement in economic performance and growth in population.

The answers to these questions are material to the level of benefit which can be ascribed to investment in the Airport infrastructure on its own, in isolation from the other required infrastructure improvements.

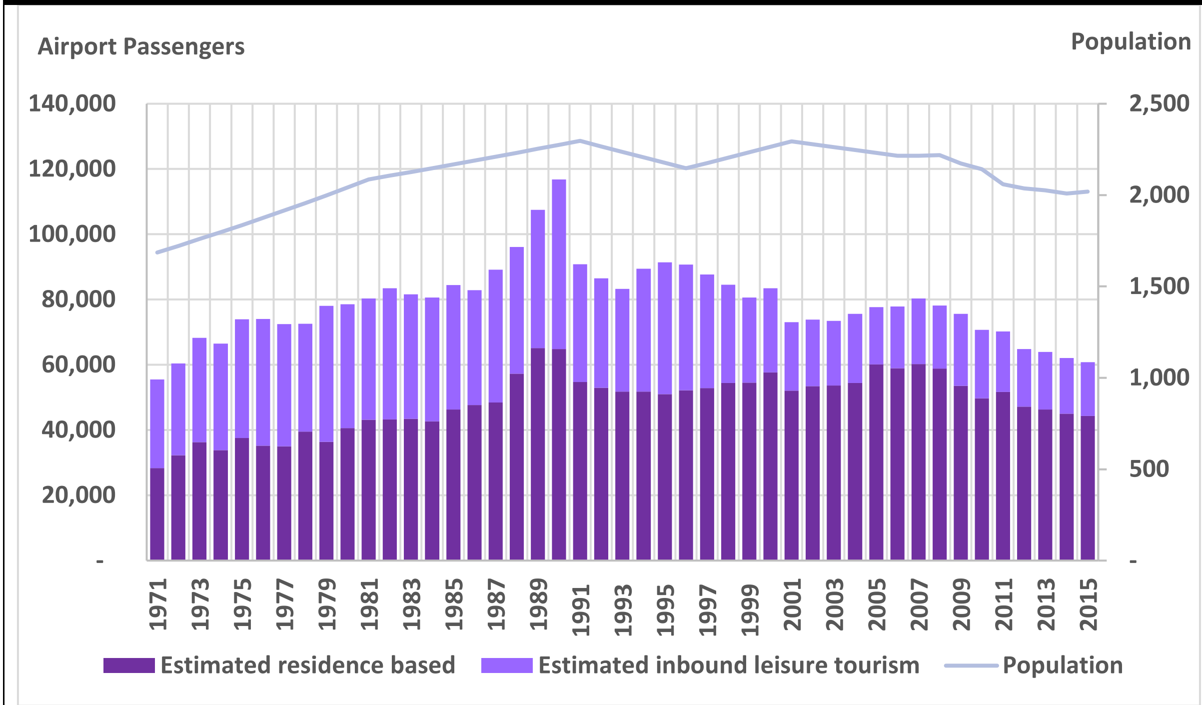
# 3 CURRENT AIR SERVICES

## Historic Levels of Air Travel Demand

3.1 We have been provided with data on the passenger traffic using Alderney Airport since 1970 by Guernsey Airport. We have used this to analyse historic trends.

3.2 In the first instance, we have sought to understand how much of this traffic might be driven by the level of population and businesses based on Alderney, i.e. the sustainable year round level of demand, and how much represents the seasonal tourist flow. Our hypothesis is that levels of demand in the Winter period November to March represents the sustainable year round level of demand driven by largely population and business activity on Alderney, with additional demand in the summer representing inbound leisure tourism in the main. We have segmented the total airport traffic accordingly, taking the average of the winter months as a proxy for the year round 'residence based' demand. The results are illustrated in **Figure 3.1** along with population data.

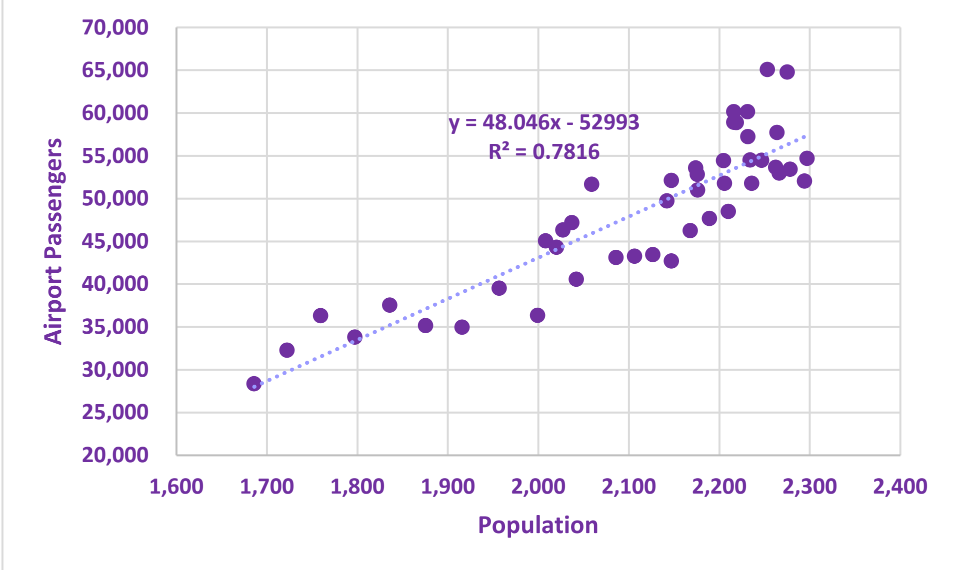
**Figure 3.1: Alderney Airport Passengers and Population 1971-2015**




Source: Guernsey Airport/Alderney Censuses

3.3 Unsurprisingly, there is a relatively strong correlation between the level of 'residence based' demand and resident population. The correlation is illustrated in **Figure 3.2**. Whilst clearly, growth in population and business activity on Alderney leads to more passenger demand to use the air services on a year round basis, it is not possible to infer causality as between the air service offer and the likelihood of the population rising or falling for the reasons we identified in the last section. We explore the drivers further later in this section and in considering the viability and feasibility of air service options with and without a runway extension in **Section 5**.

**Figure 3.2: Correlation between 'Residence based' demand and Population**




Source: Guernsey Airport/Alderney Censuses

3.4 Although some additional information is available on the types of passengers using the service in July/August 2016 based on the Alderney Travel Experience Survey[9], this is not representative of year round travel patterns. During the survey period, the characteristics of passengers can be broken down between those inbound to Alderney and those resident and also by purpose. The results are summarised in **Table 3.1**.

**Table 3.1: Passenger Characteristic Summer 2016**

| Inbound Leisure | Inbound Business | Resident Business | Resident Medical | Resident Leisure |
|---|---|---|---|---|
| 61% | 10% | 3% | 6% | 19% |

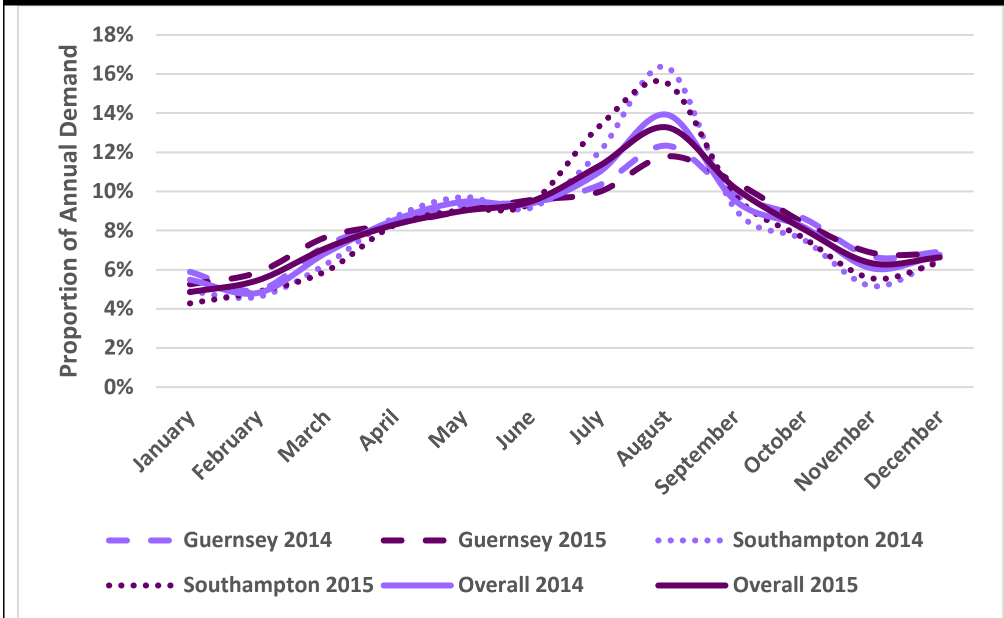
Source: Alderney Travel Experience Survey

[9] A self completion questionnaire handed out to passengers using the air services and the Bumblebee ferry between 1st July and 9th August 2016.

3.5 This data suggests that 71% of passengers during the summer peak period[10] were inbound to Alderney, of which 61% were leisure tourist visitors. Overall, 13% of the traffic during this period was travelling for business purposes. We understand from our consultation with Aurigny, discussed further below, that there were quite severe weather problems during this period which resulted in a high number of cancellations. Whilst this is unlikely to have impacted on inbound visitors pre-booked and committed to staying on the island during this time, it is likely to have deterred some last minute resident trips or day visitors where flights were cancelled at short notice and alternatives were limited. Overall, in July 2016, out of the 6,471 passengers using Alderney Airport, the survey would indicate that almost 4,000 of these were inbound leisure visitors.

3.6 Traffic to/from Alderney is highly seasonal, as illustrated in **Figure 3.3** showing the seasonal pattern in recent years. This highlights the concentration of demand in the seasonal peaks in July and August, which are even more prevalent on the Southampton route than the Guernsey route.

**Figure 3.3: Seasonal Pattern of Demand on the Alderney-Guernsey and Alderney-Southampton Routes**




Source: CAA Airport Statistics

[10] The survey period included Alderney week with exceptionally high levels of inbound demand.

3.7 As is evident from Figure 3.1, inbound leisure visitors historically made up a much higher proportion of demand, with leisure tourism related trips reaching over 50% of total annual demand in the late 1970's falling to under 30% of the market in recent years (estimated 27% in 2015). A key consideration is the extent to which this is a function of the frequency, quality or price of the air service or reflective of other issues both local and generic to the British Islands.

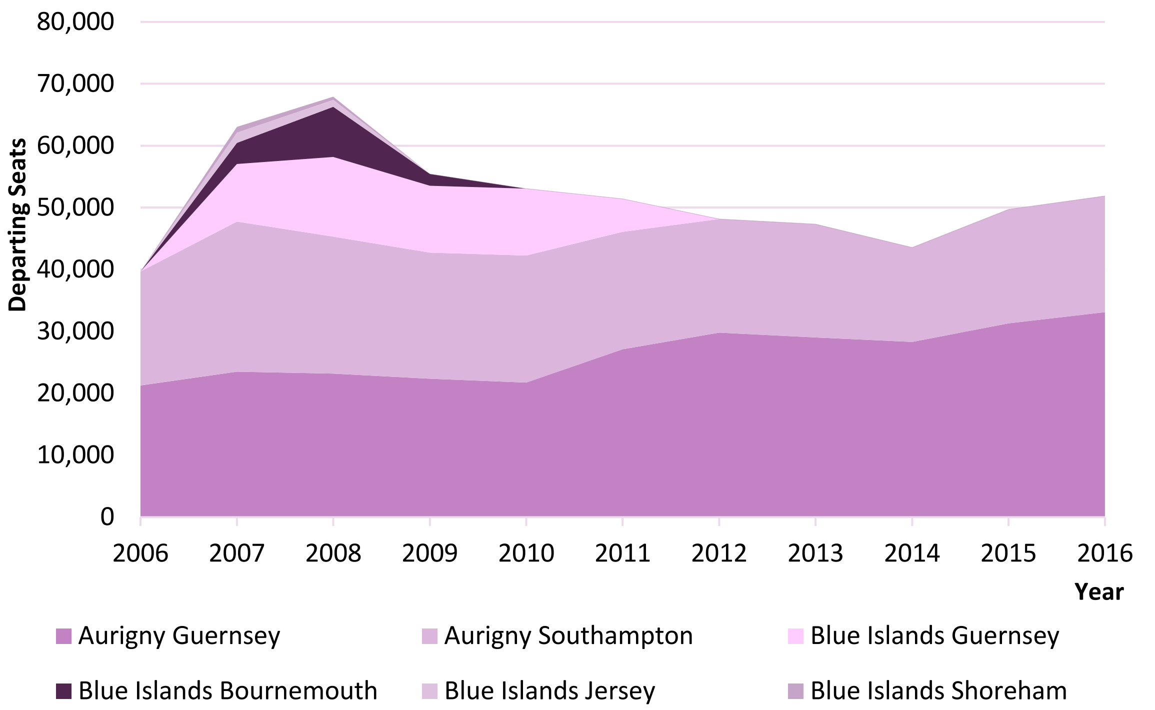
3.8 It is likely that the seasonality was even greater in earlier years when the proportion of inbound leisure visitors was much higher. This will have presented even greater challenges for the operator of the air services in terms of operating additional flights to meet peak period demand whilst maintaining service on other routes, as airlines do not operate with large amounts of spare capacity available to be deployed on an ad hoc basis during the peak of the summer. Even at current demand levels, the extreme seasonal peak creates problems for Aurigny in matching aircraft capacity to demand and would create similar problems for any other airline that entered the market unless they were willing to switch aircraft capacity away from other profitable routes (operated commercially) during the height of the summer demand peak across the whole of the UK.

### Historic Patterns of Air Service

3.9 The dominant carrier serving Alderney over the last ten years has been Aurigny, though supplemented by Blue Islands[11] from 2007 to 2011. Throughout this period, the core routes have been those to Guernsey and Southampton, with the latter viewed as the key routing to London, taking advantage of short rail times directly from Southampton Airport. Blue Islands also operated on the Guernsey route, and supplemented this with flights to Jersey, Bournemouth and Shoreham, with the latter two points adding to the options for inbound tourism. The impact of services from Blue Islands can be seen in **Figure 3.4**. We are aware that a route to Jersey had operated previously, carrying over 15,000 passengers a year in the mid-1990s but demand levels had fallen away before the Blue Islands operation commenced, which may be connected to the fall in tourism to Jersey, limiting the pool of potential day trip visitors to Alderney.

[11] Blue Islands took over the Rockhopper business but we refer to Blue Islands covering both operations.

**Figure 3.4: Annual Scheduled Departing Seat Volumes by Carrier and Route**




Source: OAG

3.10 Although there was an initial drop in overall capacity to Guernsey following the suspension of services by Blue Islands, Aurigny has recently increased planned seat capacity on the this route in both 2015 and 2016. We recognise that Figure 3.4 does not reflect actual cancellations, aircraft changes (i.e. where smaller Trislanders have replaced Dorniers) or restrictions on bookable seats (for weather or weight considerations), which will have restricted actual departing seats to lower levels than shown. By 2016, the number of seats available on this route was scheduled to be at its highest since 2009.

3.11 Over the period from 2007, scheduled seat capacity to the UK has seen a decline, from a high of nearly 31,000 departing seats in 2008 to a low of 15,200 seats in 2014. However, scheduled seat capacity has increased steadily again, growing by 21% between 2014 and 2015, and then again by 2% in 2016, putting UK capacity back above levels seen in 2007. Once again, this data will not reflect cancellations, aircraft changes or bookable seat restrictions. However, it is also likely that any additional flights, added at short notice, will also not be included in this data.

3.12 Based on the aircraft sizes indicated within the OAG database, capacity to/from Alderney is scheduled to be at its highest level since 2011, at 102,000 two-way seats. We go on to consider this in the context of actual flown capacity below by reference to data provided by Aurigny and the Airport.

3.13 Due to the seasonal nature of demand, Aurigny plan seasonal schedules to reflect this as far as they are able. Typically, on the Guernsey route, during the winter the airline plans to operate 4-5 departures per day (weekday) from Alderney, increasing to 6-7 per day during the peak summer months. On the Southampton route, the typically winter (weekday) schedule has just 2 flights a day, increasing to 3-5 over the summer period. The planned schedule for summer 2016 saw peak schedules of 9 flights per day to/from Guernsey and 8 flights per day to/from Southampton.

3.14 However, even within these bounds, the carrier has some fleet flexibility to add additional services, either to provide a 'catch-up' service after weather delays or to increase capacity further at times of high demand. Reflecting this, to the end of August in 2016, the carrier peaked at 11 daily departures to Guernsey and 9 departures to Southampton.

3.15 Since 2010, passengers on both core routes have declined as can be seen in **Table 3.2**. Over the five years, the average annual decline has been 3.5% on Guernsey and 2.4% on Southampton, although the latter did rise slightly in 2013, before continuing to decline to a low of 24,000 passengers in 2015. This is despite the marginal increase in planned seat capacity in the year.

**Table 3.2: Annual Passengers**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|
| Guernsey | 42,800 | 42,400 | 38,900 | 36,700 | 36,900 | 35,800 |
| Southampton | 27,200 | 27,100 | 24,900 | 25,900 | 24,400 | 24,000 |

Source: CAA Statistics

3.16 We recognise that services to Jersey, Bournemouth and Shoreham have previously been operated. However, in the last 10 years, the volumes of demand even for the Jersey route appear quite low, generating only a 21% load factor across 2007 and climbing to 47% in 2008 against a backdrop of significantly reduced capacity. This illustrates the difficulty in sustaining services on a viable basis for any airline. The fact that the airlines have not continued to operate these routes is a function of commercial viability, in the absence of subsidy, rather than constraints of aircraft type and runway length.

3.17 As highlighted by consultees, it is perceived that, despite the apparent increase in planned capacity noted above and the reduction in flown passenger numbers, seat and flight availability and reliability has dropped over the last 2-3 years or so. To test this, the Airport has provided data on actual movements flown and passengers on each aircraft. This data indicates the possible levels of seat restrictions arising from the factors outlined above. Given the variability in Aurigny's bookable seat numbers, we have applied two seat capacity factors to this data for comparison:

- First, assumed seating capacity in line with OAG[12], to indicate the theoretical scheduled seat capacity for direct comparison; and
- Secondly, restricted seat capacity for individual aircraft registrations based on typical bookable seats/passengers carried by each.

3.18 Although some uncertainties remain, this analysis does provide a reasonable way of comparing actual to scheduled capacity as any variance should be systematic. **Table 3.3** shows the results.

**Table 3.3: Ratio of Flown Capacities**

| | 2013 | 2014 | 2015 | 2016* |
|---|---|---|---|---|
| OAG Scheduled Capacity | 94,650 | 87,090 | 99,396 | 71,128 |
| Flown Capacity (OAG Equivalent Seat Capacities) | 118% | 125% | 105% | 92% |
| Flown Capacity (Most Likely Seat Capacities) | 111% | 118% | 99% | 85% |
| *Note: *Part year only Jan-Aug* | | | | |
| Source: OAG, ACI Airport, York Aviation | | | | |

3.19 This does suggest that through 2013 and 2014, extra services or seats were delivered above those shown in the OAG database and that, by 2015, the carrier was not adding significant extra seats or flights beyond those typically bookable for each aircraft. Over the first 8 months of 2016, the difference has been more significant, with overall capacity falling well below that published by the carrier in OAG for the period. One of the reasons for this is that, within OAG, the carrier indicates that Dornier aircraft will operate the majority of services but, in fact, a large number have continued to be flown by the Trislanders (in part due to 'teething problems' with the Dornier operation considered later in this section), which leads to a shortfall against the apparent plan and almost certainly cancels out the increases in planned capacity in the last two years indicated in Figure 3.4.

[12] Online airline guide.

3.20 A similar analysis for movements shows that the carrier flew 104% of scheduled flights planned in 2013, increasing to 111% in 2014 before falling again to 107% in 2015 (though a higher ratio than 2013) before a further decline to 98% in the first 8 months of 2016. This is important because, whilst the capacities shown in Table 3.3 are impacted by the swap from Dorniers to Trislanders, the movement data points to not backfilling all seats and flights after cancellations as well.

3.21 The comparisons between scheduled capacity/flights and actual flown capacity/movements does seem to confirm that there are problems with the air service offer to the island at present. It would appear that unreliability of bookable seats (or usable seats where passengers are offloaded), cancelled flights and the lack of backfilling of all cancelled capacity generate levels of uncertainty in the air service as highlighted by consultees. We will explore these issues further below.

3.22 What the evidence shows is that the steps being taken by Aurigny to improve the service through the introduction of the Dorniers have not been effective to date. If anything, capacity and reliability have declined since 2014, up to which time there is evidence of the airline putting on extra flights to ensure that demand could be accommodated. However, these issues are related to the specific difficulties with the aircraft rather than to the specific issue of runway length.

***Propensity to Fly***

3.23 Despite the recent declines in air service provision and usage, it must be recognised that there is a very high propensity to fly from Alderney, albeit that we recognise that this stems in part from a lack of an effective passenger ferry alternative. In 2015, there were 29.6 air passenger journeys per head of population on Alderney, significantly above that seen on other islands, as shown in **Table 3.4**. Although some of the comparators also have reasonable sea links, the difference remains significant, with Alderney close to double the next comparator, Jersey.

**Table 3.4: Propensity to Fly Comparison by Total Air Passengers**

| | 2015 Air Passengers | 2015 Population | Propensity to Fly |
|---|---|---|---|
| Alderney | 59,843 | 2,020 | 29.6 |
| Jersey | 1,554,390 | 102,700 | 15.1 |
| Tiree | 9,856 | 653 | 15.1 |
| Guernsey | 891,616 | 63,001 | 14.2 |
| Islay | 29,346 | 3,228 | 9.1 |
| Barra | 10,658 | 1,174 | 9.1 |
| Isle of Man | 781,601 | 88,259 | 8.9 |
| Stornoway | 127,282 | 21,031 | 6.1 |

Source: CAA Statistics and Local and National Government Data

3.24 The high propensity to fly indicates a market that is relatively mature, reflecting the fact that when residents need to leave the Island, they only have one practical option and, therefore notwithstanding current availability issues, they already chose air services. Such markets are typically difficult to stimulate, particularly for outbound travel by residents.

## Recent Air Service Problems

### *Change in Aircraft Type*

3.25 The introduction of the Dornier 228 aircraft to the fleet appears to have been a factor in recent declines in the quality and reliability of service provision for a number of reasons. Aurigny started by introducing two used aircraft (now currently 28 and 31 years old) and supplemented these with a third, brand new aircraft, in 2015. A second brand new version is on order for delivery in Spring 2017.

3.26 However, in introducing these aircraft, the carrier faced several issues which have caused difficulties with maintaining the Alderney flight schedule. These are:

- The older aircraft have had significant technical problems meaning that they were unable to operate the full schedule and, instead, services had to fall back on the reducing number of Trislander aircraft in the fleet with lower seating capacity;
- The need to keep Trislanders operating some services has meant that Aurigny has been unable to complete pilot training for Dornier operations and, therefore, the pilot pool has been unable to switch between aircraft types as required, greatly reducing flexibility, particularly when aircraft type changes have been required at short notice. This problem appears to have been exacerbated by the new Dornier, which has a different pilot rating from the older versions;
- In certain weather conditions, the two older Dornier aircraft, but particularly G-SAYE, have been unable to accommodate full loads of passengers and their baggage. This means that bookable seats appear to have been suppressed in some cases and, on other occasions, passengers and/or baggage have been offloaded. Furthermore, it appears that baggage weight restrictions are imposed on some flights due to these aircraft, which consultees highlight as a particular issue in terms of being able to take full baggage away on holiday off the island. This is likely, in part, to explain the differences seen above between published seat capacity and actual bookable seat capacity;
- An aircraft handling incident at Alderney led to the new Dornier, and the only aircraft consistently capable of operating with unrestricted passenger/baggage loads as indicated in the schedule, being out of service for a prolonged period of repair.

3.27 Among the concerns of consultees is that, historically, Aurigny maintained a fleet of Trislanders which was large enough to allow them to, at short notice, add extra flights, both to cope with increases in bookings and also to deal with any backlogs in passengers arising from flight cancellations. To a large extent, the ability to achieve this was linked to the large fleet of Trislanders retained to provide the high-frequency flights between Guernsey and Jersey on weekdays. The fleet was not required to the same extent at weekends or during the peak August period and this allowed the carrier to more freely add capacity to Alderney when demand was typically highest during the peak season. The Jersey service is now operated solely by Blue Islands meaning that Aurigny no longer needs to retain this Trislander fleet and has been steadily retiring the older aircraft.

3.28 As a result of introducing the Dornier, and the problems with flight crew incompatibility, this flexibility to add additional services appears to have been lost to some degree, although within the MOU, considered below, there remains provision for increased flights to be added at the request (and cost) of the States of Alderney. In theory, three reliable aircraft would be adequate for the core schedule (including a spare aircraft), but the plan to stabilise the fleet at three operational Dornier aircraft to serve the Alderney routes will mean that the ability to add large numbers of additional services at peak times or to catch up following periods of weather disruption, as seen historically, may be reduced in future compared to what was achievable in the past. It is in this context that the ability to, on occasion, deploy larger aircraft could help to meet short term peaks of demand.

3.29 We understand from Aurigny that the reluctance to add additional flights is also in part a way of them controlling the costs of operations on the Alderney routes because the cost of quickly mobilising additional flights adds to the already considerable losses on the routes. Whilst resilience could be enhanced with an additional aircraft beyond the three currently planned, the cost of acquiring a further aircraft would need to be considered in terms of depreciation, maintenance and crew capacity and the impact on losses attributable to the service. Aurigny, in common with other airlines, does not have spare aircraft available which can immediately be deployed to provide additional services to meet short term spikes in demand, such as around Alderney week.

3.30 These short term difficulties do not, of themselves, indicate that the Dornier 228 is not the right aircraft to operate from Alderney given the size of the market overall. Rather, the difficulties in introducing the aircraft into the fleet have underpinned significant degradation in service provision to Alderney compared to the expected schedules and capacity on the routes. Consultee views are largely positive about the Dornier experience when compared to the old Trislander aircraft, with only one consultee believing that there remained risk that the aircraft was perceived by visitors as *"small and uncomfortable"*. The Dornier 228 type remains in manufacture and is likely to remain in airline fleets and/or be available on the market for a considerable time to come.

***Load Factors***

3.31 Although we were provided with load factor data from the States of Alderney, we requested a longer time series of similar data from Aurigny in order to identify when the reported capacity problems on the services became critical. This information was not made available so we have based our analysis jointly on the short data series provided by the States, supplemented by flight data provided by the Airport, adjusted for 'likely' seats bookable, covering the period 2013 to 2016 (to end of August). In applying the 'likely' seats bookable, we recognise that Aurigny's operation shows more variability than normal in terms of making fewer seats available for sale than the aircraft can theoretically carry. Without the additional data from Aurigny, we have no way of identifying or estimating these effects. We recognise that this could lead to some marginal understatement of the actual load factor but we believe that our analysis still still shows broad load factor trends.

3.32 We have used the available data to establish patterns of growth in load factors which supports the views presented during the consultations and the evidence assessed by the States, that increasingly there is a lack of availability for flight bookings. **Table 3.5** illustrates the January – August comparison of load factors for each of the key routes (inbound and outbound) for the comparative period from 2013 to 2016 and highlights that load factors are at their highest in 2016 across all routes on average.

**Table 3.5: Jan-Aug Load Factor Comparison by Route**

| Year | ACI-GCI | GCI-ACI | ACI-SOU | SOU-ACI |
|---|---|---|---|---|
| 2013 | 55% | 56% | 65% | 68% |
| 2014 | 57% | 58% | 64% | 67% |
| 2015 | 57% | 55% | 63% | 65% |
| 2016 | 60% | 67% | 67% | 69% |

Source: Alderney Airport, York Aviation

3.33 However, as the data in Table 3.5 includes the quieter winter months when load factors are generally lower, we have also looked at the profile of load factors by day for each route over the whole period as shown in **Figures 3.5** and **3.6**, where there could be some marginal upward trend[13] in load factor through 2015 and into 2016, but particularly on the inbound services for both Guernsey and Alderney.

[13] Indicated by higher density of records at higher load factor.

3.34 We have looked at the number of occasions within each year on which load factors were above 90%, 95% and at or above 100%. The results are shown in **Table 3.6** and show an overall upward trend in the number of days on which flights are at the higher end of the load factor scale. The upward trend into 2016 is of more concern as this only covers the first 8 months of the year, rather than the full 12 months in the other years shown. The problem may actually be worse, based on the short time series provided by the States of Alderney for 2016 which reflect actual seats on sale rather than the aircraft capacity. This will mean that, in reality, the number of days where very few or no seats are available for booking will be higher than shown here, although the trend over time should still be consistent.

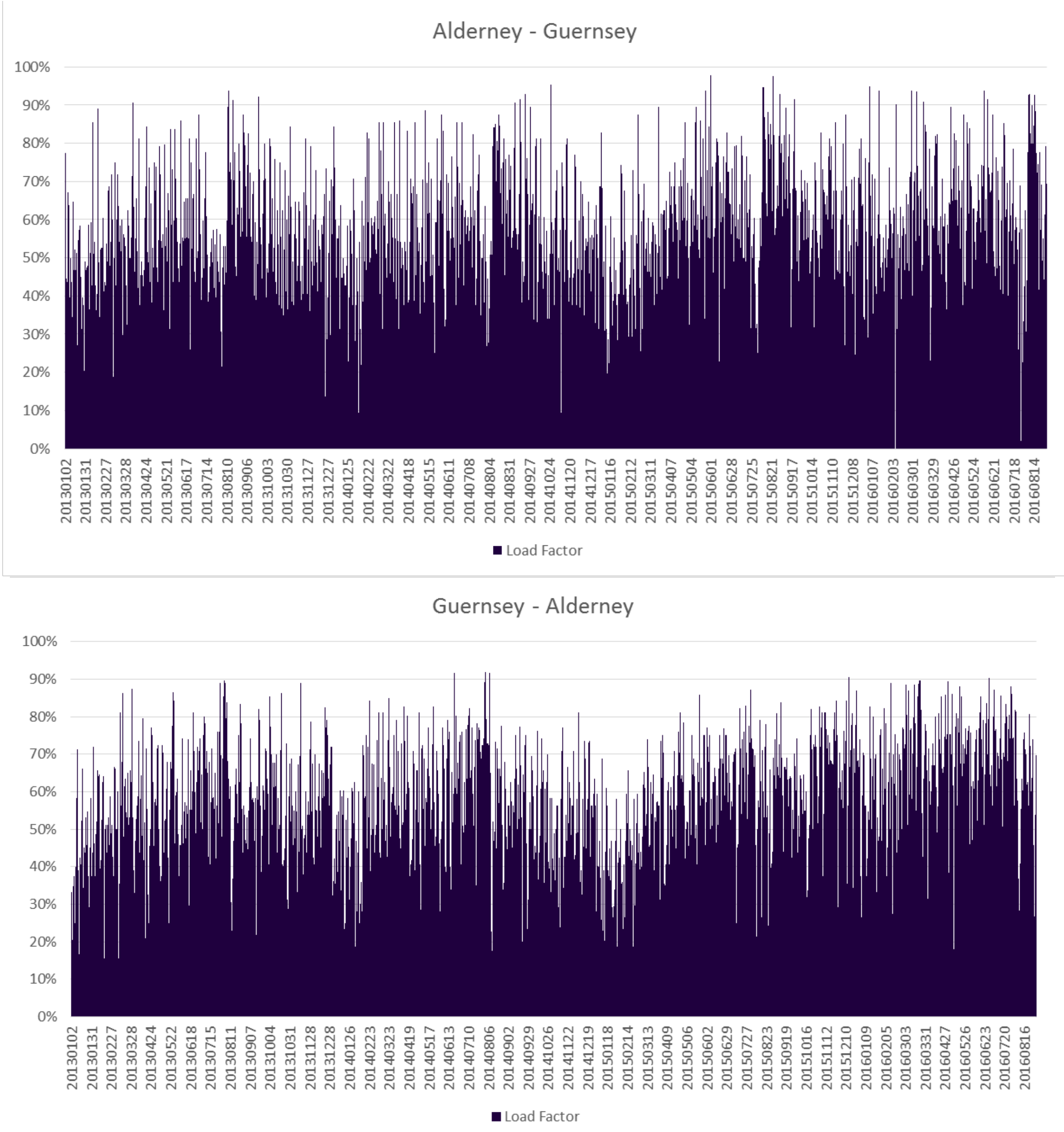
**Table 3.6: Number of Days by Average Load Factor**

| | | Above 90% | Above 95% | 100% or Above |
|---|---|---|---|---|
| Alderney – Guernsey | 2013 | 4 | 0 | 0 |
| | 2014 | 4 | 1 | 0 |
| | 2015 | 7 | 2 | 0 |
| | 2016* | 11 | 0 | 0 |
| Guernsey – Alderney | 2013 | 0 | 0 | 0 |
| | 2014 | 3 | 0 | 0 |
| | 2015 | 1 | 0 | 0 |
| | 2016* | 1 | 0 | 0 |
| Alderney – Southampton | 2013 | 20 | 2 | 1 |
| | 2014 | 6 | 0 | 0 |
| | 2015 | 22 | 7 | 1 |
| | 2016* | 19 | 7 | 2 |
| Southampton – Alderney | 2013 | 6 | 1 | 1 |
| | 2014 | 1 | 0 | 0 |
| | 2015 | 14 | 4 | 2 |
| | 2016* | 19 | 7 | 5 |

*Note: *2016 is only first 8 months of year. All others are full year.*

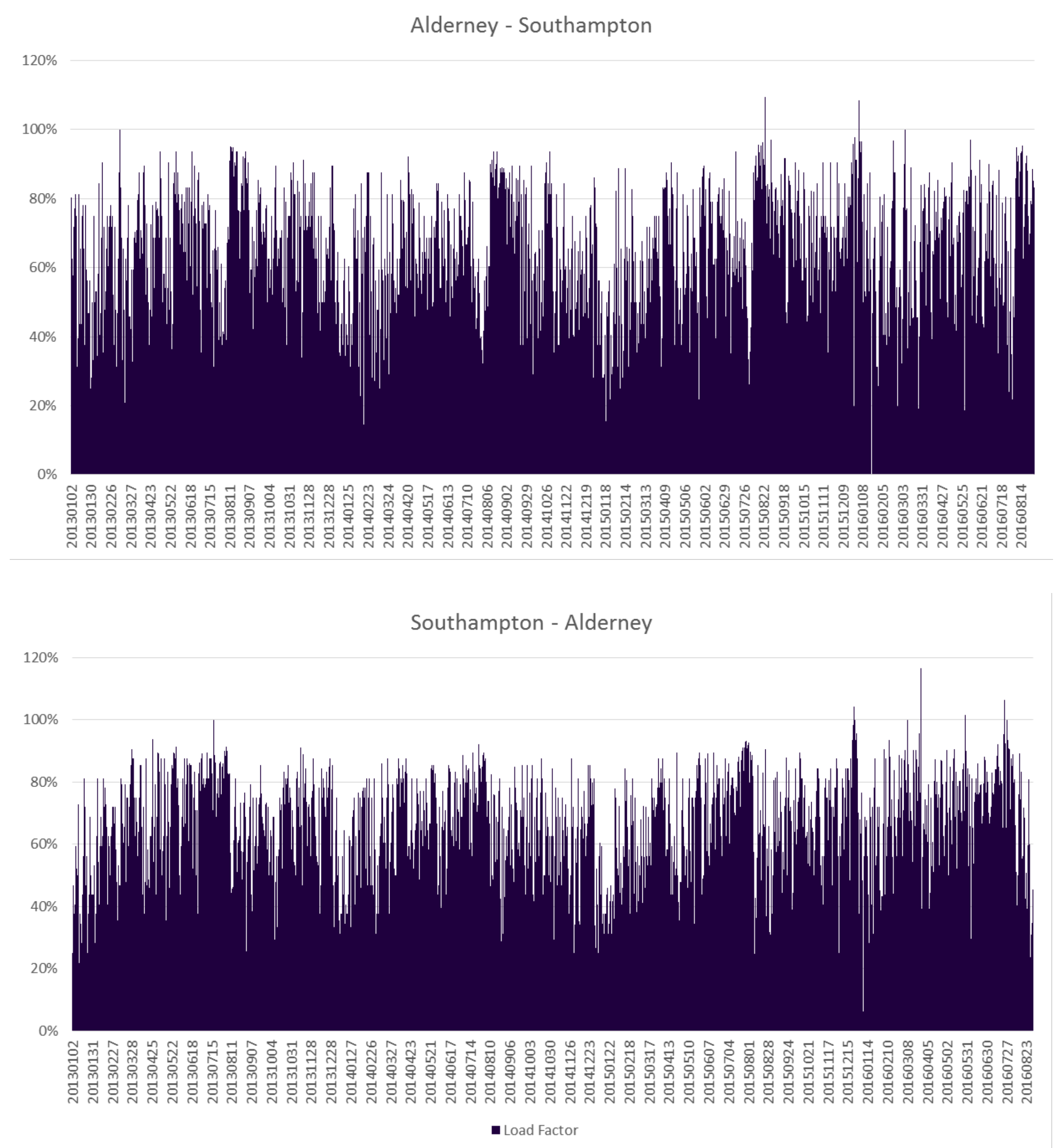
Source: Alderney Airport, York Aviation

**Figure 3.5: Daily Load Factors 2013 – 2016 To/From Guernsey**




Source: Alderney Airport, York Aviation

**Figure 3.6: Daily Load Factors 2013 – 2016 To/From Southampton**




*Note: Although some flights are shown above 100% Load Factor,it is assumed that Aurgny made more seats available for booking compared to our assumed seats available.*

Source: Alderney Airport, York Aviation

3.35 Although consultees indicated that the greatest load factor constraints are perceived to occur at the peak of the summer, the Airport data indicates a greater spread of occasions when there are high load factors, with particular peaks in 2016 around March, May, June and July. To some degree, this may be the result of flight cancellations in these periods and the re-booking of passengers onto following services. We understand that July and August 2016 were particularly bad for lack of seat availability due in large part to poor weather and, indeed, some days in these months are at the higher end of the load factor data. Such events inevitably impact on seat availability, particularly for bookings in the last few days prior to flying as may be expected to impact more on business related trips and last minute decisions by local residents.

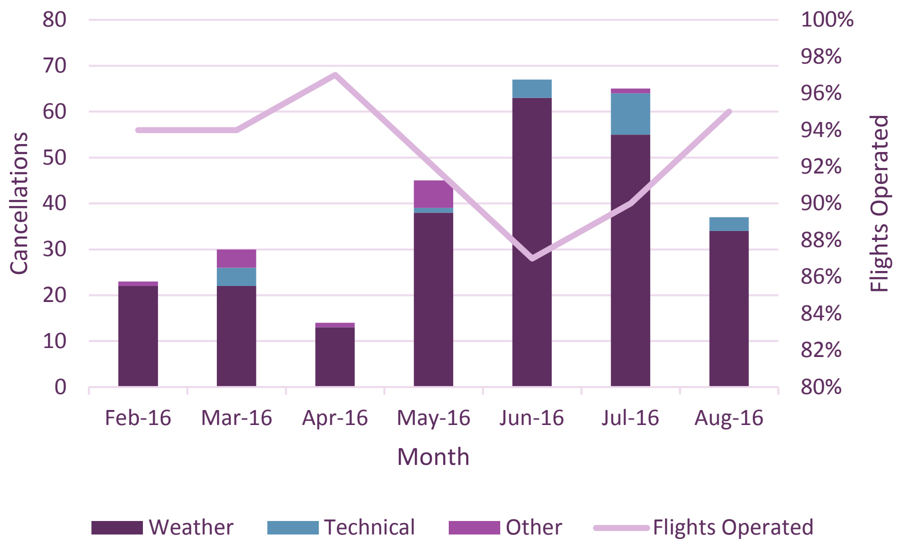
3.36 It must also be remembered, however, that for large parts of the year, load factors are quite low, often below levels that would be considered sustainable by airlines on a commercial basis. There are a number of flights which operate with no passengers at all. In the first 8 months of 2016, nearly 400 scheduled flights, or 11% of all passenger services, operated with 4 or less passengers, of which over 100 had no passengers on at all (3% of all flights). 25% of all passengers flights operated at less than 50% load factor over this period and by the year end this figure would be expected to be higher due to the proportion of the current data occurring in the summer peak (32% for full year 2015). This is an important consideration when determining the suitability of operating larger aircraft on a commercial or subsidised basis. Aurigny told us that it experienced particular problems due to passenger flows often being in one direction only, on or off the island, leading to difficulties in matching aircraft capacity to demand in a cost effective manner.

***Reliability***

3.37 Consultees also highlight a perception of increased levels of cancellations over the last two years, but particularly into 2016. Aurigny have provided us with some data which shows that the changeover to Dornier 228 aircraft has brought operational difficulties, which have led to some flight cancellations and also required some continued provision of service by the older, typically less reliable, Trislanders. The lack of interchangeability of the fleets has made crewing difficult as not all pilots are as yet licenced to operate both types.

3.38 As can be seen in **Figure 3.7**, in each month from February to August, Aurigny has operated between 87-95% of planned flights. Out of the 281 cancelled flights over that period, 88% were cancelled due to weather conditions, with technical cancellations accounting for 7% and 'other' for 5%, although we do not have clarity of what this constitutes and it may include crew issues.

**Figure 3.7: Flight Cancellation Data, February-August 2016**




Source: Aurigny

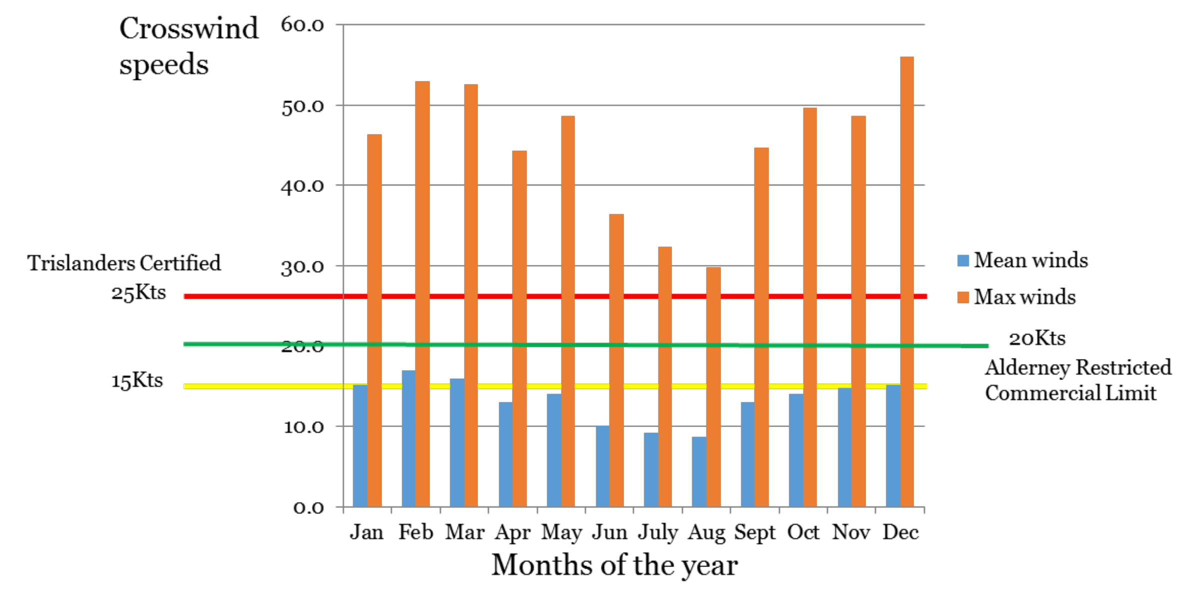
3.39 The period from May through to July saw a significant dip in flights operated, as highlighted by consultees. However, it has been widely recognised that this period suffered unusually high levels of fog this year which disrupted the services and, indeed, in the worst month for flight cancellations, June, 94% of all cancelled flights were the result of weather. It was generally perceived that reliability had improved again from late July into August. There are two primary drivers of weather cancellations, low visibility (fog or low cloud) and crosswinds.

3.40 The first of these appears to have been responsible for a significant number of cancellations this year, particularly during the peak summer periods, leading to some of the difficulties in terms of flight availability as passengers were rebooked onto following services, or unable to be accommodated. Alderney Airport does not have any form of Instrument Landing System (ILS), however, and one is not proposed as part of any of the options, so cancellations related to fog will continue to apply for any aircraft type regardless of runway length, albeit the scope to accommodate displaced passengers may have been eased by more seat capacity being available with larger aircraft types, which we consider below.

3.41 The second of the weather conditions, crosswinds, is more dependent on the aircraft types being operated and gives rise to additional impacts at present because the narrow runway width of 18 metres has led to both the Trislander and Dornier 228 being required to operate 20% and 33% below their normal operational limits respectively. Had the runway width been increased, as planned under all options, at least some of the weather related cancellations would not have arisen. In future, a more extensive use of the Dorniers, combined with the increased runway width, would lead to fewer cancellations during crosswinds than has historically been the case. Nonetheless, it would still be the case that the introduction of larger aircraft, such as the ATR-42, could reduce the number of cancellations further as they have higher limits on operations (maximum of 35 knots of crosswind, compared to 30 knots on the Dornier 228).

3.42 We do not have sufficient data to establish the number of cancellations which would have been avoided had the current fleet been able to operate at their full capability or indeed if larger aircraft had been able to operate. However, as Regional and City Airports (RCA) indicated in their work for the States of Alderney, and presented below in **Figure 3.8**, the mean wind speeds for each month over the time period 1992-2011 have been at or below 15 knots (except February which is marginally above), so well within the capability of the Dorniers assuming the runway is widened as planned. Based on the maximum crosswind speeds, the ATR-42 would only have provided a crosswind capability advantage in one month compared to the Dornier 228 and there would have been a risk of cancellations at maximum crosswinds with either aircraft type.

**Figure 3.8: Crosswind History on Runway 08-26, 1992-2011**




Source: RCA

3.43 Whilst most recent cancellations have been weather related, there remain non-weather related cancellations, which in combination accounted for between 0.2% and 1.5% of all planned flights throughout the early part of 2016. We have outlined some of the operational difficulties encountered by the airline earlier in this section, but understand that, as the Trislanders are finally replaced by the next new Dornier, the levels of cancellations associated with technical or crew issues should diminish. It must be recognised that aircraft technical or crew issues would continue to be a problem for larger aircraft and do afflict all airlines. Such problems are exacerbated when older aircraft are operated, so there is some tension between seeking to minimise the cost of aircraft acquisition and the risk of fleet reliability.

3.44 Historically, Aurigny's response to cancellations, beyond simply rebooking passengers onto planned flights with available seats, has been to add on additional services. As described earlier, this was a result of the historically large fleet of Trislanders, giving it greater flexibility. For commercial reasons, the decision has been taken not to add additional flights to the same degree, partly as the number of available aircraft has reduced. There would still remain some scope with the number of available aircraft to add some additional services if required, although it is likely the carrier would wish to be compensated for this, due to the increased operational costs of putting these services on as per the terms of its Memorandum of Understanding, outlined below.

3.45 There would, therefore, be some advantages for Aurigny (or other carriers) if larger aircraft could be used on occasion because it would allow some flexibility to use other aircraft in the fleet to recover from disruptions. However, as the carrier has indicated an intention to move away from the ATR-42 anyway, this would necessarily imply the use of the ATR-72, which for reasons we explain later, may not be feasible.

***Memorandum of Understanding***

3.46 Earlier this year, a Memorandum of Understanding (MOU) was put in place between Aurigny, the States of Alderney and the States of Guernsey regarding the levels of service to be delivered by the airline on routes to/from Alderney. The MOU acknowledges that, although the services from Alderney to Guernsey and Southampton are currently loss making, the provision of the services is fundamental to the long term economic and social sustainability of Alderney. The MOU is intended to deal with the service levels, frequencies and air fares and to strike the right balance between the needs of Alderney and the level of losses being incurred by Aurigny in operating the services. Medevac services and postal services are covered by separate contractual arrangements.

3.47 The terms of this MOU need to be seen within the context of an overarching Memorandum of Understanding between Aurigny and the Treasury and Resources Department of the States of Guernsey (as shareholder), which sets out a commercial and financial objective for the airline to achieve break even on its operation but, significantly, excludes the lifeline services to/from Alderney from this requirement. We note that, currently, Aurigny is still recording sizeable losses across the whole operation which cannot be entirely explained by the losses on the Alderney services.

3.48 The key provisions of the MOU are:

- the assumption that the services will be operated by Trislander or Dornier 228 aircraft with seating capacity up to 18 seats, with the transition to an all Dornier fleet during 2016;
- specified daily frequencies of service, which vary by day of the week and month of the year, including a provision for an additional number of rotations to be operated in most of the months over and above the core schedule to meet variable demand;
- on both routes, specified frequencies are higher at weekends and in summer, particularly in August;
- it is assumed that the specified frequencies can be operated with between 1.25 and 2 aircraft, including the postal services, but that a 3rd aircraft will be available on standby to cover maintenance and to recover from weather related and other disruptions;
- fare bands are specified (discussed further below).

3.49 The MOU recognises that there may be operational circumstances, e.g. weather, that are beyond Aurigny's control and which may result in the number of services actually operated being below those set out in the MOU. There are also provisions allowing Aurigny and/or the Treasury and Resources Department of the States of Guernsey to amend the service levels in the event of competitive entry of another airline onto either of the routes or onto competing ferry services, changes affecting the opening hours of any of the airports or their capability to handle the services or changes to the number of bedspaces or visitor facilities on Alderney.

3.50 There are also obligations on the States of Alderney to market the services, particularly to improve load factors in off-peak periods and to address the problems of one-directional flows during peak periods (more inbound visitors in particular weeks of the year and different directions of flow on different days of the week), all of which contribute to the operational inefficiencies which ultimately contribute to Aurigny's operating losses on the routes as we discuss further below.

3.51 It should be noted that the MOU is, in essence, a 'reasonable endeavours' agreement and lacks the contractually binding terms and penalties for non-performance which would be in place with a Public Service Obligation. This is one reason why the imposition of a PSO would be beneficial to Alderney as it would provide greater incentives to delivery, albeit it might come at the expense of higher subsidy levels required compared to today's losses.

3.52 We understand that it is intended that the MOU will be revised in the coming months to re-specify the requirements for 2017.

***Fare Levels***

3.53 The MOU specifies the proportion of seats which can be sold by fare band and we understand from Aurigny that achieved fares are consistent with this banding as shown in **Table 3.7**.

**Table 3.7: Fare Bands specified in the MOU**

| | | | | |
|---|---|---|---|---|
| **Alderney – Guernsey** | | | | |
| Fare Band | £10-31 | £32-41 | £42-53 | £54-66 |
| Percentage of Passengers | 7% | 34% | 21% | 37% |
| **Alderney – Southampton** | | | | |
| Fare Band | £10-42 | £43-78 | £79-116 | £117-£145 |
| Percentage of Passengers | 6% | 17% | 38% | 39% |
| Source: MOU | | | | |

3.54 We requested data on actual air fares achieved from Aurigny but this has not been provided. One way of assessing the average air fare achieved would be to assume that the airline achieves the mid-point of the range in each band as set out in the MOU. On this base, the average fare yield achieved should be £46 each way on the Alderney to Guernsey route and £52 each way on Alderney to Southampton route. However, we note that the fares on sale this winter for the Alderney to Guernsey route are in the range £46 to £61 and for the Alderney to Southampton route in the range £77 to £140, with the top of the range being a fully flexible ticket in each case. This would suggest that a reasonable proportion of tickets must be sold at lower than the published adult fare to comply with the requirements of the MOU, however this is not obvious from the website, possibly because these lower fares are not fully available for public sale.

3.55 There is a perception on the island that fares are higher than paid elsewhere for comparative routes. One of the arguments for larger aircraft is that they could deliver lower fares comparable with the prices offered by Flybe on some of its routes in the UK. It must be recognised, though, that lower fares on larger aircraft will only be achieved with more passengers, as the aircraft themselves are more expensive to buy and operate. This is often accompanied by a reduction in frequency to ensure that high load factors are attained to enable the low fares to be offered.

