



BUSINESS PLAN

2015 – 2025

‘YOUR GATEWAY TO THE CHANNEL ISLANDS...’

25TH JANUARY 2016

Contents

1). Introduction.....	3
i. BUSINESS PLANNING.....	3
ii. GUERNSEY AIRPORT OVERARCHING STRATEGY	3
2). Guernsey Airport	4
i. WHO WE ARE	4
ii. OUR VISION & OBJECTIVES	6
iii. CHALLENGES AND OPPORTUNITIES FACING GUERNSEY AIRPORT	9
iv. BUDGET	12
v. ASSET MANAGEMENT	13
vi. MANAGEMENT AND ADMINISTRATION.....	13
3). Objectives.....	16
OUTCOME GA1: REDUCING ENVIRONMENTAL IMPACT	16
OUTCOME GA2: VALUED BY OUR CUSTOMERS.....	17
OUTCOME GA3: PROVIDING A CONNECTIVITY HUB	18
OUTCOME GA4: COMPETITIVE, EFFICIENT AND SELF FUNDING	19
OUTCOME GA5: A PRINCIPAL GATEWAY TO/FROM THE ISLAND.....	21
OUTCOME GA6: MAKING AVIATION SERVICES SAFER.....	22
4. Future Budget Requirements	23
5. In Summary.....	24

1). Introduction

i. BUSINESS PLANNING

Business planning is essential for any operation looking after expensive assets and servicing a wide customer base. Guernsey Airport provides a critical economic enabler for aircraft, people and cargo over 364 days per year, facilitating business and leisure connectivity and wider economic and social enrichment for the Bailiwick of Guernsey.

Guernsey Airport has not previously produced a long-term business plan and has instead relied on short term business plans covering 2 year rolling periods. The airport, in line with other business units of the Public Services Department, has now produced a longer term vision covering 2015 to 2025. This document outlines our strategic direction, highlighting the current infrastructure assets, along with a programme of actions and resources necessary to ensure the satisfactory performance of those assets. The plan is detailed for the next few years but with more data gathering needed to allow more informed decisions, becomes more generalised for the final 5 years.

This plan should be used to offer strategic direction and priorities for our management and Board. It will guide us in setting policy and operational priorities when efforts to make the business unit more focused and streamlined are under way.

ii. GUERNSEY AIRPORT OVERARCHING STRATEGY

Guernsey Airport's strategy is to ensure that policies, facilities and services at the Airport are commensurate with the requirements of the Island in respect of Air Transport Services, General Aviation and standards set by the appropriate regulatory authorities.

2). Guernsey Airport



i. WHO WE ARE

The mandate for Public Services is broad, and is generally concentrated on the management of publicly owned infrastructure together with the provision of public services to meet the strategic and corporate objectives of the States. Many of these objectives are covered by the other business units within the Department. However, the following are the responsibility of the Airport:

To provide the Airport infrastructure together with technical and administrative services to an appropriate and acceptable standard to enable the safe and expeditious movement of commercial and private aircraft, passengers and cargo to, from and at the Airport on the most cost effective and efficient basis and to ensure that the operation of the Airport produces an annual post depreciation return on income of not less than 5%.

In addition, the Airport has main responsibility for:

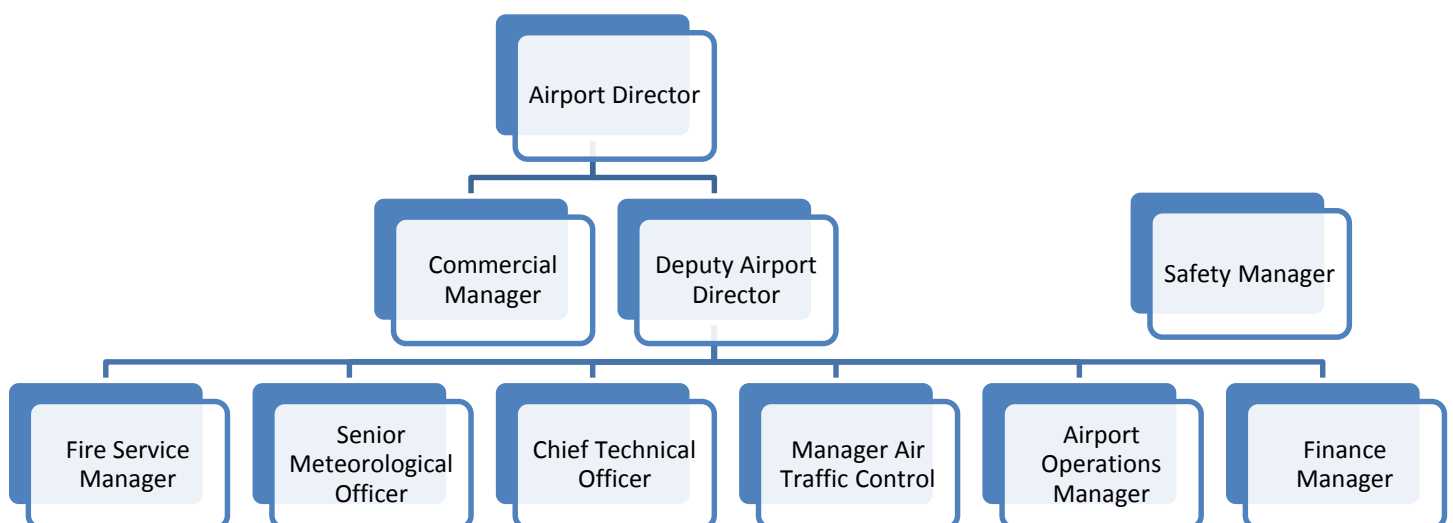
- Provision of infrastructure including runway, taxiways and aprons, technical aids and services for the operation of commercial and private aircraft.
- Provision of buildings, facilities and support services for the movement of passengers and the handling of airfreight.

