

Guernsey and Alderney Airport

Annual Report 2017



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Forward from the General Manager

2017 started with its fair share of challenge. Unprecedented levels of fog combined with reductions in capacity on the Guernsey - Jersey and the Guernsey - Southampton routes, leading to adverse impacts on passenger movements and accordingly revenues. The remainder of 2017 could be best described as a year of consolidation. By the December, passenger totals were 813,595; down 3.3% on 2016; and the lowest recorded passenger movements at Guernsey Airport since 1995.

Alderney suffered too with reduced passenger numbers, passenger figures were 55,291, down -4.8% (-2,791) compared to the 2016 figures and the lowest recorded passenger movements since 1971. Again, weather had an adverse impact at Alderney, particularly in the shoulder months, but passenger numbers did recover in the Spring and Summer. Despite these operational and economic challenges largely outside of our control, 2017 achieved better than expected trading results in challenging trading conditions. However, the management team remain acutely aware of the significant challenges it faces with lower annual passenger movements.

Our parent Board (The States Trading Supervisory Board) introduced new governance arrangements across all of its trading assets in 2017. This included the formation of a subcommittee (Company Board) at the Ports. The Board is accountable to STSB and operates by challenging established practices and assumptions and is supporting the Ports in establishing clear strategic direction, business planning and operational delivery.

I am grateful for the co-operation and support of all staff at Guernsey and Alderney Airports and for their help and assistance in 2017. They are a dedicated and highly professional team who love aviation and I am proud to lead them into another year of exciting opportunity and challenge.

Colin Le Ray
General Manager – Ports

2017 in Facts and Figures

Passenger movements in Guernsey for 2017 were 813,595.

Passenger movements in Alderney for 2017 were 55,291.

17 full emergencies declared at Guernsey Airport. None in Alderney.

The Hidden Disabilities Lanyard Scheme was launched in 2017, following its success at other UK airports. The lanyard aims to inform airport staff and business partners discreetly, the wearer might need extra support as they travel through the Airport.

UK Civil Aviation Authority audits of our operational airport units (Air Traffic Control Services, Air Traffic Engineering, and the Fire and Rescue Services) took place by October 2017. These are important for checking procedures, and ensuring passengers and airport users are kept safe.

There were no aircraft accidents, no reportable (RIDDOR) injuries to staff or third parties working at either airport.

New services to Cardiff by Blue Islands, and to the German city of Dusseldorf by Flybe were launched. Waves also commenced an inter-island 'on-demand' air taxi service to and from Jersey in October 2017. The company also undertook trial flights into Alderney.

6833 followers at year end of 2017 for Guernsey and Alderney Airport Facebook Twitter and Instagram accounts.

123 full time equivalent staff were employed at Guernsey/Alderney Airport at 31st December 2017.

2017 in Review

Our Purpose

The stated purpose of the airports' operations was unchanged in 2017. Guernsey and Alderney Airports provide for safe and expeditious movement of commercial and private aircraft, passengers and cargo to and from the islands on the most cost-effective basis. The Airport also looks to ensure that policies, facilities and services are commensurate with the requirements of the Islands in respect of air transport services, general aviation and meeting the standards set by the United Kingdom Civil Aviation Authority and other external aviation regulatory agencies, when required to do so.