3.56 The use of larger aircraft does, in large part, explain why Flybe is able to offer some very cheap fares on higher volume routes with 78-seat aircraft (i.e. larger than could operate off an extended runway on Alderney). With the exception of new routes where fares are often lower to encourage initial bookings, 'Lead-In-Fares', i.e. the lowest price usually available on a route, may be of the order of £25-30 one-way on Flybe routes, but fares at these low levels often apply only to their largest routes, carrying 250-300,000 passengers a year. Furthermore, these fares will only be applicable to limited numbers of passengers and, for UK regional airlines, the lowest fare bands often cover around 10-20% of passengers, so higher than the 6-7% seen in the MOU for Alderney, but not by a significant margin. The relationship of air fares to operating costs is considered further in Section 5.

3.57 To consider how Alderney's fares compare to similar routes, we have undertaken some air fare searches for routes to/from and between the Channel Islands and between the Isle of Man and Liverpool (as a comparator to the Southampton route). The results can be seen in **Table 3.8**.

**Table 3.8: Air Fare Search Comparison**

| Day Return Business Trip Example | Cheapest | | | Flexible | | | 2015 Passengers | Notes: |
|---|---|---|---|---|---|---|---|---|
| **Tue 1st Nov 2016 - Day Return** | **O/w (£)** | **Ret (£)** | **Total (£)** | **O/w (£)** | **Ret (£)** | **Total (£)** | | |
| Alderney - Southampton | 122 | 122 | 244 | 140 | 140 | 280 | 24,000 | |
| Guernsey - Southampton | 100 | 101 | 201 | 228 | 241 | 469 | 140,425 | |
| Jersey - Southampton | 58 | 82 | 140 | 218 | 242 | 460 | 118,862 | |
| Isle of Man - Liverpool | - | - | - | - | - | - | 200,784 | easyJet – no day return |
| | 79 | 59 | 138 | 195 | 185 | 380 | | Flybe |
| Alderney - Guernsey | 57 | 57 | 114 | 61 | 61 | 122 | 35,778 | |
| Guernsey - Jersey | 63 | 64 | 127 | 70 | 70 | 140 | 126,838 | |
| **Weekend Break Example** | **Cheapest** | | | **Flexible** | | | **2015 Passengers** | **Notes:** |
| **Fri 2nd - Sun 4th Dec 2016** | **O/w (£)** | **Ret (£)** | **Total (£)** | **O/w (£)** | **Ret (£)** | **Total (£)** | | |
| Alderney - Southampton | 122 | 101 | 223 | 140 | 140 | 280 | 24,000 | |
| Guernsey - Southampton | 77 | 61 | 138 | 218 | 242 | 460 | 140,425 | |
| Jersey - Southampton | 43 | 67 | 110 | 217 | 242 | 459 | 118,862 | |
| Isle of Man - Liverpool | 49 | 34 | 84 | 105 | 105 | 210 | 200,784 | easyJet |
| | 51 | 31 | 82 | 195 | 185 | 380 | | Flybe |
| Alderney - Guernsey | 46 | 46 | 92 | 61 | 61 | 122 | 35,778 | |
| Guernsey - Jersey | 59 | 40 | 99 | 66 | 47 | 112 | 126,838 | |

| Week Away Example | Cheapest | | | Flexible | | | 2015 Passengers | Notes: |
|---|---|---|---|---|---|---|---|---|
| Sat 21st - Sat 28th Jan 2017 | O/w (£) | Ret (£) | Total (£) | O/w (£) | Ret (£) | Total (£) | | |
| Alderney - Southampton | 77 | 77 | 154 | 140 | 140 | 280 | 24,000 | |
| Guernsey - Southampton | 18 | 42 | 60 | 218 | 242 | 460 | 140,425 | |
| Jersey - Southampton | 18 | 42 | 60 | 218 | 242 | 460 | 118,862 | |
| Isle of Man - Liverpool | 24 | 26 | 51 | 62 | 61 | 123 | 200,784 | easyJet |
| | 37 | 27 | 64 | 195 | 185 | 380 | | Flybe |
| Alderney - Guernsey | 46 | 46 | 92 | 61 | 61 | 122 | 35,778 | |
| Guernsey - Jersey | 40 | 40 | 80 | 46 | 47 | 93 | 126,838 | |
| *Search Date: 24th October 2016, showing fares at 1-week, 6-weeks and 3-month booking timeframe.* | | | | | | | | |
| Source: Airline booking websites, CAA Statistics | | | | | | | | |

3.58 The results are a mixed picture, but a few key points are:

- On the Alderney – Guernsey route, in two of the three examples, non-flexible fares are actually cheaper than on the equivalent Guernsey – Jersey flights, including for travel at short notice (one week away). This is despite the Guernsey – Jersey route having more passengers and larger aircraft at a four daily frequency;
- For flights to the UK, Alderney is consistently the highest priced fare across all booking periods for non-flexible tickets booked in advance. Booking one week ahead shows fares around 21% higher than from Guernsey and around 75% higher than from both Jersey and the Isle of Man on comparative routes. Given the passenger volumes on these routes, it seems likely that passengers do benefit from the combination of higher volume demand and larger aircraft delivering lower operating costs;
- In contrast, fully flexible tickets from Alderney to Southampton (the maximum price sold) are significantly cheaper than the same routes from Jersey and Guernsey. In so far as some passengers find only fully flexible tickets available at last minute from Alderney, this works in their favour, although the likelihood of passengers only being able to book fully flexible tickets from the larger islands is minimised by the total available capacity on those routes.

3.59 However, to some extent, the higher fares need to be seen in the context of the heavy losses being sustained by Aurigny on the routes and the airline is simply seeking to minimise the losses which it makes. Other airlines would seek to do the same.

3.60 Although we have not seen detailed fare data from Aurigny, which would have allowed us to look in more detail at seasonality and availability of fares, we understand anecdotally that fares over the summer are often pushed higher for residents because tourists tend to have a longer booking period ahead of flights, so taking up the cheaper fares early. In line with typical airline yield management systems, fares closer to the day of travel would be expected to be at the higher end of the available fares when residents come to book within a shorter time horizon.

3.61 On this basis, Aurigny's approach to fare management is in line with almost all airlines, except the low fares carriers such as Ryanair and easyJet, who may sometimes lower fares closer to the time of travel if they need to sell more seats to reach load factor targets. For most conventional airlines, and certainly most in the regional airline business, fares will typically increase closer to the time of travel regardless of the number of seats sold.

3.62 With no fare data available from Aurigny, we have been unable to establish how any additional flights beyond those originally scheduled are charged for, or made available.

***Commercial Viability***

3.63 Whereas the losses on the Alderney services were previously reported to the States of Guernsey to be of the order of £900,000 a year in 2014, Aurigny has advised us that, based on internal audit reports, the losses are now closer to the order of £1.5 million a year when all the costs are properly allocated. This will, in part, reflect the operation of the newer Dornier aircraft rather than the older Trislander fleet, which were fully depreciated, and may also reflect the recent service difficulties and inefficiencies.

3.64 Whatever the levels of air fare yield achieved, they are clearly insufficient to cover the costs of operating with the current fleet of aircraft. This is partly a reflection of the year round, as distinct from peak period, load factors and a reflection of the uni-directional nature of the flows, particularly in summer and connected with Alderney week, with it being relatively common for some services to operate full in one direction but virtually empty in the opposite direction. This pattern of demand creates challenges for any airline operator. At present, the airline or, rather, the States of Guernsey is effectively providing an average subsidy for each one way passenger carried of around £25, although we recognise that this may reflect to some degree the additional costs incurred during the transition to the Dornier fleet such that they may revert to a more 'normal' level in future.

3.65 What the analysis does tell, however, is that services to Alderney are not commercially viable, not least because of the asymmetry of the passenger flows and the extreme peaking in the height of summer period. If the routes to Guernsey and Southampton are not commercially viable, it is unlikely that regular services to other destinations would be so. Introducing larger aircraft well ahead of increased levels of demand would be likely to worsen losses on the routes as we go on to examine in Section 5.

### Conclusion on the Current Performance of the Air Services

3.66 Overall, whilst there is evidence that there has been some suppression of demand over the last couple of years due to unreliability, cancellations and flights being full, preventing bookings at short notice, we have no evidence to suggest that this has been a long term problem. There appears to have been a general level of satisfaction with the services offered up until around 2010 and no suggestion that the air service offer was a factor in the economic decline of Alderney over the longer term.

3.67 The relatively high air fares may well have been a deterrent to some travel by both residents and visitors but, in the absence of time series data for air fares, we are not able to estimate any elasticity effect over time. However, the fare levels have to be seen in the context of the operating losses sustained by Aurigny, which mean that lower fares could only be offered if the additional costs of subsidy could be borne by Alderney or the Bailiwick.

3.68 It is important not to concatenate short term operational difficulties with the longer term market trends. The former are almost entirely unrelated to the planned level of service capable of using the existing infrastructure but reflect the problems of flying aging Trislander aircraft and the problems encountered in transitioning to a Dornier fleet. We consider further in Section 6 the appropriate baseline against which to consider whether there is a case for a runway extension.

### Requirement for Improved Air Services

3.69 It is clear from our discussions with stakeholders, set out in Section 2, that there is a need for an improvement in the quality and reliability of the air services, ideally at lower fare levels. Whilst there are aspirations for additional routes, such as Jersey, to be offered, the principal concerns relate to reliability, relatively high fare levels and shortage of seats at peak times or following periods of disruption. What is less clear is the extent to which these issues are a material factor in key economic drivers, such as resident population or tourist numbers, not least as the latter tend to book in advance and avail of whatever lower fares are on sale in advance when making their plans.

3.70 We go onto consider in the Section 5, the extent to which an extended runway, allowing the operation of larger aircraft, would address the shortcomings, perceived and actual, of the current air services.

# 4 RUNWAY OPTIONS AND COSTS

## Runway Options

4.1 We have based our understanding of the runway options under consideration on the TPS Report of August 2014[14], the Terms of Reference and subsequent discussions with TPS.

4.2 The Terms of Reference for this study define the three options we are asked to consider as follows:

- **Option 3**: Reconstruct all paved surfaces at the Airport and extend the runway width to 23 metres with enhancements to improve runway lighting and more efficient drainage;
- **Option 5:** Extension of asphalt runway to 1,100 metres, from its current 877 metres, and extend width to 30 metres to accommodate larger GA and commercial aircraft – with consideration of options for both concrete and asphalt products;
- **Option 6:** A hybrid scheme which delivers Option 3 with certain additional enhancements to the design that would facilitate a less expensive and less disruptive move to a runway extension at some point when the business need is more apparent.

4.3 Our task is to consider the incremental costs and benefits of delivering Option 5 or Option 6 compared to the baseline of completing the Option 3 works.

4.4 The TPS study of August 2014 examined a broader range of runway improvement options, including options to surface, lengthen or relocate one or more of the current grass crosswind runways. The options in relation to the grass runways do not form part of our study and we understand that these are no longer under consideration.

4.5 As noted above, the runway is currently 877 metres in length and operates as a Code 2B runway. We discuss further, in the next section, the limitations this imposes on the aircraft types which can operate. Option 3 preserves the physical length of the runway but reinstates the width to 23m (currently 18m) so improving cross wind capability, improves its surface, which is currently subject to some deterioration, and improves the drainage and lighting so providing some greater resilience to the effect of weather.

4.6 The TPS study of August 2014 does not set out further details of the required reconstruction of the main runway which comprises Option 3 above. It is our understanding that the requirements for this reconstruction follow the recommendations of the earlier Mott MacDonald Report[15].

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[14] Alderney Airport Runway Options Study, Final Report, August 2014.
[15] Mott MacDonald, Alderney Airport Runway Review Report, May 2012.

4.7 In terms of the potential for extending the runway, these were considered in terms of the ability to handle aircraft of 42 seat capacity, with the ATR42[16] taken as the reference aircraft giving a requirement for a runway 1,100 metres long x 30 metres wide (Category 2C) with strength PCN 11. We consider further the types of aircraft which could use such a runway in the next section. Consideration was not given to the requirements for substantially larger aircraft types, such as the ATR72, and accommodating larger aircraft still would have consequential cost implications.

4.8 In considering the options for extending the runway, TPS anticipated that space for a full RESA (Runway End Safety Area) would be needed at each end of the runway. Widening of the taxiway to meet 'Code C' criteria would also be needed. TPS considered that the existing apron should be adequate to allow the operation of a single ATR42 aircraft at any one time. Two options for extending the runway were considered, having regard also to the need to ensure that existing Dornier 228 operations would need to be maintained during the construction phase to ensure continuity of service. The two options were to extend the runway by 223 metres to the east or to the west:

- *West extension* - extension of the runway westwards would require some earthworks to re-profile the 08 end of the existing runway and the land forming the extended runway strip and RESA, taking into account the need to re-route the road and protect the La Hougue de la Taillie tumulus. New runway lights would be required for the extended runway at the 08 end, which would be difficult given the need to extend across the Vallee des Trois Vaux. There is also potential for some significant operational issues related to the potential for turbulence from westerly or south-west winds on take-off, which were identified by Aurigny.
- *East extension* - extension of the runway to the east would involve more extensive earthworks to re-profile the ground west of the intersection with Runway 03/21. This would include raising the ground levels at the head of the Vau du Sud to form the extended runway strip. A new approach light system to Runway 26 would be necessary requiring relocation of the existing Non Directional Beacon (NDB). Associated works would involve re-routing existing roads around the runway extension and RESA and new runway drainage as with the westward extension.

Because of the operational and maintenance issues associated with an extension to the west, it was recommended that the preferred option would be to extend the runway by 223m to the east.

4.9 To achieve the required pavement strength (indicated above in accordance with the ICAO ACN/PCN Aircraft/Pavement Classification Number system for ATR-42 aircraft), pavement works are based on:

- 100mm bituminous overlay of existing runway pavement, or

[16] Which carries 48 seats.

- 275mm bituminous materials on 225mm granular sub-base for new construction including widening.

It was noted, however, that the detailed requirements would be subject to verification through the design process. Nonetheless, the feasibility study did indicate that it would be technically feasible to extend and widen Runway 08/26 for operations by 42-seater aircraft types. It would also be necessary to widen and realign the taxiway from Runway 08/26 to the apron to meet Code C regulatory criteria, including addressing the gradient of the existing taxiway through realignment.

4.10 In their 2014 report, TPS addressed the question of the options for extending the runway as a single phase exercise, i.e. Option 5. They have recently considered how a phased development could best be achieved (Option 6), including some works to safeguard the ability to construct the extension at a later date whilst minimising disruption to operations. Their current view on the works required under each option are set out in **Appendix C**.

### Costs

4.11 Details of the costs relating to each of the runway options were provided by TPS and are set out in further detail in Appendix C. The costs have been built up by estimating the cost of the equivalent works if undertaken on the UK mainland then adjusting the relevant elements of the costs by an 'island factor' to reflect the additional costs involved by the need to import materials and labour to Alderney. An 'island factor' adjustment is required because material, labour and staff costs for this type of specialist work will all be higher than in UK:

- Material costs are higher because of the cost of their transhipment to Alderney, plus the associated charges from double or even triple handling of the product;
- Labour costs are higher because the skilled labour needed for this type of work will be supplied from the UK on a rotational shift system, with associated travel costs and local accommodation costs to be met for this type of working;
- Staff costs are higher because staff will be supplied from either the UK or Guernsey and will be subject to similar travel and local accommodation costs as are the labourers.

These higher costs will be incurred by the successful contractor throughout the contract period.

4.12 The basis for this 'island factor' is more fully explained in Appendix C. These additional costs relate to the construction activity and are not applied to professional fees, site surveys and land lease/purchase. In summary, the current 'feasibility' costs estimates, with a range of estimates for the 'island factor' for each option are as set out in **Table 4.1**.

| Table 4.1: Runway Option Costs[17] | | |
|---|---|---|
| | Island Factor Range | |
| | **2.00** | **2.75** |
| **Option 3** | £7,220,000 | £9,760,000 |
| **Option 5** | £19,590,000 | £26,510,000 |
| **Incremental Cost** | **£12,370,000** | **£16,750,000** |
| **Option 6** | £24,175,000 | £32,705,000 |
| **Incremental Cost** | **£16,955,000** | **£22,945,000** |
| Source: TPS | | |

4.13 It has been suggested to us by consultees that the incremental cost between Options 3 and 5 should be less because the costs of mobilisation (getting people to the island) will be incurred for Option 3 and so the incremental costs of Option 5 should be lower (clearly, mobilisation will be incurred twice for Option 6). TPS has advised us that mobilisation is only a relatively small part (only around 6-7% of the base cost of Option 3) of the costs and the majority of the work will be subject to the effects of the 'island factor' relating to the cost of getting all materials to the island and of providing specialist labour on Alderney for the life of the project, both of which are distinct from the mobilisation costs. This mobilisation cost largely comprises the cost of transporting and erecting the specialist asphalt batching plant and its associated equipment at the outset of the project. This is not double counted into the incremental cost of Option 5 as TPS advise that the same mobilisation costs are assumed to be incurred as part of Option 3 as for Option 5. To the extent that there might be some economies of scale as a consequence of the greater extent of works under Option 5, these would marginal relative to the range of the 'island factor' uplifts assumed of between 2 and 2.75 applied to the incremental costs. However, this uncertainty is one reason why we take the range of incremental costs forward to the appraisal rather than a single point estimate.

4.14 It should be noted that these costs relate only to the defined airfield works. In addition, there will be other consequential costs at the Airport associated with handling larger aircraft, as discussed further later in this section.

4.15 It is highly likely that seeking to handle a wider range of aircraft types, such as the ATR72, would require additional strengthening of the runway to c.PCN14. This would increase the costs and also require additional cost to expand the apron area. We have not allowed for these additional costs within our appraisal at this stage.

[17] All costs are stated at Q4 2015 prices.

4.16 We are aware that alternative costs have been suggested by some parties. In particular, Regional & City Airports Ltd (RCA) has suggested that costs could be lower than suggested in the TPS Feasibility Study. We attended a presentation given by RCA on 24th August 2016, at which they presented their preliminary cost estimates. Their costs are not strictly comparable as they include for hardening of the crosswind grass runways, which does not form part of any of the options that we have been asked to consider. For the airfield works, the relevant comparators, stripping out these costs, are as follows:

**Table 4.2: RCA Comparative Cost Estimates**

| £m[18] | Airfield Works (Option 3) | | Runway Extension Incremental Costs (Option 5) | |
|---|---|---|---|---|
| | **RCA** | **TPS** | **RCA** | **TPS** |
| Base UK Price | £2.541 | £3.377 | £6.662 | £5.844 |
| Contingency | £0.295 | | £1.199 | |
| Fees and Land Costs | | £0.470 | | £0.680 |
| Alderney Island Factor | £0.661 | £3.373 – £5.913 | £1.332 | £5.846 – £10.226 |
| **Total** | **£3.497** | **£7.220 - £9.760** | **£9.194** | **£12.370 – £16.750** |
| Source: RCA/TPS | | | | |

4.17 The figures may still not be strictly comparable as RCA did not include the land acquisition costs (estimated at £200,000 for the runway extension) and also assumed that the costs for the batching plant could be excluded as this would also be used for other purposes on Alderney (e.g. road repairs), which TPS advise is not a realistic assumption. It is also not entirely clear whether these costs also included for all the necessary fees. On the other hand, RCA did make a specific allowance for contingency, which is not directly included within the TPS costs, other than encompassed within the 'island factor' range. Nonetheless, on a comparative cost at UK prices basis, the cost estimates are relatively similar, with RCA having slightly lower costs for the base case airfield works but slightly higher costs for the runway extension. In practice, the differences at this level may simply reflect how costs have been apportioned between the two parts of the project as RCA presented its cost for a single all-inclusive option only.

[18] Figures may not sum due to rounding.

4.18 The principal difference lies in the assumed 'island factor' which RCA assumed be in the range 0.2-0.3 for the civil engineering works compared to TPS's advice of 2-2.75 should be allowed. Whilst we recognise that RCA had benchmarked its estimate of the 'island factor' on discussions with a contractor who carried out works to refurbish the runway at the Isles of Scilly Airport recently, it did indicate that further work would be required to verify its costs, including the 'island factor', the specific ground conditions and the source of fill material, which we understand may have been underestimated. The magnitude of the difference to those 'island factor' estimates used by TPS based on actual Guernsey/Alderney experience leads us to the view that it would be high risk to assume that the cost impact of working on Alderney could be contained to the level suggested by RCA, although we have illustrated the effect of assuming lower costs as a low cost sensitivity test as summarised below and carried forward into the appraisal in Section 6.

4.19 In addition, we are aware that some parties on Alderney have suggested that material savings could be made by constructing the runway extension in concrete based on the costs of converting the runway at Sywell in the UK from grass to concrete. For the reasons explained by TPS in Appendix C, this may be a feasible option for a completely new hard surfaced runway but would give rise to issues of construction feasibility and regulatory risk given that the Alderney runway has an existing asphalt surface. It is not entirely clear whether the runway at Sywell was constructed to the standards required by the regulator for commercial passenger operations. For the purpose of our appraisal, we have discounted this option, not least as we have not been provided with any evidence of what might be proposed and included within the costs.

4.20 A further consideration in this appraisal is the treatment of 'optimism bias'. UK Treasury Guidance on appraisal notes the tendency for project appraisers to be optimistic in terms of the outturn cost of projects at the business case appraisal stage. For specialist engineering works, such as runway refurbishment and extension, the recommended adjustment for optimism bias is in the range 6-66% of the initial cost estimates[19]. Given the range of the projected 'island factor' on construction costs, we consider it inappropriate to add a further adjustment for 'optimism bias' but the recommended range of such an adjustment is broadly consistent with the difference between the upper and lower end of the range of recommended 'island factors'.

19 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/191507/Optimism_bias.pdf, Table 1.

## Other Consequential Costs

4.21 Handling larger aircraft at Alderney Airport would not only require a longer runway but there would be other consequential costs without which larger aircraft could not be operated even if the extended runway was provided. TPS have not been asked to address these costs but some estimates were given by RCA. In this case, the potential 'island factors' are less of a concern as the incremental costs relate to equipment, extension of the terminal and operating costs where there would not be the same requirement for high cost materials and specialist construction labour to be brought in specifically to undertake the works. However, adoption of RCA's cost estimates may be on the conservative side and outturn costs could be higher for these items.

### *Security*

4.22 The principal issue relates to the need for enhanced security procedures to be in place to allow the handling of aircraft with more than 19 seats/10 tonnes MTOW. It has been confirmed with the Office of the Director of Civil Aviation that there would a requirement to comply in full with these requirements if aircraft larger than the current Dorniers were to operate. This would include full security screening procedures, including screening of hold baggage.

4.23 RCA have estimated this would require an upfront investment of c.£1 million, principally to comply with the hold baggage rules. There would be additional operating costs of this equipment which, if passed on to passengers would simply increase air fares. For the purpose of our appraisal of the extended runway options, we have assumed a potential operating cost increase of £50,000 a year, if larger aircraft are operated, reflecting the security cost uplift assumed by RCA at higher traffic levels, as well as the additional capital costs to provide the necessary screening equipment and designated area perimeter security.

### *Terminal*

4.24 It is also evident that the existing terminal infrastructure would not be able to handle larger passenger loads, and comply with security requirements, principally in terms of the lack of adequate holding area 'airside' of security screening as well as the space to provide hold baggage screening. RCA have estimated that the costs of increasing the capacity of the terminal to handle larger aircraft to be of the order of £1.3 million. We have included this in our appraisal of the extended runway option as it would undermine the economic case for the runway extension if the extension was constructed to allow larger aircraft to operate but their operation was precluded due to security or terminal operation reasons. There would also be some incremental operating costs for a larger terminal but we have made not specific allowance for these as a newer building might also have some lower maintenance costs for example.

4.25 In summary, we will add £2.3 million to the incremental capital costs estimates provided for the runway extension works to allow for the costs associated with security and passenger handling of larger aircraft as well as an ongoing £50,000 a year in operating costs, including maintenance of the additional pavement in the short term[20].

**Summary**

4.26 On the basis that the works to the terminal and improved security are a necessary requirement to ensure that the benefits of an extended runway can be realised through allowing larger aircraft, the incremental costs associated with the runway extension and the ability to handle larger aircraft are in the range for Option 5:

- Low: £9.194 million + £2.3 million = £11.494 million according to RCA;
- Medium: £12.37 million + £2.3 million = £14.67 million at the low end of the TPS estimates;
- High: £16.75 million + £2.3 million = £19.05 million at the high end of the TPS estimates;

4.27 We note that the advice from TPS is that the Low end of the range is not realistic but it is included as a sensitivity test to illustrate the extent to which, if lower construction costs could be achieved, the project might attain a viability threshold.

4.28 If the lengthening of the runway was not carried out concurrently with the Option 3 refurbishment work, then the incremental costs would be even higher due to the requirement to integrate the works into the existing runway and due to remobilisation of the work. We do not have an estimate from RCA on this basis but assuming it would be in the same proportion as for Option 5, we have a range of costs for Option 6 of:

- Low: £12.602 million + £2.3 million = £14.902 million based on RCA costings;
- Medium: £16.955 million + £2.3 million = £19.025 million at the low end of the TPS estimates;
- High: £22.945 million + £2.3 million = £24.245 million at the high end of the TPS estimates;

[20] The initial impact on maintenance costs of having a longer runway will be negligible. In the longer term, the greater length of pavement would add to the costs when the next runway refurbishment is due. This may reasonably be expected to be beyond the current appraisal period.

4.29 It should be noted that our initial understanding was that the initial Option 3 costs would be higher in the circumstances where preparatory work would be undertaken to prepare the ground for Option 6 to be carried out at a later date but we are now advised by TPS that the costs associated with Option 3 refurbishment would not need to vary whether the runway extension was constructed as part of the same project or at a later date. This has implications for the appraisal as we no longer need to consider additional cost in the short term to facilitate the later extension of the runway. Option 6 can, hence, be appraised as a free standing project which would be undertaken at some future (unknown) date.

4.30 The costs outlined above have been taken forward to appraisal in Section 6

# 5 AIR SERVICE OPTIONS

## Aircraft Capability

5.1 The runway redevelopment schemes focus on two runway lengths, either the existing 877m, or an extension to 1,100m. Retention of the current runway length would see the Airport continue to be restricted to maximum 19-seat aircraft types. The proposed extension was designed around the capability of handling the 48-seat ATR-42 aircraft, but would in fact allow a broader range of aircraft to be handled. **Table 5.1** illustrates the aircraft which may viably operate from each runway length and current airline operators in the UK market. Where airlines do not yet operate these aircraft in the UK, this would not necessarily be a barrier as aircraft could be acquired by carriers that were interested in operating to Alderney and/or procured by the States as part of a PSO operation (based on the example of the Scottish Government which acquired two Twin Otter aircraft to guarantee the continued operation of the PSO routes to Campbeltown, Tiree and Barra), which rely on that aircraft type being available.

**Table 5.1: Viable Aircraft By Runway Length**

| | Aircraft Type | UK Operators |
|---|---|---|
| 877m Runway Length | Trislander (17 seat) | Aurigny |
| | Dornier 228 (19 seat) | Aurigny |
| | Let 410 (19 seat) | CityWing |
| | Twin Otter (18 seat) | Isle of Scilly Skybus |
| 1,100m Runway Length | Dornier 328 (32 seat) | Loganair |
| | Dash-8-Q100/Q200 (30-36 seat) | None |
| | Dash-8-Q300 (50 seat) | None |
| | ATR-42 (48 seat) | Aurigny, Blue Islands (Flybe), Stobart Air (Flybe/Aer Lingus) |
| | Saab 340B+WT (36 seat)* | Loganair |

*Note: *May have some payload restrictions*

Source: York Aviation

5.2 There may be other types which could operate with greater payload restrictions than those shown above, such as the SAAB 2000, and, based on the runway length alone, it could be possible for Aurigny to operate their ATR-72 aircraft from 1,100m runway (there are examples of this aircraft type operating from similar runway lengths in the UK, albeit on an ad-hoc basis and with weight restrictions). Whilst we can see some merit in enabling Aurigny to deploy on its ATR-72 aircraft capability on a tactical basis to provide greater resilience and to cope with short term peaks in demand, this would require the runway to be stronger[21] than proposed under the current design. Hence, the costs would be higher and the benefits probably relatively marginal provided that greater reliability can be attained with the Dornier fleet. The ATR-72 would remain subject to similar weather cancellations as noted earlier in this report, due to the restricted length of runway in any event and would only be deployed on relatively few days in the year.

5.3 A further consideration in assessing the need for a longer runway is the availability of suitable aircraft over the longer term that would be compatible with the existing short runway. If the number of aircraft capable of using the existing runway were to decline in future, this would place the services at severe risk and, over and above any commercial or market growth considerations, may make the provision of a runway extension essential.

5.4 However, it must be recognised that neither the existing nor the extended runway length would be immune to the potential recurrence a runway length issue at some point in the future if smaller aircraft types were to fall out of production. Whilst it is easy to identify this as a potential concern, it is difficult to be precise about the point in time at which such a circumstance could arise. This is because it will depend on what age of aircraft an individual airline is willing to operate. In the case of Aurigny, it has shown a willingness to operate aircraft as old as 41 years - the Trislanders, but this is not typical and, indeed, was probably less than ideal for the carrier given maintenance and reliability issues which have arisen in operating such elderly aircraft. The first two (second hand) Dorniers that were acquired are around 30 years old, and have demonstrated some reliability problems (to be overcome with the arrival of the new aircraft). More typically, regional aircraft have a lifespan of 20-30 years which suggests that from the end of production, there will be availability of suitable aircraft for up to 30 years.

[21] with a higher Pavement Classification Number (PCN) than currently used as a design parameter.

5.5 Of the aircraft listed in Table 5.1, only 5 types are still in production, including three 19-seat types (Dornier 228, Twin Otter and Let 410), the Dornier 328 (recently restarted production under new ownership after a hiatus of 16 years) and the ATR-42. For other aircraft types, including the Saab340 and the Dash-8, the 20-30 year period of operating life is now rolling as production has stopped[22]. Despite concerns raised during the consultations over longer term availability of smaller aircraft, more of the smaller 19 seat types remain in production than the 32-34 and 48 seaters, suggesting that, at this time, the lack of aircraft capable of using the short runway is not likely to be a valid concern for at least 30 years and possible longer. It also important to note that the niche nature of the 19-seat market extends well beyond Alderney and the requirement for these aircraft may remain strong globally over the longer term in order to maintain service to remote locations or smaller islands, such as Alderney, where larger aircraft are less likely to be viable and/or operating or infrastructure constraints limit the aircraft types which can be used. It is not inconceivable, therefore, that following the recent investment by Viking and RUAG in updating the Twin Otter and Dornier respectively, this would be replicated in the future to keep production going into the long term to ensure that aircraft are available to satisfy these niche markets. It is equally possible that enhancements will be made to the ATR-42 to keep these in production. Hence, we do not believe that availability of aircraft of either size is likely to be a problem for the next 20-30 years. The issue is more of commercial viability and the attractiveness of the Alderney market.

5.6 As highlighted in Table 5.1, the number of operators with suitable aircraft types to operate from either runway length currently within their fleets is relatively small. Hence, the medium to long term risk may be more in terms of the willingness of airlines to serve the market than in terms of aircraft availability. These airlines will be reluctant to introduce new aircraft types into their fleets specifically for the Alderney market because crew training and maintenance costs are high for any new type in a fleet (as can be seen with Aurigny's experience in transitioning to the Dorniers). Furthermore, airlines will be less likely to want to operate and maintain fleets of substantially mixed aircraft types because of costs and lack of operational flexibility which arise as a consequence. With or without a runway extension, there will remain a small pool of airlines able to serve Alderney.

### Aircraft Operating Costs

5.7 We are aware that one of the cited advantages of lengthening the runway is to allow larger aircraft to be operated and that such larger aircraft would have lower seat mile operating costs, which conventionally would be passed through to lower air fares so contributing to an increase in demand. We consider the price elasticity of demand later in this section.

[22] Dash-8-Q200/Q300 production ceased in 2009, and the last Saab340 was produced in 1999, meaning the youngest aircraft are approaching 20 years old.

5.8 Larger aircraft do, nonetheless, have higher overall operating costs than the current smaller aircraft operated on the routes. Hence, improvements in seat mile costs will only translate into improved passenger mile costs if the passenger volumes increase to fill more of the seats.

5.9 Implicit in our analysis here is the assumption that airlines will seek to operate no greater frequency of service than necessary to serve demand at a reasonable average load factor (taken as c.80% for services operated commercially). The same applies to the size of aircraft used, i.e. there is a balance to be struck between aircraft size and frequency of service to match the number of seats offered as closely as possible to demand. The maintenance of a higher frequency or operation of a larger aircraft on the routes than an airline would otherwise operate commercially is considered below in relation to subsidy/PSO issues.

5.10 We have estimated the direct operating cost per passenger[23] for each of the Alderney to Guernsey and Southampton routes for a range of relevant aircraft types at varying annual passenger volumes on the route, taking into account the relevant sector length and different potential daily frequencies of service where suitable to better match overall aircraft capacity to demand. The results for the Guernsey route are shown in **Figure 5.1** and for the Southampton route in **Figure 5.2**. This gives the order of magnitude difference in cost per passenger carried for different types of aircraft operating at up to an industry average load factor of 80%. It is important to recognise that these costs do not include the costs of any 'stand by' non-operational aircraft and crews or the necessary contribution to airline overheads. It is these factors in combination which contribute to Aurigny's current losses on the routes. The analysis, nonetheless, provides an indication of the scope for lower operating costs per seat of larger aircraft to be passed through by way of lower air fares.

5.11 In the case of the Guernsey route, for the purpose of illustrating the relative operating costs, we have assumed an average of 5 flights a day if the service is operated as currently with Trislander or Dornier aircraft utilising a single aircraft sufficient overall to carry current passenger volumes at a reasonable average load factor. For the future, the costs of the Dornier represent the relevant baseline[24]. For the other aircraft types, including the 32-34 seat DO328/Saab340B aircraft, we have assumed that the frequency would be reduced to 3 flights a day on average as airlines would seek to avoid operating with very low average load factors.

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[23] Manufacturer data, Flightglobal and confidential information.

[24] We also considered costs for a Twin Otter aircraft which would be similar to the DO228 and for the Saab340B which would be similar to the DO328. ATR72 aircraft would have higher costs per passenger than the ATR across the range of annual passenger volumes that we have considered should the runway be further strengthened to allow them to operate.

5.12 We recognise that on some days the number of services is less and on others higher which, in the latter case, requires an additional aircraft to be deployed at increased cost, including crews, depreciation and direct operating costs. This would equally apply to the other aircraft types and airlines if higher frequencies of operation were required to meet peaks of demand. For the purpose of examining operating costs, we have assumed a ceiling on average load factor of 80%, indicated by dotted lines on Figure 5.1.

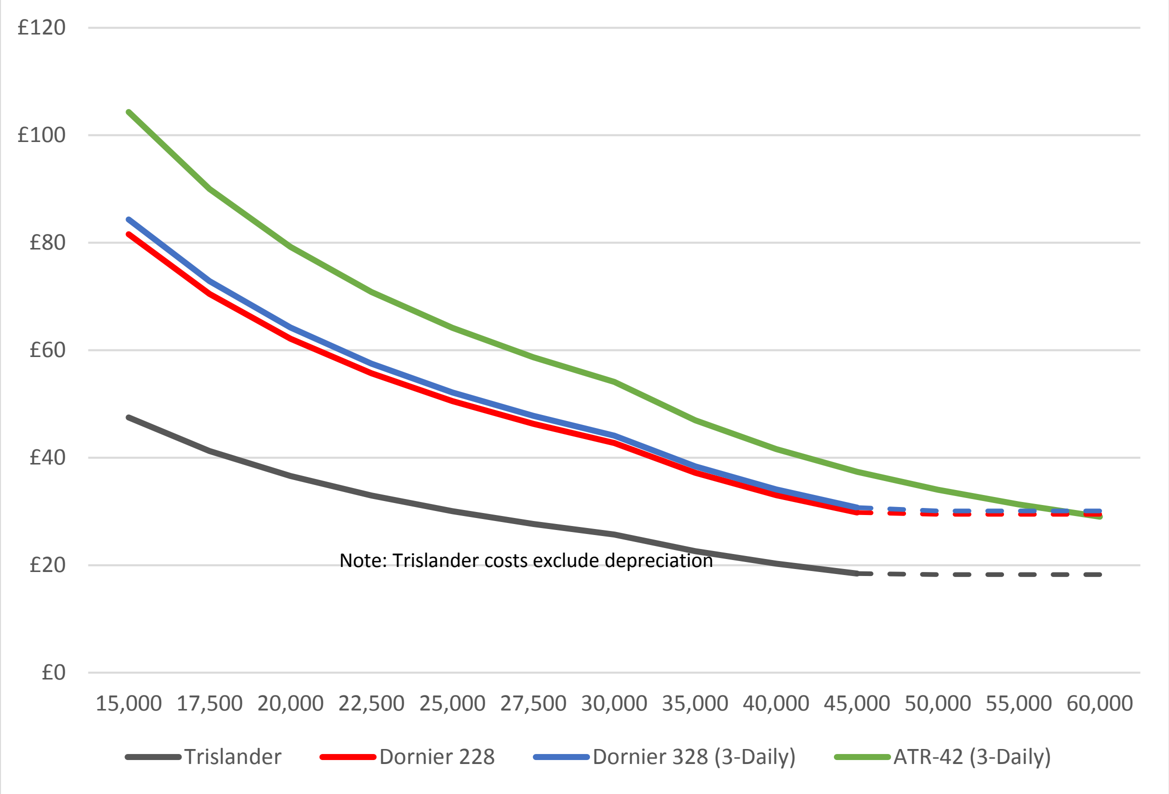
5.13 In estimating the operating cost per passenger, we have assumed that the Trislander fleet is already depreciated and that spare parts are also fully depreciated and held by Aurigny based on comments made by the airline. We are aware that some Alderney residents believe the Trislander could be brought back into limited production to re-equip the fleet serving the island in lieu of Dorniers. We doubt this is a realistic option unless there were other markets for such aircraft and, in any event, it seems likely that cost of production and of spare parts would be very high for such a limited run of aircraft. Taking into account the depreciation costs if new Trislanders were to be constructed, the operating costs of a new Trislander fleet would be very similar to those of the Dornier fleet, taking into account the higher cost of fuel for the Trislanders as well. Information about the costs of Trislander operation are, hence, included simply to provide a baseline cost for the current operation against which future costs can be compared. Historically, the effective operating costs will have been higher up until the point when the aircraft were fully depreciated.

***Guernsey***

5.14 Examining the relative costs shown in Figure 5.1, it is evident that passenger numbers would need to increase by around 9,000 passengers a year on the route, around 25%, to deliver the same average cost per passenger for an ATR-42 operating 3 times a day compared to the current 5 times a day service operated entirely with DO228 aircraft. At that point, the DO228 would be operating at an average 80% load factor and additional capacity would be required, increasing average costs per passenger until all flights reached 80% again. The same would apply to a 3 times a day operation by the larger DO328 type. The cost of operation by 32-34 seat aircraft, such as the DO328, are similar at 3 a day to a 5 a day service using DO228 aircraft. Hence, this aircraft would not appear to offer any advantages as it too would require a reduction in frequency to balance operating costs to current levels.

5.15 When the concerns expressed about current air fares are taken into account, it should be recognised that to match the costs of the current hybrid Dornier/Trislander operation, passengers would need to increase to around 60,000 a year (a 66% increase) to match the current operating costs. This is material in considering the scope for larger aircraft to enable lower air fares to be offered even at reduced frequencies of service.

**Figure 5.1: Operating Costs per Passenger for Different Aircraft Types on the Guernsey Route**



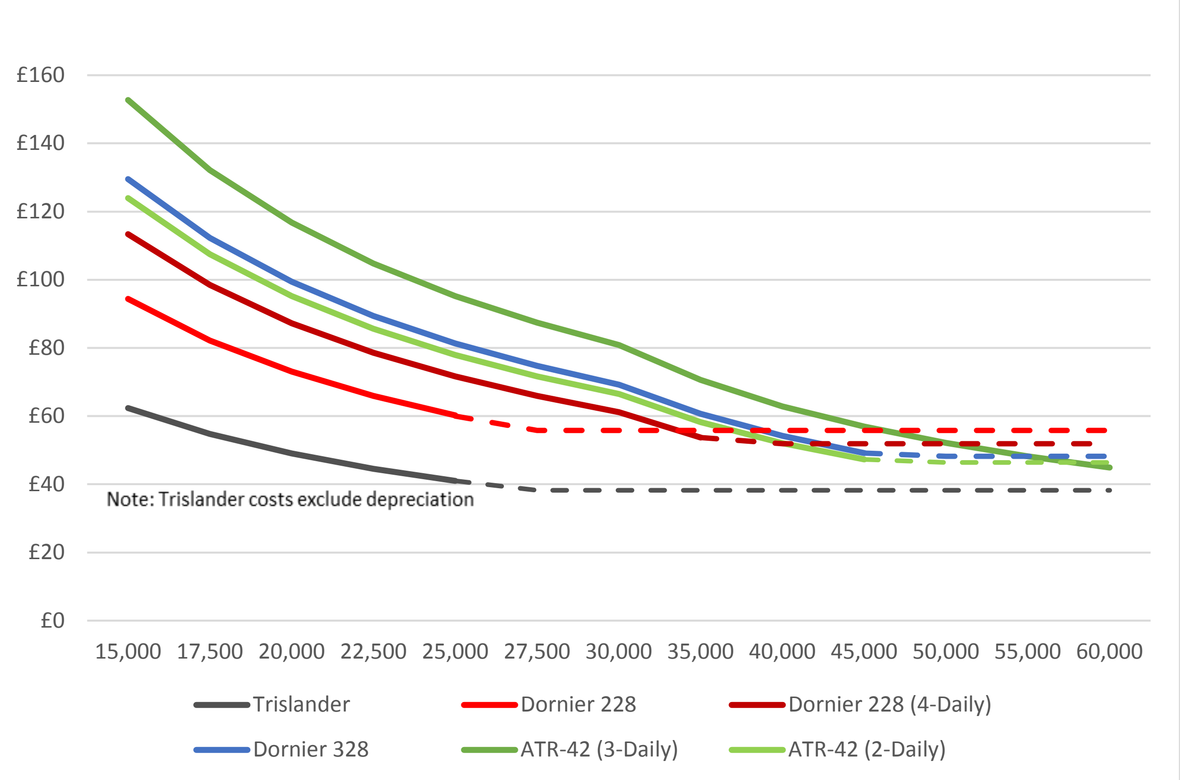

Source: York Aviation/Various

5.16 This analysis would suggest that, in order to ensure that air fares do not rise as a consequence of facilitating the operation of larger aircraft on the route, a lower frequency operation (3 per day on average) by a larger ATR-42 type aircraft would only generate benefits in terms of the ability to pass on lower costs into lower fares than would otherwise be offered beyond a threshold of around 45,000 passengers per annum on the route, at which point additional Dornier 228 capacity would be required to carry the demand. In both cases, however, the cost per passenger carried would be higher than current levels (with a risk of higher air fares if the losses on the route are not to be increased) due to excess capacity being provided until the threshold of 60,000 passengers per annum is reached. There would be fewer benefits with DO328 aircraft as the frequency would need to be increased to accommodate any increase in demand above 45,000 passengers, so adding to costs as with the smaller DO228 aircraft. There might be some prospect of small fare reductions beyond the threshold of 60,000 passengers per annum but, in the meantime, there would be a risk of subsidy costs rising to maintain fares at the current levels.

***Southampton***

5.17 The equivalent operating cost graph for the Southampton route is shown in **Figure 5.2**. A first point to note is that current passenger numbers on the route are close to the threshold where capacity would need to increase to meet demand if the demand profile was smooth over the year. However, this could be met through the introduction of a 4th DO228 service on an average basis but there will remain a summer-winter differential which means flights may be operating with very low load factors in winter whilst summer flying is oversubscribed. If there was a consistent year round pattern of demand, the increase in cost would be marginal as it would, in essence, be extra flying by the same aircraft.

**Figure 5.2: Operating Costs per Passenger for Different Aircraft Types on the Southampton Route**




Source: York Aviation/Various

5.18 As with the Guernsey route, passengers would need to increase substantially to reach the point where the cost per passenger of using larger aircraft would fall below current levels, requiring of the order of 45,000 passengers a year (87% increase over current volumes) for a 2 per day ATR-42 service and 55,000 passengers per year (130% increase) for a 3 a day ATR-42 service. There would be little fares benefit from a 32-34 seat aircraft on this route as additional frequency would result in a cost profile very similar to a 4 times a day service with a DO228 aircraft.

5.19 Taking into account the need to increase to an average of 4 flights a day with a DO228 aircraft if passengers on the route increase above c.27,000 per annum again – the level of demand on the route prior to 2011, a 2 a day ATR-42 service could offer some potential to reduce fares above 37,000 passengers per annum on the route compared to the level required for a 4 per day DO228 service. However, a 3 per day service with an ATR-42 would be required to carry the volume of passengers at 45,000 passengers per annum, resulting in an increase in cost per passenger above current levels until volumes reach 50,000 passengers per annum. Overall, this suggests little scope to reduce fares compared to current levels (based on a hybrid type operation).

5.20 Hence, in order to ensure that air fares do not rise as a consequence of facilitating the operation of larger aircraft on the route, a lower frequency operation (2 per day on average) by a larger ATR-42 type aircraft would generate benefits in terms of the ability to lower fares only beyond a threshold of around 37,000 passengers per annum on the route. A higher frequency operation could be warranted above 45,000 passengers per annum but with some remaining risk of higher fares in the short to medium term until a threshold volume of 50,000 passengers per annum is exceeded.

### Potential Service Pattern

5.21 Simply enabling larger aircraft to operate from the runway will not guarantee that airlines will operate such aircraft. If left to make purely commercial decisions, airlines will always seek to deploy aircraft assets in the most profitable way and right size the capacity that they provide to the market. The small size of the Alderney market will ultimately limit the size of aircraft which an airline will be willing to operate and the potential for either a shortfall in passengers (low load factors) or low yield will make the routes more vulnerable. This will typically mean that airlines will favour larger markets over smaller ones, not only because they will have more passengers on their aircraft, but also because it will give them the greatest chance of maximising revenue per passenger (yield).

5.22 Furthermore, in a typical operation, regional airlines may seek to fly a given route at each end of the day in order to offer business connectivity and maximise yields from business passengers. Such flights will normally be priced to cover the fixed cost of the operation. In between, they may offer additional frequencies but only if the marginal revenues that can be earned from extra passengers cover the marginal costs of operation. If this is not the case, it is more efficient for airlines to park aircraft through the day rather than fly below cost. Hence, if larger aircraft were operated on a commercial basis, this is likely to see flight frequencies reduced as passenger volumes are insufficient to justify the marginal cost of middle of the day flying. At current passenger levels, the Southampton route might only sustain a once-daily service by a 48-seat aircraft, whilst the Guernsey route would require two flights a day to handle current passenger volumes. By way of illustration, at current total passenger volumes on these routes, the aircraft would be operating at an average load factor of 58%, which could only be sustained with higher, rather than lower, fares. This also does not take account of the cost of any back-up aircraft capacity to ensure resilience and to cope with particular peaks of demand.

5.23 A further consideration, in terms of meeting the aspiration for a service pattern that is adaptable to varying levels of demand, is that regional airlines do not tend to have ‘spare’ aircraft because of the costs of acquisition and maintenance. Spare aircraft tend to be retained in fleets purely to cover maintenance periods and to serve as backup aircraft if the operational fleet has technical issues. Airlines tend not to keep dedicated crews for these aircraft. This means that, on the whole, regional airlines do not have lots of spare capacity to deploy on routes beyond their core schedules, i.e. they could not easily deploy aircraft at short notice if they see an immediate opportunity due to a sudden surge in demand, such as the extreme peaks of traffic around Alderney week. To the extent that spare capacity exists, this tends to be in the winter periods and does not coincide with the peaks of demand to/from Alderney. In other words, it may be difficult to meet the aspiration of consultees for additional capacity to be put on, for example during Alderney week, on a commercial basis. A small number of operators in Europe do maintain aircraft available for charter, but at inflated rates during peak periods. The only realistic way of securing additional peak capacity would be through by underwriting, through a PSO or otherwise, the retention of an aircraft available at short notice to operate top up flights.

5.24 Similarly, as evidenced earlier in this report, even significant stimulation would be unlikely to create commercially viable load factors on larger aircraft for large periods of the year to Alderney. Hence, an airline would almost certainly be unwilling to maintain a fleet of smaller aircraft for winter operations and larger aircraft for summer operations as this would add significantly to the cost and complexity of their business. This approach would require fleets and pilots not to be used at all for long periods of the year, and the costs of this would need to be allowed for in the air fares or otherwise covered through subsidy or PSO support. Again, we will consider this further below.

5.25 Ultimately, we would expect the introduction of larger aircraft to result in lower frequencies of service on the core routes and, because of the cost of having standby aircraft available, potentially not lead to any improvement in service resilience. Whilst there might be a larger pool of airlines with suitable aircraft, there is unlikely to be substantial spare capacity to operate additional flying in the summer peak although there might be opportunities for ad hoc charters around Alderney week and these might be operated from other points along the South Coast of England as in the past but fare levels are likely to reflect a peak period premium. Even so, overall levels of tourist demand and the low numbers of passengers seen on these and the route to Jersey when operated by Blue Islands would suggest that the incremental effect of such services on the market overall would be very small.

5.26 Our analysis would indicate that larger aircraft operations would require significant growth in the market before they could be introduced without the risk of higher fares or substantially increased costs of subsidy (losses for the airline):

- *Guernsey*
  - DO228 operations would provide adequate capacity up to 45,000 passengers per annum at an average of 5 flights a day with a single aircraft;
  - ATR-42 operations would be cost effective above 45,000 passengers per annum, with an average of 3 flights per day with a single aircraft.
- *Southampton*
  - DO228 operations would provide adequate capacity up to 37,000 passengers per annum, subject to an average frequency of 4 a day;
  - ATR-42 operations would be cost effective above 37,000 passengers per annum, with an average of 2 flights a day.

We recognise that these are simplified assumptions and may not fully reflect the variability and complexity of the actual services operated, including the need to deploy a spare aircraft at times of high demand. We do not believe that these complexities would, in practice, be impacted substantially by the ability to operate larger aircraft or not and that the 'typical' year round frequencies set out above are the appropriate basis for undertaking our option assessment.

## Impact on Level of Subsidy

5.27 Based on our analysis of the operating costs of relevant aircraft types, discussed above, the scope for ATR-42 type operations to lower the per passenger operating costs, even at lower than current frequencies of service, is limited and would only arise at higher volumes of passengers. In considering the scope for larger aircraft to deliver lower air fares and stimulate the market, almost all patterns of service which could be reasonably considered are more likely to increase the costs to an airline of delivering the service than reduce it at foreseeable passenger volumes.

5.28 To the extent that, at higher passenger volumes above the thresholds identified above, there might be some small reductions in cost per passenger carried of the order of 19% per passenger on the Guernsey route compared to current blended Dornier/Trislander costs and around 11.5% per passenger on the Southampton route if passengers reached c.60,000 per annum on each route. In overall terms, if passenger volumes increased above 82,000 overall, based on the viability thresholds for ATR-42 operations outlined above and on the basis of an integrated operation of larger aircraft across the two routes, it would be reasonable to assume that there could be a reduction in cost per passenger of around 15% on average if the overall passengers volume reached 120,000 per annum. However, this threshold volume of passengers would mean regrowth in the market to deliver passenger volumes to/from Alderney on all routes higher than seen other than in the years 1988-1990, when market conditions were very different and both population and tourist numbers were at their peak. We discuss below, the scope to stimulate the market even with this level of fare reduction.

5.29 In practice, the potential for reductions in cost per passenger across the routes need to be set against the current losses on the routes reported by Aurigny at around £25 per one way passenger. It is far from clear that any cost reductions would be passed through to air fares and may be more likely to be used to reduce losses and subsidy costs compared to current levels. Whilst this would be a longer term benefit of a longer runway permitting operations by larger aircraft, it only arises if the market grows sufficiently to deliver these lower per passenger costs. As we go onto explain, this seems highly unlikely and beyond the bounds of probability.