- Provision of infrastructure for the movement of vehicles, including parking, in landside areas.
- Provision of Air Traffic Control Services including approach, radar, aerodrome and ground movement control as well as a flight briefing service. (Approach and Radar Service also provided for Alderney Airport).
- Provision of a Rescue and Fire Fighting Service to the standards set by the Civil Aviation Authority.
- Provision of a Meteorological Service essential to aviation (including Alderney Airport) and the local community.
- Provision of Security Services in accordance with the United Kingdom's Department for Transport National Aviation Security Programme and the European Union's regulatory requirements and
- Provision of management, administration, commercial, safety and financial support services.

It also has responsibility to:

- Civil Aviation Authority / International Civil Aviation Organisation / European Aviation Safety Agency
- Director of Civil Aviation, Commerce & Employment Department
- United Kingdom's Department for Transport

Fig 1: Staff Structure of Guernsey Airport



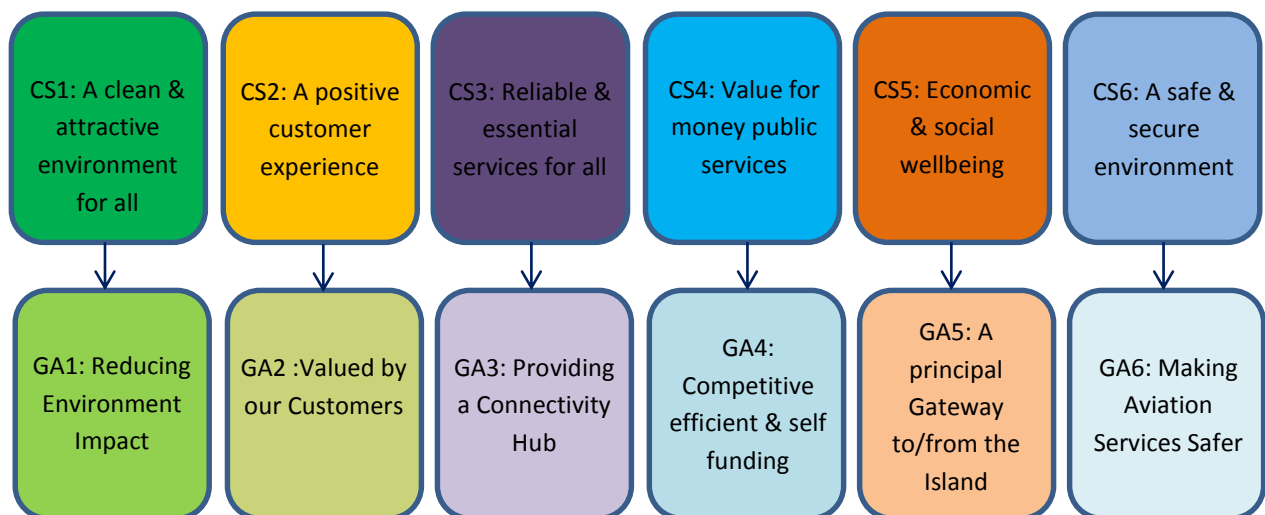
ii. OUR VISION & OBJECTIVES

The Public Services Department (PSD) is currently developing a Corporate Strategy that will cover the period 2015-20. This strategy is focused on delivering specific and measurable objectives, which have been agreed at political level by PSD. This Strategy provides the overall goals for the Department and longer term vision, which links to each of the Business Units' medium-term business plans (like this one).

The Corporate Strategy will also provide a vital link with the States of Guernsey's Strategic Plan (SSP). In brief, the SSP aims 'to focus government and public services on protecting and improving the quality of life of islanders, the island's economic future and the island's environment, unique cultural identity and rich heritage.'