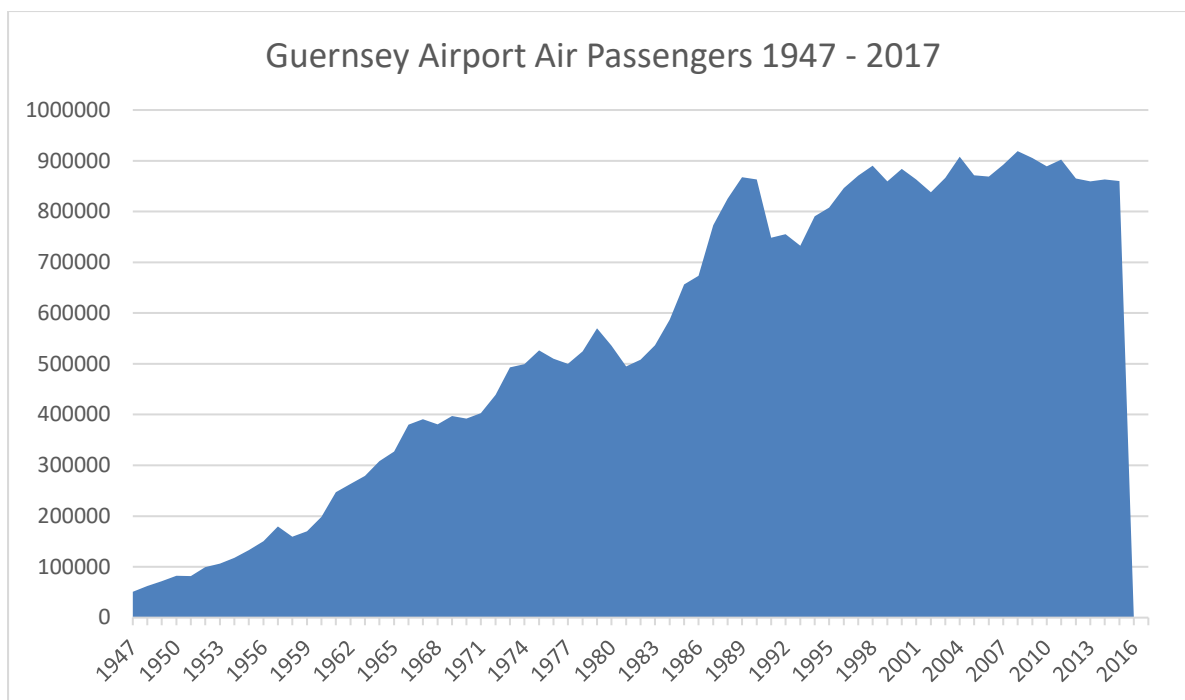
Passenger Movements - Guernsey Airport

Passenger movements for 2017 at Guernsey Airport were 813,595 in 2017 (2016 was 841,914) -28,319 lower than 2016 (-3.3%), the rate of reduction (month on month) thankfully slowed during the year after a very difficult trading start to the year, caused by a combination of exceptional fog and a general reduction in schedules on both Jersey and Southampton routes.

The first quarter of 2017 experienced 111.5 hrs of airport disruption. This compares with a typical 20-year annual average of 94hrs over the whole year. Over the whole year of 2017, fog disruption totalled 176hrs, compared against that same 20-year annual average.

The overall decline on passenger movements when compared against 2016 was measured across all routes except for Gatwick, Birmingham and Exeter, which grew by +2.8%, +9.4% and +12.8% respectively by the end of December 2017.

Over 2017, the largest single contributor to the decline in passenger movements was travel to and from Southampton, -13.5% passenger movements over the year. Guernsey - Jersey fell by -10.3% in 2017, although in the last few months of 2017, there was a slight improvement with a proportion of the Jersey market share being picked up by a new provider, Waves.