5.30 In which case, the effect of the introduction of larger aircraft would increase losses/subsidy costs in the short to medium term until the point at which the cost per passenger of the larger aircraft matched those of the current operation, i.e. c.82,000 annual passengers to/from Alderney, beyond which there would be incremental scope for per passenger cost reduction. Using the cost data outlined above, the immediate effect of the introduction of larger aircraft would be to increase airline costs per passenger by around £6[25], declining as volumes increase towards 82,000 annual passengers. We have built this additional cost of subsidy into our appraisal model as a consequential cost associated with larger aircraft using the longer runway.

## Scope for Market Growth

5.31 A key question is whether the reduced operating costs which larger aircraft might bring would be passed on to passengers through lower air fares and the consequential effect on demand.

[25] Note, this is based on incremental operating costs and does not reflect the current losses by Aurigny on the routes which would persist in any event, subject to any efficiency improvements which the airline can make.

5.32 Although this may be somewhat academic given the threshold volume of passengers which would have to be reached before there would be cost savings which could be passed through by way of lower air fares, we did examine the extent to which the entry of new airlines onto UK-island routes, as cited as examples by RCA in their presentation to the States of Alderney, have delivered lower air fares and increased passenger volumes.

5.33 We used UK Civil Aviation Authority survey data to examine the impact of the entry of easyJet onto routes between London Gatwick and Jersey and Liverpool and the Isle of Man in 2014 and 2010 respectively in terms of the effect on air fares and demand between London and Jersey and the Northwest of England and the Isle of Man (recognising that, in this case, the easyJet entry reflected the use of large jet aircraft which is not feasible in the case of Alderney). At the outset, it should be noted that the air fare sample collected by the CAA is relatively small and, therefore, subject to some tolerance for error. Nonetheless, the analysis presented in **Tables 5.2** and **5.3** below provides some indication of the order of magnitude of the effects.

**Table 5.2: The Effect of easyJet entry on the London – Jersey Market**

| | Inbound Business | Inbound Leisure | Total Inbound | O'bound Business | Outbound Leisure | Total Outbound | Total Business |
|---|---|---|---|---|---|---|---|
| Single Ticket Cost (2013) | £75.61 | £63.38 | £65.99 | £79.19 | £56.31 | £66.11 | £77.63 |
| Single Ticket Cost (2015) | £47.37 | £47.47 | £47.43 | £60.91 | £49.38 | £51.36 | £52.50 |
| % Change | -37% | -25% | -28% | -23% | -12% | -22% | -32% |
| Passengers (2013) | 57,998 | 234,560 | 292,559 | 84,319 | 206,264 | 290,583 | 142,318 |
| Passengers (2015) | 139,631 | 240,637 | 380,268 | 57,081 | 254,910 | 311,992 | 196,712 |
| % Change | 141% | 3% | 30% | -32% | 24% | 7% | 38% |
| Elasticity | -3.8 | -0.1 | -1.1 | 1.4 | -1.9 | -0.3 | -1.2 |
| *Route* | *London - Jersey* | | | | | | |
| *easyJet year of Entry* | *2014* | | | | | | |

**Table 5.3: The Effect of easyJet entry on the Northwest England – Isle of Man Market**

| | Inbound Business | Inbound Leisure | Total Inbound | O'bound Business | Outbound Leisure | Total Outbound | Total Business |
|---|---|---|---|---|---|---|---|
| Single Ticket Cost (2007) | £104.28 | £122.16 | £114.14 | £80.76 | £71.03 | £73.33 | £95.81 |
| Single Ticket Cost (2015) | £52.65 | £39.51 | £42.93 | £53.79 | £42.88 | £43.26 | £52.77 |
| % Change | -50% | -68% | -62% | -33% | -40% | -41% | -45% |
| Passengers (2007) | 55,617 | 68,524 | 124,141 | 39,207 | 124,246 | 163,453 | 94,823.81 |
| Passengers (2015) | 60,416 | 118,059 | 178,475 | 29,755 | 161,766 | 191,521 | 90,171.17 |
| % Change | 9% | 72% | 44% | -24% | 30% | 17% | -5% |
| Elasticity | -0.2 | -1.1 | -0.7 | 0.7 | -0.8 | -0.4 | 0.1 |
| *Route* | *North West - Isle of Man* | | | | | | |
| *EasyJet year of Entry* | *2010* | | | | | | |

5.34 In overall terms, passengers travelling between London and Jersey rose by 19% and average fares fell by 23%, suggesting a relatively inelastic market, with an elasticity of -0.8 to changes in air fares. Similarly, in the case of the Isle of Man example, passengers rose by 29% whilst average air fares fell by 51%, an elasticity less than of -0.6. In both cases, this suggests that markets between the UK and its associated islands are relatively mature and inelastic. We would not expect the Alderney market to show any greater elasticity to air fare changes. The results which we have derived in these two markets are actually higher than calibrated by the UK Department for Transport[26], which suggest the appropriate air fare elasticity for domestic routes is of the order of -0.5, albeit leisure travellers exhibit higher elasticities at -0.7. Whilst other analyses, such as Intervistas for IATA[27] suggest that individual route level air fare elasticities can reach -1.4 where there is substantial passenger switching between routes, this is not valid in the case of Alderney given the nature of the market and the fare levels which already exist in competitive tourism markets.

[26] Department for Transport, UK Aviation Forecasts, January 2013, paragraph 2.16, Table 2.1.
[27] Intervistas, Estimating Air Travel Demand Elasticities, 2007

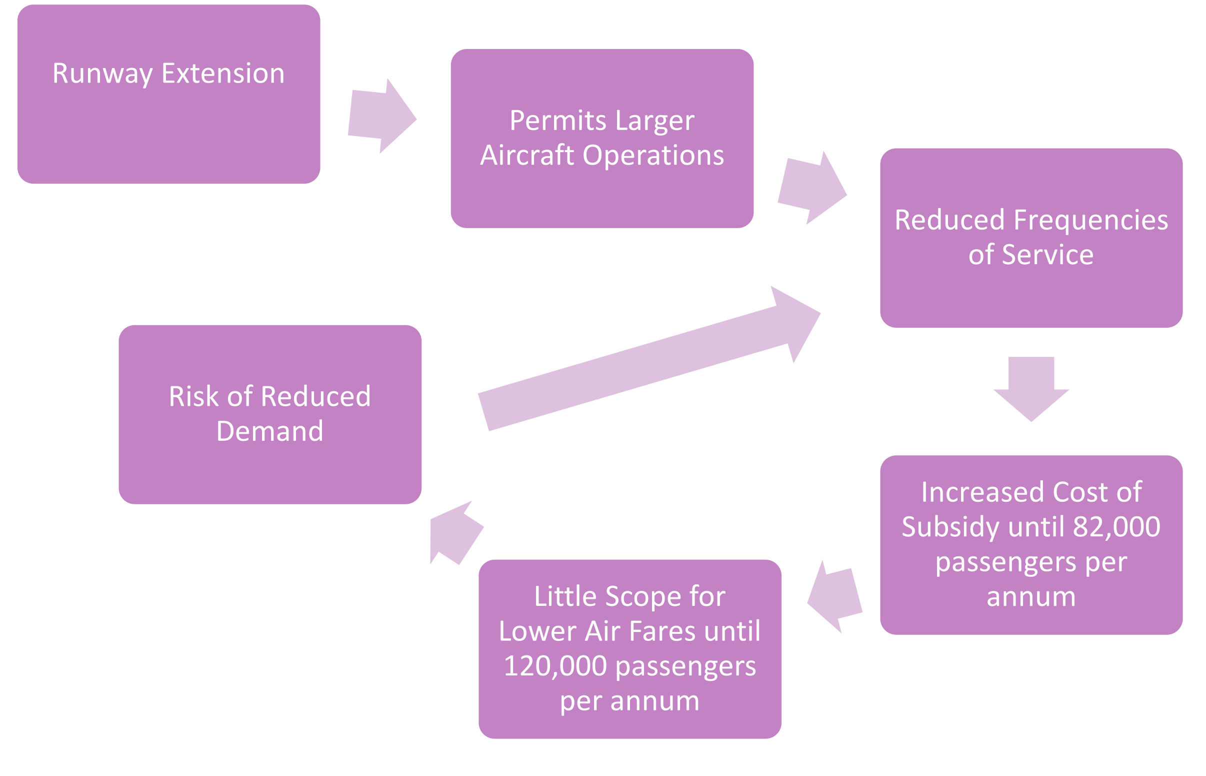
5.35 At the potential fare reductions which might be achieved in the long term, at the point when larger aircraft would deliver lower cost per passenger than current operations, and if these were passed through to air fares (rather than simply used to reduce subsidy costs), the effect on demand would be marginal. If a 15% reduction could be achieved the effect on demand might be no more than 12% at an air fare elasticity of -0.8 (at the upper end of our range and higher than recommended by the UK DfT), i.e. an additional 10,000 passengers in the very long term. However, the fare reductions at this level would not kick in until the air passenger numbers approached 120,000 per annum to/from Alderney, far in excess of levels of air passenger demand previously reached in the late 1980s, albeit some more marginal fare reductions might be realised once demand exceeded 82,000 passengers per annum. In other words, introduction of larger aircraft in the short term would not enable lower fares to be offered and, even in the longer term, any cost reductions with the types of aircraft possible would not be sufficient to act as a stimulus to market growth. The level of stimulation, even if fares were artificially reduced in advance through increasing the subsidy to act as a market stimulus, would not be sufficient to generate viable demand levels for larger aircraft for the foreseeable future.

5.36 A further consideration in terms of the scope for market growth is the potential impact of the reductions in frequency which would be the inevitable consequence of operating larger aircraft, assuming that the further additions to the cost of subsidy to sustain the current frequencies would not be sustainable.

5.37 At reduced frequencies of service, necessary to enable lower costs per passenger to be realised with larger aircraft in operation above the relevant demand thresholds, there would be effective time cost penalties due to lower frequencies of operation that would negate the beneficial effects of any fare reduction in terms of the generalised cost of travel. In considering this, we have used the UK Department for Transport's approach to frequency change, which relates to an extra wait time factor between flights and derives a cost related to the loss of time utility. For existing users, decreasing from 5 flights per day to Guernsey to 3 with a larger aircraft would translate to a cost penalty of £6.28 per passenger at current prices. On the route to Southampton, the drop from 3 flights to 2 with a larger aircraft would cost £5 per passenger for all existing users. This penalty would be greater when set against the potential for an increase to 4 flights a day if the market grows and the existing Dornier fleet continues to be used. Combining both markets leads to an average cost increase per current user due to lower frequencies of service of £5.84. In other words, the time cost penalties from reductions in service frequency would negate any possible fare reductions which might be achieved even if the market grew beyond the threshold for larger aircraft operations of 82,000 annual passengers up until close to 120,000 passengers per annum using the services, i.e. there would be no net benefit to users from larger aircraft until passenger numbers are virtually double today's levels. Until that time, the total cost of travel to/from Alderney would effectively increase (in time and money terms) as a consequence of any use of larger aircraft rather than reduce when compared to the current and potential pattern of operation if the routes continue to be operated by smaller aircraft.

5.38 Overall, then we see little scope for the use of larger aircraft in themselves to stimulate the market, although we recognise that there may be some perception of quality benefits. Against a baseline scenario of ensuring the current service problems with the Dornier fleet are resolved and the two core aircraft and the standby aircraft can be used effectively to deliver resilience and additional frequencies in peak periods, there are significant risks attached to encouraging operations by aircraft of 32 or 48 seats, which are inherently too large for the current size of the market. The risk of damaging the market is illustrated in **Figure 5.3** below.

**Figure 5.3: Potential Implications of the Premature Operation of Larger Aircraft**




Source: York Aviation

5.39 Our best estimate would, therefore, be that the case for the runway extension would be stronger once the air travel market recovers to the level seen around 2000 of over 82,000 passengers per annum but the real benefits would not be seen until demand levels reach 120,000 passengers per annum. Even then, the market risk of lower frequencies of service with larger aircraft would remain. It should be noted that delivering this passenger volume would suggest resident population increasing to at least 2,500 and leisure tourism delivering at least 25,500 air passengers a year, i.e. higher population than seen on the island since the early years of the 20th Century and tourism back to the levels seen at the turn of the millennium.

## 6 ASSESSING THE ECONOMIC VALUE OF THE OPTIONS

6.1 At the outset, it should be noted that our ability to assess the economic value of a runway extension under the two options is limited by the lack of detailed economic and demand data for Alderney and particularly by the lack of any real evidence that there is a definitive causality between declines in population and business and the air service offer. When coupled with the highly provisional nature of the existing cost estimates, in particular the estimates of the actual construction costs on Alderney, our appraisal is necessarily heavily assumption driven. For this reason, we have undertaken a number of sensitivity tests in terms of both construction costs and economic effects to illustrate the range of outcomes under different conditions.

6.2 In order to carry out this assessment, we have had to define hypothetical scenarios for the effect of a runway extension on the economy and on passenger demand using the air services but without the underpinning evidence which would support these scenarios as being deliverable in practice. Hence, these hypotheses provide an illustration of the circumstances under which investment in a runway extension could be economically justified rather than a definitive economic justification for its provision.

6.3 We have assessed the options on the basis that a longer runway will automatically result in the operation of larger aircraft and deliver any benefits that such larger aircraft might bring as well as the costs associated with handling/operating such aircraft from the first year after runway completion. If that were not to be the case, it would imply that the construction of the runway extension was premature in any event.

6.4 As requested by the client Steering Group, we have appraised the case for extending the runway using both the conventional transport economics/economic welfare approach, as would be applied in accordance with UK Treasury Green Book guidelines and commonly applied to airport related investments by the public sector, and a development economics approach at the specific request of the States of Alderney and the Steering Group. Whilst we understand that the development economics approach, taking into account the wider economic benefits of development, is adopted in circumstances where the infrastructure is regarded as an essential enabler to economic growth, we note that it is more usual to appraise airport development projects using the transport economics/consumer welfare approach.

6.5 In the development economics approach, we have necessarily had to base our appraisal on the hypothesis that improving the air service offer requires an extended runway to be available so enabling the operation of larger aircraft, with fewer restrictions on the availability of seats at critical peak periods. However, for the reasons outlined in Section 5, this is not necessarily the case. Furthermore, we have had to assume that improvements in air services so delivered are both necessary and sufficient to secure an increase in population and tourism numbers such that it would, therefore, be appropriate to ascribe a value related to such increases to the delivery of a runway extension. As will become clear when the results of the transport economics appraisal are considered, these conditions are highly unlikely to arise due to the disbenefits to users which would result from the premature introduction of larger aircraft when tested against the hypothetical increases in passenger volume. This has implications for the weight that can be attached to the outputs from the development economics approach, which assumes a direct linkage between the provision of a longer runway and uplifts in population and tourism that may in fact have the opposite effect.

### Basis for Appraisal Scenarios

6.6 Although, ideally, we would have been able to set out future demand scenarios for both Option 5 and Option 6 by reference to projected economic growth, enabling us to establish the time when the introduction of larger aircraft into the market would be viable, there are no robust economic projections for Alderney.

6.7 There is an economic aspiration founded on the target to see the resident population increase to 2,300 and to grow tourist visitors. The Economic Development Plan is framed in terms of a number of specific actions aimed at creating the conditions for particular business sectors to grow. Improving the air service offer is seen as a fundamental part of that plan, including the upgrading of the Airport infrastructure. Improving the Airport and air services are seen as critical enablers to delivering other aspects of the plan. Other elements include improved broadband, education and electricity supply, along with softer measures such as an improved planning regime, review of business legislation, further tax amendments and encouragement of apprenticeships and entrepreneurship through funding and mentoring.

6.8 However, whilst improving the air service offer is clearly important, as we note in Section 2 there is no hard evidence that declines in population over the medium to long term have been as a consequence of failings in the air service offer until very recently. At the time when Blue Islands was still operating to and from Alderney, we understand that the air service offer was considered appropriate and not a particular impediment, although the population was declining more rapidly during this period than it has reportedly done since. Hence, it would not be appropriate to attribute any longer term decline in population to deficiencies in air connectivity per se. Recent fluctuations in recorded resident population since 2011 cannot explicitly be linked to the recent problems with the air service, albeit those problems are evident in a relative reduction in the number of passengers carried on the routes. This is material to the extent to which the benefits of the any achieved uplift in population might be wholly or in part ascribed to improving air services. This impacts on the extent to which it would be safe to assume that an uplift in resident population would necessarily follow an improvement in the air service and, to the extent there is a linkage, the proportion of the target uplift in population that could be so ascribed.

6.9 In terms of inbound tourism, we note that the recent peak was in 2008, when Blue Islands served a number of routes. On our estimation (see Figure 3.1) the volume of tourism reached around 22,000 air passengers (11,000 visitors coming by air) which was the highest since the late 1990s. We have assumed that this is a reasonable target for increased visitor numbers if there was an improved air service offer given structural changes in tourism which occurred after the previous peaks seen in earlier years.

6.10 Although, as we have outlined earlier in the report, there would be no real case for the introduction of a fleet of larger aircraft operating the routes to/from Alderney until the combined volume of passengers reaches c.82,000 passengers per annum, we have developed illustrative scenarios assuming such aircraft were introduced onto the routes on completion of the runway extension in the short to medium term as the basis for appraising whether there is an economic case for such an extension in the near future, i.e. if it were built and larger aircraft operated immediately, what would be the benefit.

6.11 There are two further considerations in developing scenarios for assessment:

- First of all, delivery of the uplift in population relies on a number of other economic or infrastructure improvements being delivered, including the provision of fit for purpose broadband access, improved and reliable electricity supply, healthcare initiatives (in part already delivered) and reviewing education provision on the Island among others. Hence, it would be inappropriate to attribute the full increase in target population to the delivery of improved air services alone.
- Secondly, given the inability to assume that the market can be stimulated by lowering air fares to/from the island until threshold passenger volumes are reached, it is less clear how the use of larger aircraft would deliver a step change in tourist numbers.

6.12 Although, as noted above, we have not been able to establish any causal link, we have adopted the assumption of 2,300 for resident population and 11,000 tourist visits travelling by air as upper bound target values to support the economic development strategy as a basis for testing whether, if such numbers could be achieved and were directly linked to the operation of larger aircraft, the provision of a runway extension allowing the operation of larger aircraft would be economically justified. However, it is important to note that our analysis should not be read as indicating that we believe that the provision of a longer runway and operation of larger aircraft will deliver this uplift in population and tourism.

6.13 We have used the relationship of air passengers to population illustrated in Figure 3.2 to estimate the increase in population related air passengers and directly added the target number of tourist related passengers to provide a basis for assessment the costs and benefits of delivering an extended runway. Achievement of the full population and tourism targets would result in annual passenger demand volumes across the two routes of c79,500 (last seen in 2000), still well below the threshold for lower fares with a larger aircraft. For the reasons which we go onto explain, this illustrates the hypothetical nature of the scenarios which we have developed as in reality, the passenger volumes justifying the use of larger aircraft – c.82,000 across the two routes, would not be achieved.

6.14 It is important to note that the ability to achieve this increase in passengers using the air services to/from Alderney is entirely hypothetical as, for the reasons outlined earlier in the report, it would not be driven for the foreseeable future by lower air fares derived from lower operating costs or from frequency increases, rather the converse would be the case with larger aircraft operating. The only drivers for growth would have to rely on the perception value of larger aircraft alone, coupled with the availability of spare seats on the aircraft to meet peak period demand. This mismatch between demand and capacity is a key factor which influences the results of our appraisal due to the higher costs of operation and lower frequencies of service required to minimise the discrepancy between demand and capacity with larger aircraft in operation.

6.15 As a consequence, it would certainly be unrealistic to assume that the full target increases in population or tourism would be achieved without substantial reductions in air fares, which would not be delivered by the premature introduction of larger aircraft relative to the size of the market. In order to illustrate the underlying economic conditions which would need to be achieved to support the economic viability of a runway extension, we have tested core <u>hypothetical</u> scenarios based on the achievement of 50% of the uplift in population and tourist visitors. Even this is a highly optimistic assumption given the evidence. We do also show the effect of assuming the full uplift in population and tourism for illustrative purposes only, although the probability of this being achieved is very low without substantial other initiatives being undertaken not directly related to the air service offer, thus rendering the attribution of the full uplifts to the runway extension highly questionable.

## Costs

### *Runway and Airfield Costs*

6.16 The runway and airfield capital costs which we have assumed for the appraisal are set out in Section 4. As noted there, we have not further adjusted the costs included in the appraisal to reflect 'optimism bias' as we are currently assuming that the range of optimism bias will be subsumed within the range of values for the 'island factor'. This does mean, however, that we may have been conservative in our estimates of cost and that there could be a risk of costs being even higher at the outturn. Whilst we have included the Low cost estimates as a sensitivity test in our assessment, based on the information supplied by RCA, a very high degree of risk should be attached to the ability to deliver the runway extension at this low cost.

6.17 In summary, we have appraised Option 5 on the basis of a range of additional costs of £9.194 million to £16.75 million (at 2015 prices) incurred in years 1 and 2, with the most likely cost towards the upper end of the range (between our Medium and High cost cases) based on the detailed advice from TPS. We note that the costs of Option 6 would be higher at £12.602 million to £22.945 million (at 2015 prices). The revised cost estimates prepared by TPS no longer assume that there would be any upward adjustment to the cost for the baseline Option 3 refurbishment to prepare for the later implementation of Option 6. Hence, the case for Option 6 can be considered on a free-standing basis when market conditions suggest that some benefits might be attained from the introduction of larger aircraft as necessary enabling works would have been undertaken in Option 3 in any event.

6.18 TPS do refer in their reports to the possibility of some value engineering as the design is developed. However, given the wide range of cost estimates for construction on Alderney, we do not consider a further lower cost sensitivity test to be necessary as it seems likely, on balance, that the costs would still lie within the range outlined above. This is broadly consistent to the approach we have adopted in not specifically adjusting the costs upwards for optimism bias.

### *Terminal and Security Costs*

6.19 As noted in Section 4, there are also consequential costs to ensure that the terminal can process the larger number of passengers carried if larger aircraft were operated and to comply with the necessary security regulations for aircraft carrying more than 19 seats. Based on the cost estimates provided to the States of Alderney by RCA, we have assumed £2.3 million as a best estimate for these additional capital costs and £50,000 ongoing increment to annual operating costs. Although we do not consider that the benefits from the longer runway, i.e. enabling larger aircraft to operate, could be obtained without incurring these costs, we have carried out our economic appraisal with and without these costs included to illustrate the effect of the runway extension costs alone. Nonetheless, in our view, it would be imprudent to exclude these consequential costs from the consideration of the economic case for the runway extension.

***Subsidy Costs***

6.20 As noted in Section 3, the current air services realise operating losses of c.£1.5 million a year. The operating costs may be expected to rise once the Trislanders are fully replaced by Dornier aircraft, not least as the former aircraft will be fully or virtually fully depreciated with lower effective operating costs. These cost increases may be offset in part by some recovery of the passenger volume lost in the last 2 years since the service difficulties began. Given the transitional period that Aurigny is going through, we have not based the estimate of increased subsidy costs on the current levels of losses on the route but worked from the difference in operating costs between Dorniers and potential larger aircraft going forwards.

6.21 Nonetheless, as we set out in the last section, introduction of larger aircraft following the extension of the runway is likely to result in increased operating costs, even at lower frequencies of service. As explained at paragraph 5.30, we estimate that the additional operating cost per passenger of using larger aircraft earlier than warranted by the market is around £6 per passenger at current demand levels. We have assumed that the quantum of additional subsidy required would start at £360,000[28] in year 1 and decline pro-rata to passenger growth up until the 82,000 passenger threshold is reached. At that point, the lower operating costs with larger aircraft, albeit still at lower frequencies of service, could be used to reduce subsidy costs or to reduce air fares. In practice, our scenarios do not reach this passenger threshold as, without the stimulus of lower fares and with lower frequencies of service, we do not believe it would be prudent to assume growth of the market to that level within the 20 year period for our appraisal. That is not to say that such circumstances could not arise at some future date if other measures have made a material contribution to securing economic, population and tourism growth on Alderney.

6.22 To some extent, the subsidy costs are included on an optimistic basis based on incremental operating costs alone as we have not taken into account the required contribution to central fixed costs, which we understand from Aurigny may not be fully reflected in the reported £1.5 million current loss. We have also not included the costs of the spare aircraft required under all circumstances to provide service resilience. For larger aircraft, the cost of this could be significantly higher because of the increased cost of purchase (4-6 times higher potentially) and with higher depreciation costs applicable to the cost of operation as any spare aircraft would not directly contribute to revenue generation. This is a further area where we have been conservative in our approach to cost increases.

[28] Slightly less than £6 per incremental passenger reflecting a small allowance for growth above current traffic levels in the baseline case.

## Benefits

6.23 For the purpose of assessing the economic case for the extension of the runway, we have assumed that larger aircraft operations commence from the year after completion of construction. If this were not to be the case, no benefits could be ascribed to the extension until such aircraft were to operate.

### *Baseline Case (Option 3)*

6.24 We recognise the views of some consultees that the baseline for our assessment should be one of continued economic and population decline on Alderney in the absence of a longer runway. However, for the reasons set out in Sections 2 and 3, we have not been able to link the overarching declines in population and tourist visitors specifically to issues related to the air services, save for the current operational performance deficiencies. To the extent that other factors are at play, it would be inappropriate to include their effects within our appraisal.

6.25 Our baseline assumption is rather that the recent service difficulties are related to the introduction of the Dornier fleet, rather than the length of the runway on Alderney, and that these will be resolved by 2017 and through the effective working of the MOU. This would allow tourist demand levels to recover to the level seen in 2013, prior to recent difficulties. However, simply fixing the service is unlikely to be sufficient to act as a stimulus to population growth. We have, thus, assumed as a baseline that passengers using the services would recover in the short term to 62,650, of which 17,650 would be leisure tourist related passengers (8,825 visitors).

6.26 We believe that there would be further scope to improve the services exploiting the capacity of the 3 Dornier aircraft to operate additional services in the peak but, for the purpose of appraising the potential benefits of a runway extension, we have conservatively assumed that there would be no further improvements or increases in tourist or population numbers arising from any of the other economic initiatives in the short term without the introduction of larger aircraft operations. This will tend to overstate the benefits as increased frequencies of service using the Dornier aircraft would increase capacity and give rise to frequency benefits as well.

6.27 Clearly, at some future date, if Option 6 were to be considered, this baseline would need to be updated to reflect intervening developments on Alderney (e.g. improved electricity supply), which may well improve the baseline performance materially above current levels assuming recent air service shortcomings are overcome. In the event that there were further declines in economic performance and reductions in population, this would simply defer the time period over which the operation of larger aircraft on the routes might be realistic.

***Option 5 Impacts***

6.28 For the purpose of illustrating the potential benefits of extending the runway, we have worked with the premise, commonly held by many stakeholders on Alderney, that population and economic growth can only be attained through facilitating the operation of larger aircraft on services to and from the island. To the extent that growth could be delivered through other means, this approach will tend to overstate the benefits but this will be compensated for to some extent as we have also included the incremental costs of such operations within our appraisal.

6.29 As we set out above, we have tested a hypothesis that larger aircraft operations could improve the perception of travelling to Alderney and that this could contribute 50% towards the achievement of the population growth target to 2,300, i.e. an additional 140 residents, and supports 50% of the recovery of tourism to 2008 levels, i.e. an additional 1,088 visitors each year, with the remainder of the uplift ascribed to other economic measures and/or not deliverable without an effective reduction in air fares. This forms our core illustrative appraisal case.

6.30 For the purpose of appraisal, we have assumed that the uplift is achieved over 10 years from the operation of larger aircraft, following the completion of the runway works in Year -1 and Year 0. We have assumed no further growth as it would not be realistic to assume that lower air fares would be offered so as to stimulate further market growth without other economic measures delivering increased air travel demand to reach the threshold of 82,000, beyond which there could be some reduction in air fares and/or subsidy costs compared to today.

6.31 On this basis, air passenger demand levels reach c.70,600, equivalent to 2010 levels, with no further growth directly attributable to the extended runway. It is important to recognise that the assumptions underpinning this are highly optimistic given the lower frequencies of service which would be the consequence of larger aircraft being operated.

***Option 6***

6.32 As noted above, it is difficult to define when the demand threshold might be reached which would enable the operation of larger aircraft without increasing the costs of operation. It is possible that other economic initiatives might deliver population growth such that increased numbers of passengers would use the air services, although we recognise that this may not deliver a step change in passenger volume or economic performance.

6.33 Paradoxically, the more successful that other initiatives are in achieving economic and population growth to increase demand, the more likely it is that deferring construction of the runway extension would enable the circumstances to be reached where larger aircraft could deliver lower fares and contribute to a virtuous circle of economic growth if an underlying demand threshold of 82,000 annual passengers could be reached. However, there is nothing in the Economic Plan which suggests these circumstances might be realised for the foreseeable future nor whether higher population or tourist numbers would be feasible or desirable. Hence, we do not have any visibility as to when these conditions might arise and are not able to produce robust demand scenarios against which to appraise the increase in costs associated with Option 6 at some future point in time, not least as we cannot predict baseline conditions without a runway extension without some visibility as to the likely success of other initiatives in stimulating the economy and levels of demand as a baseline.

6.34 Clearly, deferring construction would have the effect of increasing costs but, if the negative impacts associated with premature introduction of larger aircraft could be avoided, it is possible that a more positive appraisal outcome could be attained at some date in the future. We are not in a position to carry out such an appraisal based on the current economic evidence.

### Economic Appraisal

6.35 We have appraised the difference between Option 5 and Option 3 (the base case), taking into account some potential for improvement in the air service offer and recovery of tourist numbers in the absence of larger aircraft operations. We believe that we have been conservative in our assessment of the improvements which could be made with Option 3 in place and through commitments under a PSO, which we will describe further in Section 8.

6.36 We have appraised the case over a 20 year period against a target rate of return of RPI+4% as specified by the Bailiwick[29]. Currently, this equates to a target rate of return of 4.4%.

6.37 We have assumed that the runway extension and terminal would have an effective life of 40 years and assumed a residual value of 50% at year 20 after opening. We consider this to be reasonable as we have not explicitly allowed for any increase in maintenance costs in the intervening period.

[29] By e-mail 13th September 2016.

***Sensitivity Tests***

6.38 We have tested Low, Medium and High construction costs for the difference between Option 3 and Option 5 as set out in Table 4.2, albeit we have presented the Low estimate for illustrative purposes only in the light of the advice received from TPS. Whilst we consider that the introduction of larger aircraft operations would require the provision of full security screening and an enlarged terminal, we have tested the circumstances where these additional costs are not required as a further sensitivity test albeit that we do not consider this a prudent assumption.

6.39 Whilst we do not believe that it would be right to ascribe the achievement of the full target uplift in population and tourism solely to the introduction of larger aircraft operating at lower frequencies of service without any reduction in air fares, we have considered the impact on the appraisal if the full uplift was assumed in order to see if a runway extension could be economically justified even on the most optimistic basis.

***Transport Economics Approach***

6.40 The potential for the runway extension at Alderney Airport to impact on socio-economic welfare in the Bailiwick of Guernsey has been considered in the first instance using a conventional transport economics approach. This considers the impact of the change in the market brought about by the runway extension in terms of how it impacts on the different costs and benefits facing key actors over a 20 year period. We are not able to ascribe the costs and benefits definitively to the States of Alderney and the States of Guernsey as this will depend on decisions taken as to the apportionment of construction and air service support costs between the two islands. It would theoretically be possible to make some apportionment of user benefits but we do not have sufficient information to be certain as to the allocation of passenger trips between those resident on Guernsey and those resident on Alderney, albeit we make some assumptions regarding inbound and outbound business and leisure travel to inform the appraisal, based on precedents on other small island services.

6.41 In terms of costs, we have adopted the costs set out above and applied the range of sensitivity tests.

6.42 In terms of benefits:

- **The Airport** – we have included additional airport charges revenue from the uplift in passengers based on current revenue per passenger, less the allowance for the additional operating cost of £50,000 per annum.
- **The Airline** – we have included the incremental costs of subsidy as set out above.

✈ **Passengers** - we have considered two groups of passengers separately in this analysis as the effects on them are different. We have assumed no change in air fares, consistent with our analysis of the threshold volumes which would need to be reached to enable lower fares to be contemplated:

- *Existing Passengers* - the only change to their costs and benefits will come from the reduction in frequency, which in the absence of reduced fares, will result in a loss of utility. The size of the loss has been estimated using the UK Department for Transport formula developed for its traffic forecasting model, which takes into account the extent to which passengers are able to adapt their travel patterns to airline schedules to a reasonable degree rather than using a simple half headway approach. The change in wait times is then monetised separately for business and leisure passengers using values of time for air travellers taken from the recent UK Airports Commission work uplifted to 2015 values:

  – Business Passengers - £0.78 per minute;

  – Leisure Passengers - £0.12 per minute.

- *Stimulated Passengers* – we have assumed that the uplift in passengers will in effect have been stimulated to travel by the improved accessibility that comes about as a result of the development of the runway. As already discussed, it is not entirely clear how this would arise at lower frequencies of service and no reduction in air fares, albeit that release in peak period capacity constraints may effectively stimulate some additional passengers on the margin. The benefits to these passengers are assumed to come from the change in accessibility between the new pattern of air services and the current next best option, which we have taken currently to be the twice weekly ferry from Guernsey. We have used appropriate journey time saving and wait time value estimates as above. However, the use of the ferry as the alternative may overstate the benefits to these passengers. As is standard, we have applied the rule of a half to the calculated benefits.

6.43 The results of our analysis are set out in **Tables 6.1** and **6.2** overleaf. Full results are given in **Appendix D**.

| Table 6.1: Summary of Economic IRRs Option 5 – Transport Economics Approach | | | | |
|---|---|---|---|---|
| | | Option 5 over Option 3 | | |
| | | Low Cost | Medium Cost | High Cost |
| Core Case: 50% of Target Growth | Without Terminal Cost | -8% | -7% | -6% |
| | With Terminal Cost | -8% | -7% | -6% |
| Maximum Case: Target Growth | Without Terminal Cost | -2% | -2% | -2% |
| | With Terminal Cost | -3% | -3% | -3% |

| Table 6.2: Summary of Economic NPVs – Transport Economics Approach | | | | |
|---|---|---|---|---|
| | | Option 5 over Option 3 | | |
| | | Low Cost | Medium Cost | High Cost |
| Core Case: 50% of Target Growth | Without Terminal Cost | -£11.6m | -£13.9m | -£17.2m |
| | With Terminal Cost | -£14.0m | -£16.3m | -£19.6m |
| Maximum Case: Target Growth | Without Terminal Cost | -£6.6m | -£8.9m | -£12.2m |
| | With Terminal Cost | -£8.7m | -£11.3m | -£14.6m |

6.44 It is evident that when considered in terms of economic welfare, the extension of the runway, facilitating operations by larger aircraft in the short term, would result in negative IRRs and NPVs under all circumstances. In other words, the Bailiwick would be materially worse off as a result of the investment in the infrastructure before it is required. This is driven principally by the increased costs to users due to the loss of frequency and increased subsidy which are not compensated for by lower air fares or increased revenues to producers (airport and airline).

6.45 The negative economic welfare results highlight why it may not be realistic to assume that the extended runway could make a material contribution in the short term to achieving target population and economic growth. Rather, the risks to the quality of the air service could have negative impacts. Hence, the realism of the development economics appraisal set out below has to be viewed in the low likelihood of an extended runway delivering the conditions which would stimulate population and tourism growth.

***Development Economics Approach***

6.46 This approach considers the impact on GVA directly from the potential for improved air services to result in an increase in population on Alderney and incremental tourist visits. Along with the costs noted above, the key components of this approach are the GVA values associated with the increased population and tourism.

Tourism

6.47 We have taken data on spending by tourists from the Alderney Visitor Survey carried out in July/August 2016. We have assumed that the values are broadly consistent with the Q4 2015 prices used as a basis for the construction cost estimates. This survey shows that the average expenditure per tourist visit is £240 per visitor (taking an average across day visitors and those staying for longer). However, this expenditure is not a direct equivalent to the GVA effect of increased tourism due to the need to import goods and services to serve the visitors.

6.48 In the UK[30], the ratio of direct GVA to turnover is typically around 0.3 and, in the absence of specific data for Alderney (or Guernsey), we have applied this ratio to estimate a direct GVA figure per trip of around £72. To this direct GVA figure, we need to apply an indirect and induced multiplier. The recent Visit Guernsey Strategic Plan 2015-2025 implies a multiplier of 1.8 for these effects as appropriate for Guernsey. We are unclear the basis of this multiplier but the UK Homes and Communities Agency would suggest a multiplier of 1.1 for neighbourhood level effects and 1.5 at a regional level[31]. The former may be too low for Alderney but we would not expect a multiplier of a regional scale. We have, thus, adopted a multiplier of 1.15. In other words, for every £ of tourism spend, the GVA effect on Alderney would be £0.345. This gives a GVA value per incremental visitor of £83.

[30] UK Office of National Statistics, Annual Business Survey 2014.

[31] Homes and Communities Agency: Additionality Guide, Fourth Edition 2014, Table 4.14.

Population

6.49 We have based our estimate of the GVA value of an additional resident on the 2013 Household Income survey for Alderney[32]. This report shows that the average income per household in 2013 was £40,928, with an average household size of 1.9, i.e. average income per head of population was £21,210 in 2013. We have assumed that, in nominal terms, this will have risen by 2% the end of 2015 (Q4), to give an estimate of the average income per head of population of the order of £22,000.

6.50 We do not have data available to us to convert household income to GVA on Alderney. In the absence of detailed data, we have assumed that the relationship is broadly similar to that to turnover outlined above, i.e. allowing for the proportion of the income which is spent on imported goods and services. Hence, taking the multiplier effects into account, the GVA value of an additional permanent resident would be approximately £7,615 at Q4 2015 values. This will include tax revenues to the Bailiwick.

6.51 In relation to both GVA values, relating to population and tourists, we assume that the real value of income grows over time at 2% p.a. and this converts into increased tourist expenditure as well. This is consistent with the standard approach adopted to increase the values of time described above over time.

Results

6.52 The results of our analysis are given in **Table 6.3**, with the full workings in Appendix D.

**Table 6.3: Summary of Economic IRRs – Development Economics Approach**

| | | Option 5 over Option 3 | | |
|---|---|---|---|---|
| | | Low Cost | Medium Cost | High Cost |
| Core Case: 50% of Target Growth | Without Terminal Cost | 7.5% | 5.5% | 3.7% |
| | With Terminal Cost | 5.6% | 4.1% | 2.8% |
| Maximum Case: Target Growth | Without Terminal Cost | 15.2% | 12.2% | 9.5% |
| | With Terminal Cost | 12.6% | 10.4% | 8.3% |

[32] States of Alderney, Alderney Household Income Report Trial using 2013 Data.

6.53 Whilst the analysis above might suggest that investment in an extended runway could deliver an economic return if it successfully delivered the full target uplift in population and tourist visitors, for the reasons explained above, we do not consider it realistic to assume that this could be the case given the reduced frequencies of service and the absence of lower air fares, leading to a reduction in economic welfare as a consequence of larger aircraft being introduced before the market requires, and taking account of the other deliverables required to secure growth in the population.

6.54 If a 50% uplift towards the population and tourism targets could be attributed to the runway extension, it would only deliver an economic return if there was confidence that the project could be delivered at the lowest capital costs, which may not fully reflect the construction costs on the island, and/or the operation of larger aircraft does not trigger investment in additional security measures and an extended terminal. Both of these would appear high risk assumptions. Within the realistic range of costs – Medium to High, and assuming that the costs of the terminal works are required, the project would not meet its cost of capital of 4.4%.

6.55 In any event, the achievability of even this hypothetical demand outcome needs to be seen in the context of the disbenefits to users, including existing users, from lower frequencies of service and the absence of lower air fares as taken into account in the transport economics approach set out earlier. Hence, all of the results set out in Table 6.1 need to be viewed as illustrative only of the circumstances which might deliver a positive economic return given the extremely low probability of these outcomes arising.

### Other Benefits

6.56 We recognise that there are other social benefits from improved air services, such as access to education and healthcare, but these factors do not lend themselves to quantification. However, the delivery of these benefits relate to both the attained frequencies of service and the ability to deliver lower fares. Our assessment would suggest that premature operation of larger aircraft, ahead of the market requirement may be more likely to have negative rather than positive impacts.

6.57 Other specific issues relate to:

***Medevac***

6.58 As was highlighted at the consultation stage, the runway extension could offer additional social benefits in relation to the Medevac service. Currently, the Alderney based fleet of Aurigny aircraft provide this service, with casualties stretchered onto the aircraft and laid on the floor. We understand that the current runway length is deemed to be too short for the Medevac aircraft based on Guernsey, though this is unusual as the runway requirements of the Piper Chieftain, which provides the service, are usually well below the current runway length on Alderney. We are not certain of the reasons for the lower than typical performance for the aircraft in this case. However, accepting that the aircraft is not able to operate currently, it may be reasonable to assume that an extended runway could allow the aircraft to use Alderney. In its own right, the aircraft may be better equipped for medical emergencies, but it is not clear how it would offer a better solution overall. We see a number of difficulties in relying on this aircraft over the Aurigny fleet based on the Island, including:

- Relying on an externally based aircraft will leave the community exposed during times of high winds or low visibility as the aircraft is unlikely to be able to operate. The maximum crosswind performance of the smaller Medevac aircraft is likely to be a further impediment. The current based aircraft arrangement has the advantage that aircraft will be able to depart from Alderney in lower visibility than aircraft arriving to collect patients and, with greater crosswind capabilities, will have a higher reliability in landing at Guernsey with patients;
- Whilst there is currently some delay in getting aircraft activated on Alderney through the night, the same will be true for activating an aircraft based on Guernsey, i.e. pilots will still need to make their way to the Airport, as will ground staff, and the aircraft will need to be prepared. Even if the Medevac aircraft is kept in a more prepared state for operation, any time savings this may offer will almost certainly be eroded when the flight time from Guernsey is also taken into account, thereby slowing the speed of getting patients off the Island; and
- The cost of this service could be greater, with Alderney likely to have to make bigger contributions to the service being available as standby, compared to the ad-hoc nature of cost allocation that we understand exists with the current arrangements with Aurigny.

6.59 It could be argued that in extreme weather conditions, any based passenger aircraft could then operate the service, but this provides no real benefit over the existing arrangement. Furthermore, if the based aircraft was a larger type, for example a Saab 340 or ATR-42, it would be far less suited to the nature of the operation, likely requiring further start-up time and making access of patients on stretchers difficult due to the extra height from the ground as well as adding to the cost of providing the service. In the alternative, a smaller appropriate aircraft could be acquired to provide a dedicated Medivac service based on Alderney but this would not necessarily require an extended runway.

*Business Aviation*

6.60 Although the Airport already handles a large number of general aviation aircraft, some of which, according to our consultations, are already used for business activities, a runway extension may provide opportunities for further business aviation usage, with a capability to handle larger corporate turboprops and jets. During consultations, a view was expressed that high-net worth individuals may be more inclined to consider Alderney as a base if they could arrive and depart freely on their aircraft, as seen on Jersey and Guernsey, so supporting the population growth targets for Alderney. Whilst this could be an added benefit from an extended runway, it is unclear to what extent this could be used as a justifying argument for the runway extension in circumstances where the broader economic benefits are hard to justify. The tax regime on Alderney caps the maximum level at which individuals pay income tax at £50,000, so whilst the runway extension may be attractive to a very limited number of individuals, they are unlikely to bring any specific additional economic gain over and above those who could be attracted through better provision of scheduled air services. The number of additional residents this could deliver would likely be very limited, particularly as Alderney would need to compete with the likes of Jersey and Guernsey, where other aspects, such as quality broadband, better health provision and reliable electricity supplies, along with a greater array of social activities, is likely to be a deciding factor.

## Conclusions

6.61 Our analysis would suggest that, for the foreseeable future, extending the runway would only be economically justified if there is absolute confidence that provision of a runway extension and the mere fact of introducing larger aircraft will deliver a material increase in population and in tourist visitors. The results of the transport economics appraisal strongly suggest that this is unlikely to arise given the higher operating costs of larger aircraft leading to lower frequencies of service and no potential to reduce air fares, resulting in increased costs to users and reduced economic welfare relative to the base case of refurbishing the runway only.

6.62 Even taking into account the view of some stakeholders that larger aircraft are essential to deliver any improved economic performance, the extended runway would only deliver the required rate of return in terms of its potential wider economic impacts if it can be delivered at the lowest potential cost and/or assuming that there is no consequential expenditure required to upgrade the terminal and security infrastructure. We believe these to be high risk assumptions.

# 7 FINANCIAL ANALYSIS

7.1 Whilst the economic appraisal in the previous section shows the circumstances under which there could be economic return from investment in a runway extension, this does not of itself demonstrate affordability. The sources of incremental revenues would relate to:

- Additional airport revenues from the additional passengers generated;
- Additional tax revenues from incremental population and tourism.

7.2 In both cases, the additional income forms part of the economic appraisals set out in the previous section, with additional revenues included as a producer benefit within the economic welfare approach and taxes already included in the GVA uplift estimated relating to population and tourism.

## Affordability Analysis

### *Airport Revenues*

7.3 The maximum additional contribution from incremental revenues earned at the Airport would be c.£170,000 after 10 years, continuing on an annual basis. This could make a contribution towards the overall project costs but would be insufficient to fund the entire scheme. Although airport charges could increase to generate further revenues, this would simply transfer into the air service losses or, if passed through to passengers, result in lower demand and negate much of any potential economic benefit.

### *Tax Revenues*

7.4 We are not in a position to make a robust estimate of the incremental tax revenues which would be earned from increased population and tourism and, in any event, we would have to caveat this by the uncertainties in the linkage between the operation of larger aircraft, consequent upon the works, and the achievability of the growth in population and tourist visitors. Assuming that, at 20% tax on incomes, increased tax revenue per additional head of population could be of the order of £4,400 (see para 6.48). There would be some further tax revenue as a proportion of tourism spend but it is difficult to estimate this and we are unclear the effect on property incomes, given that the property to support the expanded population is already in place. Overall, if air service improvement as a consequence of the extended runway delivers 50% of the target uplift in population and tourism, we could be looking at additional tax revenues after 10 years of the order of £600,000 per annum. Overall, this would suggest the additional income accruing to the Bailiwick would at best be c.£800,000 per annum after 10 years, including incremental airport revenues.

7.5 If all of the increased income (tax and airport revenues) from a 50% uplift towards population and tourism targets was used to repay the principal and interest on a loan taken out for the purpose of undertaking the works, it would take a minimum of 18 years to repay a loan to cover the lowest possible capital costs from the point at which the increase in population and airport passengers was achieved and could be substantially longer dependent on the rate of interest on the loan and the actual costs of the works. The payback period could exceed 36 years.

### Funding Options

7.6 In reality, at least a part of the cost will need to be provided from the public purse by diverting tax revenues away from alternative uses in some manner. This then becomes a matter of affordability of the project in relation to the overall budget and priorities at the level of the Bailiwick or the States of Alderney.

7.7 Based on our discussion with the Deputy Chair of the States of Alderney Policy and Finance Committee, the mechanism by which a public contribution towards the cost of extending the runway at Alderney Airport is inextricably linked to broader discussions regarding greater financial autonomy for Alderney. These discussions include whether responsibility for operating the Airport and subsidising the operation of the air services should transfer to the States of Alderney rather than continuing to be part of the overall Bailiwick responsibility. These discussions include consideration of the extent to which the States of Guernsey should make some contribution to the costs, in part to ensure that the Airport asset is fit for purpose at the point of handover.

7.8 Our understanding is that there is an expectation by the States of Alderney that the States of Guernsey would provide the finance for the required runway improvement works, drawing on already approved bond finance, and some initial cash to support the loss making operations of the Airport.

7.9 Responsibility for the losses on the air service are less clear but the current losses of Aurigny as an airline fall on the States of Guernsey. However, responsibility for the cost of a PSO subsidy could transfer to the States of Alderney.

7.10 Given the complexities of the financial relationship and the linkage between discussions about the Airport and the broader financial relationship between the two States, we are not in a position to apportion benefit to each party separately or to assess separately the costs and benefits to each of the States separately.

# 8 CONCLUSIONS

8.1 We have examined the potential for an extended runway to deliver improved air services and considered the extent to which this could feed through to improved economic performance. We do not dispute that improvements to the reliability and peak period capacity of the air services compared to the recent service delivery are essential in order to prevent further economic damage.

8.2 We set out to address a number of specific questions in terms of would a longer runway:

- deliver lower fares
- deliver more seat capacity
- higher frequency
- lower subsidy
- enable the operation of new routes
- translate to population and tourism growth

These form the key hurdles which the development of the runway extension would need to pass. In essence, these fall into two groups – the effect on the pattern of air services and the relationship between air service provision and population and tourism growth.

## Effect on the Pattern of Air Services

8.3 Our analysis of aircraft operating costs would strongly suggest that early introduction of larger aircraft would be more likely to increase the costs of operating the routes to/from Alderney than to reduce them, leading to higher operating losses for the airline concerned and potentially higher costs of subsidy, even on the basis of reduced frequencies of service and no reduction in air fares. The scope for larger aircraft to deliver lower costs than the current operation, which could be passed onto passengers, would not arise before a threshold of c.82,000 annual air passengers across the two main routes, a level of demand not seen since 1995, requiring a population greater than 2,500 and tourist air passengers above 25,500 per annum (or some equivalent combination) to support that level of air passenger demand. Even then, the routes would still be loss making and require subsidy.

8.4 Whilst an extended runway would offer airlines some greater flexibility in terms of using larger aircraft to meet specific short term peaks in demand and/or recover from delays and cancellations, such ad hoc operations are unlikely on their own to justify the costs involved in extending the runway. Refurbishment of the existing runway, including an improved surface and drainage, improved lighting and reinstated usable width, will improve the operational performance in any event, so contributing to improving reliability and provide a platform for an improvement in the quality of service based on a fully functioning fleet of Dornier228 aircraft.

## Population and Tourism Growth

8.5 Our analysis demonstrates that, for the foreseeable future, extending the runway would only be economically justified if there is absolute confidence that provision of a runway extension and the mere fact of introducing larger aircraft will deliver increased population and tourism. The results of the transport economics appraisal, for the reasons set out above, strongly suggest that this is unlikely to arise given the higher operating costs of larger aircraft leading to lower frequencies of service and no potential to reduce air fares. Economic welfare would be reduced not increased. Taking steps, such as extending the runway, so as to facilitate or encourage the use of larger aircraft before the market warrants would lead to lead to economic disbenefits, making any increase in population or tourism highly unlikely as a consequence. In the circumstances, the outputs from the development economics approach to appraisal, which we have undertaken at the request of the States of Alderney and the Steering Group, must be regarded as spurious as they depend on this underpinning assumption being realistic and likely to occur.

8.6 Whilst we recognise the views of some stakeholders that larger aircraft are essential to deliver any improved economic performance, we have not been able to identify any substantive evidence of a direct link between the performance of the air services and the longer term economic trends of population and tourism decline. However, anecdotally, the recent performance shortcomings on the routes to Guernsey and Southampton are one factor deterring business activity on the island and impacting on tourist visitor numbers in the summer peak. However, these operational problems are unrelated to the runway length at the Airport.

## Project Costs

8.7 We have received updated cost estimates from TPS and, whilst there may be some scope for value engineering as design progresses, we believe that it would be not be prudent at this stage to assume that the project could be delivered at the Low (RCA) cost estimate and that the regular operation of larger aircraft could be achieved without incurring the cost of enhancing security and improving the terminal facilities. Hence, it is unlikely that the project could deliver an economic return above the target of 4.4%, even on the basis of the development economics approach, which for the reasons outlined above depends on a relationship between extending the runway and population and tourism growth which is highly unlikely to exist.

8.8 Whereas the original advice given was that there be additional costs incurred now in implementing Option 3 to enable the later extension of the runway (Option 6), the latest information provided by TPS suggests that it is no longer considered necessary to enhance the Option 3 scheme to facilitate the later construction of the runway extension. This would have the added benefit of allowing cost estimates for extending the runway at a later date to be refined, taking into account the actual costs of the Option 3 works undertaken on Alderney.