PSD seeks to contribute to the achievement of this aim through planning and managing public infrastructure and delivering dependable, value for money services for islanders. Like the Business Plan, the Corporate Strategy is outcome based, and the diagram below shows the threads between the outcomes from these two documents:

Links between Public Services Corporate Strategy and Guernsey Airport Business Plan Outcomes



Guernsey Airport's vision is:



'To provide the Airport infrastructure together with technical and administrative services to an appropriate and acceptable standard to enable the safe and expeditious movement of commercial and private aircraft, passengers and cargo to, from and at the Airport on the most cost effective and efficient basis and to ensure that the operation of the Airport produces an annual post depreciation return on income of not less than 5%.'

This is aligned with the States' Strategic Plan which recognises that infrastructure is a key resource in ensuring that any community and economy works effectively. This Plan also highlights the need to ensure there is essential public infrastructure investment by the States over the next 25 years.

In support of this vision, a number of key policies have been developed under the following headings:

- Cost-effective Maintenance
- Safety
- Social
- Environmental
- Customer Relations
- Communication

COST-EFFECTIVE MAINTENANCE

- Keeping the airport facilities safe and well maintained at all times of the year, at reasonable cost and in an effective and efficient manner;
- Being proactive through regular and routine inspections, electronic monitoring of key systems, external audits and repair programmes in identifying defects and carrying out repairs;
- Monitoring the structural condition of the facilities, ensuring that replacement programmes are carried out at the optimum time, thereby minimising the whole life cost of maintaining the infrastructure.

SAFETY

- Through a proactive Safety Management System to integrate aviation safety, occupational health and safety and aviation security requirements. The SMS also promotes a just-culture of safety and incident reporting.
- To proactively monitor and manage reporting to provide trend analysis and annual targets for safety improvements, thereby reducing risk and providing a safer working environment.

SOCIAL

- Promoting the social and economic benefits of air travel and connectivity.
- Provide out of hours services to support emergency flights including medical evacuation flights across the Bailiwick and Search and Rescue facilities.

ENVIRONMENT

- To implement, monitor and if necessary adapt noise reduction measures at the airport and around its immediate environs, including noise abatement procedures and ground engine run procedures.
- Enhancing the safety and appearance of the airport through appropriate investment in the site through hard and soft landscaping measures.
- To support the use of Fixed Electrical Ground Power and offer initiatives for third-parties to invest in electric airside vehicles, to reduce emissions
- Through the use of environmental measures to reduce risks of bird strike through habitat management.
- To maximise opportunities to reduce waste and increase recycling.

CUSTOMER RELATIONS

- Valuing both our passengers and third-party companies as customers, managing expectations sensitively and respectfully;
- Proactive stakeholder engagement ensuring customers understand what we are doing and why.
- Effective and efficient communications with our passengers and third-party customers, through the use of web-sites, social media, newsletters and traditional broadcast media.

The actions required to ensure that these policies, and the overall vision, are delivered to the best of Guernsey Airports' ability, can be found in the 'Objectives' Section of this Business Plan.



iii. CHALLENGES AND OPPORTUNITIES FACING GUERNSEY AIRPORT

STRENGTHS

- States owned and operated Airport with no direct competition other than surface transport.
- Relative static passenger numbers offers stability. Little reduction during economic recession and little growth during economic recovery – also a weakness.
- Small dynamic management team and workforce which can respond quickly and effectively to deal with operational issues – also a weakness.

WEAKNESSES

- Economics of airport operation are finely balanced and dependent on external factors over which we have little or no direct influence (e.g. airlines, economic prosperity of the island etc.). Airport currently running at a deficit.
- Operating costs are predominantly manpower related and are not within the control of the Airport Authority (in terms of pay and conditions which are externally negotiated and determined).
- The principal source of Airport revenue remains fees from aircraft and passenger fees. Opportunities for non-aeronautical revenues are limited compared to UK airport with longer dwell times and more available land to develop airport property or car park schemes.
- Challenges over funding puts the airport at a disadvantage with increasing reliance on our contributing to, or being dependent on, others for support or finance. This increases the arguments around commercialisation.
- Reliance on too few carriers, leading to potential market dominance and an over ability to influence operational decisions.
- Relative static passenger numbers offers stability. Little reduction during economic recession and little growth during economic recovery – also a strength.
- Access to capital funding for significant projects (£500k+) is becoming more complex and capital bids for Guernsey Airport have to be rated against other States Departments for increasingly scarce investment.
- Small dynamic management team and workforce can also become over-whelmed with project and non-aviation related activity – dis-economy of scale. Also a strength.
- Opportunities for development of new facilities and increased non-aeronautical revenues are hampered by process requirements associated with public sector ownership.