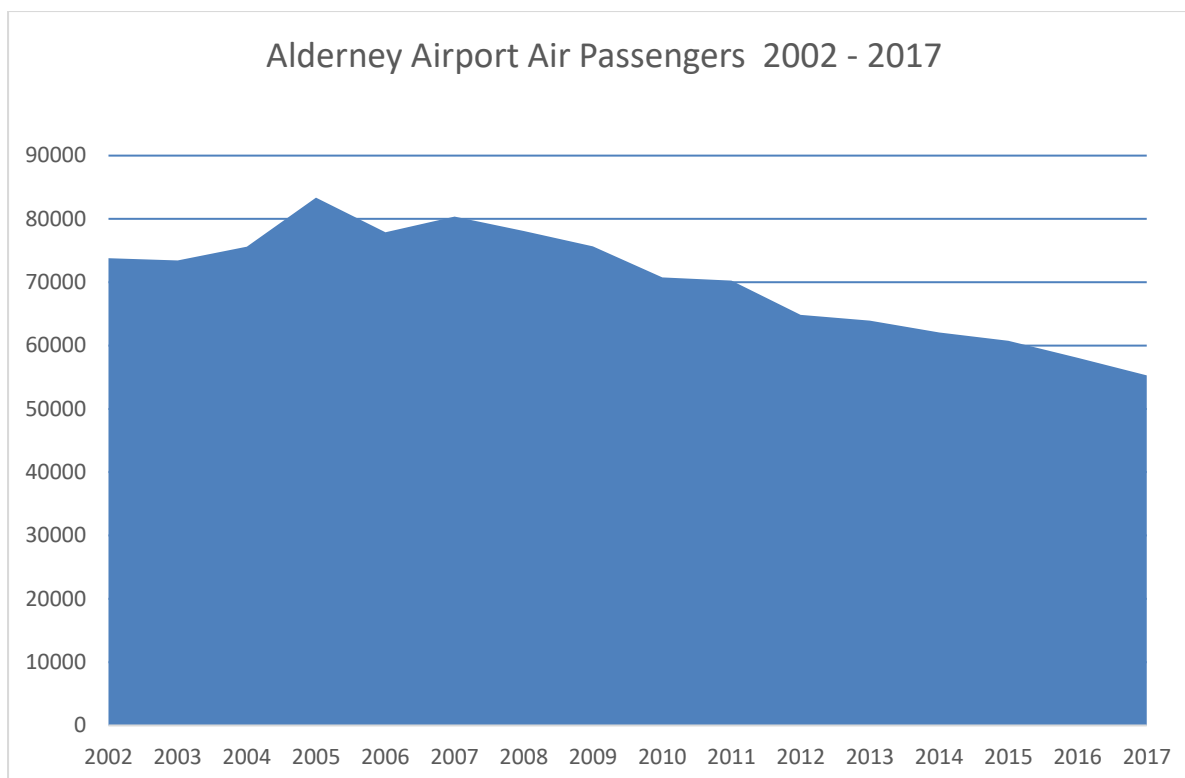


Source: Guernsey Airport.

Passenger Movements - Alderney Airport

Total passenger movements through Alderney Airport at the end of 2017 were 55,291, down -4.8% (-2,791) on 2016. Whilst there had been some growth in May and June 2017, when compared to the same months in 2016, the overall trend throughout the year was negative, ending in December with a 13% slump on that same month the previous year. This was due to exceptionally windy weather over that month and had some impacts on the Alderney operation.

This represents the lowest level of air travel through Alderney for 47 years (i.e. since 1971).



Source: Alderney Airport.

Route analysis – Guernsey Airport

2017 showed growth on Flybe's main routes (Birmingham and Exeter), but declining performance on Aurigny's routes including Bristol, Manchester, and East Midlands. London Gatwick did record slightly higher passenger numbers when compared to 2016, even when taking into account poor weather in February and March, with 8,906 more passengers travelling over the year. Aurigny withdrew from its London City route at the end of October 2017 and a number of other winter seasonal cuts to the route network were applied, reducing frequency in shoulder months of the year.

Route Analysis – Alderney Airport

Alderney only has one carrier operating two routes. Aurigny operates daily year round services to and from Guernsey and Southampton. Overall, passenger numbers to Alderney in 2017 were 55,291. Further analysis by route shows a reduction on 2016 of 10% on the Guernsey - Alderney route, with an increase of +1% on Guernsey – Southampton Route.

Aircraft Movements – Guernsey Airport

Aircraft movements, much as passenger movements were down in 2017 at Guernsey Airport. A total of 38,307 movements were recorded over the year, 1,468 fewer than in 2016. Of this total, 25,162 movements were by commercial aircraft, the balance represented private aircraft movements. This results in a split of 65:35 in favour of commercial traffic.

Aircraft Movements – Alderney Airport

Alderney Airport recorded 5,339 aircraft movements in 2017, 420 fewer than in 2016 (-3.9%).



Finance Overview

Guernsey's Airport income in 2017 was £12.3 million compared to a budgeted £12.4 million and an actual income of £12.3m in 2016. Whilst these figures are disappointing, Guernsey Airport recognises the need to diversify and grow revenue streams from other non-aviation activities.