### Overall Assessment

8.9 If there was any validity to our appraisal based on hypothetical scenarios that assume some causality between the provision of a runway extension and population and tourism growth, the runway extension would only be justified now (Option 5) if certain conditions could be met. In summary, even on this hypothetical basis, the extended runway would only deliver the required rate of return in terms of its potential wider economic impacts if:

- it can be delivered at the lowest realistic cost (less than c.£13 million);
- there is no consequential expenditure required to upgrade the terminal and security infrastructure to enable larger aircraft to be handled (or the costs are included within the capital cost ceiling above); and
- assuming that at least 50% of the target increase in population – 140 additional residents over 10 years, and an increase in annual tourist visitors of c.1,100 over the same time period can be directly attributable to the provision of a longer runway.

8.10 We believe the first two of these to be high risk assumptions and the latter simply unsustainable given the likely effect of the introduction of larger aircraft on the frequency of air services offered. Fundamentally, this conclusion is driven by our analysis of the effect of a longer runway leading to the operation of larger aircraft and so reducing the effective frequency of air services offered without any compensatory reduction in air fares. The negative economic effects of this are clearly illustrated in the transport economic appraisal such that it would simply not be realistic to assume that the premature introduction of larger aircraft onto the routes, which forms the rationale for extending the runway, would result in an uplift in population and tourism.

8.11 In the light of the advice from TPS that there are would be no substantive changes required to Option 3 to enable the later extension of the runway (Option 6), the decision whether to implement a runway extension can be deferred to a later date. This would allow time for improvements to be made to the existing air services to improve resilience and reliability, and act as a driver for a return to growth. At a date in the future, when there has been growth in demand, the case for using larger aircraft will be stronger and could produce a service pattern which might deliver some reductions in air fares. However, this does look to be some way into the future and the threshold passenger volume for larger aircraft to deliver lower operating costs (82,000 annual air passengers to/from Alderney albeit with lower frequencies of service) may not be reached.

8.12 Our recommendations are, hence, that:

- the case for extending the runway now would only be economically justified on the most optimistic assumptions about deliverability of population and tourism growth directly related to the extension of the runway and if construction of all of the required infrastructure improvements necessary to support the operation could be delivered at the lowest possible cost;

- these conditions are unlikely to be met given the higher costs of operating larger aircraft and the consequential effects on the frequency of service offered;
- the case for a runway extension should be kept under review and that the Option 3 works should be carried out in a manner which would not preclude the cost effective construction of a runway extension at a later date;
- all possible steps are taken to improve the reliability and capacity offered by the existing air services based on 19 seat aircraft to provide a platform for improving economic performance and delivering passenger growth.

8.13 We are aware that discussions regarding the refurbishment of the runway have been going on for some time, during which the runway condition will have deteriorated further. Hence, given the concerns about service reliability and resilience, it appears to us important that the refurbishment works (Option 3) are undertaken as soon as possible lest further delay, whilst the provision of an extended runway is deliberated further, leads to the more occasions when the runway is not operationally fit for aircraft to land.

***PSO Considerations***

8.14 Our analysis has recognised that there are deficiencies in the current air service performance and offer. To a substantial extent, these are a function of short term operational difficulties experienced by Aurigny in introducing the Dornier aircraft. These have been compounded by periods of poor weather during the peak summer season, resulting in a high number of cancellations and consequent overbooked flights over the last two summers.

8.15 Although the air services are now covered by a Memorandum of Understanding between the States of Alderney, the States of Guernsey and Aurigny which sets out targets for the performance of the air services, this agreement lacks the enforcement provisions for failure to perform which would be included under a formal Public Service Obligation contract. Under a PSO contract, a failure of an airline to deliver the specified number of services (or other failures in deliver within their control) results in financial penalties in terms of a reduction in the subsidy payable. Clearly, given Aurigny is a loss making airline and is owned by the States of Guernsey, there would be no effective difference between an overt subsidy payable linked to the Alderney operations and a de facto increases in the loss because of a compensatory reduction in the subsidy. Nonetheless, we believe there would be substantial improvements in accountability if the costs associated with the Alderney operations were specifically accounted for and the cost penalties associated with service failures transparently recorded.

8.16 Furthermore, many of the clauses of the MOU are, in effect, little more than ‘best endeavours’ provisions and there is no real obligation to deliver. In particular, the requirements to ensure sufficient capacity to meet demand in the summer peak lack specificity.

8.17 There are, of course, challenges for any airline in dealing with traffic which has such a limited duration of summer peak and with traffic flows which show strong uni-directionality. This contributes greatly to the inefficiency and high cost of the operation relative to the overall level of passenger demand. It is in this context that the scope which a runway extension would provide to operate larger aircraft at times of peak demand looks attractive. However, the reality is that few airlines will have spare capacity during the summer peak to switch to Alderney operations even if the runway was long enough. For airlines to contemplate switching aircraft away from other profitable routes, they would need to see a yield premium from the Alderney operation, in other words they would look to charge passengers more rather than less which would not have the desired effect in acting as a stimulus to increased tourism. The most cost effective way to meet these peaks of demand is likely to be to incentivise Aurigny to work its fleet of Dornier aircraft to the maximum possible.

8.18 We recognise that there is a reluctance to seek a formal PSO on the route whilst it is perceived that Aurigny would be the only bidder as this could increase the cost of subsidy. However, it can be far from certain that there would be other bidders in any event. It is unlikely that airlines with larger aircraft would bid for the routes, even if the runway extension was in place, as they would be well aware that they could not match Aurigny's operating costs with smaller aircraft at current demand levels and would be aware of the economics of seeking to stimulate the market through lower fares given the balance between load factors and operating costs of larger aircraft. Other airlines would also need to set up local bases on Alderney and Guernsey which would add to costs. In these circumstances, other airlines may be reluctant to incur the costs of preparing a bid. In other words, extending the runway before demand warrants is unlikely to increase the number of bidders for a PSO and these would be limited to airlines with 19 seat aircraft competitive with Aurigny's operating costs in any event.

8.19 In our view, the priority should be to seek greater control over the delivery of the current air service offer through the imposition of a PSO as soon as practicable to better incentivise delivery of service improvements and to ensure that the cost of subsidy is transparent. We believe this would provide the best mechanism for improving the air service offer and contributing to economic recovery, which in turn could provide a platform in future for further enhancements to the service.

## APPENDIX A – TERMS OF REFERENCE

Alderney Airport

# An Extended Runway for Alderney – Economic and Financial Analyses

## Background

Consultants TPS have been advising Guernsey Airport, who are also the operators of Alderney Airport, on an *'Outline Business Case'*[33] (OBC) and Options for rehabilitating the runway at Alderney.
This is the first of a two-pronged initiative to revitalise the Alderney civil aviation sector. The second prong will be to instigate a more competitive operating environment for commercial air services, which it is hoped will lead to lower air fares and more reliable services. It is recognised that the Alderney market is 'thin' and that, therefore, there may be insufficient traffic to support more than one operator. For this reason, consideration is being given to competitively letting a concession to which a Public Service Obligations component would be attached.

## Recent Developments

The OBC for the project is being compiled and to that end a series of Risk and Benefit Workshops have been arranged for engagement with stakeholders, including The States of Alderney, Alderney Chamber of Commerce, Airport Technical Managers, Aurigny and GA representatives.

The workshops included as a reference 7 options (0-6 below) although the intention was that only Options 1-6 would be advanced into the Outline Business Case:

**Option 0**: Do nothing – this is not, however, being taken forward and is not considered a realistic solution;
**Option 1**: Do minimal – effectively larger patch and repair works with a likely maximum five years life enhancement to the current runway paved areas – this would include widening of the runway back to 23m;

[33] This is a document required by the States of Guernsey in support of an investment – a project procurement or scheme. The required template for the OBC is attached for reference purposes.

**Option 2**: Reconstruct all paved surfaces at the airport and extend the runway width to 23m;
**Option 3**: as Option 2 but with enhancements to improve runway lighting and more efficient drainage;
**Option 4:** As Option 3 – but also hard surface and extend the short grass runway to improve cross-wind capability;
**Option 5:** Extension of asphalt runway to 1100m[34] and extend width to 30m to accommodate larger GA and commercial aircraft – with consideration of options for both concrete and asphalt products;
**Option 6:** A hybrid scheme which delivers Option 3 with certain additional enhancements to the design that would preclude a less expensive and less disruptive move to a runway extension at some point when the business need is more apparent.

This range of options varies considerably in terms of the extent and cost of the works and to assist the research and business case evaluation of each option**,** Guernsey Airport wishes to engage a consultant to conduct an economic and financial feasibility study to test and validate the potential benefits of the investment in a full runway extension against a baseline reconditioning of the existing infrastructure.

The output of this study will greatly assist the States of Alderney and the States of Guernsey in determining the "Value-for-Money" of this large investment and its affordability.

The economic aspects are deemed to be critical and, it is agreed, must centre on the holistic benefits to the Alderney economy. At a Workshop held on Monday 16th May in Alderney to discuss rehabilitation works, the Alderney stakeholders were of the opinion that Option 5 was the most desirable. It was the overwhelming opinion of those present that this was the key enabler for delivering, immediately-needed wider economic development in Alderney.

# Objectives

The key objective is to assess whether there is a prima facia economic case for an extension of Alderney's runway to 1100m either now (Option 5) or as part of a phased approach (Option 6). Secondly, if this case exists, whether there exists an economic argument in favour of completion of the works in a single immediate phase.

The advisor will be required to critically assess the costs and benefits to Alderney of upgrading the airfield above and beyond the baseline (Option 3) and assess the economic and other risks associated with the retention of the present runway length (877m). In

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[34] Currently 877 metres.

assessing the alternative options (5 or 6) the advisor will be expected to assess the wider economic benefits that may be gained both by the States of Alderney and the States of Guernsey, against the costs of these enhanced options and against the alternative baseline case.

The advisor will be expected to assess and quantify possible additional benefits including:

- Reduced operating costs per seat-km using larger aircraft (that is, when compared to Dorniers and Trislanders and subject to achieving adequate load factors, albeit at the short and possible longer-term cost of reduced frequencies of services);
- The extent to which this could lead to lower fares, higher patronage and more sustainable air services;
- The potential for increased runway length to attract other airlines that might be prepared to tender for an air-service PSO contract potentially at a lower cost to the States;
- The opportunity for increased or enhanced air routes and passenger growth; and
- An assessment of whether the additional investment required for Option 5 or 6 is justified with reference to the potential economic gains that might be made over the lifetime of the investment and/or with reference to the reduced risk of further economic loss to the Alderney economy.

The advisor will be expected to provide a weighted analysis outlining the scope and probability of benefits and risks under the alternative options and the baseline case.

Consideration has to be given to the strategic importance to the Alderney Economy of air connectivity and each option needs to be evaluated against potential future developments in airline operating models that any runway extension may unlock.

The advisor will be expected to be able to support its conclusions with appropriate analysis and to justify its conclusions.

The successful advisor will be expected to draw upon their practical and academic expertise and place this in the context of both Alderney and Guernsey, taking into account the key economic areas of activity, its experience of the aviation and travel industry and the specific issues of Alderney.

## Scope of the Project

In realising the project objectives the successful tenderer will need to:

- Use the current cost estimates for the proposed upgrading points as a starting point[35]
- Assess Option 3, 5 and Option 6 against current airline operating models and aircraft performance.
- Assess the three options against potential air transport developments, including changing airline and airport operating requirements and models and the impacts on Alderney's connectivity now and in the medium term future. The Consultant will have to assess whether the baseline option would have a material impact on economic activity and population and at what rate this might occur.
- Assess options against the likely direct and indirect economic and social benefits that may be realised by the Bailiwick including, but not limited to, the scope for opening new and retention of existing routes and/or operators to and from Alderney, the likelihood of new operators being attracted to apply for a PSO contract and the scope to open Alderney wider economic growth[36] and new tourism possibilities. To this end it is important that any direct or indirect impacts on GDP and any economic multiplier effects are included in the appraisal.
- Provide an assessment of potential catalytic economic benefits for each option. It is particularly important to assess the extent that these developments might be a key enabler for future economic recovery/development. To this end it should be noted that a population increase from the present 2,000 to about 3,000 is seen by many in Alderney as both desirable and a target to be aimed at. The output should include estimated Economic Internal Rates of Return and Net Present Values. An agreed Opportunity Cost of Capital will be fundamental to the analysis. The indications are that, in the current economic climate, this is currently some 4-5%, but this will need to be reviewed as part of the study.
- It is expected that the Consultant will undertake a cost-benefit analysis for Option 3, 5 and 6, to support the Business Case process.
- The Consultant will, consequently, prepare forecasts of air passengers *'with'* and *'without'* the extended runway – forecasts may be divided into two categories:
    - Normal traffic growth/decline based on the pragmatic capacity of aircraft capable of using the option 3

[35] Sensitivity test should examine the impact if reduced construction costs can be obtained – there is some evidence that lower costs might be achievable – these will be discussed with the Consultants at the outset of the study.

[36] Complementary already on-going enabling initiatives under consideration include (i) a digital revolution and (ii) an electrical cable between France and the UK that would deliver energy to both nations and which would at a later date enable Alderney to feed macro-renewable energy into the cable to supply either nation. Other mooted projects include increased provision of visitor accommodation.

specification and with more rotations/additional aircraft, if necessary; and

    - Additional traffic generated by on-going new ‘enabling’ infrastructure – specifically, the longer runway.

- Engage with key stakeholders (airlines, airport management, States of Alderney, States of Guernsey, user groups etc) in both islands and such other expert sources as may be required to canvas view and provide empirical estimates, on demand and likely future developments to enable the construction of a number of different development scenarios for the medium and longer term given the asset life.
- The Consultant will prepare a financing plan based on funds presently available, capital and loans likely to be available from Guernsey, Alderney and other sources and with repayment of any loans over an acceptable time-frame via user charges and any other acceptable methods. This matter will be further discussed with the Consultant at the commencement of the work
- To prepare a report for the STSB and the States of Alderney outlining the key conclusions and recommendations, to include the economic and empirical analysis together with a full risk and sensitively analysis - for example, Monte-Carlo (“@risk”), modelling.
- To present the findings of the report at a meeting of the States of Alderney and the States Trading Supervisory Board.

# Personnel

The Consultant is required to provide named expertise (with cvs) in the following professional disciplines:

- *Transport/development economics:* an economist/transport planner with 10+ years’ experience in the economic appraisal of airport developments and knowledge of/experience in applying development economics

- *Financial analyst:* a financial analyst with 5+ years’ experience in transport projects

# Reporting and Client/Stakeholder Liaison

An initial kick-off meeting with Guernsey Airport and the nominated SoA liaison officer is required. The Consultant will have day-on-day access to both during the course of the study.

It is envisaged that the Consultant will have to undertake some primary research in Alderney, for example:

- with businesses that have recently moved to/moved out of Alderney – to ascertain the push/pull factors involved and the importance of reliable/affordable air services;
- with entrepreneurs currently promoting new Alderney-based investments;
- with residents who have recently settled in or are about to depart Alderney – to ascertain the push/pull factors involved and the importance of reliable/affordable air services;

The Consultant will have to work with the TPS team who are producing financial cost estimates and will amongst other things have to translate these financial costs into economic costs. Indicative estimates will also have to be made of operating and maintenance costs. A parallel Environmental Impact Assessment may, additionally, require mitigating measures. It is anticipated that Environmental Impact Assessment would include indicative costs.

A residual value may be assigned to the infrastructure at the end of the appraisal period. An appropriate value will be derived after consultation with TPS. As a minimum, the earthworks might be expected to have a useful life well beyond a normal 20-year economic appraisal period.

The SoA and Alderney Chamber of Commerce will assist with identifying such businesses/residents.

A Draft Report that can populate relevant sections of the OBR is required within two months following appointment which we anticipate to be ratified by end July.

The SoA and Guernsey Airport will comment within one month of the receipt of the Draft Report and a Final Report is expected two weeks thereafter.

A list of available useful reference reports, which the SoA and Guernsey will assist in making available is attached as **Appendix 1**

# Appendix 1 Previous Reports that can be made available to the Consultant

# Economics

1 *Alderney Economic Development Plan (available on SoA web site)*

# Airport[37]

1 *"Alderney Airport Masterplan", BurksGreen, March 2006;*
2 *"Alderney Airport – Runway Review Report" Mott McDonald, May 2012;*
3 *"Alderney Airport – Runway Review – Stage 2", Mott McDonald August 2013;*
4 *"Ground Model Data"*
5 *"Alderney Airport – Runway Options Study", TPS, August 2014;*
6 *"Alderney Economic Development Study, Draft Final Report, Frontier Economics, August 2014*
7 *"Summary of Assessments of Importance of Airfield Improvements to Alderney's Economic Strategy", DRASS Economics, 2014;*
8 *"The Airport and Economic Development in Alderney"; Policy Council (Guernsey), September 2014;*
9 *"Alderney Future – A position Paper", January 2016;*
10 *"Alderney Airport Project", Sywell, February 2016.*
11 *Alderney Transport Policy[38];*
12 *"Alderney Air Services – an assessment of Future Options" – Aviation Economics, June, 2014.*

# Other-Civil Aviation Related

13 *"Proposal to the States of Alderney for a Service Level Agreement proposed by CityWing Aviation Services Limited with Vanair Europe AS, May 2015 and Report to States of Alderney – Independent Review, S Taylor, February 2015;*
14 *"An Alderney Airline for Alderney" – Powerpoint Presentation, AYFly,*
15 *"Memorandum of Understanding between States of Guernsey, the States of Alderney and Aurigny Air Services", February 2016 and "Memorandum of Understanding between the Treasury and Resources Department (Guernsey) and the Aurigny Group", January 2015*

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[37] The value of these documents is more related to engineering – however they are available and may contain useful background information

[38] Currently in draft form.

## APPENDIX B - LIST OF STAKEHOLDERS CONSULTED

Andrew Eggleston – President of Chamber of Commerce/Bell & Co Estate Agent
Anne Wilby – Stenhams
Malcolm Matthews – Islands Insurance
Sharon Donaldson – Blanchards
Nigel Lawrence – Shipping Magazine
Ann Hodgson
Richard Proctor – Braye Beach Hotel
Helen Ackrill – Fort Group
Brendan Noone – Noone & Associates
Alan Fulford – Alderney Estate Agents
Nicky Burland & Team - Alderney Gambling Commission
Paul Veron – States of Alderney
Paul Clarke – FAB & Entrepreneur
Norma Paris – States Member

## APPENDIX C: TPS COST ESTIMATES

# *Alderney Airport Pavements Project:*

***Supporting Description of the Options Shortlisted Through Risk and Benefit Workshops***

**The following "Long List" was submitted to the Workshop selection process**

**Option 1** – Do Minimal

Work to the existing paved areas would be limited to patching and repairs, maximum life enhancement +5 years, plus widening the existing main runway (08/26) to 23m wide.

**Option 2** – Basic Resurfacing of existing paved areas

Resurface all the paved surfaces at the airport, including widening the existing runway to 23m.

***Option 3*** –Option 2 with some minimal improvements

As Option 2, with enhancements to improve runway lighting and more efficient drainage.

**Option 4** –Option 3 + paved crosswind runway (03/21)

As Option 3, plus extending and hard surfacing the short grass runway (03/21)

**Option 5** – Extension of the existing Runway to 1100m

Extension of the asphalt runway (08/26) to 1100m length, and increase width to 30m, to accommodate larger GA and commercial aircraft.

**Option 6** – Option 3 + improvements to enable extension to 1100m at a later stage

A hybrid (two-stage) scheme which delivers Option 3 initially, with certain additional enhancements to the design that would facilitate a less expensive and less disruptive move to a runway extension to 1100m at a future stage when the business need is more apparent.

**Short List**

Following consultations and Stakeholder Workshops, the following shortlist has been selected for more detailed examination:

***Option 3*** *–Resurface all surfaces, and widen Runway 08/26 along with some minimal improvements*

Runway 08/26 will be widened on both sides to create a minimum paved width (declared width) of 23m, throughout its existing length of 877m, retaining the existing turning blisters. The widened runway will then be overlaid with new asphalt surface course throughout. The widening works will include drainage enhancements at the runway edges by the incorporation of filter drains, to supplement and assist natural land drainage.

In conjunction with the runway resurfacing, the runway lighting (AGL) circuits will be rewired and the fittings upgraded to a modern LED lighting system. Runway centreline lights will also be installed; although not a mandatory requirement for this length of runway, they have been identified as a desirable safety enhancement. A new standby generator will replace the existing aged unit.

The existing paved taxiway (Taxiway Bravo) will also be resurfaced with asphalt.

The existing apron will be resurfaced, using a grouted macadam surfacing to enhance resistance to minor fuel spillages.

*Operational considerations*: The construction works will need to be carried out during night possessions of the paved areas, to allow continuity of operational use.

**Option 5** – Extension of the existing Runway to 1100m in a single phase

Runway 08/26 will be extended eastwards to 1100m length and 30m width to provide a Code 2C runway (PCN 11) suitable for operations by aircraft up to 42 seat capacity. The work will include resurfacing and strengthening the existing runway pavement to accommodate the larger aircraft types. The works will use asphalt as the surfacing material of choice.

The extension of the runway will require significant earthworks beyond the existing 26 Threshold, infilling the existing access track at the airport perimeter and requiring realignment of all affected access roads outside the airport boundary.

In conjunction with the runway resurfacing, the runway lighting (AGL) circuits will be rewired and the fittings upgraded to a modern LED lighting system. Runway centreline lights will also be installed; although not a mandatory requirement for this length of runway, they have been identified as a desirable safety enhancement. A new standby generator will replace the existing aged unit.

The existing 08 Approach lights will be retained and refurbished, and a new 26 Approach light system installed.

To achieve compliant Code C taxiway gradients on Taxiway Bravo it will be necessary to construct a new taxiway alignment to the Apron, utilising a part of the existing taxiway, but connecting to Runway 08/26 west of the existing taxiway intersection.

The existing apron will be resurfaced, using a grouted macadam surfacing to enhance resistance to minor fuel spillages.

*Operational considerations*: Option 5 is based on the outline scheme developed in the Runway Options Study report by TPS (August 2014). This included extensive earthworks to re-profile the ground east of the intersection with Runway 03/21, reducing the level of the runway beyond the intersection and using the excavated material to build up the ground east of the existing runway threshold (at the head of the Vau du Sud). This avoids the need to import fill material.

The necessary work would restrict the existing runway length to approximately 630 m for the period of the major earthworks. The two grass runways would be available for use, but the reduced take-off and landing distances (TORA/LDA) available on the paved runway would impose restrictions on aircraft payloads (and aircraft types) using this runway for the period of major earthworks, until the construction of sufficient new pavement to reinstate the present runway length. Provisions for temporary approach lights (for 26 Approach) for reduced declared distances would be developed and agreed with the regulator.

The details of this phase, and construction methodology to minimise the period of disruption (e.g. phasing of works, and 24 hour working), will be addressed in the development of a detailed design if Option 5 is the selected option.

**Option 6** – Phased extension of the runway to 1100m

Stage 1 – widening and resurfacing, equivalent to Option 3.
Stage 2 – extend the runway from 877m to 1100m and widen to 30m.

This is a hybrid, two-stage scheme which delivers "Option 3" initially as Stage 1 of the development. This will include certain additional enhancements to the design, which will facilitate future extension of the runway to 1100m as stage 2 of the development. The works will use asphalt as the surfacing material of choice.

In the initial phase of work, Runway 08/26 will be widened on both sides to a minimum paved width (declared width) of 23m, throughout its existing length of 877m, retaining the existing turning blisters. The widened runway will then be overlaid with new asphalt surface course throughout. This corresponds to the refurbished Code 2B runway provided by Option 3. However, drainage and AGL works, would be positioned outside of the 30m zone so as to facilitate future runway widening in stage 2

During Stage 1 the runway AGL circuits will be rewired and the fittings upgraded to a modern LED lighting system for the existing 877m length. Runway centreline lights will also be installed, as in Option 3. Detailed design of the works will take account of the future lighting layout of the future extension, to safeguard for the future light configuration. A new standby generator will replace the existing aged unit at Stage 1.

The existing Taxiway Bravo will be resurfaced with asphalt.

The existing apron will be resurfaced, using a grouted macadam surfacing to enhance resistance to minor fuel spillages.

During Stage 2 the 23m wide runway will be widened to 30m, with earthworks at the east of the runway re-graded so that the pavement can be extended. This will include realignment of all affected access roads outside the airport boundary.

The 30m wide runway will be extended, to 1100m length, then a new surface course laid over the whole length to strengthen the existing runway pavement to accommodate the larger aircraft types.

All AGL circuits will be extended as necessary to serve the extended runway. AGL fittings installed in Stage 1 will be moved out to 30m width at a suitable time in the development.

The existing 08 Approach lights will be retained and refurbished, and a new 26 Approach light system installed.

A new Code C Taxiway Bravo will be constructed, on the same alignment as Option 5.

*Operational and cost considerations*: Option 6 Stage 1 is based on the resurfacing of the existing runway length. Retention of its full length at Stage 2, which would minimise the impact of the works east of Runway 03/21 intersection on the airport operation, would entail significant additional importation and placement of fill material (in the order of 70,000m3 = 150,000 tonnes) to build up levels at the head of the Vau du Sud. This would represent a significant cost element in the order of £6m (based upon an island factor of 2), which might be reduced if a quarry or borrow pit on island can provide sufficient material of suitable quality. The more economical approach, on which TPS costings are based, is to apply a similar solution to Option 5 and restrict the existing runway length to approximately 630 m for the period of the major earthworks. Rebuilding 244m of runway to the east of Runway 03/21 to a reduced level then generates the fill needed to create the embankment for the runway extension. The two grass runways will still be available for use, but the reduced take-off and landing distances (TORA/LDA) available on the paved runway would impose restrictions on aircraft payloads (and aircraft types) using this runway for the period of major earthworks, until the construction of sufficient new pavement to reinstate the present runway length..

The construction works will need to be carried out during night possessions of the paved areas, to allow continuity of operational use.

Provisions for temporary approach lights (for 26 Approach) at different stages of the development, will need to be devised and agreed with the regulator.

**<u>Options 5 / 6 – Concrete as an Alternative Material</u>**

All the option costings have been based on flexible pavements utilising asphalt surfacing. The reasons for this become clear when comparing with concrete as an alternative material:

The existing runway pavement is asphalt, and can thus be readily built up (and extended) in thin asphalt layers during a number of time limited (night time) possessions, with the runway re-open for operation the following morning.

Concrete is not a thin layer solution and so the option of surfacing with concrete pavement would entail either a significant depth of overslab to the existing asphalt (that would present difficulties matching levels with existing taxiways, grass runways and apron) or excavation of the existing pavement structure and reconstruction in concrete. This approach would require an extended full closure of the airport for a number of months (to include 28 days curing time for the concrete to achieve the desired strength development).

To avoid such a closure one could consider a concrete construction purely for the extension part of options 5 & 6. This would necessitate the need for both a concrete plant as well as an asphalt plant, each with its own differing aggregate needs, with associated increased mobilisation costs, which would limit or completely wipe out any potential cost savings.

Notwithstanding cost factors, there is the almost unsurmountable challenge of gaining regulatory and operator approval to a change in runway surfacing part way along the runway's length. Such a solution would inevitably lead to different friction values between the asphalt and the concrete, which would create uncertainty for pilots as they transition between "black" and "white" portions (or vice versa) whilst under breaking. We think this would be a unique situation in aviation and not one that TPS would propose or support.

In conclusion, concrete is a viable material for a new build runway remote from operational pavements or where an existing runway can be closed for a period of months during its reconstruction. Staged runway rehabilitation construction with asphalt is necessary where a surface must be back in operation the following morning (e.g. runways at almost all civil airports around the world).

Prepared by David Wilbraham

Approved by Gerry Prickett

5th October 2016

TPS

***<u>Alderney Airport Pavements Project:</u>***

**Order of Cost Estimates - Basis of Estimates**

1 Costs have been calculated based on UK prices and then adjusted for Alderney.

2 For this Order of Cost estimate we have assessed a location factor for works on Alderney at between 2 and 2.75 times UK costs. In practice this will depend on a number of factors, which are difficult to assess without more detailed planning and early contractor involvement:

- i) On-costs for transport of materials to the island.
- ii) Mobilisation of specialist plant (e.g. asphalt batching) to the island.
- iii) Size and productivity of construction plant suitable for use on island roads.
- iv) The contractor's strategy for resourcing, transporting and accommodating the staff and workforce required for this project.
- v) We have been unable to identify a recent civil engineering project on Alderney of comparable size for benchmarking.
- vi) Overall size of project. A larger project may be towards the lower end of the range, a smaller project towards the top.

As this location factor is only an assessment, we have presented total estimated costs based at both upper and lower ends of this range. As the project progresses it will be possible to test the assumptions to refine this location factor and reduce its range.

3 Mobilisation costs are included and assume a batching plant and site laboratory are established within the airport vicinity

4 Site Surveys and investigations allow for topographic surveys and pavement testing on all options, ground investigations for the extended land take required for Options 5 & 6 and materials investigation of local borrow pits (if available) for option 6.

5 Land will be required in the vicinity of the airport but outside the protected surfaces for the installation of the batching plant. It is likely that appropriate locations will be in private ownership, necessitating a lease agreement for the duration of construction works. This is included for options 3, 5 and 6. Land purchase for the runway extension will be required in Options 5 and 6

6 Potential costs for enhancement of other Airport infrastructure (Terminal building, parking, fire cover etc), to accommodate operations by larger aircraft, have not been allowed for in the works cost estimate.

7 Costs are based at 4Q15.

**TPS Cost Estimates (base Date Q4 2015)**

| | | | Island Factor Range | |
|---|---|---|---|---|
| | | | 2.00 | 2.75 |
| | | | | |
| Option 3 | *Construction Cost - UK Prices* | | *£3,377,000* | *£3,377,000* |
| | Construction Cost - Alderney Prices | | £6,750,000 | £9,290,000 |
| | Professional Fees | 12% | £410,000 | £410,000 |
| | Site Surveys & investigations | | £10,000 | £10,000 |
| | Land Lease for Plant Compound | | £50,000 | £50,000 |
| | **Total Option 3** | | **£7,220,000** | **£9,760,000** |
| | | | | |
| Option 5 | Construction UK Prices | | *£9,221,000* | *£9,221,000* |
| | Construction Alderney Prices | | £18,440,000 | £25,360,000 |
| | Professional Fees | 10% | £920,000 | £920,000 |
| | Site Surveys & investigations | | £30,000 | £30,000 |
| | Land Purchase and land lease for Plant Compound | | £200,000 | £200,000 |
| | **Total Option 5** | | **£19,590,000** | **£26,510,000** |
| | | | | |
| Option 6 | Construction UK Prices | | | |
| | | Stage 1 | *£3,377,000* | *£3,377,000* |
| | | Stage 2 | *£7,999,000* | *£7,999,000* |
| | | Total | *£11,376,000* | *£11,376,000* |
| | Construction Alderney Prices | | £22,750,000 | £31,280,000 |
| | Professional Fees | 10% | £1,140,000 | £1,140,000 |
| | Site Surveys & investigations | | £35,000 | £35,000 |
| | Land Purchase | | £250,000 | £250,000 |
| | **Total Option 6** | | **£24,175,000** | **£32,705,000** |

***The Island Factor used for Option Costings***

In 2014 TPS held initial consultations with States of Guernsey's Project Services division regarding their experience in relation to the uplift factor they apply to construction projects in Alderney. They indicated that an uplift factor between 2.5 - 3.5 times mainland rates would be a normal uplift range for costs of typical works carried out on Alderney.
TPS reviewed this in the context of:

1. economies of scale from the larger size of the Alderney Airport Pavement Project compared to these typical works and
2. some 'big-ticket' items (e.g. AGL equipment) the price of which is likely to be less dependent on location.

And we concluded that for the type of work envisaged, a range between 2.0 to 2.75 should be used for the purposes of high level estimating at this Feasibility stage.
The range of 'Island Factor' values from 2.0 to 2.75 reflects uncertainty in the on-island costs of particular elements and in particular the lack of any comparable recent project on Alderney that could be used for benchmarking purposes. The sheer volume of labour, materials and machinery that will need to be imported to the island is a significant aspect in preparing our option costings. Due to these uncertainties we have always presented total estimated costs based at both upper and lower ends of this range of factors.

***Island Factor Comparisons***
The Building Cost Information Service of the Royal Institute of Chartered Surveyors (BCIS) produce 'location factors' for all regions of the UK. They have featured an 'Islands' category including Isle of Man, Scilly and Channel Islands as well as the Scottish Islands. The format does change from year to year, probably due to the number of sample projects available. The following are extracts from BCIS around the time of our 2014 cost analysis:

**Channel Islands**
2012 had a weighted average of 1.76 for the Channel Islands as a whole, with a range of 1.24 to 2.71. The majority of sample projects from which this data was produced would have been in Jersey and Guernsey. It would be logical to assume that compared to Jersey and Guernsey, Alderney would be towards, if not above, the top of this range.

**Scottish Islands**
Shetlands and Orkneys historically average 1.23 with a range of 0.77 to 1.82. Due to the limited size and scale of infrastructure in Alderney compared to Shetland and Orkney, it is likely that Alderney will be more expensive than the Scottish Islands.

**Isle of Man**
Historically has been 1.66 and a range of 1.32 – 2.13. Using the same logic we have applied to Orkney and Shetland, Alderney should sit higher than Isle of Man.
These historic comparators suggest to us that the range we have selected for current use is appropriate.

Just one slight word of caution is that across all 3 areas (Scottish Islands/Isle of Man/Channel Islands) the current factors are positioned lower than they were in 2012. We can't see any logical reason for that, and so are still inclined to think 2-2.75 is where we need to be positioned at the present time. As the project progresses into the design stage it will be essential for accurate budgetary control purposes to refine the location factor and reduce the range through further research. The most appropriate means of refinement would be through analysis of costs for a major project tendered recently in Alderney, should one be available. An alternative approach would be through the appointment of a civil engineering construction company to undertake an island costing exercise through a detailed analysis of logistics and procurement specifically for the typical elements of this project.

**In the meantime we continue to have confidence in our 2014 assessment.**

Prepared by Rob Jenkins
Approved by Gerry Prickett
29th September 2016

## APPENDIX D: ECONOMIC APPRAISAL OUTPUTS

# Transport Economics Approach

## Option 5 Core Case, Low Cost No Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | Low | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | No | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | 0.5 | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,137 | 8,235 | 8,335 | 8,435 | 8,537 | 8,640 | 8,744 | 8,849 | 8,956 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,324 | 17,539 | 17,756 | 17,976 | 18,198 | 18,424 | 18,652 | 18,883 | 19,117 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 |
| Inbound Business | | | 3,612 | 3,612 | 3,656 | 3,700 | 3,745 | 3,790 | 3,835 | 3,882 | 3,928 | 3,976 | 4,024 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,425 | 5,490 | 5,556 | 5,623 | 5,691 | 5,760 | 5,829 | 5,899 | 5,970 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,574 | 8,683 | 8,794 | 8,906 | 9,019 | 9,134 | 9,250 | 9,368 | 9,487 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 |
| Inbound Business | | | 2,408 | 2,408 | 2,437 | 2,467 | 2,496 | 2,526 | 2,557 | 2,588 | 2,619 | 2,650 | 2,682 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,562 | 13,726 | 13,891 | 14,058 | 14,228 | 14,399 | 14,573 | 14,748 | 14,926 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,898 | 26,222 | 26,549 | 26,881 | 27,217 | 27,557 | 27,902 | 28,250 | 28,603 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 |
| Inbound Business | | | 6,021 | 6,021 | 6,093 | 6,167 | 6,241 | 6,316 | 6,392 | 6,469 | 6,547 | 6,626 | 6,706 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,851 | 18,055 | 18,260 | 18,469 | 18,679 | 18,892 | 19,107 | 19,325 | 19,545 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£4,597,000 | -£4,597,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £4,597,000 |
| Terminal | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Total* | | | *-£4,597,000* | *-£4,597,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£4,597,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £7,621 | £15,334 | £23,139 | £31,039 | £39,035 | £47,126 | £55,316 | £63,604 | £71,992 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 |
| OPEX | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -345,963 | -331,750 | -317,366 | -302,807 | -288,074 | -273,162 | -258,071 | -242,797 | -227,339 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £1,082 | £2,228 | £3,439 | £4,719 | £6,072 | £7,499 | £9,004 | £10,591 | £12,264 | £14,025 | £14,348 | £14,678 | £15,015 | £15,361 | £15,714 | £16,075 | £16,445 | £16,823 | £17,210 | £17,606 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,029 | £2,118 | £3,271 | £4,489 | £5,776 | £7,135 | £8,569 | £10,082 | £11,676 | £13,355 | £13,662 | £13,976 | £14,298 | £14,626 | £14,963 | £15,307 | £15,659 | £16,019 | £16,388 | £16,765 |
| Inbound Business | | £0.78 | £0 | £0 | £486 | £1,001 | £1,545 | £2,120 | £2,728 | £3,369 | £4,045 | £4,758 | £5,510 | £6,301 | £6,446 | £6,594 | £6,746 | £6,901 | £7,060 | £7,222 | £7,388 | £7,558 | £7,732 | £7,910 |
| Inbound Leisure | | £0.12 | £0 | £0 | £488 | £1,005 | £1,551 | £2,128 | £2,736 | £3,378 | £4,055 | £4,768 | £5,520 | £6,310 | £6,455 | £6,604 | £6,756 | £6,911 | £7,070 | £7,233 | £7,399 | £7,569 | £7,743 | £7,921 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £410 | £844 | £1,303 | £1,788 | £2,300 | £2,840 | £3,411 | £4,012 | £4,645 | £5,313 | £5,435 | £5,560 | £5,688 | £5,818 | £5,952 | £6,089 | £6,229 | £6,372 | £6,519 | £6,669 |
| Outbound Leisure | | £0.12 | £0 | £0 | £333 | £685 | £1,057 | £1,451 | £1,868 | £2,308 | £2,772 | £3,261 | £3,778 | £4,322 | £4,421 | £4,523 | £4,627 | £4,733 | £4,842 | £4,954 | £5,068 | £5,184 | £5,303 | £5,425 |
| Inbound Business | | £0.78 | £0 | £0 | £184 | £379 | £585 | £803 | £1,033 | £1,276 | £1,532 | £1,802 | £2,087 | £2,387 | £2,442 | £2,498 | £2,555 | £2,614 | £2,674 | £2,736 | £2,799 | £2,863 | £2,929 | £2,996 |
| Inbound Leisure | | £0.12 | £0 | £0 | £310 | £639 | £986 | £1,352 | £1,739 | £2,147 | £2,577 | £3,031 | £3,508 | £4,011 | £4,103 | £4,197 | £4,294 | £4,393 | £4,494 | £4,597 | £4,703 | £4,811 | £4,922 | £5,035 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £1,492 | £3,072 | £4,742 | £6,507 | £8,371 | £10,339 | £12,415 | £14,603 | £16,909 | £19,338 | £19,782 | £20,237 | £20,703 | £21,179 | £21,666 | £22,164 | £22,674 | £23,196 | £23,729 | £24,275 |
| Outbound Leisure | | | £0 | £0 | £1,362 | £2,803 | £4,328 | £5,941 | £7,644 | £9,443 | £11,341 | £13,343 | £15,453 | £17,677 | £18,083 | £18,499 | £18,925 | £19,360 | £19,805 | £20,261 | £20,727 | £21,203 | £21,691 | £22,190 |
| Inbound Business | | | £0 | £0 | £670 | £1,380 | £2,130 | £2,923 | £3,761 | £4,645 | £5,578 | £6,561 | £7,597 | £8,688 | £8,888 | £9,092 | £9,301 | £9,515 | £9,734 | £9,958 | £10,187 | £10,421 | £10,661 | £10,906 |
| Inbound Leisure | | | £0 | £0 | £799 | £1,644 | £2,537 | £3,480 | £4,475 | £5,526 | £6,633 | £7,799 | £9,028 | £10,321 | £10,558 | £10,801 | £11,050 | £11,304 | £11,564 | £11,830 | £12,102 | £12,380 | £12,665 | £12,956 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £5,140 | £10,581 | £16,334 | £22,415 | £28,836 | £35,615 | £42,765 | £50,303 | £58,246 | £66,611 | £68,143 | £69,711 | £71,314 | £72,954 | £74,632 | £76,349 | £78,105 | £79,901 | £81,739 | £83,619 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,730 | £3,561 | £5,499 | £7,547 | £9,710 | £11,995 | £14,406 | £16,948 | £19,627 | £22,450 | £22,966 | £23,495 | £24,035 | £24,588 | £25,153 | £25,732 | £26,324 | £26,929 | £27,549 | £28,182 |
| Inbound Business | | £0.78 | £0 | £0 | £2,309 | £4,754 | £7,339 | £10,070 | £12,956 | £16,001 | £19,213 | £22,600 | £26,168 | £29,927 | £30,615 | £31,319 | £32,040 | £32,777 | £33,530 | £34,302 | £35,091 | £35,898 | £36,723 | £37,568 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £3,427 | £7,054 | £10,889 | £14,943 | £19,224 | £23,743 | £28,510 | £33,535 | £38,831 | £44,408 | £45,429 | £46,474 | £47,543 | £48,636 | £49,755 | £50,899 | £52,070 | £53,268 | £54,493 | £55,746 |
| Outbound Leisure | | £0.12 | £0 | £0 | £879 | £1,811 | £2,796 | £3,839 | £4,940 | £6,103 | £7,331 | £8,626 | £9,992 | £11,431 | £11,694 | £11,963 | £12,238 | £12,519 | £12,807 | £13,102 | £13,403 | £13,711 | £14,027 | £14,349 |
| Inbound Business | | £0.78 | £0 | £0 | £1,540 | £3,169 | £4,892 | £6,714 | £8,637 | £10,667 | £12,809 | £15,067 | £17,446 | £19,951 | £20,410 | £20,880 | £21,360 | £21,851 | £22,354 | £22,868 | £23,394 | £23,932 | £24,482 | £25,045 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £8,567 | £17,635 | £27,224 | £37,358 | £48,061 | £59,358 | £71,274 | £83,838 | £97,077 | £111,019 | £113,572 | £116,185 | £118,857 | £121,591 | £124,387 | £127,248 | £130,175 | £133,169 | £136,232 | £139,365 |
| Outbound Leisure | | | £0 | £0 | £2,609 | £5,372 | £8,295 | £11,385 | £14,650 | £18,098 | £21,737 | £25,574 | £29,619 | £33,881 | £34,660 | £35,457 | £36,273 | £37,107 | £37,961 | £38,834 | £39,727 | £40,641 | £41,575 | £42,531 |
| Inbound Business | | | £0 | £0 | £3,849 | £7,923 | £12,231 | £16,784 | £21,593 | £26,668 | £32,022 | £37,666 | £43,614 | £49,878 | £51,025 | £52,199 | £53,399 | £54,628 | £55,884 | £57,169 | £58,484 | £59,829 | £61,206 | £62,613 |
| Inbound Leisure | | | £0 | £0 | £1,642 | £3,379 | £5,214 | £7,153 | £9,200 | £11,358 | £13,634 | £16,032 | £18,557 | £21,215 | £21,703 | £22,203 | £22,713 | £23,236 | £23,770 | £24,317 | £24,876 | £25,448 | £26,034 | £26,632 |
| **Total Producer & User Benefits** | | | £99,537 | £101,827 | -£248,928 | -£224,697 | -£199,225 | -£172,457 | -£144,337 | -£114,805 | -£83,801 | -£51,259 | -£17,113 | £18,705 | £17,971 | £17,219 | £16,451 | £15,665 | £14,860 | £14,037 | £13,195 | £12,334 | £11,453 | £10,552 |
| **Total Costs & Benefits** | | | -£4,497,463 | -£4,495,173 | -£594,892 | -£556,447 | -£516,591 | -£475,265 | -£432,411 | -£387,968 | -£341,871 | -£294,056 | -£244,452 | -£192,989 | -£193,724 | -£194,475 | -£195,244 | -£196,030 | -£196,835 | -£197,657 | -£198,499 | -£199,361 | -£200,242 | £4,395,857 |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| **Discount Factor** | | | 1 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | 0.709 | 0.685 | 0.662 | 0.639 | 0.618 | 0.597 | 0.577 | 0.557 | 0.538 | 0.520 | 0.503 | 0.486 |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| **Discounted Costs & Benefits** | | | -£4,497,463 | -£4,343,162 | -£555,338 | -£501,884 | -£450,179 | -£400,160 | -£351,767 | -£304,939 | -£259,621 | -£215,758 | -£173,297 | -£132,187 | -£128,203 | -£124,348 | -£120,618 | -£117,009 | -£113,516 | -£110,135 | -£106,864 | -£103,699 | -£100,635 | £2,134,500 |
| **NPV** | -£11,076,280 | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | -7% | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | -0.1 | | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Core Case, Low Cost with Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | Low | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | Yes | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | 0.5 | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,137 | 8,235 | 8,335 | 8,435 | 8,537 | 8,640 | 8,744 | 8,849 | 8,956 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,324 | 17,539 | 17,756 | 17,976 | 18,198 | 18,424 | 18,652 | 18,883 | 19,117 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 |
| Inbound Business | | | 3,612 | 3,612 | 3,656 | 3,700 | 3,745 | 3,790 | 3,835 | 3,882 | 3,928 | 3,976 | 4,024 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,425 | 5,490 | 5,556 | 5,623 | 5,691 | 5,760 | 5,829 | 5,899 | 5,970 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,574 | 8,683 | 8,794 | 8,906 | 9,019 | 9,134 | 9,250 | 9,368 | 9,487 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 |
| Inbound Business | | | 2,408 | 2,408 | 2,437 | 2,467 | 2,496 | 2,526 | 2,557 | 2,588 | 2,619 | 2,650 | 2,682 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,562 | 13,726 | 13,891 | 14,058 | 14,228 | 14,399 | 14,573 | 14,748 | 14,926 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,898 | 26,222 | 26,549 | 26,881 | 27,217 | 27,557 | 27,902 | 28,250 | 28,603 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 |
| Inbound Business | | | 6,021 | 6,021 | 6,093 | 6,167 | 6,241 | 6,316 | 6,392 | 6,469 | 6,547 | 6,626 | 6,706 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,851 | 18,055 | 18,260 | 18,469 | 18,679 | 18,892 | 19,107 | 19,325 | 19,545 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£4,597,000 | -£4,597,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £4,597,000 |
| Terminal | | | -£1,150,000 | -£1,150,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £1,150,000 |
| *Total* | | | *-£5,747,000* | *-£5,747,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£5,747,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £7,621 | £15,334 | £23,139 | £31,039 | £39,035 | £47,126 | £55,316 | £63,604 | £71,992 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 |
| OPEX | | | £0 | £0 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -345,963 | -331,750 | -317,366 | -302,807 | -288,074 | -273,162 | -258,071 | -242,797 | -227,339 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £1,082 | £2,228 | £3,439 | £4,719 | £6,072 | £7,499 | £9,004 | £10,591 | £12,264 | £14,025 | £14,348 | £14,678 | £15,015 | £15,361 | £15,714 | £16,075 | £16,445 | £16,823 | £17,210 | £17,606 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,029 | £2,118 | £3,271 | £4,489 | £5,776 | £7,135 | £8,569 | £10,082 | £11,676 | £13,355 | £13,662 | £13,976 | £14,298 | £14,626 | £14,963 | £15,307 | £15,659 | £16,019 | £16,388 | £16,765 |
| Inbound Business | | £0.78 | £0 | £0 | £486 | £1,001 | £1,545 | £2,120 | £2,728 | £3,369 | £4,045 | £4,758 | £5,510 | £6,301 | £6,446 | £6,594 | £6,746 | £6,901 | £7,060 | £7,222 | £7,388 | £7,558 | £7,732 | £7,910 |
| Inbound Leisure | | £0.12 | £0 | £0 | £488 | £1,005 | £1,551 | £2,128 | £2,736 | £3,378 | £4,055 | £4,768 | £5,520 | £6,310 | £6,455 | £6,604 | £6,756 | £6,911 | £7,070 | £7,233 | £7,399 | £7,569 | £7,743 | £7,921 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £410 | £844 | £1,303 | £1,788 | £2,300 | £2,840 | £3,411 | £4,012 | £4,645 | £5,313 | £5,435 | £5,560 | £5,688 | £5,818 | £5,952 | £6,089 | £6,229 | £6,372 | £6,519 | £6,669 |
| Outbound Leisure | | £0.12 | £0 | £0 | £333 | £685 | £1,057 | £1,451 | £1,868 | £2,308 | £2,772 | £3,261 | £3,778 | £4,322 | £4,421 | £4,523 | £4,627 | £4,733 | £4,842 | £4,954 | £5,068 | £5,184 | £5,303 | £5,425 |
| Inbound Business | | £0.78 | £0 | £0 | £184 | £379 | £585 | £803 | £1,033 | £1,276 | £1,532 | £1,802 | £2,087 | £2,387 | £2,442 | £2,498 | £2,555 | £2,614 | £2,674 | £2,736 | £2,799 | £2,863 | £2,929 | £2,996 |
| Inbound Leisure | | £0.12 | £0 | £0 | £310 | £639 | £986 | £1,352 | £1,739 | £2,147 | £2,577 | £3,031 | £3,508 | £4,011 | £4,103 | £4,197 | £4,294 | £4,393 | £4,494 | £4,597 | £4,703 | £4,811 | £4,922 | £5,035 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £1,492 | £3,072 | £4,742 | £6,507 | £8,371 | £10,339 | £12,415 | £14,603 | £16,909 | £19,338 | £19,782 | £20,237 | £20,703 | £21,179 | £21,666 | £22,164 | £22,674 | £23,196 | £23,729 | £24,275 |
| Outbound Leisure | | | £0 | £0 | £1,362 | £2,803 | £4,328 | £5,941 | £7,644 | £9,443 | £11,341 | £13,343 | £15,453 | £17,677 | £18,083 | £18,499 | £18,925 | £19,360 | £19,805 | £20,261 | £20,727 | £21,203 | £21,691 | £22,190 |
| Inbound Business | | | £0 | £0 | £670 | £1,380 | £2,130 | £2,923 | £3,761 | £4,645 | £5,578 | £6,561 | £7,597 | £8,688 | £8,888 | £9,092 | £9,301 | £9,515 | £9,734 | £9,958 | £10,187 | £10,421 | £10,661 | £10,906 |
| Inbound Leisure | | | £0 | £0 | £799 | £1,644 | £2,537 | £3,480 | £4,475 | £5,526 | £6,633 | £7,799 | £9,028 | £10,321 | £10,558 | £10,801 | £11,050 | £11,304 | £11,564 | £11,830 | £12,102 | £12,380 | £12,665 | £12,956 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £5,140 | £10,581 | £16,334 | £22,415 | £28,836 | £35,615 | £42,765 | £50,303 | £58,246 | £66,611 | £68,143 | £69,711 | £71,314 | £72,954 | £74,632 | £76,349 | £78,105 | £79,901 | £81,739 | £83,619 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,730 | £3,561 | £5,499 | £7,547 | £9,710 | £11,995 | £14,406 | £16,948 | £19,627 | £22,450 | £22,966 | £23,495 | £24,035 | £24,588 | £25,153 | £25,732 | £26,324 | £26,929 | £27,549 | £28,182 |
| Inbound Business | | £0.78 | £0 | £0 | £2,309 | £4,754 | £7,339 | £10,070 | £12,956 | £16,001 | £19,213 | £22,600 | £26,168 | £29,927 | £30,615 | £31,319 | £32,040 | £32,777 | £33,530 | £34,302 | £35,091 | £35,898 | £36,723 | £37,568 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £3,427 | £7,054 | £10,889 | £14,943 | £19,224 | £23,743 | £28,510 | £33,535 | £38,831 | £44,408 | £45,429 | £46,474 | £47,543 | £48,636 | £49,755 | £50,899 | £52,070 | £53,268 | £54,493 | £55,746 |
| Outbound Leisure | | £0.12 | £0 | £0 | £879 | £1,811 | £2,796 | £3,839 | £4,940 | £6,103 | £7,331 | £8,626 | £9,992 | £11,431 | £11,694 | £11,963 | £12,238 | £12,519 | £12,807 | £13,102 | £13,403 | £13,711 | £14,027 | £14,349 |
| Inbound Business | | £0.78 | £0 | £0 | £1,540 | £3,169 | £4,892 | £6,714 | £8,637 | £10,667 | £12,809 | £15,067 | £17,446 | £19,951 | £20,410 | £20,880 | £21,360 | £21,851 | £22,354 | £22,868 | £23,394 | £23,932 | £24,482 | £25,045 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £8,567 | £17,635 | £27,224 | £37,358 | £48,061 | £59,358 | £71,274 | £83,838 | £97,077 | £111,019 | £113,572 | £116,185 | £118,857 | £121,591 | £124,387 | £127,248 | £130,175 | £133,169 | £136,232 | £139,365 |
| Outbound Leisure | | | £0 | £0 | £2,609 | £5,372 | £8,295 | £11,385 | £14,650 | £18,098 | £21,737 | £25,574 | £29,619 | £33,881 | £34,660 | £35,457 | £36,273 | £37,107 | £37,961 | £38,834 | £39,727 | £40,641 | £41,575 | £42,531 |
| Inbound Business | | | £0 | £0 | £3,849 | £7,923 | £12,231 | £16,784 | £21,593 | £26,668 | £32,022 | £37,666 | £43,614 | £49,878 | £51,025 | £52,199 | £53,399 | £54,628 | £55,884 | £57,169 | £58,484 | £59,829 | £61,206 | £62,613 |
| Inbound Leisure | | | £0 | £0 | £1,642 | £3,379 | £5,214 | £7,153 | £9,200 | £11,358 | £13,634 | £16,032 | £18,557 | £21,215 | £21,703 | £22,203 | £22,713 | £23,236 | £23,770 | £24,317 | £24,876 | £25,448 | £26,034 | £26,632 |
| **Total Producer & User Benefits** | | | £99,537 | £101,827 | -£298,928 | -£274,697 | -£249,225 | -£222,457 | -£194,337 | -£164,805 | -£133,801 | -£101,259 | -£67,113 | -£31,295 | -£32,029 | -£32,781 | -£33,549 | -£34,335 | -£35,140 | -£35,963 | -£36,805 | -£37,666 | -£38,547 | -£39,448 |
| **Total Costs & Benefits** | | | -£5,647,463 | -£5,645,173 | -£644,892 | -£606,447 | -£566,591 | -£525,265 | -£482,411 | -£437,968 | -£391,871 | -£344,056 | -£294,452 | -£242,989 | -£243,724 | -£244,475 | -£245,244 | -£246,030 | -£246,835 | -£247,657 | -£248,499 | -£249,361 | -£250,242 | £5,495,857 |
| **Discount Factor** | | | 1 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | 0.709 | 0.685 | 0.662 | 0.639 | 0.618 | 0.597 | 0.577 | 0.557 | 0.538 | 0.520 | 0.503 | 0.486 |
| **Discounted Costs & Benefits** | | | -£5,647,463 | -£5,454,274 | -£602,013 | -£546,981 | -£493,751 | -£442,259 | -£392,442 | -£344,239 | -£297,592 | -£252,444 | -£208,743 | -£166,435 | -£161,292 | -£156,318 | -£151,507 | -£146,853 | -£142,351 | -£137,996 | -£133,782 | -£129,706 | -£125,763 | £2,668,628 |
| **NPV** | -£13,465,574 | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | -7% | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | -0.2 | | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Core Case, Medium Cost No Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | Medium | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | No | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | 0.5 | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,137 | 8,235 | 8,335 | 8,435 | 8,537 | 8,640 | 8,744 | 8,849 | 8,956 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,324 | 17,539 | 17,756 | 17,976 | 18,198 | 18,424 | 18,652 | 18,883 | 19,117 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 |
| Inbound Business | | | 3,612 | 3,612 | 3,656 | 3,700 | 3,745 | 3,790 | 3,835 | 3,882 | 3,928 | 3,976 | 4,024 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,425 | 5,490 | 5,556 | 5,623 | 5,691 | 5,760 | 5,829 | 5,899 | 5,970 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,574 | 8,683 | 8,794 | 8,906 | 9,019 | 9,134 | 9,250 | 9,368 | 9,487 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 |
| Inbound Business | | | 2,408 | 2,408 | 2,437 | 2,467 | 2,496 | 2,526 | 2,557 | 2,588 | 2,619 | 2,650 | 2,682 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,562 | 13,726 | 13,891 | 14,058 | 14,228 | 14,399 | 14,573 | 14,748 | 14,926 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,898 | 26,222 | 26,549 | 26,881 | 27,217 | 27,557 | 27,902 | 28,250 | 28,603 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 |
| Inbound Business | | | 6,021 | 6,021 | 6,093 | 6,167 | 6,241 | 6,316 | 6,392 | 6,469 | 6,547 | 6,626 | 6,706 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,851 | 18,055 | 18,260 | 18,469 | 18,679 | 18,892 | 19,107 | 19,325 | 19,545 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£6,185,000 | -£6,185,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £6,185,000 |
| Terminal | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Total* | | | *-£6,185,000* | *-£6,185,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£6,185,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £7,621 | £15,334 | £23,139 | £31,039 | £39,035 | £47,126 | £55,316 | £63,604 | £71,992 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 |
| OPEX | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -345,963 | -331,750 | -317,366 | -302,807 | -288,074 | -273,162 | -258,071 | -242,797 | -227,339 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £1,082 | £2,228 | £3,439 | £4,719 | £6,072 | £7,499 | £9,004 | £10,591 | £12,264 | £14,025 | £14,348 | £14,678 | £15,015 | £15,361 | £15,714 | £16,075 | £16,445 | £16,823 | £17,210 | £17,606 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,029 | £2,118 | £3,271 | £4,489 | £5,776 | £7,135 | £8,569 | £10,082 | £11,676 | £13,355 | £13,662 | £13,976 | £14,298 | £14,626 | £14,963 | £15,307 | £15,659 | £16,019 | £16,388 | £16,765 |
| Inbound Business | | £0.78 | £0 | £0 | £486 | £1,001 | £1,545 | £2,120 | £2,728 | £3,369 | £4,045 | £4,758 | £5,510 | £6,301 | £6,446 | £6,594 | £6,746 | £6,901 | £7,060 | £7,222 | £7,388 | £7,558 | £7,732 | £7,910 |
| Inbound Leisure | | £0.12 | £0 | £0 | £488 | £1,005 | £1,551 | £2,128 | £2,736 | £3,378 | £4,055 | £4,768 | £5,520 | £6,310 | £6,455 | £6,604 | £6,756 | £6,911 | £7,070 | £7,233 | £7,399 | £7,569 | £7,743 | £7,921 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £410 | £844 | £1,303 | £1,788 | £2,300 | £2,840 | £3,411 | £4,012 | £4,645 | £5,313 | £5,435 | £5,560 | £5,688 | £5,818 | £5,952 | £6,089 | £6,229 | £6,372 | £6,519 | £6,669 |
| Outbound Leisure | | £0.12 | £0 | £0 | £333 | £685 | £1,057 | £1,451 | £1,868 | £2,308 | £2,772 | £3,261 | £3,778 | £4,322 | £4,421 | £4,523 | £4,627 | £4,733 | £4,842 | £4,954 | £5,068 | £5,184 | £5,303 | £5,425 |
| Inbound Business | | £0.78 | £0 | £0 | £184 | £379 | £585 | £803 | £1,033 | £1,276 | £1,532 | £1,802 | £2,087 | £2,387 | £2,442 | £2,498 | £2,555 | £2,614 | £2,674 | £2,736 | £2,799 | £2,863 | £2,929 | £2,996 |
| Inbound Leisure | | £0.12 | £0 | £0 | £310 | £639 | £986 | £1,352 | £1,739 | £2,147 | £2,577 | £3,031 | £3,508 | £4,011 | £4,103 | £4,197 | £4,294 | £4,393 | £4,494 | £4,597 | £4,703 | £4,811 | £4,922 | £5,035 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £1,492 | £3,072 | £4,742 | £6,507 | £8,371 | £10,339 | £12,415 | £14,603 | £16,909 | £19,338 | £19,782 | £20,237 | £20,703 | £21,179 | £21,666 | £22,164 | £22,674 | £23,196 | £23,729 | £24,275 |
| Outbound Leisure | | | £0 | £0 | £1,362 | £2,803 | £4,328 | £5,941 | £7,644 | £9,443 | £11,341 | £13,343 | £15,453 | £17,677 | £18,083 | £18,499 | £18,925 | £19,360 | £19,805 | £20,261 | £20,727 | £21,203 | £21,691 | £22,190 |
| Inbound Business | | | £0 | £0 | £670 | £1,380 | £2,130 | £2,923 | £3,761 | £4,645 | £5,578 | £6,561 | £7,597 | £8,688 | £8,888 | £9,092 | £9,301 | £9,515 | £9,734 | £9,958 | £10,187 | £10,421 | £10,661 | £10,906 |
| Inbound Leisure | | | £0 | £0 | £799 | £1,644 | £2,537 | £3,480 | £4,475 | £5,526 | £6,633 | £7,799 | £9,028 | £10,321 | £10,558 | £10,801 | £11,050 | £11,304 | £11,564 | £11,830 | £12,102 | £12,380 | £12,665 | £12,956 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £5,140 | £10,581 | £16,334 | £22,415 | £28,836 | £35,615 | £42,765 | £50,303 | £58,246 | £66,611 | £68,143 | £69,711 | £71,314 | £72,954 | £74,632 | £76,349 | £78,105 | £79,901 | £81,739 | £83,619 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,730 | £3,561 | £5,499 | £7,547 | £9,710 | £11,995 | £14,406 | £16,948 | £19,627 | £22,450 | £22,966 | £23,495 | £24,035 | £24,588 | £25,153 | £25,732 | £26,324 | £26,929 | £27,549 | £28,182 |
| Inbound Business | | £0.78 | £0 | £0 | £2,309 | £4,754 | £7,339 | £10,070 | £12,956 | £16,001 | £19,213 | £22,600 | £26,168 | £29,927 | £30,615 | £31,319 | £32,040 | £32,777 | £33,530 | £34,302 | £35,091 | £35,898 | £36,723 | £37,568 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £3,427 | £7,054 | £10,889 | £14,943 | £19,224 | £23,743 | £28,510 | £33,535 | £38,831 | £44,408 | £45,429 | £46,474 | £47,543 | £48,636 | £49,755 | £50,899 | £52,070 | £53,268 | £54,493 | £55,746 |
| Outbound Leisure | | £0.12 | £0 | £0 | £879 | £1,811 | £2,796 | £3,839 | £4,940 | £6,103 | £7,331 | £8,626 | £9,992 | £11,431 | £11,694 | £11,963 | £12,238 | £12,519 | £12,807 | £13,102 | £13,403 | £13,711 | £14,027 | £14,349 |
| Inbound Business | | £0.78 | £0 | £0 | £1,540 | £3,169 | £4,892 | £6,714 | £8,637 | £10,667 | £12,809 | £15,067 | £17,446 | £19,951 | £20,410 | £20,880 | £21,360 | £21,851 | £22,354 | £22,868 | £23,394 | £23,932 | £24,482 | £25,045 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £8,567 | £17,635 | £27,224 | £37,358 | £48,061 | £59,358 | £71,274 | £83,838 | £97,077 | £111,019 | £113,572 | £116,185 | £118,857 | £121,591 | £124,387 | £127,248 | £130,175 | £133,169 | £136,232 | £139,365 |
| Outbound Leisure | | | £0 | £0 | £2,609 | £5,372 | £8,295 | £11,385 | £14,650 | £18,098 | £21,737 | £25,574 | £29,619 | £33,881 | £34,660 | £35,457 | £36,273 | £37,107 | £37,961 | £38,834 | £39,727 | £40,641 | £41,575 | £42,531 |
| Inbound Business | | | £0 | £0 | £3,849 | £7,923 | £12,231 | £16,784 | £21,593 | £26,668 | £32,022 | £37,666 | £43,614 | £49,878 | £51,025 | £52,199 | £53,399 | £54,628 | £55,884 | £57,169 | £58,484 | £59,829 | £61,206 | £62,613 |
| Inbound Leisure | | | £0 | £0 | £1,642 | £3,379 | £5,214 | £7,153 | £9,200 | £11,358 | £13,634 | £16,032 | £18,557 | £21,215 | £21,703 | £22,203 | £22,713 | £23,236 | £23,770 | £24,317 | £24,876 | £25,448 | £26,034 | £26,632 |
| **Total Producer & User Benefits** | | | £99,537 | £101,827 | -£248,928 | -£224,697 | -£199,225 | -£172,457 | -£144,337 | -£114,805 | -£83,801 | -£51,259 | -£17,113 | £18,705 | £17,971 | £17,219 | £16,451 | £15,665 | £14,860 | £14,037 | £13,195 | £12,334 | £11,453 | £10,552 |
| **Total Costs & Benefits** | | | -£6,085,463 | -£6,083,173 | -£594,892 | -£556,447 | -£516,591 | -£475,265 | -£432,411 | -£387,968 | -£341,871 | -£294,056 | -£244,452 | -£192,989 | -£193,724 | -£194,475 | -£195,244 | -£196,030 | -£196,835 | -£197,657 | -£198,499 | -£199,361 | -£200,242 | £5,983,857 |
| **Discount Factor** | | | 1 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | 0.709 | 0.685 | 0.662 | 0.639 | 0.618 | 0.597 | 0.577 | 0.557 | 0.538 | 0.520 | 0.503 | 0.486 |
| **Discounted Costs & Benefits** | | | -£6,085,463 | -£5,877,462 | -£555,338 | -£501,884 | -£450,179 | -£400,160 | -£351,767 | -£304,939 | -£259,621 | -£215,758 | -£173,297 | -£132,187 | -£128,203 | -£124,348 | -£120,618 | -£117,009 | -£113,516 | -£110,135 | -£106,864 | -£103,699 | -£100,635 | £2,905,587 |
| **NPV** | -£13,427,493 | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | -6% | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | -0.1 | | | | | | | | | | | | | | | | | | | | | | | |