BUSINESS OPPORTUNITIES

- Further Increased revenue from further diversification of non-aeronautical revenues – including external advertising, duty free product changes, short-term promotional campaigns etc.
- Promotion of General Aviation activities to increase revenue potential from this sector – including third party development of adjacent land areas.
- Promotion of Commercial Aircraft / Passenger activities to improve passenger throughput and opportunities for associated non-aeronautical opportunities.

- Continued and proactive consultation with our key business partners and stakeholders to ensure opportunities for cross promotion are maximised and lead to mutual business development.
- Diversification with supportive enablement by others to exploit our market position. Examples could include additional paid car park extensions, duty free on arrival, capital development of terminal facilities etc.

BUSINESS THREATS

- The demand for commercial flying activities including the carriage of passengers for hire and reward which provides the bulk of the Airport's revenue is dependent on others, i.e. the leisure and business trade as well as the willingness of airlines to dedicate aircraft to local services over which the Airport has little, or no, influence.
- The Airport's runway being of insufficient length to support the operation of larger jet aircraft (B737/A320) aircraft without some payload restrictions on medium range destinations.
- All flying activities are subject to legislation which has its origins increasingly determined in the EC. Although Guernsey is not directly subject to EC Aviation legislation it is expected to implement the EU requirements and it will apply to the airlines which operate on Guernsey routes – conflicts between not wanting to be part of Europe but close to it.
- Air fares over which the airport has little or no control or influence.
- An ever increasing demand to meet higher standards and expectations on airport security place challenges on the delivery of services at Guernsey Airport in a cost effective manner. Despite our third-country status under EC aviation security legislation, we are within the EU boundary and the vast majority of our flights are to or from EC member states. We are therefore required to provide security at a level comparable with EC member states and changes to those standards can have more dramatic impacts on smaller airports, in terms of the investment and ability to recover costs over a wider passenger base.
- Short term political or economic phases leading to changes in policy or strategy.
- Increasing public expectations arising from increasing engagement which are increasingly have to be met at a time of limiting resources with which to then deliver additional services, investment and improvements.

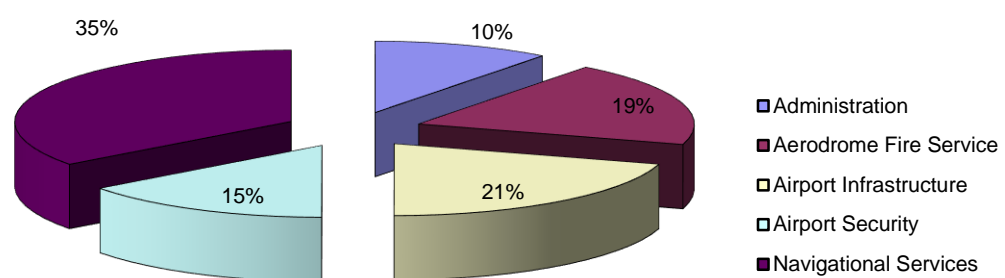
iv. BUDGET

Guernsey Airport is largely funded from charges levied against Airport users. The majority of the income is derived from aircraft and passenger charges, although increased emphasis over recent years has seen a larger switch to non-aeronautical sources of revenue, including retail, advertising and car parking.

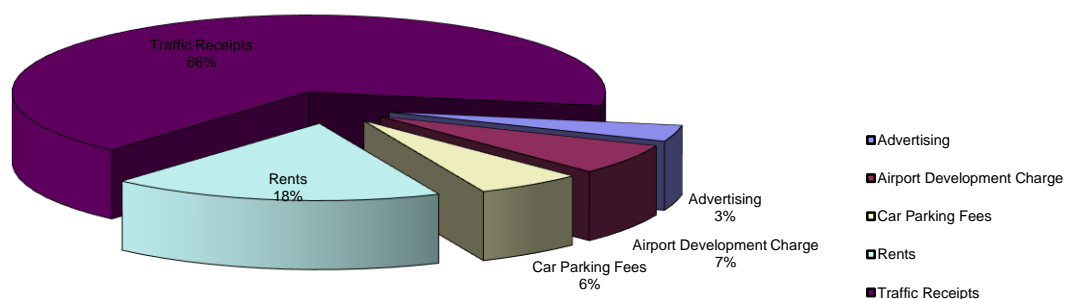
Guernsey Airport generates an annual turnover of £11.8m. Ordinary Expenditure of £10.9m (2015 levels) is expended annually in order to achieve this level of turnover

More effort needs to be applied in diversifying our income away from aeronautical revenues. Other airports can attract nearly twice the level of non-aeronautical revenue than that earned by Guernsey Airport.