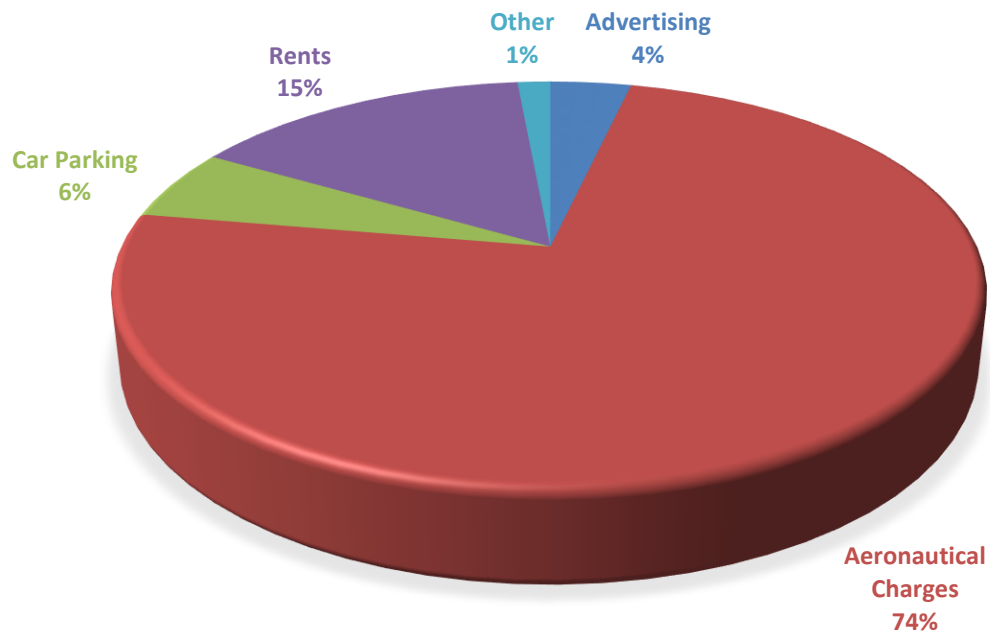
Expenditure at Guernsey Airport in 2017 was £11.7 million, compared to a budgeted £11.8 million and an actual expenditure in 2016 of £14.2 million (albeit this latter figure included exceptional legal costs incurred during that year).

The overall trading surplus before depreciation was £615,000.

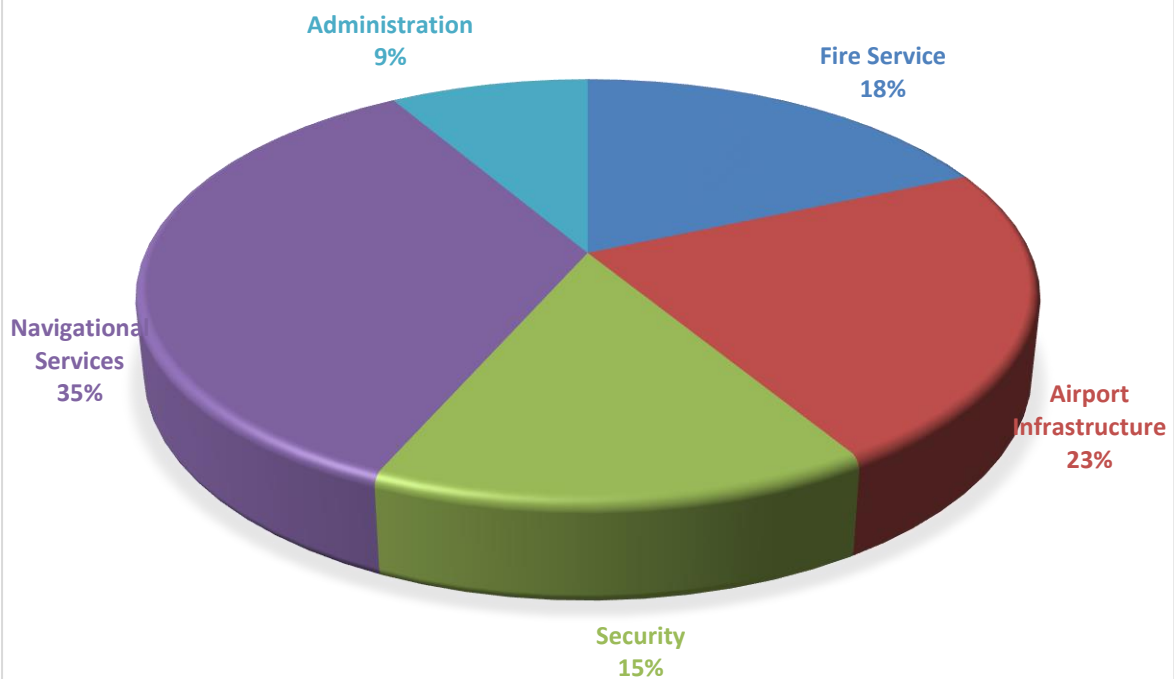
A summary of Guernsey Airport's Income and Expenditure for 2017 is shown overleaf.