## Option 5 Core Case, Medium Cost with Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | Medium | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | Yes | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | 0.5 | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,137 | 8,235 | 8,335 | 8,435 | 8,537 | 8,640 | 8,744 | 8,849 | 8,956 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,324 | 17,539 | 17,756 | 17,976 | 18,198 | 18,424 | 18,652 | 18,883 | 19,117 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 |
| Inbound Business | | | 3,612 | 3,612 | 3,656 | 3,700 | 3,745 | 3,790 | 3,835 | 3,882 | 3,928 | 3,976 | 4,024 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,425 | 5,490 | 5,556 | 5,623 | 5,691 | 5,760 | 5,829 | 5,899 | 5,970 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,574 | 8,683 | 8,794 | 8,906 | 9,019 | 9,134 | 9,250 | 9,368 | 9,487 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 |
| Inbound Business | | | 2,408 | 2,408 | 2,437 | 2,467 | 2,496 | 2,526 | 2,557 | 2,588 | 2,619 | 2,650 | 2,682 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,562 | 13,726 | 13,891 | 14,058 | 14,228 | 14,399 | 14,573 | 14,748 | 14,926 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,898 | 26,222 | 26,549 | 26,881 | 27,217 | 27,557 | 27,902 | 28,250 | 28,603 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 |
| Inbound Business | | | 6,021 | 6,021 | 6,093 | 6,167 | 6,241 | 6,316 | 6,392 | 6,469 | 6,547 | 6,626 | 6,706 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,851 | 18,055 | 18,260 | 18,469 | 18,679 | 18,892 | 19,107 | 19,325 | 19,545 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£6,185,000 | -£6,185,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £6,185,000 |
| Terminal | | | -£1,150,000 | -£1,150,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £1,150,000 |
| *Total* | | | *-£7,335,000* | *-£7,335,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£7,335,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £7,621 | £15,334 | £23,139 | £31,039 | £39,035 | £47,126 | £55,316 | £63,604 | £71,992 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 |
| OPEX | | | £0 | £0 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -345,963 | -331,750 | -317,366 | -302,807 | -288,074 | -273,162 | -258,071 | -242,797 | -227,339 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £1,082 | £2,228 | £3,439 | £4,719 | £6,072 | £7,499 | £9,004 | £10,591 | £12,264 | £14,025 | £14,348 | £14,678 | £15,015 | £15,361 | £15,714 | £16,075 | £16,445 | £16,823 | £17,210 | £17,606 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,029 | £2,118 | £3,271 | £4,489 | £5,776 | £7,135 | £8,569 | £10,082 | £11,676 | £13,355 | £13,662 | £13,976 | £14,298 | £14,626 | £14,963 | £15,307 | £15,659 | £16,019 | £16,388 | £16,765 |
| Inbound Business | | £0.78 | £0 | £0 | £486 | £1,001 | £1,545 | £2,120 | £2,728 | £3,369 | £4,045 | £4,758 | £5,510 | £6,301 | £6,446 | £6,594 | £6,746 | £6,901 | £7,060 | £7,222 | £7,388 | £7,558 | £7,732 | £7,910 |
| Inbound Leisure | | £0.12 | £0 | £0 | £488 | £1,005 | £1,551 | £2,128 | £2,736 | £3,378 | £4,055 | £4,768 | £5,520 | £6,310 | £6,455 | £6,604 | £6,756 | £6,911 | £7,070 | £7,233 | £7,399 | £7,569 | £7,743 | £7,921 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £410 | £844 | £1,303 | £1,788 | £2,300 | £2,840 | £3,411 | £4,012 | £4,645 | £5,313 | £5,435 | £5,560 | £5,688 | £5,818 | £5,952 | £6,089 | £6,229 | £6,372 | £6,519 | £6,669 |
| Outbound Leisure | | £0.12 | £0 | £0 | £333 | £685 | £1,057 | £1,451 | £1,868 | £2,308 | £2,772 | £3,261 | £3,778 | £4,322 | £4,421 | £4,523 | £4,627 | £4,733 | £4,842 | £4,954 | £5,068 | £5,184 | £5,303 | £5,425 |
| Inbound Business | | £0.78 | £0 | £0 | £184 | £379 | £585 | £803 | £1,033 | £1,276 | £1,532 | £1,802 | £2,087 | £2,387 | £2,442 | £2,498 | £2,555 | £2,614 | £2,674 | £2,736 | £2,799 | £2,863 | £2,929 | £2,996 |
| Inbound Leisure | | £0.12 | £0 | £0 | £310 | £639 | £986 | £1,352 | £1,739 | £2,147 | £2,577 | £3,031 | £3,508 | £4,011 | £4,103 | £4,197 | £4,294 | £4,393 | £4,494 | £4,597 | £4,703 | £4,811 | £4,922 | £5,035 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £1,492 | £3,072 | £4,742 | £6,507 | £8,371 | £10,339 | £12,415 | £14,603 | £16,909 | £19,338 | £19,782 | £20,237 | £20,703 | £21,179 | £21,666 | £22,164 | £22,674 | £23,196 | £23,729 | £24,275 |
| Outbound Leisure | | | £0 | £0 | £1,362 | £2,803 | £4,328 | £5,941 | £7,644 | £9,443 | £11,341 | £13,343 | £15,453 | £17,677 | £18,083 | £18,499 | £18,925 | £19,360 | £19,805 | £20,261 | £20,727 | £21,203 | £21,691 | £22,190 |
| Inbound Business | | | £0 | £0 | £670 | £1,380 | £2,130 | £2,923 | £3,761 | £4,645 | £5,578 | £6,561 | £7,597 | £8,688 | £8,888 | £9,092 | £9,301 | £9,515 | £9,734 | £9,958 | £10,187 | £10,421 | £10,661 | £10,906 |
| Inbound Leisure | | | £0 | £0 | £799 | £1,644 | £2,537 | £3,480 | £4,475 | £5,526 | £6,633 | £7,799 | £9,028 | £10,321 | £10,558 | £10,801 | £11,050 | £11,304 | £11,564 | £11,830 | £12,102 | £12,380 | £12,665 | £12,956 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £5,140 | £10,581 | £16,334 | £22,415 | £28,836 | £35,615 | £42,765 | £50,303 | £58,246 | £66,611 | £68,143 | £69,711 | £71,314 | £72,954 | £74,632 | £76,349 | £78,105 | £79,901 | £81,739 | £83,619 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,730 | £3,561 | £5,499 | £7,547 | £9,710 | £11,995 | £14,406 | £16,948 | £19,627 | £22,450 | £22,966 | £23,495 | £24,035 | £24,588 | £25,153 | £25,732 | £26,324 | £26,929 | £27,549 | £28,182 |
| Inbound Business | | £0.78 | £0 | £0 | £2,309 | £4,754 | £7,339 | £10,070 | £12,956 | £16,001 | £19,213 | £22,600 | £26,168 | £29,927 | £30,615 | £31,319 | £32,040 | £32,777 | £33,530 | £34,302 | £35,091 | £35,898 | £36,723 | £37,568 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £3,427 | £7,054 | £10,889 | £14,943 | £19,224 | £23,743 | £28,510 | £33,535 | £38,831 | £44,408 | £45,429 | £46,474 | £47,543 | £48,636 | £49,755 | £50,899 | £52,070 | £53,268 | £54,493 | £55,746 |
| Outbound Leisure | | £0.12 | £0 | £0 | £879 | £1,811 | £2,796 | £3,839 | £4,940 | £6,103 | £7,331 | £8,626 | £9,992 | £11,431 | £11,694 | £11,963 | £12,238 | £12,519 | £12,807 | £13,102 | £13,403 | £13,711 | £14,027 | £14,349 |
| Inbound Business | | £0.78 | £0 | £0 | £1,540 | £3,169 | £4,892 | £6,714 | £8,637 | £10,667 | £12,809 | £15,067 | £17,446 | £19,951 | £20,410 | £20,880 | £21,360 | £21,851 | £22,354 | £22,868 | £23,394 | £23,932 | £24,482 | £25,045 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £8,567 | £17,635 | £27,224 | £37,358 | £48,061 | £59,358 | £71,274 | £83,838 | £97,077 | £111,019 | £113,572 | £116,185 | £118,857 | £121,591 | £124,387 | £127,248 | £130,175 | £133,169 | £136,232 | £139,365 |
| Outbound Leisure | | | £0 | £0 | £2,609 | £5,372 | £8,295 | £11,385 | £14,650 | £18,098 | £21,737 | £25,574 | £29,619 | £33,881 | £34,660 | £35,457 | £36,273 | £37,107 | £37,961 | £38,834 | £39,727 | £40,641 | £41,575 | £42,531 |
| Inbound Business | | | £0 | £0 | £3,849 | £7,923 | £12,231 | £16,784 | £21,593 | £26,668 | £32,022 | £37,666 | £43,614 | £49,878 | £51,025 | £52,199 | £53,399 | £54,628 | £55,884 | £57,169 | £58,484 | £59,829 | £61,206 | £62,613 |
| Inbound Leisure | | | £0 | £0 | £1,642 | £3,379 | £5,214 | £7,153 | £9,200 | £11,358 | £13,634 | £16,032 | £18,557 | £21,215 | £21,703 | £22,203 | £22,713 | £23,236 | £23,770 | £24,317 | £24,876 | £25,448 | £26,034 | £26,632 |
| **Total Producer & User Benefits** | | | £99,537 | £101,827 | -£298,928 | -£274,697 | -£249,225 | -£222,457 | -£194,337 | -£164,805 | -£133,801 | -£101,259 | -£67,113 | -£31,295 | -£32,029 | -£32,781 | -£33,549 | -£34,335 | -£35,140 | -£35,963 | -£36,805 | -£37,666 | -£38,547 | -£39,448 |
| **Total Costs & Benefits** | | | -£7,235,463 | -£7,233,173 | -£644,892 | -£606,447 | -£566,591 | -£525,265 | -£482,411 | -£437,968 | -£391,871 | -£344,056 | -£294,452 | -£242,989 | -£243,724 | -£244,475 | -£245,244 | -£246,030 | -£246,835 | -£247,657 | -£248,499 | -£249,361 | -£250,242 | £7,083,857 |
| **Discount Factor** | | | 1 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | 0.709 | 0.685 | 0.662 | 0.639 | 0.618 | 0.597 | 0.577 | 0.557 | 0.538 | 0.520 | 0.503 | 0.486 |
| **Discounted Costs & Benefits** | | | -£7,235,463 | -£6,988,573 | -£602,013 | -£546,981 | -£493,751 | -£442,259 | -£392,442 | -£344,239 | -£297,592 | -£252,444 | -£208,743 | -£166,435 | -£161,292 | -£156,318 | -£151,507 | -£146,853 | -£142,351 | -£137,996 | -£133,782 | -£129,706 | -£125,763 | £3,439,715 |
| **NPV** | -£15,816,787 | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | -6% | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | -0.1 | | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Core Case, High Cost No Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | High | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | No | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | 0.5 | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,137 | 8,235 | 8,335 | 8,435 | 8,537 | 8,640 | 8,744 | 8,849 | 8,956 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,324 | 17,539 | 17,756 | 17,976 | 18,198 | 18,424 | 18,652 | 18,883 | 19,117 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 |
| Inbound Business | | | 3,612 | 3,612 | 3,656 | 3,700 | 3,745 | 3,790 | 3,835 | 3,882 | 3,928 | 3,976 | 4,024 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,425 | 5,490 | 5,556 | 5,623 | 5,691 | 5,760 | 5,829 | 5,899 | 5,970 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,574 | 8,683 | 8,794 | 8,906 | 9,019 | 9,134 | 9,250 | 9,368 | 9,487 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 |
| Inbound Business | | | 2,408 | 2,408 | 2,437 | 2,467 | 2,496 | 2,526 | 2,557 | 2,588 | 2,619 | 2,650 | 2,682 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,562 | 13,726 | 13,891 | 14,058 | 14,228 | 14,399 | 14,573 | 14,748 | 14,926 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,898 | 26,222 | 26,549 | 26,881 | 27,217 | 27,557 | 27,902 | 28,250 | 28,603 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 |
| Inbound Business | | | 6,021 | 6,021 | 6,093 | 6,167 | 6,241 | 6,316 | 6,392 | 6,469 | 6,547 | 6,626 | 6,706 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,851 | 18,055 | 18,260 | 18,469 | 18,679 | 18,892 | 19,107 | 19,325 | 19,545 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£8,375,000 | -£8,375,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £8,375,000 |
| Terminal | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Total* | | | *-£8,375,000* | *-£8,375,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£8,375,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £7,621 | £15,334 | £23,139 | £31,039 | £39,035 | £47,126 | £55,316 | £63,604 | £71,992 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 |
| OPEX | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -345,963 | -331,750 | -317,366 | -302,807 | -288,074 | -273,162 | -258,071 | -242,797 | -227,339 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £1,082 | £2,228 | £3,439 | £4,719 | £6,072 | £7,499 | £9,004 | £10,591 | £12,264 | £14,025 | £14,348 | £14,678 | £15,015 | £15,361 | £15,714 | £16,075 | £16,445 | £16,823 | £17,210 | £17,606 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,029 | £2,118 | £3,271 | £4,489 | £5,776 | £7,135 | £8,569 | £10,082 | £11,676 | £13,355 | £13,662 | £13,976 | £14,298 | £14,626 | £14,963 | £15,307 | £15,659 | £16,019 | £16,388 | £16,765 |
| Inbound Business | | £0.78 | £0 | £0 | £486 | £1,001 | £1,545 | £2,120 | £2,728 | £3,369 | £4,045 | £4,758 | £5,510 | £6,301 | £6,446 | £6,594 | £6,746 | £6,901 | £7,060 | £7,222 | £7,388 | £7,558 | £7,732 | £7,910 |
| Inbound Leisure | | £0.12 | £0 | £0 | £488 | £1,005 | £1,551 | £2,128 | £2,736 | £3,378 | £4,055 | £4,768 | £5,520 | £6,310 | £6,455 | £6,604 | £6,756 | £6,911 | £7,070 | £7,233 | £7,399 | £7,569 | £7,743 | £7,921 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £410 | £844 | £1,303 | £1,788 | £2,300 | £2,840 | £3,411 | £4,012 | £4,645 | £5,313 | £5,435 | £5,560 | £5,688 | £5,818 | £5,952 | £6,089 | £6,229 | £6,372 | £6,519 | £6,669 |
| Outbound Leisure | | £0.12 | £0 | £0 | £333 | £685 | £1,057 | £1,451 | £1,868 | £2,308 | £2,772 | £3,261 | £3,778 | £4,322 | £4,421 | £4,523 | £4,627 | £4,733 | £4,842 | £4,954 | £5,068 | £5,184 | £5,303 | £5,425 |
| Inbound Business | | £0.78 | £0 | £0 | £184 | £379 | £585 | £803 | £1,033 | £1,276 | £1,532 | £1,802 | £2,087 | £2,387 | £2,442 | £2,498 | £2,555 | £2,614 | £2,674 | £2,736 | £2,799 | £2,863 | £2,929 | £2,996 |
| Inbound Leisure | | £0.12 | £0 | £0 | £310 | £639 | £986 | £1,352 | £1,739 | £2,147 | £2,577 | £3,031 | £3,508 | £4,011 | £4,103 | £4,197 | £4,294 | £4,393 | £4,494 | £4,597 | £4,703 | £4,811 | £4,922 | £5,035 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £1,492 | £3,072 | £4,742 | £6,507 | £8,371 | £10,339 | £12,415 | £14,603 | £16,909 | £19,338 | £19,782 | £20,237 | £20,703 | £21,179 | £21,666 | £22,164 | £22,674 | £23,196 | £23,729 | £24,275 |
| Outbound Leisure | | | £0 | £0 | £1,362 | £2,803 | £4,328 | £5,941 | £7,644 | £9,443 | £11,341 | £13,343 | £15,453 | £17,677 | £18,083 | £18,499 | £18,925 | £19,360 | £19,805 | £20,261 | £20,727 | £21,203 | £21,691 | £22,190 |
| Inbound Business | | | £0 | £0 | £670 | £1,380 | £2,130 | £2,923 | £3,761 | £4,645 | £5,578 | £6,561 | £7,597 | £8,688 | £8,888 | £9,092 | £9,301 | £9,515 | £9,734 | £9,958 | £10,187 | £10,421 | £10,661 | £10,906 |
| Inbound Leisure | | | £0 | £0 | £799 | £1,644 | £2,537 | £3,480 | £4,475 | £5,526 | £6,633 | £7,799 | £9,028 | £10,321 | £10,558 | £10,801 | £11,050 | £11,304 | £11,564 | £11,830 | £12,102 | £12,380 | £12,665 | £12,956 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £5,140 | £10,581 | £16,334 | £22,415 | £28,836 | £35,615 | £42,765 | £50,303 | £58,246 | £66,611 | £68,143 | £69,711 | £71,314 | £72,954 | £74,632 | £76,349 | £78,105 | £79,901 | £81,739 | £83,619 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,730 | £3,561 | £5,499 | £7,547 | £9,710 | £11,995 | £14,406 | £16,948 | £19,627 | £22,450 | £22,966 | £23,495 | £24,035 | £24,588 | £25,153 | £25,732 | £26,324 | £26,929 | £27,549 | £28,182 |
| Inbound Business | | £0.78 | £0 | £0 | £2,309 | £4,754 | £7,339 | £10,070 | £12,956 | £16,001 | £19,213 | £22,600 | £26,168 | £29,927 | £30,615 | £31,319 | £32,040 | £32,777 | £33,530 | £34,302 | £35,091 | £35,898 | £36,723 | £37,568 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £3,427 | £7,054 | £10,889 | £14,943 | £19,224 | £23,743 | £28,510 | £33,535 | £38,831 | £44,408 | £45,429 | £46,474 | £47,543 | £48,636 | £49,755 | £50,899 | £52,070 | £53,268 | £54,493 | £55,746 |
| Outbound Leisure | | £0.12 | £0 | £0 | £879 | £1,811 | £2,796 | £3,839 | £4,940 | £6,103 | £7,331 | £8,626 | £9,992 | £11,431 | £11,694 | £11,963 | £12,238 | £12,519 | £12,807 | £13,102 | £13,403 | £13,711 | £14,027 | £14,349 |
| Inbound Business | | £0.78 | £0 | £0 | £1,540 | £3,169 | £4,892 | £6,714 | £8,637 | £10,667 | £12,809 | £15,067 | £17,446 | £19,951 | £20,410 | £20,880 | £21,360 | £21,851 | £22,354 | £22,868 | £23,394 | £23,932 | £24,482 | £25,045 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £8,567 | £17,635 | £27,224 | £37,358 | £48,061 | £59,358 | £71,274 | £83,838 | £97,077 | £111,019 | £113,572 | £116,185 | £118,857 | £121,591 | £124,387 | £127,248 | £130,175 | £133,169 | £136,232 | £139,365 |
| Outbound Leisure | | | £0 | £0 | £2,609 | £5,372 | £8,295 | £11,385 | £14,650 | £18,098 | £21,737 | £25,574 | £29,619 | £33,881 | £34,660 | £35,457 | £36,273 | £37,107 | £37,961 | £38,834 | £39,727 | £40,641 | £41,575 | £42,531 |
| Inbound Business | | | £0 | £0 | £3,849 | £7,923 | £12,231 | £16,784 | £21,593 | £26,668 | £32,022 | £37,666 | £43,614 | £49,878 | £51,025 | £52,199 | £53,399 | £54,628 | £55,884 | £57,169 | £58,484 | £59,829 | £61,206 | £62,613 |
| Inbound Leisure | | | £0 | £0 | £1,642 | £3,379 | £5,214 | £7,153 | £9,200 | £11,358 | £13,634 | £16,032 | £18,557 | £21,215 | £21,703 | £22,203 | £22,713 | £23,236 | £23,770 | £24,317 | £24,876 | £25,448 | £26,034 | £26,632 |
| **Total Producer & User Benefits** | | | **£99,537** | **£101,827** | **-£248,928** | **-£224,697** | **-£199,225** | **-£172,457** | **-£144,337** | **-£114,805** | **-£83,801** | **-£51,259** | **-£17,113** | **£18,705** | **£17,971** | **£17,219** | **£16,451** | **£15,665** | **£14,860** | **£14,037** | **£13,195** | **£12,334** | **£11,453** | **£10,552** |
| **Total Costs & Benefits** | | | **-£8,275,463** | **-£8,273,173** | **-£594,892** | **-£556,447** | **-£516,591** | **-£475,265** | **-£432,411** | **-£387,968** | **-£341,871** | **-£294,056** | **-£244,452** | **-£192,989** | **-£193,724** | **-£194,475** | **-£195,244** | **-£196,030** | **-£196,835** | **-£197,657** | **-£198,499** | **-£199,361** | **-£200,242** | **£8,173,857** |
| **Discount Factor** | | | **1** | **0.966** | **0.934** | **0.902** | **0.871** | **0.842** | **0.814** | **0.786** | **0.759** | **0.734** | **0.709** | **0.685** | **0.662** | **0.639** | **0.618** | **0.597** | **0.577** | **0.557** | **0.538** | **0.520** | **0.503** | **0.486** |
| **Discounted Costs & Benefits** | | | **-£8,275,463** | **-£7,993,404** | **-£555,338** | **-£501,884** | **-£450,179** | **-£400,160** | **-£351,767** | **-£304,939** | **-£259,621** | **-£215,758** | **-£173,297** | **-£132,187** | **-£128,203** | **-£124,348** | **-£120,618** | **-£117,009** | **-£113,516** | **-£110,135** | **-£106,864** | **-£103,699** | **-£100,635** | **£3,968,987** |
| **NPV** | **-£16,670,035** | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | **-6%** | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | **-0.1** | | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Core Case, High Cost with Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | High | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | Yes | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | 0.5 | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Year* | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,137 | 8,235 | 8,335 | 8,435 | 8,537 | 8,640 | 8,744 | 8,849 | 8,956 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 | 9,064 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,324 | 17,539 | 17,756 | 17,976 | 18,198 | 18,424 | 18,652 | 18,883 | 19,117 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 | 19,353 |
| Inbound Business | | | 3,612 | 3,612 | 3,656 | 3,700 | 3,745 | 3,790 | 3,835 | 3,882 | 3,928 | 3,976 | 4,024 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 | 4,072 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,425 | 5,490 | 5,556 | 5,623 | 5,691 | 5,760 | 5,829 | 5,899 | 5,970 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 | 6,042 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,574 | 8,683 | 8,794 | 8,906 | 9,019 | 9,134 | 9,250 | 9,368 | 9,487 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 | 9,608 |
| Inbound Business | | | 2,408 | 2,408 | 2,437 | 2,467 | 2,496 | 2,526 | 2,557 | 2,588 | 2,619 | 2,650 | 2,682 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 | 2,715 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,926 | 9,027 | 9,130 | 9,234 | 9,340 | 9,446 | 9,554 | 9,662 | 9,773 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 | 9,884 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,562 | 13,726 | 13,891 | 14,058 | 14,228 | 14,399 | 14,573 | 14,748 | 14,926 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 | 15,106 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,898 | 26,222 | 26,549 | 26,881 | 27,217 | 27,557 | 27,902 | 28,250 | 28,603 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 | 28,961 |
| Inbound Business | | | 6,021 | 6,021 | 6,093 | 6,167 | 6,241 | 6,316 | 6,392 | 6,469 | 6,547 | 6,626 | 6,706 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 | 6,787 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,851 | 18,055 | 18,260 | 18,469 | 18,679 | 18,892 | 19,107 | 19,325 | 19,545 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 | 19,768 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£8,375,000 | -£8,375,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £8,375,000 |
| Terminal | | | -£1,150,000 | -£1,150,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £1,150,000 |
| *Total* | | | *-£9,525,000* | *-£9,525,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£9,525,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £7,621 | £15,334 | £23,139 | £31,039 | £39,035 | £47,126 | £55,316 | £63,604 | £71,992 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 | £80,482 |
| OPEX | | | £0 | £0 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -345,963 | -331,750 | -317,366 | -302,807 | -288,074 | -273,162 | -258,071 | -242,797 | -227,339 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 | -211,695 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £1,082 | £2,228 | £3,439 | £4,719 | £6,072 | £7,499 | £9,004 | £10,591 | £12,264 | £14,025 | £14,348 | £14,678 | £15,015 | £15,361 | £15,714 | £16,075 | £16,445 | £16,823 | £17,210 | £17,606 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,029 | £2,118 | £3,271 | £4,489 | £5,776 | £7,135 | £8,569 | £10,082 | £11,676 | £13,355 | £13,662 | £13,976 | £14,298 | £14,626 | £14,963 | £15,307 | £15,659 | £16,019 | £16,388 | £16,765 |
| Inbound Business | | £0.78 | £0 | £0 | £486 | £1,001 | £1,545 | £2,120 | £2,728 | £3,369 | £4,045 | £4,758 | £5,510 | £6,301 | £6,446 | £6,594 | £6,746 | £6,901 | £7,060 | £7,222 | £7,388 | £7,558 | £7,732 | £7,910 |
| Inbound Leisure | | £0.12 | £0 | £0 | £488 | £1,005 | £1,551 | £2,128 | £2,736 | £3,378 | £4,055 | £4,768 | £5,520 | £6,310 | £6,455 | £6,604 | £6,756 | £6,911 | £7,070 | £7,233 | £7,399 | £7,569 | £7,743 | £7,921 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £410 | £844 | £1,303 | £1,788 | £2,300 | £2,840 | £3,411 | £4,012 | £4,645 | £5,313 | £5,435 | £5,560 | £5,688 | £5,818 | £5,952 | £6,089 | £6,229 | £6,372 | £6,519 | £6,669 |
| Outbound Leisure | | £0.12 | £0 | £0 | £333 | £685 | £1,057 | £1,451 | £1,868 | £2,308 | £2,772 | £3,261 | £3,778 | £4,322 | £4,421 | £4,523 | £4,627 | £4,733 | £4,842 | £4,954 | £5,068 | £5,184 | £5,303 | £5,425 |
| Inbound Business | | £0.78 | £0 | £0 | £184 | £379 | £585 | £803 | £1,033 | £1,276 | £1,532 | £1,802 | £2,087 | £2,387 | £2,442 | £2,498 | £2,555 | £2,614 | £2,674 | £2,736 | £2,799 | £2,863 | £2,929 | £2,996 |
| Inbound Leisure | | £0.12 | £0 | £0 | £310 | £639 | £986 | £1,352 | £1,739 | £2,147 | £2,577 | £3,031 | £3,508 | £4,011 | £4,103 | £4,197 | £4,294 | £4,393 | £4,494 | £4,597 | £4,703 | £4,811 | £4,922 | £5,035 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £1,492 | £3,072 | £4,742 | £6,507 | £8,371 | £10,339 | £12,415 | £14,603 | £16,909 | £19,338 | £19,782 | £20,237 | £20,703 | £21,179 | £21,666 | £22,164 | £22,674 | £23,196 | £23,729 | £24,275 |
| Outbound Leisure | | | £0 | £0 | £1,362 | £2,803 | £4,328 | £5,941 | £7,644 | £9,443 | £11,341 | £13,343 | £15,453 | £17,677 | £18,083 | £18,499 | £18,925 | £19,360 | £19,805 | £20,261 | £20,727 | £21,203 | £21,691 | £22,190 |
| Inbound Business | | | £0 | £0 | £670 | £1,380 | £2,130 | £2,923 | £3,761 | £4,645 | £5,578 | £6,561 | £7,597 | £8,688 | £8,888 | £9,092 | £9,301 | £9,515 | £9,734 | £9,958 | £10,187 | £10,421 | £10,661 | £10,906 |
| Inbound Leisure | | | £0 | £0 | £799 | £1,644 | £2,537 | £3,480 | £4,475 | £5,526 | £6,633 | £7,799 | £9,028 | £10,321 | £10,558 | £10,801 | £11,050 | £11,304 | £11,564 | £11,830 | £12,102 | £12,380 | £12,665 | £12,956 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £5,140 | £10,581 | £16,334 | £22,415 | £28,836 | £35,615 | £42,765 | £50,303 | £58,246 | £66,611 | £68,143 | £69,711 | £71,314 | £72,954 | £74,632 | £76,349 | £78,105 | £79,901 | £81,739 | £83,619 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,730 | £3,561 | £5,499 | £7,547 | £9,710 | £11,995 | £14,406 | £16,948 | £19,627 | £22,450 | £22,966 | £23,495 | £24,035 | £24,588 | £25,153 | £25,732 | £26,324 | £26,929 | £27,549 | £28,182 |
| Inbound Business | | £0.78 | £0 | £0 | £2,309 | £4,754 | £7,339 | £10,070 | £12,956 | £16,001 | £19,213 | £22,600 | £26,168 | £29,927 | £30,615 | £31,319 | £32,040 | £32,777 | £33,530 | £34,302 | £35,091 | £35,898 | £36,723 | £37,568 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £3,427 | £7,054 | £10,889 | £14,943 | £19,224 | £23,743 | £28,510 | £33,535 | £38,831 | £44,408 | £45,429 | £46,474 | £47,543 | £48,636 | £49,755 | £50,899 | £52,070 | £53,268 | £54,493 | £55,746 |
| Outbound Leisure | | £0.12 | £0 | £0 | £879 | £1,811 | £2,796 | £3,839 | £4,940 | £6,103 | £7,331 | £8,626 | £9,992 | £11,431 | £11,694 | £11,963 | £12,238 | £12,519 | £12,807 | £13,102 | £13,403 | £13,711 | £14,027 | £14,349 |
| Inbound Business | | £0.78 | £0 | £0 | £1,540 | £3,169 | £4,892 | £6,714 | £8,637 | £10,667 | £12,809 | £15,067 | £17,446 | £19,951 | £20,410 | £20,880 | £21,360 | £21,851 | £22,354 | £22,868 | £23,394 | £23,932 | £24,482 | £25,045 |
| Inbound Leisure | | £0.12 | £0 | £0 | £821 | £1,689 | £2,607 | £3,577 | £4,600 | £5,679 | £6,817 | £8,016 | £9,279 | £10,608 | £10,852 | £11,101 | £11,357 | £11,618 | £11,885 | £12,158 | £12,438 | £12,724 | £13,017 | £13,316 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £8,567 | £17,635 | £27,224 | £37,358 | £48,061 | £59,358 | £71,274 | £83,838 | £97,077 | £111,019 | £113,572 | £116,185 | £118,857 | £121,591 | £124,387 | £127,248 | £130,175 | £133,169 | £136,232 | £139,365 |
| Outbound Leisure | | | £0 | £0 | £2,609 | £5,372 | £8,295 | £11,385 | £14,650 | £18,098 | £21,737 | £25,574 | £29,619 | £33,881 | £34,660 | £35,457 | £36,273 | £37,107 | £37,961 | £38,834 | £39,727 | £40,641 | £41,575 | £42,531 |
| Inbound Business | | | £0 | £0 | £3,849 | £7,923 | £12,231 | £16,784 | £21,593 | £26,668 | £32,022 | £37,666 | £43,614 | £49,878 | £51,025 | £52,199 | £53,399 | £54,628 | £55,884 | £57,169 | £58,484 | £59,829 | £61,206 | £62,613 |
| Inbound Leisure | | | £0 | £0 | £1,642 | £3,379 | £5,214 | £7,153 | £9,200 | £11,358 | £13,634 | £16,032 | £18,557 | £21,215 | £21,703 | £22,203 | £22,713 | £23,236 | £23,770 | £24,317 | £24,876 | £25,448 | £26,034 | £26,632 |
| **Total Producer & User Benefits** | | | £99,537 | £101,827 | -£298,928 | -£274,697 | -£249,225 | -£222,457 | -£194,337 | -£164,805 | -£133,801 | -£101,259 | -£67,113 | -£31,295 | -£32,029 | -£32,781 | -£33,549 | -£34,335 | -£35,140 | -£35,963 | -£36,805 | -£37,666 | -£38,547 | -£39,448 |
| **Total Costs & Benefits** | | | -£9,425,463 | -£9,423,173 | -£644,892 | -£606,447 | -£566,591 | -£525,265 | -£482,411 | -£437,968 | -£391,871 | -£344,056 | -£294,452 | -£242,989 | -£243,724 | -£244,475 | -£245,244 | -£246,030 | -£246,835 | -£247,657 | -£248,499 | -£249,361 | -£250,242 | £9,273,857 |
| **Discount Factor** | | | 1 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | 0.709 | 0.685 | 0.662 | 0.639 | 0.618 | 0.597 | 0.577 | 0.557 | 0.538 | 0.520 | 0.503 | 0.486 |
| **Discounted Costs & Benefits** | | | -£9,425,463 | -£9,104,515 | -£602,013 | -£546,981 | -£493,751 | -£442,259 | -£392,442 | -£344,239 | -£297,592 | -£252,444 | -£208,743 | -£166,435 | -£161,292 | -£156,318 | -£151,507 | -£146,853 | -£142,351 | -£137,996 | -£133,782 | -£129,706 | -£125,763 | £4,503,115 |
| **NPV** | -£19,059,329 | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | -6% | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | -0.1 | | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Maximum Case, Low Cost No Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | Low | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | No | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | Max | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,234 | 8,433 | 8,637 | 8,845 | 9,058 | 9,277 | 9,500 | 9,730 | 9,964 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,541 | 17,981 | 18,431 | 18,893 | 19,367 | 19,852 | 20,350 | 20,860 | 21,382 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 |
| Inbound Business | | | 3,612 | 3,612 | 3,700 | 3,789 | 3,880 | 3,974 | 4,070 | 4,168 | 4,268 | 4,371 | 4,477 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,490 | 5,622 | 5,758 | 5,897 | 6,039 | 6,184 | 6,334 | 6,486 | 6,643 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,687 | 8,913 | 9,145 | 9,382 | 9,626 | 9,877 | 10,134 | 10,398 | 10,668 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 |
| Inbound Business | | | 2,408 | 2,408 | 2,466 | 2,526 | 2,587 | 2,649 | 2,713 | 2,779 | 2,846 | 2,914 | 2,984 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,724 | 14,055 | 14,394 | 14,741 | 15,097 | 15,461 | 15,834 | 16,216 | 16,607 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 |
| Outbound Leisure | | | 25,579 | 25,579 | 26,228 | 26,893 | 27,576 | 28,276 | 28,993 | 29,729 | 30,483 | 31,257 | 32,050 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 |
| Inbound Business | | | 6,021 | 6,021 | 6,166 | 6,315 | 6,467 | 6,623 | 6,783 | 6,946 | 7,114 | 7,285 | 7,461 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 |
| Inbound Leisure | | | 17,650 | 17,650 | 18,043 | 18,445 | 18,856 | 19,276 | 19,705 | 20,144 | 20,593 | 21,052 | 21,521 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£4,597,000 | -£4,597,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £4,597,000 |
| Terminal | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Total* | | | *-£4,597,000* | *-£4,597,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£4,597,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £15,253 | £30,874 | £46,874 | £63,260 | £80,043 | £97,232 | £114,836 | £132,867 | £151,334 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 |
| OPEX | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -331,899 | -303,111 | -273,628 | -243,431 | -212,503 | -180,828 | -148,386 | -115,159 | -81,128 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £2,167 | £4,487 | £6,968 | £9,620 | £12,452 | £15,473 | £18,694 | £22,126 | £25,780 | £29,668 | £30,350 | £31,048 | £31,762 | £32,493 | £33,240 | £34,005 | £34,787 | £35,587 | £36,406 | £37,243 |
| Outbound Leisure | | £0.12 | £0 | £0 | £2,083 | £4,314 | £6,704 | £9,259 | £11,990 | £14,907 | £18,019 | £21,337 | £24,873 | £28,638 | £29,297 | £29,971 | £30,660 | £31,365 | £32,087 | £32,825 | £33,580 | £34,352 | £35,142 | £35,950 |
| Inbound Business | | £0.78 | £0 | £0 | £973 | £2,016 | £3,131 | £4,322 | £5,594 | £6,952 | £8,399 | £9,941 | £11,582 | £13,329 | £13,636 | £13,949 | £14,270 | £14,598 | £14,934 | £15,278 | £15,629 | £15,988 | £16,356 | £16,732 |
| Inbound Leisure | | £0.12 | £0 | £0 | £955 | £1,975 | £3,064 | £4,226 | £5,465 | £6,785 | £8,190 | £9,684 | £11,273 | £12,960 | £13,258 | £13,563 | £13,875 | £14,194 | £14,521 | £14,855 | £15,196 | £15,546 | £15,903 | £16,269 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £821 | £1,699 | £2,639 | £3,644 | £4,717 | £5,861 | £7,081 | £8,381 | £9,765 | £11,238 | £11,496 | £11,761 | £12,031 | £12,308 | £12,591 | £12,881 | £13,177 | £13,480 | £13,790 | £14,107 |
| Outbound Leisure | | £0.12 | £0 | £0 | £680 | £1,409 | £2,190 | £3,027 | £3,921 | £4,878 | £5,899 | £6,988 | £8,151 | £9,389 | £9,605 | £9,826 | £10,052 | £10,283 | £10,520 | £10,762 | £11,009 | £11,262 | £11,521 | £11,786 |
| Inbound Business | | £0.78 | £0 | £0 | £369 | £764 | £1,186 | £1,637 | £2,119 | £2,633 | £3,181 | £3,765 | £4,387 | £5,049 | £5,165 | £5,284 | £5,405 | £5,530 | £5,657 | £5,787 | £5,920 | £6,056 | £6,196 | £6,338 |
| Inbound Leisure | | £0.12 | £0 | £0 | £607 | £1,255 | £1,948 | £2,686 | £3,474 | £4,313 | £5,205 | £6,155 | £7,165 | £8,237 | £8,427 | £8,621 | £8,819 | £9,022 | £9,229 | £9,441 | £9,659 | £9,881 | £10,108 | £10,340 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £2,987 | £6,186 | £9,608 | £13,264 | £17,168 | £21,334 | £25,775 | £30,507 | £35,545 | £40,906 | £41,847 | £42,809 | £43,794 | £44,801 | £45,831 | £46,885 | £47,964 | £49,067 | £50,196 | £51,350 |
| Outbound Leisure | | | £0 | £0 | £2,762 | £5,723 | £8,894 | £12,286 | £15,912 | £19,784 | £23,918 | £28,326 | £33,024 | £38,027 | £38,902 | £39,797 | £40,712 | £41,648 | £42,606 | £43,586 | £44,589 | £45,614 | £46,663 | £47,737 |
| Inbound Business | | | £0 | £0 | £1,342 | £2,779 | £4,316 | £5,959 | £7,713 | £9,585 | £11,580 | £13,706 | £15,970 | £18,378 | £18,801 | £19,233 | £19,675 | £20,128 | £20,591 | £21,064 | £21,549 | £22,045 | £22,552 | £23,070 |
| Inbound Leisure | | | £0 | £0 | £1,561 | £3,230 | £5,012 | £6,913 | £8,939 | £11,098 | £13,395 | £15,839 | £18,437 | £21,197 | £21,685 | £22,184 | £22,694 | £23,216 | £23,750 | £24,296 | £24,855 | £25,426 | £26,011 | £26,609 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £10,291 | £21,309 | £33,095 | £45,690 | £59,139 | £73,489 | £88,787 | £105,087 | £122,441 | £140,907 | £144,148 | £147,463 | £150,855 | £154,324 | £157,874 | £161,505 | £165,219 | £169,019 | £172,907 | £176,884 |
| Outbound Leisure | | £0.12 | £0 | £0 | £3,501 | £7,253 | £11,269 | £15,565 | £20,156 | £25,059 | £30,291 | £35,869 | £41,813 | £48,142 | £49,250 | £50,382 | £51,541 | £52,727 | £53,939 | £55,180 | £56,449 | £57,748 | £59,076 | £60,434 |
| Inbound Business | | £0.78 | £0 | £0 | £4,623 | £9,574 | £14,869 | £20,527 | £26,570 | £33,017 | £39,890 | £47,213 | £55,010 | £63,306 | £64,762 | £66,251 | £67,775 | £69,334 | £70,929 | £72,560 | £74,229 | £75,936 | £77,683 | £79,470 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £6,861 | £14,206 | £22,063 | £30,460 | £39,426 | £48,992 | £59,192 | £70,058 | £81,627 | £93,938 | £96,098 | £98,309 | £100,570 | £102,883 | £105,249 | £107,670 | £110,146 | £112,680 | £115,271 | £117,923 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,798 | £3,726 | £5,793 | £8,005 | £10,371 | £12,900 | £15,601 | £18,483 | £21,557 | £24,833 | £25,404 | £25,988 | £26,586 | £27,197 | £27,823 | £28,463 | £29,118 | £29,787 | £30,472 | £31,173 |
| Inbound Business | | £0.78 | £0 | £0 | £3,082 | £6,382 | £9,912 | £13,685 | £17,713 | £22,011 | £26,593 | £31,475 | £36,673 | £42,204 | £43,175 | £44,168 | £45,184 | £46,223 | £47,286 | £48,373 | £49,486 | £50,624 | £51,789 | £52,980 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £17,151 | £35,515 | £55,158 | £76,150 | £98,565 | £122,481 | £147,979 | £175,145 | £204,069 | £234,845 | £240,246 | £245,772 | £251,424 | £257,207 | £263,123 | £269,175 | £275,366 | £281,699 | £288,178 | £294,806 |
| Outbound Leisure | | | £0 | £0 | £5,299 | £10,979 | £17,062 | £23,570 | £30,528 | £37,960 | £45,892 | £54,352 | £63,370 | £72,975 | £74,654 | £76,371 | £78,127 | £79,924 | £81,762 | £83,643 | £85,567 | £87,535 | £89,548 | £91,608 |
| Inbound Business | | | £0 | £0 | £7,706 | £15,956 | £24,781 | £34,212 | £44,283 | £55,028 | £66,483 | £78,688 | £91,683 | £105,510 | £107,937 | £110,419 | £112,959 | £115,557 | £118,215 | £120,934 | £123,715 | £126,560 | £129,471 | £132,449 |
| Inbound Leisure | | | £0 | £0 | £3,209 | £6,639 | £10,302 | £14,210 | £18,375 | £22,812 | £27,535 | £32,559 | £37,899 | £43,573 | £44,575 | £45,600 | £46,649 | £47,722 | £48,820 | £49,942 | £51,091 | £52,266 | £53,468 | £54,698 |
| **Total Producer & User Benefits** | | | **£99,537** | **£101,827** | **-£220,269** | **-£165,355** | **-£107,060** | **-£45,204** | **£20,399** | **£89,947** | **£163,645** | **£241,710** | **£324,371** | **£411,865** | **£418,109** | **£424,496** | **£431,030** | **£437,715** | **£444,553** | **£451,548** | **£458,704** | **£466,025** | **£473,515** | **£481,176** |
| **Total Costs & Benefits** | | | **-£4,497,463** | **-£4,495,173** | **-£552,168** | **-£468,467** | **-£380,687** | **-£288,635** | **-£192,104** | **-£90,881** | **£15,259** | **£126,551** | **£243,242** | **£365,591** | **£371,835** | **£378,222** | **£384,756** | **£391,440** | **£398,278** | **£405,274** | **£412,430** | **£419,751** | **£427,240** | **£5,031,902** |
| **Discount Factor** | | | **1** | **0.966** | **0.934** | **0.902** | **0.871** | **0.842** | **0.814** | **0.786** | **0.759** | **0.734** | **0.709** | **0.685** | **0.662** | **0.639** | **0.618** | **0.597** | **0.577** | **0.557** | **0.538** | **0.520** | **0.503** | **0.486** |
| **Discounted Costs & Benefits** | | | **-£4,497,463** | **-£4,343,162** | **-£515,455** | **-£422,530** | **-£331,747** | **-£243,023** | **-£156,277** | **-£71,432** | **£11,588** | **£92,855** | **£172,439** | **£250,410** | **£246,074** | **£241,837** | **£237,695** | **£233,647** | **£229,690** | **£225,820** | **£222,036** | **£218,336** | **£214,716** | **£2,443,345** |
| **NPV** | **-£5,540,601** | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | **-1%** | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | **0.5** | | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Maximum Case, Low Cost with Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | Low | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | Yes | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | Max | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,234 | 8,433 | 8,637 | 8,845 | 9,058 | 9,277 | 9,500 | 9,730 | 9,964 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,541 | 17,981 | 18,431 | 18,893 | 19,367 | 19,852 | 20,350 | 20,860 | 21,382 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 |
| Inbound Business | | | 3,612 | 3,612 | 3,700 | 3,789 | 3,880 | 3,974 | 4,070 | 4,168 | 4,268 | 4,371 | 4,477 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,490 | 5,622 | 5,758 | 5,897 | 6,039 | 6,184 | 6,334 | 6,486 | 6,643 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,687 | 8,913 | 9,145 | 9,382 | 9,626 | 9,877 | 10,134 | 10,398 | 10,668 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 |
| Inbound Business | | | 2,408 | 2,408 | 2,466 | 2,526 | 2,587 | 2,649 | 2,713 | 2,779 | 2,846 | 2,914 | 2,984 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,724 | 14,055 | 14,394 | 14,741 | 15,097 | 15,461 | 15,834 | 16,216 | 16,607 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 |
| Outbound Leisure | | | 25,579 | 25,579 | 26,228 | 26,893 | 27,576 | 28,276 | 28,993 | 29,729 | 30,483 | 31,257 | 32,050 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 |
| Inbound Business | | | 6,021 | 6,021 | 6,166 | 6,315 | 6,467 | 6,623 | 6,783 | 6,946 | 7,114 | 7,285 | 7,461 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 |
| Inbound Leisure | | | 17,650 | 17,650 | 18,043 | 18,445 | 18,856 | 19,276 | 19,705 | 20,144 | 20,593 | 21,052 | 21,521 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£4,597,000 | -£4,597,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £4,597,000 |
| Terminal | | | -£1,150,000 | -£1,150,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £1,150,000 |
| *Total* | | | *-£5,747,000* | *-£5,747,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£5,747,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £15,253 | £30,874 | £46,874 | £63,260 | £80,043 | £97,232 | £114,836 | £132,867 | £151,334 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 |
| OPEX | | | £0 | £0 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -331,899 | -303,111 | -273,628 | -243,431 | -212,503 | -180,828 | -148,386 | -115,159 | -81,128 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £2,167 | £4,487 | £6,968 | £9,620 | £12,452 | £15,473 | £18,694 | £22,126 | £25,780 | £29,668 | £30,350 | £31,048 | £31,762 | £32,493 | £33,240 | £34,005 | £34,787 | £35,587 | £36,406 | £37,243 |
| Outbound Leisure | | £0.12 | £0 | £0 | £2,083 | £4,314 | £6,704 | £9,259 | £11,990 | £14,907 | £18,019 | £21,337 | £24,873 | £28,638 | £29,297 | £29,971 | £30,660 | £31,365 | £32,087 | £32,825 | £33,580 | £34,352 | £35,142 | £35,950 |
| Inbound Business | | £0.78 | £0 | £0 | £973 | £2,016 | £3,131 | £4,322 | £5,594 | £6,952 | £8,399 | £9,941 | £11,582 | £13,329 | £13,636 | £13,949 | £14,270 | £14,598 | £14,934 | £15,278 | £15,629 | £15,988 | £16,356 | £16,732 |
| Inbound Leisure | | £0.12 | £0 | £0 | £955 | £1,975 | £3,064 | £4,226 | £5,465 | £6,785 | £8,190 | £9,684 | £11,273 | £12,960 | £13,258 | £13,563 | £13,875 | £14,194 | £14,521 | £14,855 | £15,196 | £15,546 | £15,903 | £16,269 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £821 | £1,699 | £2,639 | £3,644 | £4,717 | £5,861 | £7,081 | £8,381 | £9,765 | £11,238 | £11,496 | £11,761 | £12,031 | £12,308 | £12,591 | £12,881 | £13,177 | £13,480 | £13,790 | £14,107 |
| Outbound Leisure | | £0.12 | £0 | £0 | £680 | £1,409 | £2,190 | £3,027 | £3,921 | £4,878 | £5,899 | £6,988 | £8,151 | £9,389 | £9,605 | £9,826 | £10,052 | £10,283 | £10,520 | £10,762 | £11,009 | £11,262 | £11,521 | £11,786 |
| Inbound Business | | £0.78 | £0 | £0 | £369 | £764 | £1,186 | £1,637 | £2,119 | £2,633 | £3,181 | £3,765 | £4,387 | £5,049 | £5,165 | £5,284 | £5,405 | £5,530 | £5,657 | £5,787 | £5,920 | £6,056 | £6,196 | £6,338 |
| Inbound Leisure | | £0.12 | £0 | £0 | £607 | £1,255 | £1,948 | £2,686 | £3,474 | £4,313 | £5,205 | £6,155 | £7,165 | £8,237 | £8,427 | £8,621 | £8,819 | £9,022 | £9,229 | £9,441 | £9,659 | £9,881 | £10,108 | £10,340 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £2,987 | £6,186 | £9,608 | £13,264 | £17,168 | £21,334 | £25,775 | £30,507 | £35,545 | £40,906 | £41,847 | £42,809 | £43,794 | £44,801 | £45,831 | £46,885 | £47,964 | £49,067 | £50,196 | £51,350 |
| Outbound Leisure | | | £0 | £0 | £2,762 | £5,723 | £8,894 | £12,286 | £15,912 | £19,784 | £23,918 | £28,326 | £33,024 | £38,027 | £38,902 | £39,797 | £40,712 | £41,648 | £42,606 | £43,586 | £44,589 | £45,614 | £46,663 | £47,737 |
| Inbound Business | | | £0 | £0 | £1,342 | £2,779 | £4,316 | £5,959 | £7,713 | £9,585 | £11,580 | £13,706 | £15,970 | £18,378 | £18,801 | £19,233 | £19,675 | £20,128 | £20,591 | £21,064 | £21,549 | £22,045 | £22,552 | £23,070 |
| Inbound Leisure | | | £0 | £0 | £1,561 | £3,230 | £5,012 | £6,913 | £8,939 | £11,098 | £13,395 | £15,839 | £18,437 | £21,197 | £21,685 | £22,184 | £22,694 | £23,216 | £23,750 | £24,296 | £24,855 | £25,426 | £26,011 | £26,609 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £10,291 | £21,309 | £33,095 | £45,690 | £59,139 | £73,489 | £88,787 | £105,087 | £122,441 | £140,907 | £144,148 | £147,463 | £150,855 | £154,324 | £157,874 | £161,505 | £165,219 | £169,019 | £172,907 | £176,884 |
| Outbound Leisure | | £0.12 | £0 | £0 | £3,501 | £7,253 | £11,269 | £15,565 | £20,156 | £25,059 | £30,291 | £35,869 | £41,813 | £48,142 | £49,250 | £50,382 | £51,541 | £52,727 | £53,939 | £55,180 | £56,449 | £57,748 | £59,076 | £60,434 |
| Inbound Business | | £0.78 | £0 | £0 | £4,623 | £9,574 | £14,869 | £20,527 | £26,570 | £33,017 | £39,890 | £47,213 | £55,010 | £63,306 | £64,762 | £66,251 | £67,775 | £69,334 | £70,929 | £72,560 | £74,229 | £75,936 | £77,683 | £79,470 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £6,861 | £14,206 | £22,063 | £30,460 | £39,426 | £48,992 | £59,192 | £70,058 | £81,627 | £93,938 | £96,098 | £98,309 | £100,570 | £102,883 | £105,249 | £107,670 | £110,146 | £112,680 | £115,271 | £117,923 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,798 | £3,726 | £5,793 | £8,005 | £10,371 | £12,900 | £15,601 | £18,483 | £21,557 | £24,833 | £25,404 | £25,988 | £26,586 | £27,197 | £27,823 | £28,463 | £29,118 | £29,787 | £30,472 | £31,173 |
| Inbound Business | | £0.78 | £0 | £0 | £3,082 | £6,382 | £9,912 | £13,685 | £17,713 | £22,011 | £26,593 | £31,475 | £36,673 | £42,204 | £43,175 | £44,168 | £45,184 | £46,223 | £47,286 | £48,373 | £49,486 | £50,624 | £51,789 | £52,980 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £17,151 | £35,515 | £55,158 | £76,150 | £98,565 | £122,481 | £147,979 | £175,145 | £204,069 | £234,845 | £240,246 | £245,772 | £251,424 | £257,207 | £263,123 | £269,175 | £275,366 | £281,699 | £288,178 | £294,806 |
| Outbound Leisure | | | £0 | £0 | £5,299 | £10,979 | £17,062 | £23,570 | £30,528 | £37,960 | £45,892 | £54,352 | £63,370 | £72,975 | £74,654 | £76,371 | £78,127 | £79,924 | £81,762 | £83,643 | £85,567 | £87,535 | £89,548 | £91,608 |
| Inbound Business | | | £0 | £0 | £7,706 | £15,956 | £24,781 | £34,212 | £44,283 | £55,028 | £66,483 | £78,688 | £91,683 | £105,510 | £107,937 | £110,419 | £112,959 | £115,557 | £118,215 | £120,934 | £123,715 | £126,560 | £129,471 | £132,449 |
| Inbound Leisure | | | £0 | £0 | £3,209 | £6,639 | £10,302 | £14,210 | £18,375 | £22,812 | £27,535 | £32,559 | £37,899 | £43,573 | £44,575 | £45,600 | £46,649 | £47,722 | £48,820 | £49,942 | £51,091 | £52,266 | £53,468 | £54,698 |
| **Total Producer & User Benefits** | | | £99,537 | £101,827 | -£270,269 | -£215,355 | -£157,060 | -£95,204 | -£29,601 | £39,947 | £113,645 | £191,710 | £274,371 | £361,865 | £368,109 | £374,496 | £381,030 | £387,715 | £394,553 | £401,548 | £408,704 | £416,025 | £423,515 | £431,176 |
| **Total Costs & Benefits** | | | -£5,647,463 | -£5,645,173 | -£602,168 | -£518,467 | -£430,687 | -£338,635 | -£242,104 | -£140,881 | -£34,741 | £76,551 | £193,242 | £315,591 | £321,835 | £328,222 | £334,756 | £341,440 | £348,278 | £355,274 | £362,430 | £369,751 | £377,240 | £6,131,902 |
| **Discount Factor** | | | 1 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | 0.709 | 0.685 | 0.662 | 0.639 | 0.618 | 0.597 | 0.577 | 0.557 | 0.538 | 0.520 | 0.503 | 0.486 |
| **Discounted Costs & Benefits** | | | -£5,647,463 | -£5,454,274 | -£562,130 | -£467,627 | -£375,319 | -£285,121 | -£196,952 | -£110,731 | -£26,383 | £56,168 | £136,993 | £216,163 | £212,985 | £209,866 | £206,806 | £203,802 | £200,854 | £197,960 | £195,118 | £192,328 | £189,588 | £2,977,473 |
| **NPV** | -£7,929,895 | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | -2% | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | 0.3 | | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Maximum Case, Medium Cost Option No Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | Medium | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | No | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | Max | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Year* | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,234 | 8,433 | 8,637 | 8,845 | 9,058 | 9,277 | 9,500 | 9,730 | 9,964 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,541 | 17,981 | 18,431 | 18,893 | 19,367 | 19,852 | 20,350 | 20,860 | 21,382 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 |
| Inbound Business | | | 3,612 | 3,612 | 3,700 | 3,789 | 3,880 | 3,974 | 4,070 | 4,168 | 4,268 | 4,371 | 4,477 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,490 | 5,622 | 5,758 | 5,897 | 6,039 | 6,184 | 6,334 | 6,486 | 6,643 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,687 | 8,913 | 9,145 | 9,382 | 9,626 | 9,877 | 10,134 | 10,398 | 10,668 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 |
| Inbound Business | | | 2,408 | 2,408 | 2,466 | 2,526 | 2,587 | 2,649 | 2,713 | 2,779 | 2,846 | 2,914 | 2,984 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,724 | 14,055 | 14,394 | 14,741 | 15,097 | 15,461 | 15,834 | 16,216 | 16,607 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 |
| Outbound Leisure | | | 25,579 | 25,579 | 26,228 | 26,893 | 27,576 | 28,276 | 28,993 | 29,729 | 30,483 | 31,257 | 32,050 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 |
| Inbound Business | | | 6,021 | 6,021 | 6,166 | 6,315 | 6,467 | 6,623 | 6,783 | 6,946 | 7,114 | 7,285 | 7,461 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 |
| Inbound Leisure | | | 17,650 | 17,650 | 18,043 | 18,445 | 18,856 | 19,276 | 19,705 | 20,144 | 20,593 | 21,052 | 21,521 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£6,185,000 | -£6,185,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £6,185,000 |
| Terminal | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Total* | | | *-£6,185,000* | *-£6,185,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£6,185,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £15,253 | £30,874 | £46,874 | £63,260 | £80,043 | £97,232 | £114,836 | £132,867 | £151,334 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 |
| OPEX | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -331,899 | -303,111 | -273,628 | -243,431 | -212,503 | -180,828 | -148,386 | -115,159 | -81,128 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £2,167 | £4,487 | £6,968 | £9,620 | £12,452 | £15,473 | £18,694 | £22,126 | £25,780 | £29,668 | £30,350 | £31,048 | £31,762 | £32,493 | £33,240 | £34,005 | £34,787 | £35,587 | £36,406 | £37,243 |
| Outbound Leisure | | £0.12 | £0 | £0 | £2,083 | £4,314 | £6,704 | £9,259 | £11,990 | £14,907 | £18,019 | £21,337 | £24,873 | £28,638 | £29,297 | £29,971 | £30,660 | £31,365 | £32,087 | £32,825 | £33,580 | £34,352 | £35,142 | £35,950 |
| Inbound Business | | £0.78 | £0 | £0 | £973 | £2,016 | £3,131 | £4,322 | £5,594 | £6,952 | £8,399 | £9,941 | £11,582 | £13,329 | £13,636 | £13,949 | £14,270 | £14,598 | £14,934 | £15,278 | £15,629 | £15,988 | £16,356 | £16,732 |
| Inbound Leisure | | £0.12 | £0 | £0 | £955 | £1,975 | £3,064 | £4,226 | £5,465 | £6,785 | £8,190 | £9,684 | £11,273 | £12,960 | £13,258 | £13,563 | £13,875 | £14,194 | £14,521 | £14,855 | £15,196 | £15,546 | £15,903 | £16,269 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £821 | £1,699 | £2,639 | £3,644 | £4,717 | £5,861 | £7,081 | £8,381 | £9,765 | £11,238 | £11,496 | £11,761 | £12,031 | £12,308 | £12,591 | £12,881 | £13,177 | £13,480 | £13,790 | £14,107 |
| Outbound Leisure | | £0.12 | £0 | £0 | £680 | £1,409 | £2,190 | £3,027 | £3,921 | £4,878 | £5,899 | £6,988 | £8,151 | £9,389 | £9,605 | £9,826 | £10,052 | £10,283 | £10,520 | £10,762 | £11,009 | £11,262 | £11,521 | £11,786 |
| Inbound Business | | £0.78 | £0 | £0 | £369 | £764 | £1,186 | £1,637 | £2,119 | £2,633 | £3,181 | £3,765 | £4,387 | £5,049 | £5,165 | £5,284 | £5,405 | £5,530 | £5,657 | £5,787 | £5,920 | £6,056 | £6,196 | £6,338 |
| Inbound Leisure | | £0.12 | £0 | £0 | £607 | £1,255 | £1,948 | £2,686 | £3,474 | £4,313 | £5,205 | £6,155 | £7,165 | £8,237 | £8,427 | £8,621 | £8,819 | £9,022 | £9,229 | £9,441 | £9,659 | £9,881 | £10,108 | £10,340 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £2,987 | £6,186 | £9,608 | £13,264 | £17,168 | £21,334 | £25,775 | £30,507 | £35,545 | £40,906 | £41,847 | £42,809 | £43,794 | £44,801 | £45,831 | £46,885 | £47,964 | £49,067 | £50,196 | £51,350 |
| Outbound Leisure | | | £0 | £0 | £2,762 | £5,723 | £8,894 | £12,286 | £15,912 | £19,784 | £23,918 | £28,326 | £33,024 | £38,027 | £38,902 | £39,797 | £40,712 | £41,648 | £42,606 | £43,586 | £44,589 | £45,614 | £46,663 | £47,737 |
| Inbound Business | | | £0 | £0 | £1,342 | £2,779 | £4,316 | £5,959 | £7,713 | £9,585 | £11,580 | £13,706 | £15,970 | £18,378 | £18,801 | £19,233 | £19,675 | £20,128 | £20,591 | £21,064 | £21,549 | £22,045 | £22,552 | £23,070 |
| Inbound Leisure | | | £0 | £0 | £1,561 | £3,230 | £5,012 | £6,913 | £8,939 | £11,098 | £13,395 | £15,839 | £18,437 | £21,197 | £21,685 | £22,184 | £22,694 | £23,216 | £23,750 | £24,296 | £24,855 | £25,426 | £26,011 | £26,609 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £10,291 | £21,309 | £33,095 | £45,690 | £59,139 | £73,489 | £88,787 | £105,087 | £122,441 | £140,907 | £144,148 | £147,463 | £150,855 | £154,324 | £157,874 | £161,505 | £165,219 | £169,019 | £172,907 | £176,884 |
| Outbound Leisure | | £0.12 | £0 | £0 | £3,501 | £7,253 | £11,269 | £15,565 | £20,156 | £25,059 | £30,291 | £35,869 | £41,813 | £48,142 | £49,250 | £50,382 | £51,541 | £52,727 | £53,939 | £55,180 | £56,449 | £57,748 | £59,076 | £60,434 |
| Inbound Business | | £0.78 | £0 | £0 | £4,623 | £9,574 | £14,869 | £20,527 | £26,570 | £33,017 | £39,890 | £47,213 | £55,010 | £63,306 | £64,762 | £66,251 | £67,775 | £69,334 | £70,929 | £72,560 | £74,229 | £75,936 | £77,683 | £79,470 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £6,861 | £14,206 | £22,063 | £30,460 | £39,426 | £48,992 | £59,192 | £70,058 | £81,627 | £93,938 | £96,098 | £98,309 | £100,570 | £102,883 | £105,249 | £107,670 | £110,146 | £112,680 | £115,271 | £117,923 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,798 | £3,726 | £5,793 | £8,005 | £10,371 | £12,900 | £15,601 | £18,483 | £21,557 | £24,833 | £25,404 | £25,988 | £26,586 | £27,197 | £27,823 | £28,463 | £29,118 | £29,787 | £30,472 | £31,173 |
| Inbound Business | | £0.78 | £0 | £0 | £3,082 | £6,382 | £9,912 | £13,685 | £17,713 | £22,011 | £26,593 | £31,475 | £36,673 | £42,204 | £43,175 | £44,168 | £45,184 | £46,223 | £47,286 | £48,373 | £49,486 | £50,624 | £51,789 | £52,980 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £17,151 | £35,515 | £55,158 | £76,150 | £98,565 | £122,481 | £147,979 | £175,145 | £204,069 | £234,845 | £240,246 | £245,772 | £251,424 | £257,207 | £263,123 | £269,175 | £275,366 | £281,699 | £288,178 | £294,806 |
| Outbound Leisure | | | £0 | £0 | £5,299 | £10,979 | £17,062 | £23,570 | £30,528 | £37,960 | £45,892 | £54,352 | £63,370 | £72,975 | £74,654 | £76,371 | £78,127 | £79,924 | £81,762 | £83,643 | £85,567 | £87,535 | £89,548 | £91,608 |
| Inbound Business | | | £0 | £0 | £7,706 | £15,956 | £24,781 | £34,212 | £44,283 | £55,028 | £66,483 | £78,688 | £91,683 | £105,510 | £107,937 | £110,419 | £112,959 | £115,557 | £118,215 | £120,934 | £123,715 | £126,560 | £129,471 | £132,449 |
| Inbound Leisure | | | £0 | £0 | £3,209 | £6,639 | £10,302 | £14,210 | £18,375 | £22,812 | £27,535 | £32,559 | £37,899 | £43,573 | £44,575 | £45,600 | £46,649 | £47,722 | £48,820 | £49,942 | £51,091 | £52,266 | £53,468 | £54,698 |
| **Total Producer & User Benefits** | | | £99,537 | £101,827 | -£220,269 | -£165,355 | -£107,060 | -£45,204 | £20,399 | £89,947 | £163,645 | £241,710 | £324,371 | £411,865 | £418,109 | £424,496 | £431,030 | £437,715 | £444,553 | £451,548 | £458,704 | £466,025 | £473,515 | £481,176 |
| **Total Costs & Benefits** | | | -£6,085,463 | -£6,083,173 | -£552,168 | -£468,467 | -£380,687 | -£288,635 | -£192,104 | -£90,881 | £15,259 | £126,551 | £243,242 | £365,591 | £371,835 | £378,222 | £384,756 | £391,440 | £398,278 | £405,274 | £412,430 | £419,751 | £427,240 | £6,619,902 |
| **Discount Factor** | | | 1 | 0.966 | 0.934 | 0.902 | 0.871 | 0.842 | 0.814 | 0.786 | 0.759 | 0.734 | 0.709 | 0.685 | 0.662 | 0.639 | 0.618 | 0.597 | 0.577 | 0.557 | 0.538 | 0.520 | 0.503 | 0.486 |
| **Discounted Costs & Benefits** | | | -£6,085,463 | -£5,877,462 | -£515,455 | -£422,530 | -£331,747 | -£243,023 | -£156,277 | -£71,432 | £11,588 | £92,855 | £172,439 | £250,410 | £246,074 | £241,837 | £237,695 | £233,647 | £229,690 | £225,820 | £222,036 | £218,336 | £214,716 | £3,214,432 |
| **NPV** | -£7,891,814 | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | -1% | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | 0.3 | | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Maximum Case, Medium Cost with Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | | 5 | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | | Medium | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | | Yes | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | | Max | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,234 | 8,433 | 8,637 | 8,845 | 9,058 | 9,277 | 9,500 | 9,730 | 9,964 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,541 | 17,981 | 18,431 | 18,893 | 19,367 | 19,852 | 20,350 | 20,860 | 21,382 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 |
| Inbound Business | | | 3,612 | 3,612 | 3,700 | 3,789 | 3,880 | 3,974 | 4,070 | 4,168 | 4,268 | 4,371 | 4,477 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,490 | 5,622 | 5,758 | 5,897 | 6,039 | 6,184 | 6,334 | 6,486 | 6,643 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,687 | 8,913 | 9,145 | 9,382 | 9,626 | 9,877 | 10,134 | 10,398 | 10,668 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 |
| Inbound Business | | | 2,408 | 2,408 | 2,466 | 2,526 | 2,587 | 2,649 | 2,713 | 2,779 | 2,846 | 2,914 | 2,984 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,724 | 14,055 | 14,394 | 14,741 | 15,097 | 15,461 | 15,834 | 16,216 | 16,607 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 |
| Outbound Leisure | | | 25,579 | 25,579 | 26,228 | 26,893 | 27,576 | 28,276 | 28,993 | 29,729 | 30,483 | 31,257 | 32,050 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 |
| Inbound Business | | | 6,021 | 6,021 | 6,166 | 6,315 | 6,467 | 6,623 | 6,783 | 6,946 | 7,114 | 7,285 | 7,461 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 |
| Inbound Leisure | | | 17,650 | 17,650 | 18,043 | 18,445 | 18,856 | 19,276 | 19,705 | 20,144 | 20,593 | 21,052 | 21,521 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£6,185,000 | -£6,185,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £6,185,000 |
| Terminal | | | -£1,150,000 | -£1,150,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £1,150,000 |
| *Total* | | | *-£7,335,000* | *-£7,335,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£7,335,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £15,253 | £30,874 | £46,874 | £63,260 | £80,043 | £97,232 | £114,836 | £132,867 | £151,334 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 |
| OPEX | | | £0 | £0 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -331,899 | -303,111 | -273,628 | -243,431 | -212,503 | -180,828 | -148,386 | -115,159 | -81,128 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £2,167 | £4,487 | £6,968 | £9,620 | £12,452 | £15,473 | £18,694 | £22,126 | £25,780 | £29,668 | £30,350 | £31,048 | £31,762 | £32,493 | £33,240 | £34,005 | £34,787 | £35,587 | £36,406 | £37,243 |
| Outbound Leisure | | £0.12 | £0 | £0 | £2,083 | £4,314 | £6,704 | £9,259 | £11,990 | £14,907 | £18,019 | £21,337 | £24,873 | £28,638 | £29,297 | £29,971 | £30,660 | £31,365 | £32,087 | £32,825 | £33,580 | £34,352 | £35,142 | £35,950 |
| Inbound Business | | £0.78 | £0 | £0 | £973 | £2,016 | £3,131 | £4,322 | £5,594 | £6,952 | £8,399 | £9,941 | £11,582 | £13,329 | £13,636 | £13,949 | £14,270 | £14,598 | £14,934 | £15,278 | £15,629 | £15,988 | £16,356 | £16,732 |
| Inbound Leisure | | £0.12 | £0 | £0 | £955 | £1,975 | £3,064 | £4,226 | £5,465 | £6,785 | £8,190 | £9,684 | £11,273 | £12,960 | £13,258 | £13,563 | £13,875 | £14,194 | £14,521 | £14,855 | £15,196 | £15,546 | £15,903 | £16,269 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £821 | £1,699 | £2,639 | £3,644 | £4,717 | £5,861 | £7,081 | £8,381 | £9,765 | £11,238 | £11,496 | £11,761 | £12,031 | £12,308 | £12,591 | £12,881 | £13,177 | £13,480 | £13,790 | £14,107 |
| Outbound Leisure | | £0.12 | £0 | £0 | £680 | £1,409 | £2,190 | £3,027 | £3,921 | £4,878 | £5,899 | £6,988 | £8,151 | £9,389 | £9,605 | £9,826 | £10,052 | £10,283 | £10,520 | £10,762 | £11,009 | £11,262 | £11,521 | £11,786 |
| Inbound Business | | £0.78 | £0 | £0 | £369 | £764 | £1,186 | £1,637 | £2,119 | £2,633 | £3,181 | £3,765 | £4,387 | £5,049 | £5,165 | £5,284 | £5,405 | £5,530 | £5,657 | £5,787 | £5,920 | £6,056 | £6,196 | £6,338 |
| Inbound Leisure | | £0.12 | £0 | £0 | £607 | £1,255 | £1,948 | £2,686 | £3,474 | £4,313 | £5,205 | £6,155 | £7,165 | £8,237 | £8,427 | £8,621 | £8,819 | £9,022 | £9,229 | £9,441 | £9,659 | £9,881 | £10,108 | £10,340 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £2,987 | £6,186 | £9,608 | £13,264 | £17,168 | £21,334 | £25,775 | £30,507 | £35,545 | £40,906 | £41,847 | £42,809 | £43,794 | £44,801 | £45,831 | £46,885 | £47,964 | £49,067 | £50,196 | £51,350 |
| Outbound Leisure | | | £0 | £0 | £2,762 | £5,723 | £8,894 | £12,286 | £15,912 | £19,784 | £23,918 | £28,326 | £33,024 | £38,027 | £38,902 | £39,797 | £40,712 | £41,648 | £42,606 | £43,586 | £44,589 | £45,614 | £46,663 | £47,737 |
| Inbound Business | | | £0 | £0 | £1,342 | £2,779 | £4,316 | £5,959 | £7,713 | £9,585 | £11,580 | £13,706 | £15,970 | £18,378 | £18,801 | £19,233 | £19,675 | £20,128 | £20,591 | £21,064 | £21,549 | £22,045 | £22,552 | £23,070 |
| Inbound Leisure | | | £0 | £0 | £1,561 | £3,230 | £5,012 | £6,913 | £8,939 | £11,098 | £13,395 | £15,839 | £18,437 | £21,197 | £21,685 | £22,184 | £22,694 | £23,216 | £23,750 | £24,296 | £24,855 | £25,426 | £26,011 | £26,609 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £10,291 | £21,309 | £33,095 | £45,690 | £59,139 | £73,489 | £88,787 | £105,087 | £122,441 | £140,907 | £144,148 | £147,463 | £150,855 | £154,324 | £157,874 | £161,505 | £165,219 | £169,019 | £172,907 | £176,884 |
| Outbound Leisure | | £0.12 | £0 | £0 | £3,501 | £7,253 | £11,269 | £15,565 | £20,156 | £25,059 | £30,291 | £35,869 | £41,813 | £48,142 | £49,250 | £50,382 | £51,541 | £52,727 | £53,939 | £55,180 | £56,449 | £57,748 | £59,076 | £60,434 |
| Inbound Business | | £0.78 | £0 | £0 | £4,623 | £9,574 | £14,869 | £20,527 | £26,570 | £33,017 | £39,890 | £47,213 | £55,010 | £63,306 | £64,762 | £66,251 | £67,775 | £69,334 | £70,929 | £72,560 | £74,229 | £75,936 | £77,683 | £79,470 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £6,861 | £14,206 | £22,063 | £30,460 | £39,426 | £48,992 | £59,192 | £70,058 | £81,627 | £93,938 | £96,098 | £98,309 | £100,570 | £102,883 | £105,249 | £107,670 | £110,146 | £112,680 | £115,271 | £117,923 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,798 | £3,726 | £5,793 | £8,005 | £10,371 | £12,900 | £15,601 | £18,483 | £21,557 | £24,833 | £25,404 | £25,988 | £26,586 | £27,197 | £27,823 | £28,463 | £29,118 | £29,787 | £30,472 | £31,173 |
| Inbound Business | | £0.78 | £0 | £0 | £3,082 | £6,382 | £9,912 | £13,685 | £17,713 | £22,011 | £26,593 | £31,475 | £36,673 | £42,204 | £43,175 | £44,168 | £45,184 | £46,223 | £47,286 | £48,373 | £49,486 | £50,624 | £51,789 | £52,980 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £17,151 | £35,515 | £55,158 | £76,150 | £98,565 | £122,481 | £147,979 | £175,145 | £204,069 | £234,845 | £240,246 | £245,772 | £251,424 | £257,207 | £263,123 | £269,175 | £275,366 | £281,699 | £288,178 | £294,806 |
| Outbound Leisure | | | £0 | £0 | £5,299 | £10,979 | £17,062 | £23,570 | £30,528 | £37,960 | £45,892 | £54,352 | £63,370 | £72,975 | £74,654 | £76,371 | £78,127 | £79,924 | £81,762 | £83,643 | £85,567 | £87,535 | £89,548 | £91,608 |
| Inbound Business | | | £0 | £0 | £7,706 | £15,956 | £24,781 | £34,212 | £44,283 | £55,028 | £66,483 | £78,688 | £91,683 | £105,510 | £107,937 | £110,419 | £112,959 | £115,557 | £118,215 | £120,934 | £123,715 | £126,560 | £129,471 | £132,449 |
| Inbound Leisure | | | £0 | £0 | £3,209 | £6,639 | £10,302 | £14,210 | £18,375 | £22,812 | £27,535 | £32,559 | £37,899 | £43,573 | £44,575 | £45,600 | £46,649 | £47,722 | £48,820 | £49,942 | £51,091 | £52,266 | £53,468 | £54,698 |
| **Total Producer & User Benefits** | | | **£99,537** | **£101,827** | **-£270,269** | **-£215,355** | **-£157,060** | **-£95,204** | **-£29,601** | **£39,947** | **£113,645** | **£191,710** | **£274,371** | **£361,865** | **£368,109** | **£374,496** | **£381,030** | **£387,715** | **£394,553** | **£401,548** | **£408,704** | **£416,025** | **£423,515** | **£431,176** |
| **Total Costs & Benefits** | | | **-£7,235,463** | **-£7,233,173** | **-£602,168** | **-£518,467** | **-£430,687** | **-£338,635** | **-£242,104** | **-£140,881** | **-£34,741** | **£76,551** | **£193,242** | **£315,591** | **£321,835** | **£328,222** | **£334,756** | **£341,440** | **£348,278** | **£355,274** | **£362,430** | **£369,751** | **£377,240** | **£7,719,902** |
| **Discount Factor** | | | **1** | **0.966** | **0.934** | **0.902** | **0.871** | **0.842** | **0.814** | **0.786** | **0.759** | **0.734** | **0.709** | **0.685** | **0.662** | **0.639** | **0.618** | **0.597** | **0.577** | **0.557** | **0.538** | **0.520** | **0.503** | **0.486** |
| **Discounted Costs & Benefits** | | | **-£7,235,463** | **-£6,988,573** | **-£562,130** | **-£467,627** | **-£375,319** | **-£285,121** | **-£196,952** | **-£110,731** | **-£26,383** | **£56,168** | **£136,993** | **£216,163** | **£212,985** | **£209,866** | **£206,806** | **£203,802** | **£200,854** | **£197,960** | **£195,118** | **£192,328** | **£189,588** | **£3,748,560** |
| **NPV** | | **-£10,281,108** | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | | **-2%** | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | | **0.2** | | | | | | | | | | | | | | | | | | | | | | |