Expenditure



Income



v. ASSET MANAGEMENT

Guernsey Airport recognises the significant investments in the infrastructure over the last 10 years, with a new terminal and major reconstruction of all of its paved areas and associated airport infrastructure.

Those assets have in effect constructed a new airport on the existing site which is fit for purpose for 20 years and provides an element of future-proofing of that infrastructure to accommodate larger aircraft operating longer sector lengths with relatively minimal additional development.

‘Asset management is a strategic approach that identifies the optimal allocation of resources for the management, operation, preservation and enhancement of the airport infrastructure to meet the needs of current and future customers.’

Guernsey Airport recognises that the assets need to be maintained, indeed we subject to a number of external audits each year which primarily confirm that they are.

Aircraft operations are demanding both on the infrastructure and on the systems and with a high safety culture it is essential that our assets are permanently maintained and replaced on a timely basis.

vi. MANAGEMENT AND ADMINISTRATION

I. PEOPLE

Guernsey Airport can only ever be as good as its people. We pride ourselves in carefully selecting all staff to ensure that they match all of our exacting key criteria and can work well together, can take a pride in what they do and how they do it and endeavour to provide an environment for betterment and career progression.

Guernsey Airport provides the only opportunity for working with aviation in the Island and we do not exploit that privilege. Some of our skill sets do have to be acquired from the UK or Europe and we are grateful for those who make the big commitment to move to these islands. In addition and to reduce our reliance on housing, we also train locals and have an excellent track record on air traffic control training. We have also launched a fire fighter apprentice scheme in 2014 to provide better cover for staff.

Guernsey Airport generally enjoys a good reputation within the Air Traffic Control world and despite our inability to directly influence terms and conditions; we endeavour to protect that reputation and to only employ the best people to our teams.

II. CENTRALISATION

There are efficiency gains that we exploit being part of central government. This includes extensive use of finance, HR and accounting systems and advice and as part of Public Services Department we contribute a 6-figure sum each year to the maintenance and provision of corporate systems. Our engagement with these systems enables the States corporately to offer us back efficiencies with corporate procurement deals across many areas and enable the States centrally to better understand its spending across all departments.

In addition, the Airport benefits from centralised staff functions, including head office functions, centralised HR, Finance, PR and Commercial Management. There will be conflicts between demands on a centralised function from time to time, but in general terms these centralised functions offer an experienced common standard across all PSD Business units which affords additional resource to be able to be accessed often at short notice and on a consistent basis.

III. INFORMATION TECHNOLOGY

Guernsey Airport relies on two main providers of IT. The central administrative functions are delivered through the main States IT provision.

Industry specific (Aviation) IT is delivered through our own in-house engineers and in turn through third party industry providers.

This split role works well, not least as the aviation functionality is kept isolated from wider access points to avoid the risk of virus and hacking.

The development of IT within the aviation world is conservative given that all elements of aviation infrastructure have a high regard for safety and continuity. Opportunities can and do exist over time to implement increasing levels of sophisticated processing systems to reduce the manpower requirements and enhance communication and safety. As part of its rolling capital programme the Airport shall remain

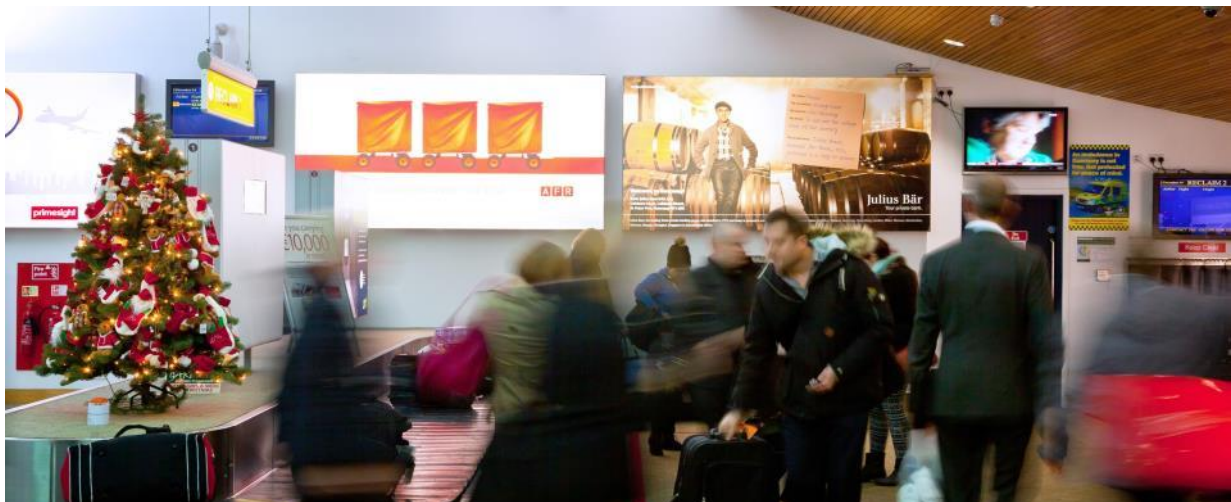
focussed on the use of IT to improve efficiency and lower operating costs whilst ensuring that the investment is in approved and proven systems.