# Option 5 Maximum Case, High Cost No Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | High | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | No | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | Max | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,234 | 8,433 | 8,637 | 8,845 | 9,058 | 9,277 | 9,500 | 9,730 | 9,964 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,541 | 17,981 | 18,431 | 18,893 | 19,367 | 19,852 | 20,350 | 20,860 | 21,382 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 |
| Inbound Business | | | 3,612 | 3,612 | 3,700 | 3,789 | 3,880 | 3,974 | 4,070 | 4,168 | 4,268 | 4,371 | 4,477 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,490 | 5,622 | 5,758 | 5,897 | 6,039 | 6,184 | 6,334 | 6,486 | 6,643 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,687 | 8,913 | 9,145 | 9,382 | 9,626 | 9,877 | 10,134 | 10,398 | 10,668 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 |
| Inbound Business | | | 2,408 | 2,408 | 2,466 | 2,526 | 2,587 | 2,649 | 2,713 | 2,779 | 2,846 | 2,914 | 2,984 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,724 | 14,055 | 14,394 | 14,741 | 15,097 | 15,461 | 15,834 | 16,216 | 16,607 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 |
| Outbound Leisure | | | 25,579 | 25,579 | 26,228 | 26,893 | 27,576 | 28,276 | 28,993 | 29,729 | 30,483 | 31,257 | 32,050 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 |
| Inbound Business | | | 6,021 | 6,021 | 6,166 | 6,315 | 6,467 | 6,623 | 6,783 | 6,946 | 7,114 | 7,285 | 7,461 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 |
| Inbound Leisure | | | 17,650 | 17,650 | 18,043 | 18,445 | 18,856 | 19,276 | 19,705 | 20,144 | 20,593 | 21,052 | 21,521 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£8,375,000 | -£8,375,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £8,375,000 |
| Terminal | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Total* | | | *-£8,375,000* | *-£8,375,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£8,375,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £15,253 | £30,874 | £46,874 | £63,260 | £80,043 | £97,232 | £114,836 | £132,867 | £151,334 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 |
| OPEX | | | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -331,899 | -303,111 | -273,628 | -243,431 | -212,503 | -180,828 | -148,386 | -115,159 | -81,128 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £2,167 | £4,487 | £6,968 | £9,620 | £12,452 | £15,473 | £18,694 | £22,126 | £25,780 | £29,668 | £30,350 | £31,048 | £31,762 | £32,493 | £33,240 | £34,005 | £34,787 | £35,587 | £36,406 | £37,243 |
| Outbound Leisure | | £0.12 | £0 | £0 | £2,083 | £4,314 | £6,704 | £9,259 | £11,990 | £14,907 | £18,019 | £21,337 | £24,873 | £28,638 | £29,297 | £29,971 | £30,660 | £31,365 | £32,087 | £32,825 | £33,580 | £34,352 | £35,142 | £35,950 |
| Inbound Business | | £0.78 | £0 | £0 | £973 | £2,016 | £3,131 | £4,322 | £5,594 | £6,952 | £8,399 | £9,941 | £11,582 | £13,329 | £13,636 | £13,949 | £14,270 | £14,598 | £14,934 | £15,278 | £15,629 | £15,988 | £16,356 | £16,732 |
| Inbound Leisure | | £0.12 | £0 | £0 | £955 | £1,975 | £3,064 | £4,226 | £5,465 | £6,785 | £8,190 | £9,684 | £11,273 | £12,960 | £13,258 | £13,563 | £13,875 | £14,194 | £14,521 | £14,855 | £15,196 | £15,546 | £15,903 | £16,269 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £821 | £1,699 | £2,639 | £3,644 | £4,717 | £5,861 | £7,081 | £8,381 | £9,765 | £11,238 | £11,496 | £11,761 | £12,031 | £12,308 | £12,591 | £12,881 | £13,177 | £13,480 | £13,790 | £14,107 |
| Outbound Leisure | | £0.12 | £0 | £0 | £680 | £1,409 | £2,190 | £3,027 | £3,921 | £4,878 | £5,899 | £6,988 | £8,151 | £9,389 | £9,605 | £9,826 | £10,052 | £10,283 | £10,520 | £10,762 | £11,009 | £11,262 | £11,521 | £11,786 |
| Inbound Business | | £0.78 | £0 | £0 | £369 | £764 | £1,186 | £1,637 | £2,119 | £2,633 | £3,181 | £3,765 | £4,387 | £5,049 | £5,165 | £5,284 | £5,405 | £5,530 | £5,657 | £5,787 | £5,920 | £6,056 | £6,196 | £6,338 |
| Inbound Leisure | | £0.12 | £0 | £0 | £607 | £1,255 | £1,948 | £2,686 | £3,474 | £4,313 | £5,205 | £6,155 | £7,165 | £8,237 | £8,427 | £8,621 | £8,819 | £9,022 | £9,229 | £9,441 | £9,659 | £9,881 | £10,108 | £10,340 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £2,987 | £6,186 | £9,608 | £13,264 | £17,168 | £21,334 | £25,775 | £30,507 | £35,545 | £40,906 | £41,847 | £42,809 | £43,794 | £44,801 | £45,831 | £46,885 | £47,964 | £49,067 | £50,196 | £51,350 |
| Outbound Leisure | | | £0 | £0 | £2,762 | £5,723 | £8,894 | £12,286 | £15,912 | £19,784 | £23,918 | £28,326 | £33,024 | £38,027 | £38,902 | £39,797 | £40,712 | £41,648 | £42,606 | £43,586 | £44,589 | £45,614 | £46,663 | £47,737 |
| Inbound Business | | | £0 | £0 | £1,342 | £2,779 | £4,316 | £5,959 | £7,713 | £9,585 | £11,580 | £13,706 | £15,970 | £18,378 | £18,801 | £19,233 | £19,675 | £20,128 | £20,591 | £21,064 | £21,549 | £22,045 | £22,552 | £23,070 |
| Inbound Leisure | | | £0 | £0 | £1,561 | £3,230 | £5,012 | £6,913 | £8,939 | £11,098 | £13,395 | £15,839 | £18,437 | £21,197 | £21,685 | £22,184 | £22,694 | £23,216 | £23,750 | £24,296 | £24,855 | £25,426 | £26,011 | £26,609 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £10,291 | £21,309 | £33,095 | £45,690 | £59,139 | £73,489 | £88,787 | £105,087 | £122,441 | £140,907 | £144,148 | £147,463 | £150,855 | £154,324 | £157,874 | £161,505 | £165,219 | £169,019 | £172,907 | £176,884 |
| Outbound Leisure | | £0.12 | £0 | £0 | £3,501 | £7,253 | £11,269 | £15,565 | £20,156 | £25,059 | £30,291 | £35,869 | £41,813 | £48,142 | £49,250 | £50,382 | £51,541 | £52,727 | £53,939 | £55,180 | £56,449 | £57,748 | £59,076 | £60,434 |
| Inbound Business | | £0.78 | £0 | £0 | £4,623 | £9,574 | £14,869 | £20,527 | £26,570 | £33,017 | £39,890 | £47,213 | £55,010 | £63,306 | £64,762 | £66,251 | £67,775 | £69,334 | £70,929 | £72,560 | £74,229 | £75,936 | £77,683 | £79,470 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £6,861 | £14,206 | £22,063 | £30,460 | £39,426 | £48,992 | £59,192 | £70,058 | £81,627 | £93,938 | £96,098 | £98,309 | £100,570 | £102,883 | £105,249 | £107,670 | £110,146 | £112,680 | £115,271 | £117,923 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,798 | £3,726 | £5,793 | £8,005 | £10,371 | £12,900 | £15,601 | £18,483 | £21,557 | £24,833 | £25,404 | £25,988 | £26,586 | £27,197 | £27,823 | £28,463 | £29,118 | £29,787 | £30,472 | £31,173 |
| Inbound Business | | £0.78 | £0 | £0 | £3,082 | £6,382 | £9,912 | £13,685 | £17,713 | £22,011 | £26,593 | £31,475 | £36,673 | £42,204 | £43,175 | £44,168 | £45,184 | £46,223 | £47,286 | £48,373 | £49,486 | £50,624 | £51,789 | £52,980 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £17,151 | £35,515 | £55,158 | £76,150 | £98,565 | £122,481 | £147,979 | £175,145 | £204,069 | £234,845 | £240,246 | £245,772 | £251,424 | £257,207 | £263,123 | £269,175 | £275,366 | £281,699 | £288,178 | £294,806 |
| Outbound Leisure | | | £0 | £0 | £5,299 | £10,979 | £17,062 | £23,570 | £30,528 | £37,960 | £45,892 | £54,352 | £63,370 | £72,975 | £74,654 | £76,371 | £78,127 | £79,924 | £81,762 | £83,643 | £85,567 | £87,535 | £89,548 | £91,608 |
| Inbound Business | | | £0 | £0 | £7,706 | £15,956 | £24,781 | £34,212 | £44,283 | £55,028 | £66,483 | £78,688 | £91,683 | £105,510 | £107,937 | £110,419 | £112,959 | £115,557 | £118,215 | £120,934 | £123,715 | £126,560 | £129,471 | £132,449 |
| Inbound Leisure | | | £0 | £0 | £3,209 | £6,639 | £10,302 | £14,210 | £18,375 | £22,812 | £27,535 | £32,559 | £37,899 | £43,573 | £44,575 | £45,600 | £46,649 | £47,722 | £48,820 | £49,942 | £51,091 | £52,266 | £53,468 | £54,698 |
| **Total Producer & User Benefits** | | | **£99,537** | **£101,827** | **-£220,269** | **-£165,355** | **-£107,060** | **-£45,204** | **£20,399** | **£89,947** | **£163,645** | **£241,710** | **£324,371** | **£411,865** | **£418,109** | **£424,496** | **£431,030** | **£437,715** | **£444,553** | **£451,548** | **£458,704** | **£466,025** | **£473,515** | **£481,176** |
| **Total Costs & Benefits** | | | **-£8,275,463** | **-£8,273,173** | **-£552,168** | **-£468,467** | **-£380,687** | **-£288,635** | **-£192,104** | **-£90,881** | **£15,259** | **£126,551** | **£243,242** | **£365,591** | **£371,835** | **£378,222** | **£384,756** | **£391,440** | **£398,278** | **£405,274** | **£412,430** | **£419,751** | **£427,240** | **£8,809,902** |
| **Discount Factor** | | | **1** | **0.966** | **0.934** | **0.902** | **0.871** | **0.842** | **0.814** | **0.786** | **0.759** | **0.734** | **0.709** | **0.685** | **0.662** | **0.639** | **0.618** | **0.597** | **0.577** | **0.557** | **0.538** | **0.520** | **0.503** | **0.486** |
| **Discounted Costs & Benefits** | | | **-£8,275,463** | **-£7,993,404** | **-£515,455** | **-£422,530** | **-£331,747** | **-£243,023** | **-£156,277** | **-£71,432** | **£11,588** | **£92,855** | **£172,439** | **£250,410** | **£246,074** | **£241,837** | **£237,695** | **£233,647** | **£229,690** | **£225,820** | **£222,036** | **£218,336** | **£214,716** | **£4,277,832** |
| **NPV** | **-£11,134,355** | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | **-2%** | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | **0.3** | | | | | | | | | | | | | | | | | | | | | | | |