IV. SAFETY AND SECURITY MANAGEMENT

Guernsey Airport operates a safety and security management system (SMS) across the airport which integrates aviation safety, occupational health and safety and aviation security requirements.

The SMS is a proactive and organised approach to managing safety and security which has enhanced and harmonised the airport's safety and security organisational structures, accountabilities, policies, and procedures while ensuring that they remain proportionate to the size of Guernsey Airport.

In order to continue to meet International Civil Aviation Organisation (ICAO), European Aviation Safety Agency (EASA), Department of Transport (DfT), Health and Safety Executive (HSE) and European Commission (EC) requirements, the SMS will be further developed over the next few years. This should ensure that the SMS remains fit for purpose and provides Guernsey Airport with the appropriate tools to remain compliant with international regulations and practices and to demonstrate and reassure our customers and business partners that Guernsey Airport remains open, safe and secure.



3). Objectives

OUTCOME GA1: REDUCING ENVIRONMENTAL IMPACT

We will seek to reduce our own and seek to influence our stakeholders' impact on the environment. We will review and improve where necessary the impacts on our natural environment and use of resources and will seek to reduce emissions. We will encourage best practice in sustainable air services.

What do we want to achieve?

- Protect the natural environment around the airport
- Reduce Airport energy consumptions
- Enforce and review noise abatement measures
- Increase waste recycling

Initiatives to achieve this:

INITIATIVE	DELIVERY TARGET
Enhancing the appearance of the airport environment (hard/soft landscaping) and introducing measures to aid safety	Short-term
Enforce noise abatement measures and procedures and monitor noise emissions	Short-term
Support the use of Fixed Electrical Ground Power and offer initiatives for third parties to invest in electric airside vehicles, to reduce emissions.	Short-term
Review energy efficiency gains. Review and implement options for PFOS Legacy soil.	Medium-term
Increase recycling rates of waste generated by all concessions, visitors, employees and other users on site.	Medium-term
Implement measures to reduce building/ other energy consumption?	Medium-term

Short-term: <3 years / Medium-term: 4-6 years / Long-term: 6-10 years

Key Performance Indicators

- Total units of electricity, gas, water and oil consumed
- Number of noise complaints logged
- Water Quality Monitoring

- Average noise levels at western boundary
- Percentage total recycling

OUTCOME GA2: VALUED BY OUR CUSTOMERS

We will provide the infrastructure to support regular, reliable and efficient air services for our customers that they value.

We will balance the Public Service Obligation with the need to recover costs, whilst ensuring that costs are sustainable.

What do we want to achieve?

- Improving customer insight and customer relations for all customers (including passengers and third party companies)
- Customers value the airport
- Customers consider the airport provide reliable and efficient services

Initiatives to achieve this:

INITIATIVE	DELIVERY TARGET
Utilising Social Media to provide up to the minute travel related information, promote customer interaction and promote feedback	Short-term
Communications planning	Short-term
Proactive stakeholder engagement to gain customer insight and understanding of what we do	Short-term
Customer satisfaction surveys	Short-term

Short-term: <3 years / Medium-term: 4-6 years / Long-term: 6-10 years

Key Performance Indicators

- Number of www.airport.gg website hits
- Customer comments – number by service (cleanliness of airport, courtesy of staff, wait times at security checkpoints, passenger baggage reclaim)
- Number of Facebook users
- Number of Twitter unique users

OUTCOME GA3: PROVIDING A CONNECTIVITY HUB

We will ensure the quick and efficient movement of commercial and private aircraft, passengers and cargo to and from the Islands.

We will work with others to securing the future of the airport as a lifeline for the movement of aircraft, passengers and cargo. We also need to influence a change in the over reliance on too few carriers and potential market dominance. We need to protect and secure the emergency/health care links as a critical lifeline for Islanders

Review and respond to demands such as technological developments and infrastructure changes to meet needs of air industry.

What do we want to achieve?

- Extending and increasing capacity and connectivity , developing new routes
- Working with Economic Development/External Transport Group to encourage an increased number of carriers and promote the social and economic benefits of air travel.
- Improving processes and systems for effective movement of passengers and loading
- Providing out of hours services to support emergency flights, including medical evacuation and Search and Rescue.
- Respond to demands of Tourism Strategy – including meeting the needs of targeted increase in visitors to the island, from 320k to 400k visitors by 2025 of which approximately 60% could arrive by air.
- Ensuring timely and well-funded capital investment in infrastructure.