## Option 5 Maximum Case, High Cost Option with Terminal

| | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SCENARIO ASSUMPTIONS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Contruction Cost Scenario | 5 | | | | | | | | | | | | | | | | | | | | | | | |
| Cost Option | High | | | | | | | | | | | | | | | | | | | | | | | |
| Construction Time Split | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| | | | 50% | 50% | | | | | | | | | | | | | | | | | | | | |
| Terminal Built | Yes | | | | | | | | | | | | | | | | | | | | | | | |
| Pax Scenario | Max | | | | | | | | | | | | | | | | | | | | | | | |
| **TRAFFIC & FREQUENCY** | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | | | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| **Baseline Traffic Forecast** | | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 | Year 16 | Year 17 | Year 18 | Year 19 | Year 20 | Year 21 | Year 22 |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Outbound Business | | | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 | 8,041 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 | 17,112 |
| Inbound Business | | | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 | 3,612 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 | 5,360 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 | 8,466 |
| Inbound Business | | | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 | 2,408 |
| Inbound Leisure | | | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 | 8,825 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Outbound Business | | | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 | 13,401 |
| Outbound Leisure | | | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 | 25,579 |
| Inbound Business | | | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 | 6,021 |
| Inbound Leisure | | | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Change Scenario Traffic Forecast** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Guernsey* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Outbound Business | | | 8,041 | 8,041 | 8,234 | 8,433 | 8,637 | 8,845 | 9,058 | 9,277 | 9,500 | 9,730 | 9,964 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 | 10,205 |
| Outbound Leisure | | | 17,112 | 17,112 | 17,541 | 17,981 | 18,431 | 18,893 | 19,367 | 19,852 | 20,350 | 20,860 | 21,382 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 | 21,918 |
| Inbound Business | | | 3,612 | 3,612 | 3,700 | 3,789 | 3,880 | 3,974 | 4,070 | 4,168 | 4,268 | 4,371 | 4,477 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 | 4,585 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Southampton* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Outbound Business | | | 5,360 | 5,360 | 5,490 | 5,622 | 5,758 | 5,897 | 6,039 | 6,184 | 6,334 | 6,486 | 6,643 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 | 6,803 |
| Outbound Leisure | | | 8,466 | 8,466 | 8,687 | 8,913 | 9,145 | 9,382 | 9,626 | 9,877 | 10,134 | 10,398 | 10,668 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 | 10,946 |
| Inbound Business | | | 2,408 | 2,408 | 2,466 | 2,526 | 2,587 | 2,649 | 2,713 | 2,779 | 2,846 | 2,914 | 2,984 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 | 3,056 |
| Inbound Leisure | | | 8,825 | 8,825 | 9,022 | 9,223 | 9,428 | 9,638 | 9,853 | 10,072 | 10,296 | 10,526 | 10,760 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 | 11,000 |
| *Total* | | | | | | | | | | | | | | | | | | | | | | | | |
| Average Daily One Way Frequency | | | 8 | 8 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Outbound Business | | | 13,401 | 13,401 | 13,724 | 14,055 | 14,394 | 14,741 | 15,097 | 15,461 | 15,834 | 16,216 | 16,607 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 | 17,008 |
| Outbound Leisure | | | 25,579 | 25,579 | 26,228 | 26,893 | 27,576 | 28,276 | 28,993 | 29,729 | 30,483 | 31,257 | 32,050 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 | 32,864 |
| Inbound Business | | | 6,021 | 6,021 | 6,166 | 6,315 | 6,467 | 6,623 | 6,783 | 6,946 | 7,114 | 7,285 | 7,461 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 | 7,641 |
| Inbound Leisure | | | 17,650 | 17,650 | 18,043 | 18,445 | 18,856 | 19,276 | 19,705 | 20,144 | 20,593 | 21,052 | 21,521 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| **CONSTRUCTION COSTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| Runway Extension | | | -£8,375,000 | -£8,375,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £8,375,000 |
| Terminal | | | -£1,150,000 | -£1,150,000 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £0 | £1,150,000 |
| *Total* | | | *-£9,525,000* | *-£9,525,000* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£0* | *£9,525,000* |
| **PRODUCER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Airport* | | | | | | | | | | | | | | | | | | | | | | | | |
| New Passenger Revenue | Estimated Revenue per Pax | £10 | £0 | £0 | £15,253 | £30,874 | £46,874 | £63,260 | £80,043 | £97,232 | £114,836 | £132,867 | £151,334 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 | £170,247 |
| OPEX | | | £0 | £0 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 | -£50,000 |
| *Airline* | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | |
| Subsidy | Total Increase in Subsidy | | | | -331,899 | -303,111 | -273,628 | -243,431 | -212,503 | -180,828 | -148,386 | -115,159 | -81,128 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 | -46,274 |
| **USER IMPACTS** | | | | | | | | | | | | | | | | | | | | | | | | |
| *Existing Passengers - Wait Time Impacts* | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 7 | 7 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 | -9 |
| | Leisure | | 11 | 11 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 | -17 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £44,451 | £45,473 | -£59,693 | -£61,066 | -£62,470 | -£63,907 | -£65,377 | -£66,881 | -£68,419 | -£69,993 | -£71,602 | -£73,249 | -£74,934 | -£76,657 | -£78,421 | -£80,224 | -£82,069 | -£83,957 | -£85,888 | -£87,863 | -£89,884 | -£91,952 |
| Outbound Leisure | | £0.12 | £23,168 | £23,701 | -£37,125 | -£37,978 | -£38,852 | -£39,746 | -£40,660 | -£41,595 | -£42,552 | -£43,530 | -£44,531 | -£45,556 | -£46,603 | -£47,675 | -£48,772 | -£49,894 | -£51,041 | -£52,215 | -£53,416 | -£54,645 | -£55,901 | -£57,187 |
| Inbound Business | | £0.78 | £19,971 | £20,430 | -£26,819 | -£27,435 | -£28,066 | -£28,712 | -£29,372 | -£30,048 | -£30,739 | -£31,446 | -£32,169 | -£32,909 | -£33,666 | -£34,440 | -£35,232 | -£36,043 | -£36,872 | -£37,720 | -£38,587 | -£39,475 | -£40,383 | -£41,312 |
| Inbound Leisure | | £0.12 | £11,948 | £12,223 | -£19,146 | -£19,586 | -£20,037 | -£20,497 | -£20,969 | -£21,451 | -£21,945 | -£22,449 | -£22,966 | -£23,494 | -£24,034 | -£24,587 | -£25,152 | -£25,731 | -£26,323 | -£26,928 | -£27,548 | -£28,181 | -£28,829 | -£29,492 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 0 | 0 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 | -12 |
| | Leisure | | 0 | 0 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 | -28 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | -£51,718 | -£52,907 | -£54,124 | -£55,369 | -£56,642 | -£57,945 | -£59,278 | -£60,641 | -£62,036 | -£63,463 | -£64,922 | -£66,416 | -£67,943 | -£69,506 | -£71,104 | -£72,740 | -£74,413 | -£76,124 | -£77,875 | -£79,666 |
| Outbound Leisure | | £0.12 | £0 | £0 | -£29,963 | -£30,652 | -£31,357 | -£32,078 | -£32,816 | -£33,571 | -£34,343 | -£35,133 | -£35,941 | -£36,767 | -£37,613 | -£38,478 | -£39,363 | -£40,268 | -£41,194 | -£42,142 | -£43,111 | -£44,103 | -£45,117 | -£46,155 |
| Inbound Business | | £0.78 | £0 | £0 | -£23,235 | -£23,770 | -£24,317 | -£24,876 | -£25,448 | -£26,033 | -£26,632 | -£27,245 | -£27,871 | -£28,512 | -£29,168 | -£29,839 | -£30,525 | -£31,227 | -£31,945 | -£32,680 | -£33,432 | -£34,201 | -£34,987 | -£35,792 |
| Inbound Leisure | | £0.12 | £0 | £0 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 | -£29,843 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £44,451 | £45,473 | -£111,410 | -£113,973 | -£116,594 | -£119,276 | -£122,019 | -£124,826 | -£127,697 | -£130,634 | -£133,638 | -£136,712 | -£139,856 | -£143,073 | -£146,364 | -£149,730 | -£153,174 | -£156,697 | -£160,301 | -£163,988 | -£167,759 | -£171,618 |
| Outbound Leisure | | | £23,168 | £23,701 | -£67,087 | -£68,630 | -£70,209 | -£71,823 | -£73,475 | -£75,165 | -£76,894 | -£78,663 | -£80,472 | -£82,323 | -£84,216 | -£86,153 | -£88,135 | -£90,162 | -£92,236 | -£94,357 | -£96,527 | -£98,747 | -£101,018 | -£103,342 |
| Inbound Business | | | £19,971 | £20,430 | -£50,054 | -£51,205 | -£52,383 | -£53,588 | -£54,820 | -£56,081 | -£57,371 | -£58,690 | -£60,040 | -£61,421 | -£62,834 | -£64,279 | -£65,758 | -£67,270 | -£68,817 | -£70,400 | -£72,019 | -£73,676 | -£75,370 | -£77,104 |
| Inbound Leisure | | | £11,948 | £12,223 | -£48,989 | -£49,429 | -£49,880 | -£50,341 | -£50,812 | -£51,294 | -£51,788 | -£52,292 | -£52,809 | -£53,337 | -£53,877 | -£54,430 | -£54,996 | -£55,574 | -£56,166 | -£56,771 | -£57,391 | -£58,024 | -£58,672 | -£59,335 |
| *New Passengers (inc. Rule of a Half)* | | | | | | | | | | | | | | | | | | | | | | | | |
| Frequency / Wait Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 44 | 44 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 | 27 |
| | Leisure | | 106 | 106 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £2,167 | £4,487 | £6,968 | £9,620 | £12,452 | £15,473 | £18,694 | £22,126 | £25,780 | £29,668 | £30,350 | £31,048 | £31,762 | £32,493 | £33,240 | £34,005 | £34,787 | £35,587 | £36,406 | £37,243 |
| Outbound Leisure | | £0.12 | £0 | £0 | £2,083 | £4,314 | £6,704 | £9,259 | £11,990 | £14,907 | £18,019 | £21,337 | £24,873 | £28,638 | £29,297 | £29,971 | £30,660 | £31,365 | £32,087 | £32,825 | £33,580 | £34,352 | £35,142 | £35,950 |
| Inbound Business | | £0.78 | £0 | £0 | £973 | £2,016 | £3,131 | £4,322 | £5,594 | £6,952 | £8,399 | £9,941 | £11,582 | £13,329 | £13,636 | £13,949 | £14,270 | £14,598 | £14,934 | £15,278 | £15,629 | £15,988 | £16,356 | £16,732 |
| Inbound Leisure | | £0.12 | £0 | £0 | £955 | £1,975 | £3,064 | £4,226 | £5,465 | £6,785 | £8,190 | £9,684 | £11,273 | £12,960 | £13,258 | £13,563 | £13,875 | £14,194 | £14,521 | £14,855 | £15,196 | £15,546 | £15,903 | £16,269 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Frequency / Wait Time | Business | | 27 | 27 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| | Leisure | | 77 | 77 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £821 | £1,699 | £2,639 | £3,644 | £4,717 | £5,861 | £7,081 | £8,381 | £9,765 | £11,238 | £11,496 | £11,761 | £12,031 | £12,308 | £12,591 | £12,881 | £13,177 | £13,480 | £13,790 | £14,107 |
| Outbound Leisure | | £0.12 | £0 | £0 | £680 | £1,409 | £2,190 | £3,027 | £3,921 | £4,878 | £5,899 | £6,988 | £8,151 | £9,389 | £9,605 | £9,826 | £10,052 | £10,283 | £10,520 | £10,762 | £11,009 | £11,262 | £11,521 | £11,786 |
| Inbound Business | | £0.78 | £0 | £0 | £369 | £764 | £1,186 | £1,637 | £2,119 | £2,633 | £3,181 | £3,765 | £4,387 | £5,049 | £5,165 | £5,284 | £5,405 | £5,530 | £5,657 | £5,787 | £5,920 | £6,056 | £6,196 | £6,338 |
| Inbound Leisure | | £0.12 | £0 | £0 | £607 | £1,255 | £1,948 | £2,686 | £3,474 | £4,313 | £5,205 | £6,155 | £7,165 | £8,237 | £8,427 | £8,621 | £8,819 | £9,022 | £9,229 | £9,441 | £9,659 | £9,881 | £10,108 | £10,340 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £2,987 | £6,186 | £9,608 | £13,264 | £17,168 | £21,334 | £25,775 | £30,507 | £35,545 | £40,906 | £41,847 | £42,809 | £43,794 | £44,801 | £45,831 | £46,885 | £47,964 | £49,067 | £50,196 | £51,350 |
| Outbound Leisure | | | £0 | £0 | £2,762 | £5,723 | £8,894 | £12,286 | £15,912 | £19,784 | £23,918 | £28,326 | £33,024 | £38,027 | £38,902 | £39,797 | £40,712 | £41,648 | £42,606 | £43,586 | £44,589 | £45,614 | £46,663 | £47,737 |
| Inbound Business | | | £0 | £0 | £1,342 | £2,779 | £4,316 | £5,959 | £7,713 | £9,585 | £11,580 | £13,706 | £15,970 | £18,378 | £18,801 | £19,233 | £19,675 | £20,128 | £20,591 | £21,064 | £21,549 | £22,045 | £22,552 | £23,070 |
| Inbound Leisure | | | £0 | £0 | £1,561 | £3,230 | £5,012 | £6,913 | £8,939 | £11,098 | £13,395 | £15,839 | £18,437 | £21,197 | £21,685 | £22,184 | £22,694 | £23,216 | £23,750 | £24,296 | £24,855 | £25,426 | £26,011 | £26,609 |
| Journey Time vs The Boat | | | | | | | | | | | | | | | | | | | | | | | | |
| Guernsey | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £10,291 | £21,309 | £33,095 | £45,690 | £59,139 | £73,489 | £88,787 | £105,087 | £122,441 | £140,907 | £144,148 | £147,463 | £150,855 | £154,324 | £157,874 | £161,505 | £165,219 | £169,019 | £172,907 | £176,884 |
| Outbound Leisure | | £0.12 | £0 | £0 | £3,501 | £7,253 | £11,269 | £15,565 | £20,156 | £25,059 | £30,291 | £35,869 | £41,813 | £48,142 | £49,250 | £50,382 | £51,541 | £52,727 | £53,939 | £55,180 | £56,449 | £57,748 | £59,076 | £60,434 |
| Inbound Business | | £0.78 | £0 | £0 | £4,623 | £9,574 | £14,869 | £20,527 | £26,570 | £33,017 | £39,890 | £47,213 | £55,010 | £63,306 | £64,762 | £66,251 | £67,775 | £69,334 | £70,929 | £72,560 | £74,229 | £75,936 | £77,683 | £79,470 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Southampton | | | | | | | | | | | | | | | | | | | | | | | | |
| Change in Journey Time | Business | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | Leisure | | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 | 130 |
| | | VoT per Minute | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | £0.78 | £0 | £0 | £6,861 | £14,206 | £22,063 | £30,460 | £39,426 | £48,992 | £59,192 | £70,058 | £81,627 | £93,938 | £96,098 | £98,309 | £100,570 | £102,883 | £105,249 | £107,670 | £110,146 | £112,680 | £115,271 | £117,923 |
| Outbound Leisure | | £0.12 | £0 | £0 | £1,798 | £3,726 | £5,793 | £8,005 | £10,371 | £12,900 | £15,601 | £18,483 | £21,557 | £24,833 | £25,404 | £25,988 | £26,586 | £27,197 | £27,823 | £28,463 | £29,118 | £29,787 | £30,472 | £31,173 |
| Inbound Business | | £0.78 | £0 | £0 | £3,082 | £6,382 | £9,912 | £13,685 | £17,713 | £22,011 | £26,593 | £31,475 | £36,673 | £42,204 | £43,175 | £44,168 | £45,184 | £46,223 | £47,286 | £48,373 | £49,486 | £50,624 | £51,789 | £52,980 |
| Inbound Leisure | | £0.12 | £0 | £0 | £1,605 | £3,320 | £5,151 | £7,105 | £9,188 | £11,406 | £13,768 | £16,279 | £18,950 | £21,786 | £22,288 | £22,800 | £23,325 | £23,861 | £24,410 | £24,971 | £25,546 | £26,133 | £26,734 | £27,349 |
| Total | | | | | | | | | | | | | | | | | | | | | | | | |
| Outbound Business | | | £0 | £0 | £17,151 | £35,515 | £55,158 | £76,150 | £98,565 | £122,481 | £147,979 | £175,145 | £204,069 | £234,845 | £240,246 | £245,772 | £251,424 | £257,207 | £263,123 | £269,175 | £275,366 | £281,699 | £288,178 | £294,806 |
| Outbound Leisure | | | £0 | £0 | £5,299 | £10,979 | £17,062 | £23,570 | £30,528 | £37,960 | £45,892 | £54,352 | £63,370 | £72,975 | £74,654 | £76,371 | £78,127 | £79,924 | £81,762 | £83,643 | £85,567 | £87,535 | £89,548 | £91,608 |
| Inbound Business | | | £0 | £0 | £7,706 | £15,956 | £24,781 | £34,212 | £44,283 | £55,028 | £66,483 | £78,688 | £91,683 | £105,510 | £107,937 | £110,419 | £112,959 | £115,557 | £118,215 | £120,934 | £123,715 | £126,560 | £129,471 | £132,449 |
| Inbound Leisure | | | £0 | £0 | £3,209 | £6,639 | £10,302 | £14,210 | £18,375 | £22,812 | £27,535 | £32,559 | £37,899 | £43,573 | £44,575 | £45,600 | £46,649 | £47,722 | £48,820 | £49,942 | £51,091 | £52,266 | £53,468 | £54,698 |
| **Total Producer & User Benefits** | | | **£99,537** | **£101,827** | **-£270,269** | **-£215,355** | **-£157,060** | **-£95,204** | **-£29,601** | **£39,947** | **£113,645** | **£191,710** | **£274,371** | **£361,865** | **£368,109** | **£374,496** | **£381,030** | **£387,715** | **£394,553** | **£401,548** | **£408,704** | **£416,025** | **£423,515** | **£431,176** |
| **Total Costs & Benefits** | | | **-£9,425,463** | **-£9,423,173** | **-£602,168** | **-£518,467** | **-£430,687** | **-£338,635** | **-£242,104** | **-£140,881** | **-£34,741** | **£76,551** | **£193,242** | **£315,591** | **£321,835** | **£328,222** | **£334,756** | **£341,440** | **£348,278** | **£355,274** | **£362,430** | **£369,751** | **£377,240** | **£9,909,902** |
| **Discount Factor** | | | **1** | **0.966** | **0.934** | **0.902** | **0.871** | **0.842** | **0.814** | **0.786** | **0.759** | **0.734** | **0.709** | **0.685** | **0.662** | **0.639** | **0.618** | **0.597** | **0.577** | **0.557** | **0.538** | **0.520** | **0.503** | **0.486** |
| **Discounted Costs & Benefits** | | | **-£9,425,463** | **-£9,104,515** | **-£562,130** | **-£467,627** | **-£375,319** | **-£285,121** | **-£196,952** | **-£110,731** | **-£26,383** | **£56,168** | **£136,993** | **£216,163** | **£212,985** | **£209,866** | **£206,806** | **£203,802** | **£200,854** | **£197,960** | **£195,118** | **£192,328** | **£189,588** | **£4,811,960** |
| **NPV** | **-£13,523,649** | | | | | | | | | | | | | | | | | | | | | | | |
| **IRR** | **-2%** | | | | | | | | | | | | | | | | | | | | | | | |
| **BCR** | **0.2** | | | | | | | | | | | | | | | | | | | | | | | |

# Development Economics Approach

## Option 5 Core Case

| | | | | | |
|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | |
| **Incremental Cost** | Low | £9,194,000 | | **EIRR** | **7.5%** |
| **Add Terminal Cost** | No | £0 | | | |
| **Annual Operating Cost Increase** | | £0 | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | |
| **Uplift Assumed relative to Max** | 50% | | **Total** | | |
| **Population Increase after 10 years** | 7% | 141 | 2,161 | | |
| **Tourism increase after 10 years** | 12% | 2,118 | 19,768 | | |
| *(Million GBP - Q4 2015 prices)* | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -4.60 | | 0.22 | | | -4.38 |
| 0 | 62,650 | - | -4.60 | | 0.22 | | | -4.38 |
| 1 | 63,405 | - 0.34596 | | 0.00 | | £0.11 | £0.02 | -0.22 |
| 2 | 64,169 | - 0.33175 | | 0.00 | | £0.23 | £0.04 | -0.07 |
| 3 | 64,942 | - 0.31736 | | 0.00 | | £0.35 | £0.06 | 0.09 |
| 4 | 65,725 | - 0.30280 | | 0.00 | | £0.48 | £0.08 | 0.25 |
| 5 | 66,516 | - 0.28807 | | 0.00 | | £0.61 | £0.10 | 0.42 |
| 6 | 67,318 | - 0.27316 | | 0.00 | | £0.74 | £0.12 | 0.59 |
| 7 | 68,129 | - 0.25807 | | 0.00 | | £0.88 | £0.14 | 0.77 |
| 8 | 68,950 | - 0.24279 | | 0.00 | | £1.03 | £0.17 | 0.95 |
| 9 | 69,781 | - 0.22734 | | 0.00 | | £1.18 | £0.19 | 1.15 |
| 10 | 70,622 | - 0.21169 | | 0.00 | | £1.34 | £0.22 | 1.35 |
| 11 | 70,622 | - 0.21169 | | 0.00 | | £1.37 | £0.22 | 1.38 |
| 12 | 70,622 | - 0.21169 | | 0.00 | | £1.39 | £0.23 | 1.41 |
| 13 | 70,622 | - 0.21169 | | 0.00 | | £1.42 | £0.23 | 1.44 |
| 14 | 70,622 | - 0.21169 | | 0.00 | | £1.45 | £0.24 | 1.47 |
| 15 | 70,622 | - 0.21169 | | 0.00 | | £1.48 | £0.24 | 1.51 |
| 16 | 70,622 | - 0.21169 | | 0.00 | | £1.51 | £0.25 | 1.54 |
| 17 | 70,622 | - 0.21169 | | 0.00 | | £1.54 | £0.25 | 1.58 |
| 18 | 70,622 | - 0.21169 | | 0.00 | | £1.57 | £0.26 | 1.61 |
| 19 | 70,622 | - 0.21169 | | 0.00 | | £1.60 | £0.26 | 1.65 |
| 20 | 70,622 | - 0.21169 | 4.60 | 0.00 | | £1.63 | £0.27 | 6.28 |
| | | | | | | | **EIRR** | **7.5%** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | | | | | |
| **Incremental Cost** | Low | £9,194,000 | | **EIRR** | **5.6%** | | | | |
| **Add Terminal Cost** | Yes | £2,300,000 | | | | | | | |
| **Annual Operating Cost Increase** | | £50,000 | | | | | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | | | | | |
| **Uplift Assumed relative to Max** | 50% | | **Total** | | | | | | |
| **Population Increase after 10 years** | 7% | 141 | 2,161 | | | | | | |
| **Tourism increase after 10 years** | 12% | 2,118 | 19,768 | | | | | | |
| *(Million GBP - Q4 2015 prices)* | | | | | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -5.75 | | 0.22 | | | -5.53 |
| 0 | 62,650 | - | -5.75 | | 0.22 | | | -5.53 |
| 1 | 63,405 | - 0.34596 | | -0.05 | | £0.11 | £0.02 | -0.27 |
| 2 | 64,169 | - 0.33175 | | -0.05 | | £0.23 | £0.04 | -0.12 |
| 3 | 64,942 | - 0.31736 | | -0.05 | | £0.35 | £0.06 | 0.04 |
| 4 | 65,725 | - 0.30280 | | -0.05 | | £0.48 | £0.08 | 0.20 |
| 5 | 66,516 | - 0.28807 | | -0.05 | | £0.61 | £0.10 | 0.37 |
| 6 | 67,318 | - 0.27316 | | -0.05 | | £0.74 | £0.12 | 0.54 |
| 7 | 68,129 | - 0.25807 | | -0.05 | | £0.88 | £0.14 | 0.72 |
| 8 | 68,950 | - 0.24279 | | -0.05 | | £1.03 | £0.17 | 0.90 |
| 9 | 69,781 | - 0.22734 | | -0.05 | | £1.18 | £0.19 | 1.10 |
| 10 | 70,622 | - 0.21169 | | -0.05 | | £1.34 | £0.22 | 1.30 |
| 11 | 70,622 | - 0.21169 | | -0.05 | | £1.37 | £0.22 | 1.33 |
| 12 | 70,622 | - 0.21169 | | -0.05 | | £1.39 | £0.23 | 1.36 |
| 13 | 70,622 | - 0.21169 | | -0.05 | | £1.42 | £0.23 | 1.39 |
| 14 | 70,622 | - 0.21169 | | -0.05 | | £1.45 | £0.24 | 1.42 |
| 15 | 70,622 | - 0.21169 | | -0.05 | | £1.48 | £0.24 | 1.46 |
| 16 | 70,622 | - 0.21169 | | -0.05 | | £1.51 | £0.25 | 1.49 |
| 17 | 70,622 | - 0.21169 | | -0.05 | | £1.54 | £0.25 | 1.53 |
| 18 | 70,622 | - 0.21169 | | -0.05 | | £1.57 | £0.26 | 1.56 |
| 19 | 70,622 | - 0.21169 | | -0.05 | | £1.60 | £0.26 | 1.60 |
| 20 | 70,622 | - 0.21169 | 5.75 | -0.05 | | £1.63 | £0.27 | 7.38 |
| | | | | | | | **EIRR** | **5.6%** |

| | | | | | |
|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | |
| **Incremental Cost** | Medium | £12,370,000 | | **EIRR** | **5.5%** |
| **Add Terminal Cost** | No | £0 | | | |
| **Annual Operating Cost Increase** | | £0 | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | |
| **Uplift Assumed relative to Max** | 50% | | **Total** | | |
| **Population Increase after 10 years** | 7% | 141 | 2,161 | | |
| **Tourism increase after 10 years** | 12% | 2,118 | 19,768 | | |

*(Million GBP - Q4 2015 prices)*

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -6.19 | | 0.22 | | | -5.96 |
| 0 | 62,650 | - | -6.19 | | 0.22 | | | -5.96 |
| 1 | 63,405 | - 0.34596 | | 0.00 | | £0.11 | £0.02 | -0.22 |
| 2 | 64,169 | - 0.33175 | | 0.00 | | £0.23 | £0.04 | -0.07 |
| 3 | 64,942 | - 0.31736 | | 0.00 | | £0.35 | £0.06 | 0.09 |
| 4 | 65,725 | - 0.30280 | | 0.00 | | £0.48 | £0.08 | 0.25 |
| 5 | 66,516 | - 0.28807 | | 0.00 | | £0.61 | £0.10 | 0.42 |
| 6 | 67,318 | - 0.27316 | | 0.00 | | £0.74 | £0.12 | 0.59 |
| 7 | 68,129 | - 0.25807 | | 0.00 | | £0.88 | £0.14 | 0.77 |
| 8 | 68,950 | - 0.24279 | | 0.00 | | £1.03 | £0.17 | 0.95 |
| 9 | 69,781 | - 0.22734 | | 0.00 | | £1.18 | £0.19 | 1.15 |
| 10 | 70,622 | - 0.21169 | | 0.00 | | £1.34 | £0.22 | 1.35 |
| 11 | 70,622 | - 0.21169 | | 0.00 | | £1.37 | £0.22 | 1.38 |
| 12 | 70,622 | - 0.21169 | | 0.00 | | £1.39 | £0.23 | 1.41 |
| 13 | 70,622 | - 0.21169 | | 0.00 | | £1.42 | £0.23 | 1.44 |
| 14 | 70,622 | - 0.21169 | | 0.00 | | £1.45 | £0.24 | 1.47 |
| 15 | 70,622 | - 0.21169 | | 0.00 | | £1.48 | £0.24 | 1.51 |
| 16 | 70,622 | - 0.21169 | | 0.00 | | £1.51 | £0.25 | 1.54 |
| 17 | 70,622 | - 0.21169 | | 0.00 | | £1.54 | £0.25 | 1.58 |
| 18 | 70,622 | - 0.21169 | | 0.00 | | £1.57 | £0.26 | 1.61 |
| 19 | 70,622 | - 0.21169 | | 0.00 | | £1.60 | £0.26 | 1.65 |
| 20 | 70,622 | - 0.21169 | 6.19 | 0.00 | | £1.63 | £0.27 | 7.87 |
| | | | | | | | **EIRR** | **5.5%** |

| | | | | | |
|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | |
| **Incremental Cost** | Medium | £12,370,000 | | **EIRR** | **4.1%** |
| **Add Terminal Cost** | Yes | £2,300,000 | | | |
| **Annual Operating Cost Increase** | | £50,000 | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | |
| **Uplift Assumed relative to Max** | 50% | | **Total** | | |
| **Population Increase after 10 years** | 7% | 141 | 2,161 | | |
| **Tourism increase after 10 years** | 12% | 2,118 | 19,768 | | |
| *(Million GBP - Q4 2015 prices)* | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -7.34 | | 0.22 | | | -7.11 |
| 0 | 62,650 | - | -7.34 | | 0.22 | | | -7.11 |
| 1 | 63,405 | - 0.34596 | | -0.05 | | £0.11 | £0.02 | -0.27 |
| 2 | 64,169 | - 0.33175 | | -0.05 | | £0.23 | £0.04 | -0.12 |
| 3 | 64,942 | - 0.31736 | | -0.05 | | £0.35 | £0.06 | 0.04 |
| 4 | 65,725 | - 0.30280 | | -0.05 | | £0.48 | £0.08 | 0.20 |
| 5 | 66,516 | - 0.28807 | | -0.05 | | £0.61 | £0.10 | 0.37 |
| 6 | 67,318 | - 0.27316 | | -0.05 | | £0.74 | £0.12 | 0.54 |
| 7 | 68,129 | - 0.25807 | | -0.05 | | £0.88 | £0.14 | 0.72 |
| 8 | 68,950 | - 0.24279 | | -0.05 | | £1.03 | £0.17 | 0.90 |
| 9 | 69,781 | - 0.22734 | | -0.05 | | £1.18 | £0.19 | 1.10 |
| 10 | 70,622 | - 0.21169 | | -0.05 | | £1.34 | £0.22 | 1.30 |
| 11 | 70,622 | - 0.21169 | | -0.05 | | £1.37 | £0.22 | 1.33 |
| 12 | 70,622 | - 0.21169 | | -0.05 | | £1.39 | £0.23 | 1.36 |
| 13 | 70,622 | - 0.21169 | | -0.05 | | £1.42 | £0.23 | 1.39 |
| 14 | 70,622 | - 0.21169 | | -0.05 | | £1.45 | £0.24 | 1.42 |
| 15 | 70,622 | - 0.21169 | | -0.05 | | £1.48 | £0.24 | 1.46 |
| 16 | 70,622 | - 0.21169 | | -0.05 | | £1.51 | £0.25 | 1.49 |
| 17 | 70,622 | - 0.21169 | | -0.05 | | £1.54 | £0.25 | 1.53 |
| 18 | 70,622 | - 0.21169 | | -0.05 | | £1.57 | £0.26 | 1.56 |
| 19 | 70,622 | - 0.21169 | | -0.05 | | £1.60 | £0.26 | 1.60 |
| 20 | 70,622 | - 0.21169 | 7.34 | -0.05 | | £1.63 | £0.27 | 8.97 |
| | | | | | | | **EIRR** | **4.1%** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | | | | |
| **Incremental Cost** | High | £16,750,000 | | **EIRR** | **3.7%** | | | |
| **Add Terminal Cost** | No | £0 | | | | | | |
| **Annual Operating Cost Increase** | | £0 | | | | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | | | | |
| **Uplift Assumed relative to Max** | 50% | | **Total** | | | | | |
| **Population Increase after 10 years** | 7% | 141 | 2,161 | | | | | |
| **Tourism increase after 10 years** | 12% | 2,118 | 19,768 | | | | | |
| *(Million GBP - Q4 2015 prices)* | | | | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -8.38 | | 0.22 | | | -8.15 |
| 0 | 62,650 | - | -8.38 | | 0.22 | | | -8.15 |
| 1 | 63,405 | - 0.34596 | | 0.00 | | £0.11 | £0.02 | -0.22 |
| 2 | 64,169 | - 0.33175 | | 0.00 | | £0.23 | £0.04 | -0.07 |
| 3 | 64,942 | - 0.31736 | | 0.00 | | £0.35 | £0.06 | 0.09 |
| 4 | 65,725 | - 0.30280 | | 0.00 | | £0.48 | £0.08 | 0.25 |
| 5 | 66,516 | - 0.28807 | | 0.00 | | £0.61 | £0.10 | 0.42 |
| 6 | 67,318 | - 0.27316 | | 0.00 | | £0.74 | £0.12 | 0.59 |
| 7 | 68,129 | - 0.25807 | | 0.00 | | £0.88 | £0.14 | 0.77 |
| 8 | 68,950 | - 0.24279 | | 0.00 | | £1.03 | £0.17 | 0.95 |
| 9 | 69,781 | - 0.22734 | | 0.00 | | £1.18 | £0.19 | 1.15 |
| 10 | 70,622 | - 0.21169 | | 0.00 | | £1.34 | £0.22 | 1.35 |
| 11 | 70,622 | - 0.21169 | | 0.00 | | £1.37 | £0.22 | 1.38 |
| 12 | 70,622 | - 0.21169 | | 0.00 | | £1.39 | £0.23 | 1.41 |
| 13 | 70,622 | - 0.21169 | | 0.00 | | £1.42 | £0.23 | 1.44 |
| 14 | 70,622 | - 0.21169 | | 0.00 | | £1.45 | £0.24 | 1.47 |
| 15 | 70,622 | - 0.21169 | | 0.00 | | £1.48 | £0.24 | 1.51 |
| 16 | 70,622 | - 0.21169 | | 0.00 | | £1.51 | £0.25 | 1.54 |
| 17 | 70,622 | - 0.21169 | | 0.00 | | £1.54 | £0.25 | 1.58 |
| 18 | 70,622 | - 0.21169 | | 0.00 | | £1.57 | £0.26 | 1.61 |
| 19 | 70,622 | - 0.21169 | | 0.00 | | £1.60 | £0.26 | 1.65 |
| 20 | 70,622 | - 0.21169 | 8.38 | 0.00 | | £1.63 | £0.27 | 10.06 |
| | | | | | | | **EIRR** | **3.7%** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | | | | | |
| **Incremental Cost** | High | £16,750,000 | | **EIRR** | **2.8%** | | | | |
| **Add Terminal Cost** | Yes | £2,300,000 | | | | | | | |
| **Annual Operating Cost Increase** | | £50,000 | | | | | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | | | | | |
| **Uplift Assumed relative to Max** | 50% | | **Total** | | | | | | |
| **Population Increase after 10 years** | 7% | 141 | 2,161 | | | | | | |
| **Tourism increase after 10 years** | 12% | 2,118 | 19,768 | | | | | | |
| *(Million GBP - Q4 2015 prices)* | | | | | | | | | |
| **Year** | **Pax** | **Subsidy Increment** | **Capital Cost** | **Operating Cost** | **GVA due to Construction Employment** | **Value Adjusted GVA due to Population Increase** | **Value Adjusted GVA due to Tourism Increase** | **Net Benefit in Year** | |
| -1 | 62,650 | - | -9.53 | | 0.22 | | | -9.30 | |
| 0 | 62,650 | - | -9.53 | | 0.22 | | | -9.30 | |
| 1 | 63,405 | - 0.34596 | | -0.05 | | £0.11 | £0.02 | -0.27 | |
| 2 | 64,169 | - 0.33175 | | -0.05 | | £0.23 | £0.04 | -0.12 | |
| 3 | 64,942 | - 0.31736 | | -0.05 | | £0.35 | £0.06 | 0.04 | |
| 4 | 65,725 | - 0.30280 | | -0.05 | | £0.48 | £0.08 | 0.20 | |
| 5 | 66,516 | - 0.28807 | | -0.05 | | £0.61 | £0.10 | 0.37 | |
| 6 | 67,318 | - 0.27316 | | -0.05 | | £0.74 | £0.12 | 0.54 | |
| 7 | 68,129 | - 0.25807 | | -0.05 | | £0.88 | £0.14 | 0.72 | |
| 8 | 68,950 | - 0.24279 | | -0.05 | | £1.03 | £0.17 | 0.90 | |
| 9 | 69,781 | - 0.22734 | | -0.05 | | £1.18 | £0.19 | 1.10 | |
| 10 | 70,622 | - 0.21169 | | -0.05 | | £1.34 | £0.22 | 1.30 | |
| 11 | 70,622 | - 0.21169 | | -0.05 | | £1.37 | £0.22 | 1.33 | |
| 12 | 70,622 | - 0.21169 | | -0.05 | | £1.39 | £0.23 | 1.36 | |
| 13 | 70,622 | - 0.21169 | | -0.05 | | £1.42 | £0.23 | 1.39 | |
| 14 | 70,622 | - 0.21169 | | -0.05 | | £1.45 | £0.24 | 1.42 | |
| 15 | 70,622 | - 0.21169 | | -0.05 | | £1.48 | £0.24 | 1.46 | |
| 16 | 70,622 | - 0.21169 | | -0.05 | | £1.51 | £0.25 | 1.49 | |
| 17 | 70,622 | - 0.21169 | | -0.05 | | £1.54 | £0.25 | 1.53 | |
| 18 | 70,622 | - 0.21169 | | -0.05 | | £1.57 | £0.26 | 1.56 | |
| 19 | 70,622 | - 0.21169 | | -0.05 | | £1.60 | £0.26 | 1.60 | |
| 20 | 70,622 | - 0.21169 | 9.53 | -0.05 | | £1.63 | £0.27 | 11.16 | |
| | | | | | | | **EIRR** | **2.8%** | |

## Option 5 Maximum Case

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | | | | |
| **Incremental Cost** | Low | £9,194,000 | | **EIRR** | **15.2%** | | | |
| **Add Terminal Cost** | No | £0 | | | | | | |
| **Annual Operating Cost Increase** | | £0 | | | | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | | | | |
| **Uplift Assumed relative to Max** | Max | | **Total** | | | | | |
| **Population Increase after 10 years** | Max | 280 | 2,300 | | | | | |
| **Tourism increase after 10 years** | Max | 4,350 | 22,000 | | | | | |
| *(Million GBP - Q4 2015 prices)* | | | | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -4.60 | | 0.22 | | | -4.38 |
| 0 | 62,650 | - | -4.60 | | 0.22 | | | -4.38 |
| 1 | 64,161 | - 0.33189 | | 0.00 | | £0.22 | £0.04 | -0.07 |
| 2 | 65,709 | - 0.30310 | | 0.00 | | £0.45 | £0.08 | 0.23 |
| 3 | 67,294 | - 0.27361 | | 0.00 | | £0.69 | £0.12 | 0.54 |
| 4 | 68,917 | - 0.24341 | | 0.00 | | £0.94 | £0.16 | 0.86 |
| 5 | 70,580 | - 0.21248 | | 0.00 | | £1.20 | £0.20 | 1.19 |
| 6 | 72,282 | - 0.18080 | | 0.00 | | £1.47 | £0.25 | 1.54 |
| 7 | 74,026 | - 0.14836 | | 0.00 | | £1.75 | £0.30 | 1.90 |
| 8 | 75,811 | - 0.11514 | | 0.00 | | £2.04 | £0.35 | 2.27 |
| 9 | 77,640 | - 0.08112 | | 0.00 | | £2.34 | £0.40 | 2.65 |
| 10 | 79,513 | - 0.04627 | | 0.00 | | £2.65 | £0.45 | 3.05 |
| 11 | 79,513 | - 0.04627 | | 0.00 | | £2.70 | £0.46 | 3.12 |
| 12 | 79,513 | - 0.04627 | | 0.00 | | £2.76 | £0.47 | 3.18 |
| 13 | 79,513 | - 0.04627 | | 0.00 | | £2.81 | £0.48 | 3.24 |
| 14 | 79,513 | - 0.04627 | | 0.00 | | £2.87 | £0.49 | 3.31 |
| 15 | 79,513 | - 0.04627 | | 0.00 | | £2.93 | £0.50 | 3.38 |
| 16 | 79,513 | - 0.04627 | | 0.00 | | £2.99 | £0.51 | 3.44 |
| 17 | 79,513 | - 0.04627 | | 0.00 | | £3.05 | £0.52 | 3.51 |
| 18 | 79,513 | - 0.04627 | | 0.00 | | £3.11 | £0.53 | 3.59 |
| 19 | 79,513 | - 0.04627 | | 0.00 | | £3.17 | £0.54 | 3.66 |
| 20 | 79,513 | - 0.04627 | 4.60 | 0.00 | | £3.23 | £0.55 | 8.33 |
| | | | | | | | **EIRR** | **15.2%** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | | | | |
| **Incremental Cost** | Low | £9,194,000 | | **EIRR** | **12.6%** | | | |
| **Add Terminal Cost** | Yes | £2,300,000 | | | | | | |
| **Annual Operating Cost Increase** | | £50,000 | | | | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | | | | |
| **Uplift Assumed relative to Max** | Max | | **Total** | | | | | |
| **Population Increase after 10 years** | Max | 280 | 2,300 | | | | | |
| **Tourism increase after 10 years** | Max | 4,350 | 22,000 | | | | | |
| *(Million GBP - Q4 2015 prices)* | | | | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -5.75 | | 0.22 | | | -5.53 |
| 0 | 62,650 | - | -5.75 | | 0.22 | | | -5.53 |
| 1 | 64,161 | - 0.33189 | | -0.05 | | £0.22 | £0.04 | -0.12 |
| 2 | 65,709 | - 0.30310 | | -0.05 | | £0.45 | £0.08 | 0.18 |
| 3 | 67,294 | - 0.27361 | | -0.05 | | £0.69 | £0.12 | 0.49 |
| 4 | 68,917 | - 0.24341 | | -0.05 | | £0.94 | £0.16 | 0.81 |
| 5 | 70,580 | - 0.21248 | | -0.05 | | £1.20 | £0.20 | 1.14 |
| 6 | 72,282 | - 0.18080 | | -0.05 | | £1.47 | £0.25 | 1.49 |
| 7 | 74,026 | - 0.14836 | | -0.05 | | £1.75 | £0.30 | 1.85 |
| 8 | 75,811 | - 0.11514 | | -0.05 | | £2.04 | £0.35 | 2.22 |
| 9 | 77,640 | - 0.08112 | | -0.05 | | £2.34 | £0.40 | 2.60 |
| 10 | 79,513 | - 0.04627 | | -0.05 | | £2.65 | £0.45 | 3.00 |
| 11 | 79,513 | - 0.04627 | | -0.05 | | £2.70 | £0.46 | 3.07 |
| 12 | 79,513 | - 0.04627 | | -0.05 | | £2.76 | £0.47 | 3.13 |
| 13 | 79,513 | - 0.04627 | | -0.05 | | £2.81 | £0.48 | 3.19 |
| 14 | 79,513 | - 0.04627 | | -0.05 | | £2.87 | £0.49 | 3.26 |
| 15 | 79,513 | - 0.04627 | | -0.05 | | £2.93 | £0.50 | 3.33 |
| 16 | 79,513 | - 0.04627 | | -0.05 | | £2.99 | £0.51 | 3.39 |
| 17 | 79,513 | - 0.04627 | | -0.05 | | £3.05 | £0.52 | 3.46 |
| 18 | 79,513 | - 0.04627 | | -0.05 | | £3.11 | £0.53 | 3.54 |
| 19 | 79,513 | - 0.04627 | | -0.05 | | £3.17 | £0.54 | 3.61 |
| 20 | 79,513 | - 0.04627 | 5.75 | -0.05 | | £3.23 | £0.55 | 9.43 |
| | | | | | | | **EIRR** | **12.6%** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | | | | |
| **Incremental Cost** | Medium | £12,370,000 | | **EIRR** | **12.2%** | | | |
| **Add Terminal Cost** | No | £0 | | | | | | |
| **Annual Operating Cost Increase** | | £0 | | | | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | | | | |
| **Uplift Assumed relative to Max** | Max | | **Total** | | | | | |
| **Population Increase after 10 years** | Max | 280 | 2,300 | | | | | |
| **Tourism increase after 10 years** | Max | 4,350 | 22,000 | | | | | |
| *(Million GBP - Q4 2015 prices)* | | | | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -6.19 | | 0.22 | | | -5.96 |
| 0 | 62,650 | - | -6.19 | | 0.22 | | | -5.96 |
| 1 | 64,161 | - 0.33189 | | 0.00 | | £0.22 | £0.04 | -0.07 |
| 2 | 65,709 | - 0.30310 | | 0.00 | | £0.45 | £0.08 | 0.23 |
| 3 | 67,294 | - 0.27361 | | 0.00 | | £0.69 | £0.12 | 0.54 |
| 4 | 68,917 | - 0.24341 | | 0.00 | | £0.94 | £0.16 | 0.86 |
| 5 | 70,580 | - 0.21248 | | 0.00 | | £1.20 | £0.20 | 1.19 |
| 6 | 72,282 | - 0.18080 | | 0.00 | | £1.47 | £0.25 | 1.54 |
| 7 | 74,026 | - 0.14836 | | 0.00 | | £1.75 | £0.30 | 1.90 |
| 8 | 75,811 | - 0.11514 | | 0.00 | | £2.04 | £0.35 | 2.27 |
| 9 | 77,640 | - 0.08112 | | 0.00 | | £2.34 | £0.40 | 2.65 |
| 10 | 79,513 | - 0.04627 | | 0.00 | | £2.65 | £0.45 | 3.05 |
| 11 | 79,513 | - 0.04627 | | 0.00 | | £2.70 | £0.46 | 3.12 |
| 12 | 79,513 | - 0.04627 | | 0.00 | | £2.76 | £0.47 | 3.18 |
| 13 | 79,513 | - 0.04627 | | 0.00 | | £2.81 | £0.48 | 3.24 |
| 14 | 79,513 | - 0.04627 | | 0.00 | | £2.87 | £0.49 | 3.31 |
| 15 | 79,513 | - 0.04627 | | 0.00 | | £2.93 | £0.50 | 3.38 |
| 16 | 79,513 | - 0.04627 | | 0.00 | | £2.99 | £0.51 | 3.44 |
| 17 | 79,513 | - 0.04627 | | 0.00 | | £3.05 | £0.52 | 3.51 |
| 18 | 79,513 | - 0.04627 | | 0.00 | | £3.11 | £0.53 | 3.59 |
| 19 | 79,513 | - 0.04627 | | 0.00 | | £3.17 | £0.54 | 3.66 |
| 20 | 79,513 | - 0.04627 | 6.19 | 0.00 | | £3.23 | £0.55 | 9.92 |
| | | | | | | | **EIRR** | **12.2%** |

| | | | | | |
|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | |
| **Incremental Cost** | Medium | £12,370,000 | | **EIRR** | **10.4%** |
| **Add Terminal Cost** | Yes | £2,300,000 | | | |
| **Annual Operating Cost Increase** | | £50,000 | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | |
| **Uplift Assumed relative to Max** | Max | | **Total** | | |
| **Population Increase after 10 years** | Max | 280 | 2,300 | | |
| **Tourism increase after 10 years** | Max | 4,350 | 22,000 | | |

*(Million GBP - Q4 2015 prices)*

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -7.34 | | 0.22 | | | -7.11 |
| 0 | 62,650 | - | -7.34 | | 0.22 | | | -7.11 |
| 1 | 64,161 | - 0.33189 | | -0.05 | | £0.22 | £0.04 | -0.12 |
| 2 | 65,709 | - 0.30310 | | -0.05 | | £0.45 | £0.08 | 0.18 |
| 3 | 67,294 | - 0.27361 | | -0.05 | | £0.69 | £0.12 | 0.49 |
| 4 | 68,917 | - 0.24341 | | -0.05 | | £0.94 | £0.16 | 0.81 |
| 5 | 70,580 | - 0.21248 | | -0.05 | | £1.20 | £0.20 | 1.14 |
| 6 | 72,282 | - 0.18080 | | -0.05 | | £1.47 | £0.25 | 1.49 |
| 7 | 74,026 | - 0.14836 | | -0.05 | | £1.75 | £0.30 | 1.85 |
| 8 | 75,811 | - 0.11514 | | -0.05 | | £2.04 | £0.35 | 2.22 |
| 9 | 77,640 | - 0.08112 | | -0.05 | | £2.34 | £0.40 | 2.60 |
| 10 | 79,513 | - 0.04627 | | -0.05 | | £2.65 | £0.45 | 3.00 |
| 11 | 79,513 | - 0.04627 | | -0.05 | | £2.70 | £0.46 | 3.07 |
| 12 | 79,513 | - 0.04627 | | -0.05 | | £2.76 | £0.47 | 3.13 |
| 13 | 79,513 | - 0.04627 | | -0.05 | | £2.81 | £0.48 | 3.19 |
| 14 | 79,513 | - 0.04627 | | -0.05 | | £2.87 | £0.49 | 3.26 |
| 15 | 79,513 | - 0.04627 | | -0.05 | | £2.93 | £0.50 | 3.33 |
| 16 | 79,513 | - 0.04627 | | -0.05 | | £2.99 | £0.51 | 3.39 |
| 17 | 79,513 | - 0.04627 | | -0.05 | | £3.05 | £0.52 | 3.46 |
| 18 | 79,513 | - 0.04627 | | -0.05 | | £3.11 | £0.53 | 3.54 |
| 19 | 79,513 | - 0.04627 | | -0.05 | | £3.17 | £0.54 | 3.61 |
| 20 | 79,513 | - 0.04627 | 7.34 | -0.05 | | £3.23 | £0.55 | 11.02 |
| | | | | | | | **EIRR** | **10.4%** |

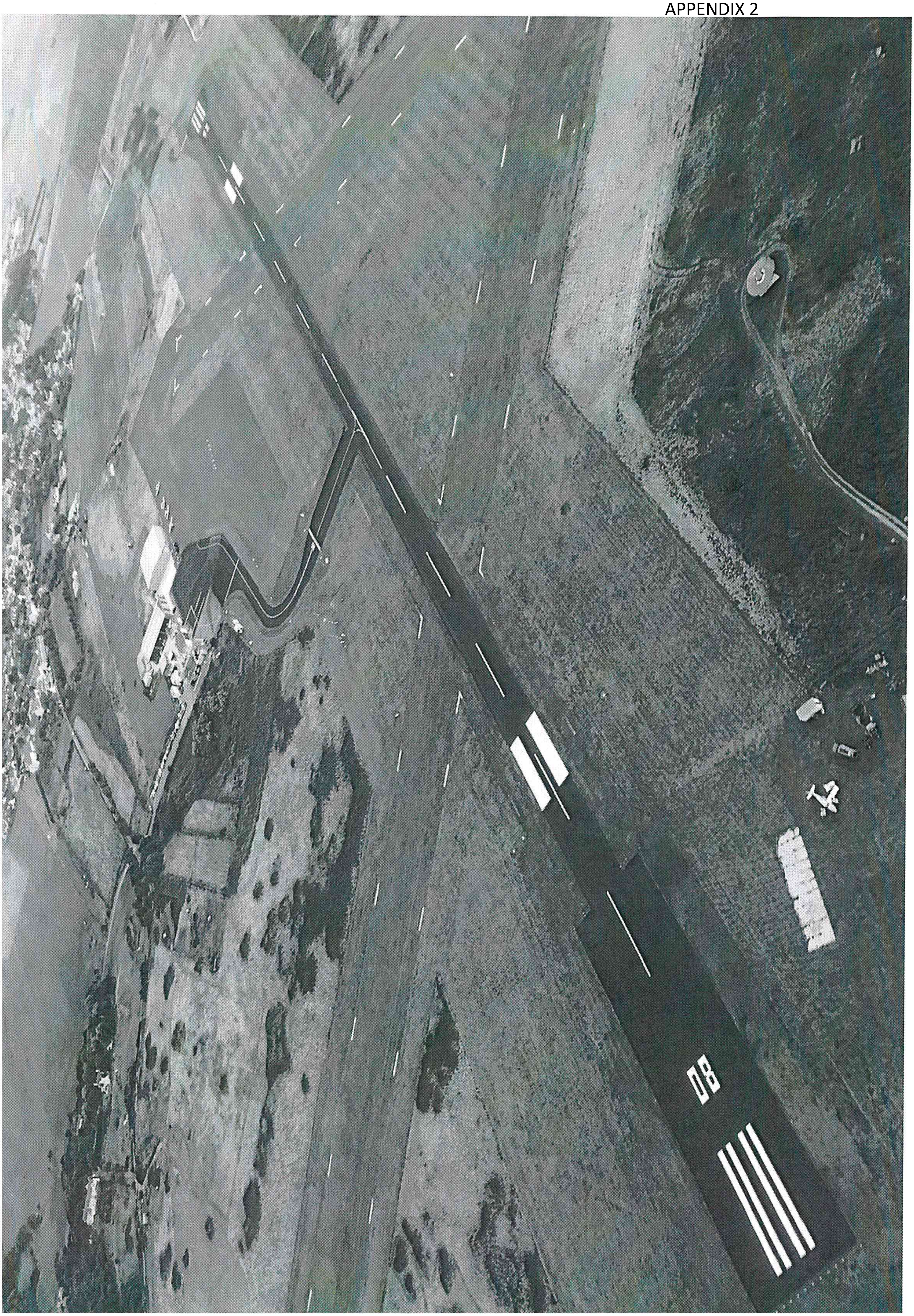
| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | | | | | |
| **Incremental Cost** | High | £16,750,000 | | **EIRR** | **9.5%** | | | | |
| **Add Terminal Cost** | No | £0 | | | | | | | |
| **Annual Operating Cost Increase** | | £0 | | | | | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | | | | | |
| **Uplift Assumed relative to Max** | Max | | **Total** | | | | | | |
| **Population Increase after 10 years** | Max | 280 | 2,300 | | | | | | |
| **Tourism increase after 10 years** | Max | 4,350 | 22,000 | | | | | | |
| *(Million GBP - Q4 2015 prices)* | | | | | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -8.38 | | 0.22 | | | -8.15 |
| 0 | 62,650 | - | -8.38 | | 0.22 | | | -8.15 |
| 1 | 64,161 | - 0.33189 | | 0.00 | | £0.22 | £0.04 | -0.07 |
| 2 | 65,709 | - 0.30310 | | 0.00 | | £0.45 | £0.08 | 0.23 |
| 3 | 67,294 | - 0.27361 | | 0.00 | | £0.69 | £0.12 | 0.54 |
| 4 | 68,917 | - 0.24341 | | 0.00 | | £0.94 | £0.16 | 0.86 |
| 5 | 70,580 | - 0.21248 | | 0.00 | | £1.20 | £0.20 | 1.19 |
| 6 | 72,282 | - 0.18080 | | 0.00 | | £1.47 | £0.25 | 1.54 |
| 7 | 74,026 | - 0.14836 | | 0.00 | | £1.75 | £0.30 | 1.90 |
| 8 | 75,811 | - 0.11514 | | 0.00 | | £2.04 | £0.35 | 2.27 |
| 9 | 77,640 | - 0.08112 | | 0.00 | | £2.34 | £0.40 | 2.65 |
| 10 | 79,513 | - 0.04627 | | 0.00 | | £2.65 | £0.45 | 3.05 |
| 11 | 79,513 | - 0.04627 | | 0.00 | | £2.70 | £0.46 | 3.12 |
| 12 | 79,513 | - 0.04627 | | 0.00 | | £2.76 | £0.47 | 3.18 |
| 13 | 79,513 | - 0.04627 | | 0.00 | | £2.81 | £0.48 | 3.24 |
| 14 | 79,513 | - 0.04627 | | 0.00 | | £2.87 | £0.49 | 3.31 |
| 15 | 79,513 | - 0.04627 | | 0.00 | | £2.93 | £0.50 | 3.38 |
| 16 | 79,513 | - 0.04627 | | 0.00 | | £2.99 | £0.51 | 3.44 |
| 17 | 79,513 | - 0.04627 | | 0.00 | | £3.05 | £0.52 | 3.51 |
| 18 | 79,513 | - 0.04627 | | 0.00 | | £3.11 | £0.53 | 3.59 |
| 19 | 79,513 | - 0.04627 | | 0.00 | | £3.17 | £0.54 | 3.66 |
| 20 | 79,513 | - 0.04627 | 8.38 | 0.00 | | £3.23 | £0.55 | 12.11 |
| | | | | | | | **EIRR** | **9.5%** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Runway Option** | 5 | | | | | | | |
| **Incremental Cost** | High | £16,750,000 | | **EIRR** | **8.3%** | | | |
| **Add Terminal Cost** | Yes | £2,300,000 | | | | | | |
| **Annual Operating Cost Increase** | | £50,000 | | | | | | |
| **Base Year Traffic** | Service Corrected | 62,650 | | | | | | |
| **Uplift Assumed relative to Max** | Max | | **Total** | | | | | |
| **Population Increase after 10 years** | Max | 280 | 2,300 | | | | | |
| **Tourism increase after 10 years** | Max | 4,350 | 22,000 | | | | | |
| *(Million GBP - Q4 2015 prices)* | | | | | | | | |

| Year | Pax | Subsidy Increment | Capital Cost | Operating Cost | GVA due to Construction Employment | Value Adjusted GVA due to Population Increase | Value Adjusted GVA due to Tourism Increase | Net Benefit in Year |
|---|---|---|---|---|---|---|---|---|
| -1 | 62,650 | - | -9.53 | | 0.22 | | | -9.30 |
| 0 | 62,650 | - | -9.53 | | 0.22 | | | -9.30 |
| 1 | 64,161 | - 0.33189 | | -0.05 | | £0.22 | £0.04 | -0.12 |
| 2 | 65,709 | - 0.30310 | | -0.05 | | £0.45 | £0.08 | 0.18 |
| 3 | 67,294 | - 0.27361 | | -0.05 | | £0.69 | £0.12 | 0.49 |
| 4 | 68,917 | - 0.24341 | | -0.05 | | £0.94 | £0.16 | 0.81 |
| 5 | 70,580 | - 0.21248 | | -0.05 | | £1.20 | £0.20 | 1.14 |
| 6 | 72,282 | - 0.18080 | | -0.05 | | £1.47 | £0.25 | 1.49 |
| 7 | 74,026 | - 0.14836 | | -0.05 | | £1.75 | £0.30 | 1.85 |
| 8 | 75,811 | - 0.11514 | | -0.05 | | £2.04 | £0.35 | 2.22 |
| 9 | 77,640 | - 0.08112 | | -0.05 | | £2.34 | £0.40 | 2.60 |
| 10 | 79,513 | - 0.04627 | | -0.05 | | £2.65 | £0.45 | 3.00 |
| 11 | 79,513 | - 0.04627 | | -0.05 | | £2.70 | £0.46 | 3.07 |
| 12 | 79,513 | - 0.04627 | | -0.05 | | £2.76 | £0.47 | 3.13 |
| 13 | 79,513 | - 0.04627 | | -0.05 | | £2.81 | £0.48 | 3.19 |
| 14 | 79,513 | - 0.04627 | | -0.05 | | £2.87 | £0.49 | 3.26 |
| 15 | 79,513 | - 0.04627 | | -0.05 | | £2.93 | £0.50 | 3.33 |
| 16 | 79,513 | - 0.04627 | | -0.05 | | £2.99 | £0.51 | 3.39 |
| 17 | 79,513 | - 0.04627 | | -0.05 | | £3.05 | £0.52 | 3.46 |
| 18 | 79,513 | - 0.04627 | | -0.05 | | £3.11 | £0.53 | 3.54 |
| 19 | 79,513 | - 0.04627 | | -0.05 | | £3.17 | £0.54 | 3.61 |
| 20 | 79,513 | - 0.04627 | 9.53 | -0.05 | | £3.23 | £0.55 | 13.21 |
| | | | | | | | **EIRR** | **8.3%** |

APPENDIX 2



**STATES OF ALDERNEY**
**P.O. Box 1001, Alderney, Channel Islands GY9 3AA**

Deputy P Ferbrache
President
States Trading Supervisory Board
Brickfield House
St Andrew
Guernsey, GY6 8TY

23rd October 2018

Dear Deputy Ferbrache

**Alderney Airport Runway Rehabilitation Project**

I refer to your letter dated 5th October 2018 regarding the above matter, which was considered by the Policy & Finance Committee at its meeting on 23rd October.