Initiatives to achieve this:

INITIATIVE	DELIVERY TARGET
Develop Phase 2 of the Air Route Strategy, working with the External Transport Group	Short-term
Increase passenger numbers and increase routes to other destinations to maintain hub-connectivity	Medium-term / long-term
Encourage competitive fares and sustainable routes to/from the island	Short-term
Review runway length and demands for destination (hub) airports	Medium-term

Short-term: <3 years / Medium-term: 4-6 years / Long-term: 6-10 years

Key Performance Indicators

- Aircraft movements by type (commercial and private)
- Passenger numbers increased by at least 1% per annum (comparison – 5 year rolling average)
- Average load factor on UK routes
- Percentage of flights operating within 15 minutes of schedule
- Number of airport closures (due to snow, ice or emergency incidents)
- Number of out-of-hours airport medical or emergency responses
- Number of new routes
- Number of hours where Runway Visual Range <550M (indicating fog/low visibility)
- Passengers by purpose of travel

OUTCOME GA4: COMPETITIVE, EFFICIENT AND SELF FUNDING

We will seek to bring Guernsey Airport into a profit making position by 2017, (whilst balancing the tension of needing to provide an affordable airport facility).

What do we want to achieve?

- Improve our return on turnover of not less than 5% so that Guernsey Airport moves into profit by 2017.
- Increase revenue generation from non-aeronautical revenues by minimum 1% per annum
- Improve trading position for non-PSO activities

- Review the efficacy of commercialisation with a view to achieving greater independence to better respond to our commercial operating environment and business customers.

Initiatives to achieve this:

INITIATIVE	DELIVERY TARGET
Review Pricing Strategy on freight charges	Medium-term
Continue to review Airport's finances, strengthening its trading position (short-term) and developing options for commercialisation of elements or all of the Airport Functions (medium-term)	Short-term/medium-term
Develop strategy on maximising use of assets, including parking, retail (including duty/VAT free) and advertising space and short term promotional campaigns to maximise revenue.	Short-term
Review the approach to security measures that are both effective and efficient.	Short-term
Work with key business partners and stakeholder to develop opportunities for cross promotion and business development.	Short-term
Review and secure capital funding mechanisms with the States structure for financing capital development (SCIP/PHA).	Medium-term
Promote general aviation activities to increase revenue from this sector (including 3 rd party development of adjacent land areas).	Short-term
Monitor opportunities for improved efficiency within delivery of Air Traffic Services.	Medium-term

Short-term: <3 years / Medium-term: 4-6 years / Long-term: 6-10 years

Key Performance Indicators

- Percentage of revenue from non-aviation sources
- Direct cost as a percentage total revenue
- Duty free gross sales
- Average Duty Free spend / passengers
- Average catering spend / passengers
- Debts > 60 days / turnover
- Revenue / car parking space

OUTCOME GA5: A PRINCIPAL GATEWAY TO/FROM THE ISLAND

Preserving and improving the quality of an essential and principal Gateway to/ from the Island. Ensure infrastructure is updated and responds to technological developments, to meet the needs of ATS and aviation needs.

What do we want to achieve?

- Securing public infrastructure investment in maintaining and securing improvements to the Airports
- A cost- effective, whole life asset management and maintenance programme, which will optimise the allocation of resources for the management, operation, preservation and enhancement of the airport infrastructure.
- Develop a strategy to help secure the capital investment required is prioritised/secured in an environment of reduced States capital funds.

Initiatives to achieve this:

INITIATIVE	DELIVERY TARGET
Airport Pavement condition improvements (Alderney) and maintenance (Guernsey)	Medium-term
Improvements to the Administration block at Guernsey Airport	Short-term
Develop an annual programme of defect identification and repairs	Medium-term
Asset management planning and review of structural condition of facilities	Medium-term

Short-term: <3 years / Medium-term: 4-6 years / Long-term: 6-10 years

Key Performance Indicators

- Number of new Capital Projects started in year
- Number of completed projects in year
- Capital Asset Condition Measure – red/yellow/green status indicators

OUTCOME GA6: MAKING AVIATION SERVICES SAFER

We want to provide a proportionate, yet effective approach to our safety regime, in an environment of higher safety standards and security challenges, to ensure that safety risks are reduced and to provide a safer working environment.

(Do we want to specify scope of how far our safety regime extends and aircrafts own areas?)

What do we want to achieve?