Members are most grateful to your Committee for all its work to get the project to this stage, and for taking this report to the States of Deliberation with positive recommendations. The Policy & Finance Committee commends your Committee on this policy letter and offers its wholehearted and unanimous support for the report and its recommendations.

If there is anything that we can do to assist the debate in the States of Deliberation, other than our two Representatives speaking in favour and supporting the report, then do please let us know. We are more than happy to offer whatever support we can to this very important infrastructure project for Alderney and its community.

Yours sincerely

James Dent

Chairman, Policy and Finance Committee
States of Alderney

cc. Policy and Finance Committee Members, States of Alderney
Andrew Muter, Chief Executive, States of Alderney
Malcolm Matthews
Colin Le Ray, General Manager of Ports, States of Guernsey

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Deputy Peter Ferbrache
President
States Trading Supervisory Board
Brickfield House
St Andrew
Guernsey
GY6 8TY

26th October 2018

Dear Deputy Ferbrache,

**Re: Alderney Airport runway rehabilitation project**

Thank you for your letter dated 5th October in which you request feedback on a draft policy letter recommending a preferred option for the rehabilitation of Alderney's airport runway.

The Committee *for* Economic Development considered this matter at its recent meeting, and is of the view that the States Trading Supervisory Board's (STSB) recommended option (Option 3) is the most appropriate course of action, given the business case information provided and in the context of the States of Guernsey's obligation under the Alderney (Application of Legislation) Law, 1948 to provide, amongst other 'transferred services', an airfield for Alderney.

The Committee noted that, subject to States approval, the rehabilitation works are planned to take place mainly during the second year of the Public Service Obligations (PSOs) for the Alderney-Guernsey and Alderney-Southampton routes. As such, it is important that the works are planned in such a way as to have a minimal impact on day-to-day airport operations.

The Committee understands that the runway is envisaged to remain open throughout the refurbishment works. However, should this arrangement need to change in any way, I should be grateful if STSB would consult with both the Committee and the PSO operator in advance and at the earliest opportunity, so that any necessary and reasonable adjustments to the PSO services can be made with sufficient notice and with minimal inconvenience to passengers.

For factual accuracy, Paragraph 8.2 of the draft policy letter (on page 24) should be corrected to reflect the recent publication of the Invitation to Tender (ITT) for the Alderney PSOs (the ITT document was published on 11th October; the submission deadline for bids is 6th December).

In conclusion, the Committee *for* Economic Development is supportive of STSB's draft policy letter and recommendation, given the business case information provided and in the context of the States of Guernsey's obligation to provide an airfield for Alderney.

Yours sincerely,

**Deputy Charles Parkinson**

President

Committee *for the* Environment & Infrastructure

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Deputy P Ferbrache
President
States Trading Supervisory Board
Brickfield House
St Andrew
Guernsey
GY6 8TY

3 October 2018

Dear Deputy Ferbrache

Thank you for your letter of 5 October 2018 inviting the Committee *for the* Environment & Infrastructure (the "Committee") to comment on the States Trading and Supervisory Board's draft policy letter, Alderney Runway Rehabilitation Project. The Committee welcomes this opportunity to provide its observations and contribute towards your deliberation on this matter.

The Committee's purpose is to protect and enhance the natural and physical environment and develop infrastructure in ways which are balanced and sustainable in order that present and future generations can live in a community which is clean, vibrant and prosperous. In terms of its mandate one of the Committee's roles is to advise the States and to develop and implement policies on matters relating to its purpose, including: infrastructure, including but not limited to water, wastewater, the ports and the airports. With this context the Committee wishes to limit its comments to four main areas which I have set out below.

In the first instance my Committee notes that:

- the States of Guernsey's obligation under the Alderney (Application of Legislation) Law, 1948 to provide an airfield for Alderney as part of the transferred services;
- the States has also designated the Guernsey-Alderney route as a lifeline route and that air connectivity is essential for the economic and social well-being of the people of Guernsey;
- the alternative ferry service will not be viable and is inconsistent with the legislation to which the States of Deliberation is morally bound; and
- the pavement condition of the existing paved runway 08/26, taxiway and apron are now deteriorating to the extent whereby ongoing patch repairing will neither

provide an acceptable surface for the safe operation of aircraft, nor be economical over the medium term.

In short the Committee is of the view that the current runway is at end of life and the preferred way forward, Option 3 is both essential and timely. Indeed it is critically important that this project is commenced without delay.

Following on from this the Committee notes that the existing runway was last resurfaced in 1999 with an expected life through to 2011-14. It is understandable therefore that many in Alderney are concerned with the lengthy period of time to progress what is in effect a straightforward capital replacement project. The Committee therefore would hope the Policy & Resources Committee internal processes will, in the future, be proportionate.

The Committee would also hope that the project would be implemented in an environmentally sensitive way. For example we would hope STSB would take the opportunity to maximise the use of energy efficient airfield lighting (including LED) where that it is permitted under the appropriate aviation regulations. There may also be an opportunity for rainwater capture and attenuation in developing the drainage design as this would provide an opportunity for improved water capture for the public water supply and provide enhanced environmental protection in the event of a pollution event on the airfield. The Committee would also hope that the temporary works sites pay due attention to the short-term environmental impacts of noise, dust, traffic, vibration, light and pollution throughout the construction period.

Finally the Committee notes the multiplier effect and the indirect economic benefits that this large capital expenditure project will have on Alderney's economy and welcomes the impact this investment will have on the local community's economic and social well-being.

Yours sincerely

**Deputy M Dorey**
Vice-President
Committee *for the* Environment & Infrastructure

**<u>THE STATES OF DELIBERATION</u>**
**<u>of the</u>**
**<u>ISLAND OF GUERNSEY</u>**

**STATES TRADING SUPERVISORY BOARD**

ALDERNEY AIRPORT RUNWAY REHABILITATION

Deputy Gavin St Pier
The President, Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

12th November, 2018

Dear Sir,

**Preferred date for consideration by the States of Deliberation**

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the STSB requests that the Propositions be considered at the States' meeting to be held on 30th January 2019.

It is important that the Policy Letter for the rehabilitation of the Alderney Airport Runway is considered without further delay, so that the rehabilitation work can commence in sufficient time for it to be completed before the recent urgent remedial works reach the end of their life.

Yours faithfully,

P T R Ferbrache
President
States Trading Supervisory Board

J C S F Smithies
Vice President

J Kuttelwascher
Member

S J Falla MBE
J C Hollis
Non-States Members

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**THE STATES OF DELIBERATION**

**of the**

**ISLAND OF GUERNSEY**

**SCRUTINY MANAGEMENT COMMITTEE**

IN-WORK POVERTY REVIEW

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'In-work Poverty Review', dated 23rd November 2018, they are of the opinion:

1. To direct the Committee *for* Health & Social Care to investigate improving equity of access to primary health care and to report back to the States no later than the end of 2019 with any proposals.

2. To direct the Committee *for* Health & Social Care to investigate improving equity of access to emergency health care and to report back to the States no later than the end of 2019 with any proposals.

3. To direct the Policy & Resources Committee and the Committee *for* Employment & Social Security to consider the implementation of additional options within the benefit/tax system and to report back to the States no later than the end of 2019 with any proposals.

4. To direct the Policy & Resources Committee to investigate improving data collection relating to in-work poverty and to report back to the States no later than the end of June 2019 with any proposals.

5. To direct the Committee *for* Employment & Social Security, the Committee *for the* Environment & Infrastructure and the Policy & Resources Committee to investigate housing policy proposals, to support people experiencing in-work poverty and to report back to the States no later than the end of this term with any proposals.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

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**THE STATES OF DELIBERATION**
**of the**
**ISLAND OF GUERNSEY**

**SCRUTINY MANAGEMENT COMMITTEE**

IN-WORK POVERTY REVIEW

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

23 November, 2018

Dear Sir,

## 1 Executive Summary

1.1 This Policy Letter commissioned by the Scrutiny Management Committee sets out to review the current policies and strategies of the States of Guernsey ("the States") regarding 'in-work poverty' and the effectiveness of their implementation. Our aim is to make recommendations leading to a meaningful reduction in the number of Islanders experiencing in-work poverty in a timely manner. This review process was conducted throughout 2017 and 2018 in two main phases which are explained in Section 3.

1.2 The Scrutiny Management Committee has made a number of recommendations for future action to reduce in-work poverty. These include a proposed review of the relevant elements within the current benefit and tax system, recommendations to improve data collection relevant to in-work poverty, a review of aspects of existing housing policy and a review of possible measures to improve equity of access to both primary and emergency care.

## 2 Introduction

2.1 This policy letter reviews the current policies of the States regarding 'in-work poverty' and includes an analysis of the issues related to the collection of appropriate data, the minimum wage, the provision of appropriate and affordable housing, equitable access to healthcare, and supplementary-benefits. The full terms of reference are detailed in Appendix 1.

## 3 The approach taken to the Review

3.1 The Committee formed a 'Review Panel' (the Panel) which included representation from elected members of the States and those independent of the Government. The Panel was intended to provide relevant representation and experience from within government, the third sector and the private sector. The Panel members were Deputy Peter Roffey (Chair), Deputy Laurie Queripel, Deputy Rhian Tooley, Mr Wayne Bulpitt CBE, Dr Sue Fleming and Mr Paul Ingrouille. The project was supported by the Office of the Scrutiny Management Committee.

3.2 This review process was conducted throughout 2017 and 2018 in two main phases. The first or interim stage was undertaken in 2017 following an initial desktop exercise to assess the current available information. Subsequently the Panel launched a formal consultation involving relevant elements of government, the public and other interested parties both within and outside Guernsey.

3.3 The Panel's open public consultation was followed by a series of targeted interviews and other research to address any gaps in the initial response where evidence had not been collected. The process has identified a number of issues, some of which were expected, but additionally a number of unexpected areas emerged requiring further consideration.

3.4 The first phase of the process ended with a consultation report published in October 2017[1] (Appendix 2). For that report the Panel considered the following areas:

- the adequacy of Guernsey's minimum wage;
- the impact of Guernsey's taxation and social security system on low income households;
- the current and future provision of in-work benefits;
- the issues related to access to affordable healthcare provision;
- the issues related to access to affordable housing; and
- the impact of other States' charges on low-income households.

3.5 The Panel sought to analyse in-work poverty in the context of the current policy framework with the intention of commenting on the suitability of existing

[1] Scrutiny Management Committee - In-work Poverty Review - Consultation Document

policies and making recommendations where appropriate for further consideration by relevant Principal Committees.

3.6 The second phase of the investigation into in-work poverty locally followed the release of the interim report in October 2017. This second phase has sought to build on, further test and develop the conclusions of the interim report. It has focussed on the main areas:

- In-work benefit options within the benefit /tax system;
- Improving data collection on in-work poverty;
- Housing policy to support people experiencing in-work poverty; and
- Improving access to primary and emergency care for people in in-work poverty.

3.7 This stage of the work followed a second period of open public consultation and a series of targeted interviews alongside other research to enhance and test the evidence collected. This evidence has been further developed and analysed through discussion with relevant public servants, staff in the third sector and also with those who have significant expertise in the area of in-work poverty locally and in the UK.

3.8 The recommendations are based on the evidence and data available, some of which is necessarily anecdotal and some of which is based on a reappraisal of material collected for other purposes (such as the KPMG Housing Review), as well as wider consultation on policies in place elsewhere. The recommendations in both the interim and the final reports are intended to ensure that Islanders' needs are better served, whilst at the same time looking to use resources efficiently and effectively.

## 4 In-work Poverty

4.1 It is important to explain why the Scrutiny Management Committee decided to review in-work poverty. The achievement of the key objectives of the Policy & Resource Plan[2] depend on ensuring that economic prosperity is effectively shared across the whole community within what is widely perceived to be an otherwise prosperous society. It is clear from the evidence that many of those who are experiencing in-work poverty are doing what society expects of them; they are working hard yet despite this they are unable to achieve what most

[2] https://gov.gg/Development of the Policy & Resource Plan

Islanders would consider a reasonable standard of living. Guernsey aims high for its citizens and those aspirations are reflected in the Policy & Resources Committee's expression on making the Island 'among the happiest and healthiest places in the world' to live. There is an expectation that working Islanders should enjoy a reasonable standard of living. In-work poverty, and what in the UK have been called the 'Just About Managing', should therefore have no place in Guernsey's vision of its society.

4.2 In this sense the informal social contract that exists between the Government and its citizens – that by working hard you contribute to society and should be able to enjoy a reasonable standard of living – is broken. Many Islanders caught in this position may feel they have no alternative but to leave the Island. In these circumstances the Government should feel compelled to act.

4.3 In Guernsey significant numbers of people experience in-work poverty. In 2015 (the latest figures available), 60% of the median net equivalised annual income was £19,073 and 21.3% of people lived in a household which had an income lower than that. This amount equates to an income of £367 per week for a household of two adults after housing costs, social security contributions and taxes have been paid[3]. In 2015 15.5% of the population had a household income below the 60% median figure and were not in receipt of income support. Yet public discussion tends to focus on low pay rather than in-work poverty, or treats the two as synonymous. There is a need for a more explicit focus on in-work poverty in order to understand the nature of the problem; evaluate the effectiveness of proposed solutions; and, ultimately, tackle it successfully. This requires a focus on income adequacy for working households and not just on the earnings of individual workers which, though important, may be only one component of a household's total income.

4.4 Poverty has been defined within two recent Policy Letters, the Social Welfare Benefits Investigation Committee's 'Comprehensive Social Welfare Benefits Model'[4] and the (then) Policy Council's 'Measuring Relative Poverty and Income Inequality in Guernsey and Alderney'[5] .These definitions can be categorised into two main groups; those relating to a macro-level as indicators of poverty within society and those at a micro-level that define an individual's personal circumstance.

[3] https://www.gov.gg/CHttpHandler.ashx?id=110877&p=0
[4] https://gov.gg/SWBIC
[5] http://www.bris.ac.uk/poverty/downloads/regionalpovertystudies/02_GLS-2.pdf

4.5 At the macro-level relative poverty refers to 'a lack of income to ensure sustainable livelihood, but it is also characterised by a lack of participation in civil, social and cultural life.'[6] Aligned to the most widely recognised international measure of relative poverty, this is defined as those in receipt of less than 60% of the equalised median income[7]. Income Inequality is a measure of 'the extent to which income is distributed in an uneven manner among a population.'[8] The two internationally recognised measurements are the Gini Coefficient[9] and the S90/S10 Income Ratio[10]. These measures indicate the extent to which wealth is equally distributed among the population.

4.6 In terms of micro-level measures, absolute (or extreme) poverty[11] is a condition of severe deprivation of basic human needs such as food and shelter. Intolerable poverty is defined by the Committee *for* Employment & Social Security as the income of an individual below which Guernsey as a society (represented by the States) considers it to be intolerable for that individual to be expected to live[12]. This definition is largely based on the Minimum Income Standards (2011) work of the Centre for Research in Social Policy at Loughborough University.[13]

4.7 Poverty is damaging not only to those directly affected but to Guernsey's economy and wider society, leading to additional public spending on health, education, social care, the criminal justice system and significant costs to the social security system.

4.8 It also impacts our local economy, by limiting the contribution of those who could do more, whilst at the same time requiring the State to pay the costs of additional benefits. It is a problem for everyone who wants to see a genuinely cohesive and fairer society.

4.9 In summary, it makes sense to tackle this problem because first, morally it is the right thing to do and secondly, because it makes sense economically. The Scrutiny Management Committee believes significant levels of in-work poverty in this Island indicate a failure of the existing policy and that both the States and the wider community must be involved in the solutions.

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[6] http://www.un.org/esa/socdev/unyin/documents/ydiDavidGordon_poverty.pdf
[7] https://www.gov.gg/CHttpHandler.ashx?id=110587&p=0
[8] http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/587294/IPOL_BRI(2016)587294_EN.pdf
[9] The Gini coefficient - Office for National Statistics
[10] OECD iLibrary | Inter-decile income share ratio (S90/S10)
[11] https://www.gov.gg/CHttpHandler.ashx?id=99517&p=0 3.1.3
[12] https://www.gov.gg/CHttpHandler.ashx?id=100182&p=0 p1939 par73-93
[13] http://www.lboro.ac.uk/research/crsp/mis/reports/

4.10 To gain a more accurate indication of the true scale of the problem the Panel commissioned the Guernsey Community Foundation to work with the relevant staff at the Committee *for* Employment & Social Security. The research conducted indicated that at that time (May 2018) a relatively small number of households where one occupant worked full-time (35 hours) were in receipt of State support via the benefit system. Therefore, we believe that, given the significant number of households in receipt of income below the 60% of median income threshold, the States are currently providing very limited financial support to those people experiencing in-work poverty[14] [15].

## 5 In-work benefit options within the Benefit / Tax system

5.1 Poverty is about meeting needs, so the value of benefits needs to keep pace with the cost of essentials. This is a point emphasised in the Social Welfare Benefits Investigation Committee proposals, which were agreed by the States in (November 2015)[16].

5.2 In common with the two reports that preceded it, the Social Welfare Benefits Investigation Committee was convinced that the States needed to merge the two social welfare benefit systems, supplementary benefit and rent rebate, into one. Bringing the two systems together substantially shifts the balance of the supplementary benefit scheme from an 'outside-of-work' benefit to an 'in-work' benefit.

5.3 The Scrutiny Management Committee supports the principles that underpin the implementation of the Social Welfare Benefits Investigation Committee's proposals. The unification of the two systems should lead to a fairer allocation of resources for those in need of state assistance provided the value of the benefit keeps pace with the real cost of the 'basket of goods'.

## 6 The Minimum Wage

6.1 The Minimum Wage (Guernsey) Law, 2009 was enacted on 1 October 2010. From this date all qualifying workers have had a statutory right to be paid not less than the rate approved by the States. At the outset of investigations several members of the Panel assumed that a significant increase in Guernsey's minimum wage would have to be central to any strategy to reduce in-work poverty in the Island. However, subsequent evidence altered this view and we

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[14] https://www.gov.gg/Indicators of Poverty Report 2016
[15] https://www.gov.gg/Guernsey Household Income Report 2015 - issued November 2017
[16] https://gov.gg/SWBIC Policy Letter

concluded in our interim report[17] that recommendations on the level of the minimum wage can only be one component of addressing local in-work poverty. It is the potentially high costs arising from supporting family dependents, accessing accommodation and other non-discretionary financial pressures which create the need for in-work benefits. There are difficulties in collating centrally held data on the numbers in receipt of the minimum wage. Therefore, in order to evaluate the extent and importance of the minimum wage the Panel spoke to a range of relevant employers and employees whilst also considering the limited data and information that was available.

6.2 The Scrutiny Management Committee has concluded the majority of those likely to benefit from a significant uplift in the minimum wage are single non-Islanders on short-term contracts. We do not wish to see exploitation of any workers in Guernsey and consider that guest workers should have the same rights as locals to receive a reasonable level of pay in return for their labour. However, an increase in the minimum wage, from which this group would be main beneficiaries, would have limited impact on in-work poverty in Guernsey. To be clear these conclusions are based on evidence collected and in the course of this review it has not been possible to validate these findings by empirical research.

6.3 We are aware that employers in lower paid industries do recognize that the planned increases in the UK's minimum wage are likely to be mirrored, to some extent, in Guernsey. With that in mind employers would prefer to know where Guernsey's minimum wage is likely to be in several years' time and thereby have more time to plan accordingly. The Committee *for* Employment & Social Security have noted this concern and worked to bring proposals to the States for any increase to the minimum wage to be planned over a multi-year timescale to allow employers and employees a period of certainty.

## 7 Income Tax and Social Security Contributions

7.1 The Scrutiny Management Committee believes the majority of workers who are experiencing in-work poverty are typically paid modestly but at a level above the minimum wage. It is their high cost base locally which creates the need for in-work benefits. This analysis is based on the evidence collected.

7.2 Too many Islanders who are not in receipt of benefits are struggling to make ends meet. The combination of the high costs of living, accommodation and

[17] https://gov.gg/In-work Poverty Review

charges for essential services, such as primary care, mean that in Guernsey many Islanders who often earn significantly above the minimum wage and claim limited or no States assistance are nevertheless facing financial difficulties. Despite the fact that it has not been possible to validate these findings by empirical research we have no doubt that this represents a daily reality for too many people.

7.3 The Scrutiny Management Committee believes it is essential the Policy & Resources Committee considers measures to provide additional financial support to Islanders experiencing in-work poverty. It is not our role however to recommend specific policy initiatives to resolve this issue.

7.4 We do not have access to the data required or the resources available to effectively undertake the economic modelling necessary to quantify the impact of potential policy options. However, we believe it is important that we indicate some possible solutions to the problems highlighted above.

7.5 At the moment the current tax and social security contributions system does not offer additional relief to the lower paid. It is possible that a lower tax rate and/or social security contributions could be put in place to provide additional income for workers earning below the median income. This would allow these people to retain a higher level of their income when tax and social security contributions have been deducted.

7.6 Alternatively a system based around the tax credits system used in the UK could be introduced in Guernsey to provide additional support to the lower paid. The mechanics of this type of approach have been proven by their application elsewhere. Whilst opinions differ regarding the effectiveness of this approach it is clear that for many people in the UK this system led to an improvement in their standard of living.

7.7 It is also possible to raise the level at which tax is paid (the personal tax allowance) to assist the lower paid. This policy could be effective depending on the level of the change but, without additional measures relating to the higher paid, it has the disadvantage that the additional benefit would be universal rather than targeted at those most in need. Alternatively, changes could be made to the personal income tax rate. Until the mid-1980s Guernsey's income tax system did provide an additional personal allowance only applicable to those on modest incomes which was withdrawn as earnings increased. This was arguably a far more focussed way of providing tax relief than simply increasing the universal allowance. This additional personal allowance was removed to make the tax system simpler but it could be argued that it also made it less equitable.

**8 Improving data collection on In-work Poverty**

8.1 Measuring in-work poverty in Guernsey is complicated because it is both a social scientific and a moral concept. Many of the problems of measuring in-work poverty arise because the two concepts are often confused. In social scientific terms, a person or household in Guernsey is 'poor' when they have both a low standard of living and a low income. They are 'not poor' if they have a low income and a reasonable standard of living or if they have a low standard of living but a high income. However, both low income and low standard of living can only be accurately measured relative to the norms of the person's or household's society. Hence the 'need' to apply ideally an agreed definition to define those we believe are experiencing in-work poverty.

8.2 One of the key themes of our investigation was a frustrating lack of sound data upon which to base decisions. As an example it was surprising to find that it is not currently possible to know how many workers in Guernsey earn the minimum wage or the number of hours worked[18]. No government committee currently collects definitive information on the minimum wage. The Scrutiny Management Committee welcomes the commitment from the Committee *for* Employment & Social Security to work towards achieving this aim.

8.3 The current position is further emphasised by the fact that the Government currently does not report how many of its own public sector employees are receiving in-work benefits.

8.4 However, a significant amount of work has been undertaken by government to improve their ability to monitor poverty locally. In January 2016 the States agreed to *"improve and broaden the measurement of relative poverty"* to give a more accurate and rounded picture of potential deprivation.[19] Previously, measurements have focused only on relative income poverty. This has meant that households which are poor as a result of the number of dependents or (unavoidable) high housing costs have fallen below the radar.

8.5 The measures of relative income poverty use a comprehensive dataset now available annually from the Rolling Electronic Census[20]. These measures are

[18] This would require a change to legislation and IT capability
[19] https://www.gov.gg/Billet D' Etat I , 26th January, 2016
[20] https://www.gov.gg/CHttpHandler.ashx?id=110877&p=0

included along with a wealth of other related information in the Guernsey Household Income Report and the Guernsey Indicators of Poverty Report.

8.6 The datasets available from these reports cover a number of aspects of social and economic deprivation including a headline figure for those at risk of relative income poverty. The reports also include indicators for other areas, which are:

- employment;
- education;
- skills and training;
- health deprivation and disability;
- crime;
- barriers to housing and services; and
- living environment.

8.7 The methodology is broadly based on that used to compile the "English Indices of Deprivation", published by the Office for National Statistics[21]. It is hoped that these reports will help to identify topics in need of more in-depth assessment.

8.8 It is important to note that in this exercise no attempt is made to define appropriate levels, desired trends or targets for any of the indicators. The report is intended to provide a platform upon which this broadened set of indicators for Guernsey can be built into measures of performance in future years.

8.9 However, because we cannot measure issues precisely it does not mean that no hypothesis can be made until the full data is available and we believe that in a number of areas there is sufficient evidence to persuade us of the urgent need to act.

8.10 The Government in Guernsey has considered aspects of local poverty in the past. In March 1998, the States accepted a Requête regarding low-income earners and households (Billet VI, 1998)[22]. The Requête concluded that: *"there seemed to be a general consensus amongst members that extra help should be*

[21] English Indices of Deprivation 2015 - Summaries at Local Authority Level - data.gov.uk
[22] http://www.bris.ac.uk/poverty/downloads/regionalpovertystudies/02_GLS2-execsum.pdf

*given to low income earners; that the majority of members rejected the idea of tackling the problem through income tax alone and expressed a wish to see a broader approach including the use of social security".*

8.11 The then Advisory and Finance Committee commissioned the Townsend Centre for International Poverty Research at the University of Bristol to undertake a survey of poverty and standard of living in Guernsey. A primary purpose of this research was to assess the numbers of households in Guernsey that may be considered to be in relative poverty judged against various relevant benchmarks, both local and from other jurisdictions.

8.12 The first survey, in November 2000, asked a random sample of Islanders about what they considered to be the necessities of life which all Islanders should be able to afford and which no one should be forced to go without. Islanders' views were also obtained about which public and private services were considered to be 'essential'. People's opinions were also canvassed about the policies and actions which would improve their own quality of life, the quality of life in their parish or in Guernsey and the quality of life of less well-off Islanders. The results from this Phase One survey have been published as two reports: The Necessities of Life[23] and The Views of the People[24].

8.13 The second survey, in February 2001, consisted of in-depth face-to-face interviews with people in 433 households. The purpose of Phase Two[25] was to determine the standard of living of the respondents' households. In particular, the Phase Two survey was able to establish the number of households where the standards of living and incomes were so low as to be considered as unacceptable by the overwhelming majority of Guernsey people.

8.14 This report identified that there is a minority of people (around 16%) who have such low incomes that their standard of living is below the minimum acceptable to the majority of Islanders. Amongst a number of interesting findings the report concluded (in 2002) that two thirds (67%) of the population would be prepared to pay more tax to help end poverty in Guernsey. It would be interesting to ascertain if this finding was mirrored in the current population and what level of tax increase would be supported.

8.15 It is interesting that the report's authors conclude that, *"these three reports only begin to scratch the surface of what was discovered about the*

[23] http://www.bris.ac.uk/poverty/The Necessities of Life
[24] http://www.bris.ac.uk/poverty/ The Survey of Guernsey Living Standards, Phase Two
[25] http://www.bris.ac.uk/poverty/downloads/regionalpovertystudies/02_GLS-2.pdf

*circumstances of life in Guernsey"* despite consisting of substantial research and over 300 pages of findings and conclusions.

8.16 These reports were followed up in 2007 via the Corporate Anti-poverty Programme Monitoring and Update Report[26] and subsequently this work stream was subsumed within the Government business planning process.

8.17 It is more than ten years since these reviews were updated and much has changed over that period. We recommend this research should now be followed up urgently alongside the work that is being undertaken as detailed in Paragraph 8.4 above to fully investigate the actual levels of poverty within this Island.

8.18 We recommend the improvement of data collection to further inform and increase understanding of in-work poverty. This data should include:

- Information to identify the number of people being paid at the minimum wage level;
- Employers to capture information relating to the effective hourly rate paid to all salaried employees;
- Organisations employing staff at the minimum wage level;
- The number of staff employed by organisations at the minimum wage level;
- The housing / work permit status of people being paid at the minimum wage level;
- The number of people living in working households where the level of income is at or below 60% of the median income;
- Data to identify working people who are choosing not to visit both primary and emergency care services due to cost concerns;
- Data to identify the numbers of working people with outstanding debts relating to accessing primary and emergency care services;
- Data to identify working people with unsustainable outstanding debts;
- The number of those in work who are living in temporary accommodation or do not have a permanent place to live; and

[26] https://gov.gg/Billet D'État XIV 2007, Wednesday 30 May 2007

- The number of people who currently spend 50% or more of their household net income on accommodation costs.

8.19 The Scrutiny Management Committee wishes to acknowledge the valuable work that is being undertaken within government to improve the current position regarding access to relevant statistical information but we believe a renewed focus is required to inform future policy in this area.

**9 Housing policy to support people experiencing In-work Poverty**

9.1 Housing costs are a central issue when considering in-work poverty in Guernsey and a key concern for local people in receipt of lower wages. The cost of accommodation is arguably the greatest single cause of in-work poverty in Guernsey; housing costs are for a large proportion of the population, by far their main household outgoing. Put simply, a modest household income with housing costs representing 30% of that income may allow that household to access the basic requirements of life. The same household income, coupled with housing costs of 40-50%, may not.

9.2 The KPMG Guernsey Housing Market Review published on 31 October 2017 does not directly address the issue of housing costs for those people experiencing in-work poverty. Whilst this is disappointing the Scrutiny Management Committee accepts that this area was not explicitly outlined in the terms of reference for the review.

9.3 KPMG's Report relies on three main sources of information: consultation with named bodies/persons; data from the States; and a Survey of First Time Buyers completed on 7 June 2017. KPMG identify problems in the market, which all contribute to unpredictability in housing supply, particularly for those needing affordability.

9.4 These factors include the rationing of credit and the tightening of mortgage availability and a loss of confidence in the market by both investors and buyers. They stress the need for flexibility in options to respond to changing needs, and then set out their six topics and recommendations resulting from their work. They are credit/mortgage availability, first time buyer's affordability, elderly tenures, key worker housing, government support and monitoring of targets/ better data collection.

9.5 In addition to suggesting potential government intervention to support the housing market, which is a key problem area for the 'in-work poor', the KPMG Report recognises impending changes to the population structure, and the reduced capacity of individuals to save for their retirement. KPMG state, *"current analysis does not integrate all of the current and estimated costs and revenues of policy decisions"*.

9.6 In June 2018 a policy letter was released detailing the response from government to the KPMG review entitled 'Local Market Housing Review and Development of Future Housing Strategy'[27]. The response was led by the Committee *for* Environment & Infrastructure.

9.7 While the Committee *for* Environment & Infrastructure has overall responsibility for advising the States and developing policy with respect to general housing (including policy provision for social and affordable housing) the Committee *for* Employment & Social Security has responsibility for the delivery of affordable housing. However, the issues identified by the Soulsby Amendment and the KPMG Report as well as a number of other identified housing policy issues fall into a number of other Committees' mandates, most notably the Policy & Resources Committee, the Committee *for* Economic Development and the Development & Planning Authority.

9.8 In the context of in-work poverty the most important findings relate to the conclusion that the Committee *for* Environment & Infrastructure, the Committee *for* Employment & Social Security and the Guernsey Housing Association should carry out a comprehensive review to inform the future development of housing strategy.

9.9 The Committee *for* Environment & Infrastructure further recommends that the States Strategic Housing Indicator be split into an Affordable Housing Indicator set at creating 178 units of affordable housing over the next 5 years with a plus or minus variance of 32 new units.

9.10 In addition the Committee *for* Environment & Infrastructure agrees that the regular collection and publication of relevant and reliable data as outlined in the KPMG Report is important so that analysis of future housing requirements and housing policy is robust, up to date and accurate. The establishment of an appropriate data collection model, data collection processes and publication of information collected is identified as an important work stream.

9.11 It is unreasonable to assume that government can foresee the future, but it should be possible to make some projections of likely income and housing costs for the mature (65+) and elderly householders (75+), to see whether policy will

[27] https://www.gov.gg/Local Market Housing Review & Development of Future Housing Strategy

need to adjust to an increasing inability to service housing costs with advancing age.

9.12 Since housing costs are such a significant contributor to the living costs of those experiencing in-work poverty, it is clear that progress needs to be made in the provision of 'affordable housing' in Guernsey. However, it is important to clarify that 'Affordable Housing' has a specific definition in The Land Planning and Development (Planning Covenants) Ordinance, 2011 and comprises Social Housing provided for persons on low incomes or with other specific needs identified by the Committee *for* Environment & Infrastructure and Intermediate Housing. As defined it does not specifically concern the affordability of housing although the Committee *for* Environment & Infrastructure recognises that this is generally what it is interpreted to be. Thus to avoid any doubt, in this report the Scrutiny Management Committee is making reference to the need for people to be better able to afford the cost of their housing relative to their income.

9.13 At the present time the latest Guernsey Housing Association waiting list demonstrates the scale of the un-met need for lower cost housing that is filled by the private-sector rental market[28]. In September 2018 a new consolidated waiting list for Guernsey Housing Association properties, social housing properties and tenants requiring a property transfer was introduced with the aim of achieving a more equitable system[29].

Table 1[30]

| | Number of households on waiting lists | | Number of households moved off waiting lists | |
|---|---|---|---|---|
| | Social Rented | Partial Ownership | Social Rented | Partial Ownership |
| 2012 | 340 | 137 | 120 | 2 |
| 2013 | 276 | 202 | 186 | 29 |
| 2014 | 245 | 234 | 146 | 32 |
| 2015 | 236 | 215 | 166 | 6 |
| 2016 | 113 | 177 | 153 | 5 |
| 2017 | Not available | 108 | Not available | 19 |

[28] http://www.gha.gg/Partial Ownership Waiting List

[29] 19 June 2018 - The Committee *for* Employment & Social Security stated currently the States has 1,650 rental properties and the Guernsey Housing Association has 659. The States waiting list for properties is approximately 20/30 for each property type with 250 pending property transfers.

[30] Guernsey Facts & Figures 2017 – Guernsey Housing Association

9.14 In terms of future housing policy a decision needs to be made whether the Government wishes to provide additional social housing to meet this need and thereby potentially lift a significant number of Islanders out of in-work poverty. At the moment the Guernsey Housing Association (the chosen agent of government to deliver the current policy) is not building sufficient numbers of dwellings to meet the existing need.

9.15 The Guernsey Housing Association which was set up in 2002 is an independent not-for-profit company, governed by a board of directors that is part-funded by the States; regulated by the States, it works in partnership with the public sector to deliver social housing[31]. It provides rented housing using the same income criteria applied by the States with offers made dependent on people's individual circumstances and the availability of suitable accommodation. Specifically it offers:

- partial ownership for those who cannot raise a full deposit or obtain a full mortgage for a property in the private sector (subject to criteria);
- social rented housing and homes sold as partial ownership for lower income local people whose needs cannot be met in the private housing market; and
- extra-care housing where there is a need for additional support.

## 10 Potential changes that could be made in housing policy to reduce in-work poverty

10.1 The Guernsey Housing Association's eligibility criteria for access to social housing had remained relatively static since the creation of the scheme in 2002 until the partial ownership criteria was updated in June 2018. The Scrutiny Management Committee believes these recent changes need to be kept under review to establish if they achieve the required positive impact with further changes made if necessary.

10.2 There are certainly many Islanders who struggle with high housing costs but who are not eligible for social housing and it is hoped that by widening the criteria some of those people experiencing in-work poverty could be assisted. The review has identified that the percentage of income a person spends on accommodation has a real effect on whether they experience in-work poverty. We believe broadening access to social housing is central to addressing this key issue. However, any changes to the policy need to be considered in the context

[31] http://www.gha.gg/Annual Resident's Report 2016/2017

of the potential impact on the value of existing private sector housing provision.

10.3 The key decision for government regarding social housing is identifying a minimum indicator level for provision (how many properties and of which type) and then how to ensure they are delivered. The recently released report, 'Local Market Housing Review and Development of Future Housing Strategy'[32], attempts to identify a minimum indicator of need for affordable housing provision. Historically the Government has relied on private-sector developers to provide the majority of local housing. If the Government decides to increase the number of affordable properties then it may need to alter this existing balance and increase its intervention in the local housing market.

10.4 The current housing market (as outlined in the KPMG Report) is unlikely to benefit from substantial lower cost private house building unless demand is stimulated. The requirement for private sector developers to earn a profit of around 20% means that any proposed private development has to be commercially justified and any affordable homes in a development carried by increased returns on those homes built for sale or rent at commercial rates. However, developments undertaken by housing associations (or other non-commercial organisations) can accept a higher level of commercial risk (because they do not need to achieve a similar level of commercial return) if a guarantee of ongoing support is available from government. Therefore, in the current market it is likely that if the Government wishes to build significant numbers of lower cost houses then it may need to act independently of the private sector.

10.5 In the UK commercial developers (with some notable exceptions) largely concentrate on housing for the nuclear family. However, a much wider range of needs exists and people have now begun to solve this issue themselves by adopting models such as co-operative housing, co-ownership, or communal living schemes. These different models are suitable for first time buyers and key workers during the more flexible stages of their lives. Removing the profit motive as the primary objective for development, may resolve some of the problems around limited supply.

[32] https://www.gov.gg/Local Market Housing Review & Development of Future Housing Strategy

## 11 Improving access to Primary Care and Emergency Care for people experiencing In-work Poverty

11.1 The relatively high costs of accessing medical and para-medical cover (dental, ophthalmic, physiotherapy, chiropody fees, and prescription charges), is an area of concern that has been highlighted in the consultation process. Under the current benefit system, entitlement to income support, in most cases brings with it cover for medical and para-medical cover which extends to the beneficiary's partner and children.

11.2 The Committee *for* Health & Social Care's statement in the Policy & Recourse Plan[33] expressly states that, "*we will ensure that the funding of health and social care reflects the population's needs, that resources are distributed equitably between services, and that the poorest are not priced out of good health*. *We aim to do this through a review of the affordability and accessibility of primary healthcare and seek to ensure that low income is no barrier to good health…We see that any future model for health and social care needs to ensure that there is an equity of health outcomes and that means improving access to primary healthcare… Accordingly this is something we are looking at addressing as part of the development of the Target Operating Model that will be presented to the States of Deliberation at the end of this year."*

11.3 It is clear to us that all the relevant government committees, the Committee *for* Health & Social Care, the Committee *for* Employment & Social Security and the Policy & Resources Committee are committed to acting to improve the affordability and accessibility of primary and emergency healthcare. The key questions are how, when and at what cost can this objective be achieved?

11.4 The cost of visiting a General Practitioner (GP) in Guernsey is a major issue for a large section of the population. In a few cases where chronic conditions require multiple visits to the doctor, or for families already struggling, the cost of primary care could force into poverty households who otherwise would be able to achieve a reasonable standard of living. Anecdotal evidence backed up with interviews with relevant professionals collected in the course of this review suggests that frequently the problem lies with households already in relative poverty where an unexpected series of GP visits can cause real financial hardship.

[33] https://www.gov.gg/ P&R Plan 2017 Review & 2018 Update

11.5 In our initial consultation report we recommended four possible options to reduce these problems.

- First, a universal primary care insurance scheme similar to those already in place for both specialist care and long-term care;
- Secondly, a change in the current grant scheme to increase help where it was most needed;
- Thirdly, decoupling the point at which benefits are paid and at which primary care is paid for by Social Security; and
- Finally, extra competition or direct state provision in the primary care sector.

11.6 We have also identified concerns regarding the equity of access to emergency health services. Evidence provided to this review indicates that some Islanders who are struggling financially are reluctant to access the Island's Emergency Department (formally Accident & Emergency) due to concerns over the potential costs that may be incurred, which could reach circa £500[34]. This causes significant stress and we believe that given the relatively low existing workload of this Department (average of 2 patients per hour[35]) then innovative approaches to facilitate improved access to these services need to be considered. This would negate potential underused capacity in the Emergency Department and ensure optimal use of this valuable service.

11.7 The Scrutiny Management Committee notes that within the former Health and Social Services Department's Policy Letter 'Emergency Medicine Consultant (Charging)', Sept 2014[36], it was made clear that "…the States' general policy position on Accident & Emergency is that patients should be charged." The former Accident & Emergency (A&E) service was brought 'in-house' in September 2016 and on the 27 February 2017 the Committee *for* Health & Social Care stated that it had maintained the charging system operated by Primary Care Company Limited. Prior to September 2016 service users of emergency (A&E) services would receive an invoice for the work of the Primary Care Company Limited doctor only, and other health services provided by A&E staff were effectively free at the point of delivery. Under the present charging

[34] Additional ambulance charges may apply - Guernsey Residents Scheme | St John Guernsey
[35] Scrutiny Management Committee Public Hearing – May 2018
[36] https://gov.gg/CHttpHandler.ashx?id=90589&p=0

arrangements users of new Emergency Department service can potentially face a bill of around £500 related to a single visit[37].

11.8 In particular, it was clear from the evidence that Islanders with young children who were struggling financially were reluctant to access emergency health services due to the possible costs and the uncertainty of what the final bill might be. We believe this is unacceptable especially in light of the core commitments to the Bailiwick's children contained within the Children and Young People's Plan[38]. Therefore, we recommend, as an example that, provision should be made to allow children under 5 years old to access the currently under-utilised capacity that exists within this service for a nominal fee. We believe a maximum tariff should be clearly defined and applied to ensure an Islander should never be presented with a bill in excess of £100. This additional certainty would potentially remove the current real financial worry facing Islanders who find they require these services.

11.9 Having reflected on this issue, we believe the relevant Principal Committees led by the Committee *for* Health & Social Care, as part of its transformation of health and social care services, should return with a policy letter in this political term outlining plans to reduce the current inequality in terms of access to both primary and emergency care.

## 12 Conclusions

12.1 This report is intended to be read alongside the Scrutiny Management Committee's initial consultation report on In-work Poverty[39]. In-work poverty is a complex issue and we decided for the sake of clarity to focus on a limited number of key recommendations. This follow-up report has focussed on potential policy changes in four main areas which are listed without assigning priority:

- In-work benefit options within the benefit/tax system;
- Improving data collection relating to in-work poverty;
- Housing policy to support people experiencing in-work poverty; and

[37] Dependant on certain factors such as time of visit and treatment received
[38] https://www.gov.gg/The Children and Young People's Plan 201602022 - Plan Refresh 2017/18
[39] Scrutiny Management Committee - In-work Poverty Review Consultation Document

- Improving access to primary and emergency care for people experiencing in-work poverty.

12.2 The Scrutiny Management Committee believes in-work poverty should be tackled through a number of policy initiatives. These include action to increase access to the affordable and social housing sectors, changes in the cost of services such as primary and emergency medical care, and the introduction of taxation policies aimed at supporting the lower paid and reducing inequality. In addition, this work needs to be supported by targeted information collection and analysis aimed at properly informing and solving the challenge of in-work poverty moving forward.

12.3 In Guernsey significant numbers of people experience in-work poverty yet public discussion tends to focus on low pay rather than in-work poverty, or treats the two as synonymous. There is a need for a more explicit focus on in-work poverty in order better to: understand the nature of the problem; evaluate the effectiveness of proposed solutions; and, ultimately, tackle it successfully. This requires a focus on income adequacy for working households and not just on the earnings of individual workers which, though important, may be only one component of a household's total income.

12.4 Housing costs are one of the biggest causes of in-work poverty in Guernsey and the States need to take a different approach to ensure that, below a certain level of income, no household needs to pay an excessive proportion of its net income in order to secure adequate accommodation. We believe this percentage should not exceed 50% of household net income and this may involve redefining what is meant by social housing in the Guernsey context and developing the work in this area undertaken by the Guernsey Housing Association. Significantly, we welcome the greater clarity being provided on the guide numbers of houses that should be built each year, with a focus on ensuring that a suitable proportion of these are affordable homes.

12.5 A more active housing policy is needed which allows Islanders to be able to better afford the cost of their housing relative to their income. If this does not happen States Members will find themselves needing to do more (e.g. spend more on the housing element of the benefits system) just to stand still in terms of dealing with the impact of poverty locally.

12.6 It seems to be universally accepted that the cost of primary care is a significant problem in Guernsey but ideas on how to tackle this issue are limited. In its initial report we made four suggestions which we believe are worthy of further consideration. Our overarching recommendation is that, led by the Committees *for* Health & Social Care and Employment & Social Security and the social policy function of the Policy & Resources Committee, the States accept that these medical costs are an urgent problem and that its committees work together to bring forward recommendations to tackle it by the end of this political term.

12.7 We believe it is also essential to reconsider the existing taxation policy and the resultant impact on those who are experiencing in-work poverty. The traditional way in which the States has sought to assist those on low incomes has been through the provision of personal tax allowances, but this is arguably a costly and untargeted approach. One way in which assistance could be focussed on those who need it most is by the use of "additional personal allowances" only available to those on modest incomes. This would increase the income level at which Islanders started to pay income tax but at a lower cost than simply increasing the universal personal allowance.

## 13 Recommendations

13.1 The Scrutiny Management Committee believes it is essential the States take action prior to the end of this political term leading to a meaningful reduction in the number of Islanders experiencing in-work poverty both in the near future and beyond. The Scrutiny Management Committee is therefore recommending the States support the following Propositions.

13.2 To direct the Committee *for* Health & Social Care to investigate improving equity of access to primary health care and to report back to the States no later than the end of 2019 with any proposals.

13.3 To direct the Committee *for* Health & Social Care to investigate improving equity of access to emergency health care and to report back to the States no later than the end of 2019 with any proposals.

13.4 To direct the Policy & Resources Committee and the Committee *for* Employment & Social Security to consider the implementation of additional options within the benefit/tax system and to report back to the States no later than the end of 2019 with any proposals.

13.5 To direct the Policy & Resources Committee to investigate improving data collection relating to in-work poverty and to report back to the States no later than the end of June 2019 with any proposals.

13.6 To direct the Committee *for* Employment & Social Security, the Committee *for the* Environment & Infrastructure and the Policy & Resources Committee to investigate housing policy proposals to support people experiencing in-work poverty and to report back to the States no later than the end of this term with any proposals.

**14 Compliance with Rule 4**

14.1 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.

14.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

14.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the Propositions above have the unanimous support of the Committee.

14.4 In accordance with Rule 4(5), the Propositions relate to the duties of the Committee mandate; 'To lead and co-ordinate the scrutiny of committees of the States and those organisations which are in receipt of public funds,…by reviewing and examining legislation, policies, services and the use of monies and other resources'.

14.5 Also in accordance with Rule 4(5), the Scrutiny Management Committee has consulted with;

The Policy & Resources Committee
The Committee *for* Home Affairs
The Committee *for* Health & Social Care
The Committee *for* Employment & Social Security
The Committee *for* Economic Development
The States' Trading Supervisory Board
The Development & Planning Authority
St Saviours Constables
St Pierre du Bois Constables
Vale Constables
St Martins Constables
St Peter Port Constables
Forest Constables
Castel Douzaine
Torteval Douzaine
Guernsey Water

Guernsey Electricity Limited
Guernsey Housing Association
Guernsey Disability Alliance
Citizens Advice Bureau
Guernsey Community Foundation
Representative of the Employment Agency Sector
Representative of the Guernsey Chamber of Commerce
Representatives of the GP Primary Care Groups
Representative of the Hotel Management Sector
Representative of the Joseph Rowntree Foundation
Dr Clorinda Goodman

Yours faithfully,

**C J Green**
President

**L B Queripel**
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**J S Merrett**
Member

**G Morris**
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