- Balancing a proportionate approach to security requirements with cost efficiency
- Continuous improvement on CAA and UK Airport audits and risk reduction recommendations

Initiatives to achieve this:

INITIATIVE	DELIVERY TARGET
Promote the culture of safety and incident reporting	Short-term
Continue to develop the proactive inspection regime and external audit programme – completing actions recommended by the CAA following audits of Aviation Security, Air Traffic Services, Air Traffic Engineering , Fire Service and Ground Operations	Short-term
Continue with Single European Sky (SES) certification and compliance requirements in association with Jersey Airport	Medium-term
Continue implementation of habitat management to mitigate against bird strikes	Short-term
Continued development of the Safety Management System to integrate aviation safety, occupational health and safety and aviation security requirements	Short-term
Monitor and manage reporting to provide trend analysis and annual targets for safety improvements	Short-term

Short-term: <3 years / Medium-term: 4-6 years / Long-term: 6-10 years

Key Performance Indicators

- Number of SAFE points issued – number/type
- Number of confirmed Bird Strikes
- Bird strikes/number of aircraft operations
- Number of Safety Occurrence Reports submitted
- Targets for safety improvements from annual Safety Review Board recommendations

4. Future Budget Requirements

GUERNSEY AIRPORT							
	2014	2015	2016	2017	2018	2019	2020
Net Expenditure by Service Area	Actual	Outturn	Est	Est	Est	Est	Est
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
<i>Income</i>							
Advertising, picketing etc	404	454	500	600	600	600	600
Airport Development Charge	766	735	770	800	800	800	800
Car Parking Fees	685	700	700	720	720	750	750
Rents	2,146	2,403	2,400	2,550	2,550	2,550	2,550
Traffic Receipts	7,848	7,900	8,083	8,325	8,575	8,833	9,097
	11,849	12,192	12,453	12,995	13,245	13,533	13,797
<i>Operational Expenditure</i>							
Administration	(1,133)	(1,117)	(1,400)	(1,400)	(1,400)	(1,400)	(1,400)
Aerodrome Fire Service	(2,099)	(2,071)	(2,105)	(2,105)	(2,105)	(2,105)	(2,105)
Airport Infrastructure (incl PFOS)	(3,190)	(3,794)	(2,800)	(2,290)	(2,400)	(2,290)	(2,400)
PFOS Costs	(962)	(1,500)	(600)	(90)	(200)	(90)	(200)
Airport Infrastructure (excl PFOS)	(2,228)	(2,294)	(2,200)	(2,200)	(2,200)	(2,200)	(2,200)
Airport Security	(1,613)	(1,704)	(1,700)	(1,750)	(1,800)	(1,850)	(1,850)
Navigational Services	(3,849)	(4,041)	(3,900)	(3,900)	(3,900)	(3,900)	(3,900)
	(11,884)	(12,727)	(11,905)	(11,445)	(11,605)	(11,545)	(11,655)
<i>Recovery from Alderney Airport</i>	170	175	180	185	190	200	210
Operating (Deficit)/Surplus for the financial year	135	(360)	728	1,735	1,830	2,188	2,352
<i>Depreciation(net of amortisation of asset specific</i>	(1,278)	(1,267)	(1,371)	(1,470)	(1,482)	(1,525)	(1,600)
<i>Loss on disposal on fixed assets</i>	-						
Operating (Deficit) transferred to the Ports Holding Account	(1,143)	(1,627)	(643)	265	348	663	752
Indicative Capital Spend		239	430	205	4,180	TBC	TBC

Our proposed income moving forward will continue to exploit non-aeronautical sources, predominantly advertising, car parking and rents. These three areas are showing the majority of proposed income growth as we move forward. Our cost base, with the exception of security charges, should remain largely static as we continue to press for efficiencies and better ways of working.

Capital investment moving forward is largely routine capital replacements – with the exception of major security investments predicted for 2018. These may be able to be funded through third party investment and form part of our tendering of ongoing provision of security services over a longer term (10yr) concession.



5. In Summary

Guernsey Airport is a key lifeline asset and operates in a monopolistic situation under government control.

The demands associated with providing an efficient, consistent, safe aerodrome facility 15 hours a day across 364 days per year should not be underestimated, both in terms of the cost base and the processes required to maintain high standards and a safe operating culture.

The Airport as a division of the States of Guernsey is dependent on the wider government processes which determine pay and conditions, capital investment processes, legal representation and more general requirements associated with good governance and government reform. These processes have to be embraced but will create tensions from time to time, particularly where trading operations are concerned as they endeavour to balance commercial freedom with accountability and good governance requirements.

The need for clear priorities and objectives is greater now than ever before and this business plan has to become the guideline against which our own strategic philosophy and priorities should be judged.

A review process for this business plan is critical as we operate within an ever-changing and dynamic world and events often beyond our control necessitate responses and reactive behaviours which need to be reflected in regular reviews of this plan at least biennially, during the planned 10 year life of this plan.