GUERNSEY AIRPORT INCOME 2017 - £12.3M



GUERNSEY AIRPORT EXPENDITURE 2017 - £11.7M



Source: Guernsey Airport

A link to the Ports published accounts is attached on Appendix Two to this annual report.

Alderney Airport's net loss for 2017 was £815,000, £10,000 above budget and £1,000 above the 2016 net loss.

Despite lower passenger figures, Alderney Airport income was higher by 6.1% (+£43,000) compared to 2016 due to higher income from airport charges (RPI-related, rather than volume related increases) and additional property rent over the year.



Safety Overview



Guernsey Airport continues to encourage a positive reporting culture, as a means of proactively encouraging our staff and third parties to identify opportunities for improving what we do, and how we do it. The Management team hold quarterly safety meetings and produce an annual safety plan, which sets objectives and targets for the year. The results for 2017 are shown below.

Alderney Airport

The Safety Board set 9 general safety objectives set for Alderney in 2017; 6 were fully met. The Safety Board set 3 H&S objectives for Alderney in 2017, 2 were fully met. There were no HSE RIDDOR reportable events at Alderney in 2017. There were three non-RIDDOR events, two involving third parties to the Airport. 20 hazard reports were submitted over the year.

Guernsey Airport

The Safety Board set 12 general safety objectives for Guernsey in 2017, 6 were fully met. The Safety Board set 3 H&S objectives for Guernsey in 2017, 1 was fully met. The Safety Board set 26 Security objectives for Guernsey in 2017, 19 were fully met. There were no HSE RIDDOR reportable events at Guernsey in 2017. There were 31 non-RIDDOR events, 19 involving third parties to the Airport, and 22 Hazard reports were submitted over the year.

Other News in 2017

The Guernsey and Alderney Airport security-screening contract was let to G4S following a competitive tender process. The contract covers all of the security elements of Guernsey and Alderney Airports and Guernsey Harbours.

Work on installing the new carpark ticket barriers, and new pay stations in the Guernsey Airport public car parks was completed in 2017. It has anticipated a new 'oyster card' type system, which allows contactless payment and top-up functions and will give passengers the option of not having to queue at pay stations for parking payment.

Various maintenance projects were advanced in 2017 at Alderney Airport; including reviews of terminal roof, proposals on rebuilding the ATC Tower stairs and work to advance re-cladding of the fire station. Further advancement of the business case for the Alderney runway rehabilitation project was made in 2017. Following a lightning strike in September 2017, which disabled a series of meteorological systems at Alderney Airport, replacement equipment was ordered and installed. Re-Tendering of the Alderney Airport Aviation Fuel supply contract was undertaken with Fuel Supplies CI Ltd being successfully appointed.

Work to streamline the Ports Capital Procurement process and prioritisation advanced well in 2017 with workshops to establishing a priority list across the harbours and airports. These processes have been ratified by the Ports Board. Planning and prioritisation of all our capital investments now apply across the Ports as a whole. This ensures financial and staff resources are targeted into the most appropriate investments.

Further rationalisation of our Ports Management Team occurred in 2017, with a number of managers now working across both Ports, in commercial, managerial and financial roles. These areas will be broadened and deepened as the Ports aim to further consolidate management functions and seeks to exploit economies of scale and best practice across its Airports and Harbours.

The development of a consolidated management structure was further supported by the appointment of a new sub-committee for the Ports in May 2017.

The Ports Board is charged with providing a closer level of attention on a relatively small number of critical items, in particular those with the potential to have the greatest impact on, and risk to, trading asset operations whether financial, regulatory, health and safety, environmental or reputational. The new Board is required to challenge established practices

and assumptions, creating, developing and critically reviewing long term business plans and budgets which are then set before STSB for approval and endorsement.

Customer Service

The Airport's Customer Focus Group leads on initiatives aimed at improving levels of customer service and the passenger's total journey experience in line with the aims of Service Guernsey. The group is proactive in engaging with business partners and the public via regular meetings and surveys, encouraging feedback and making improvements wherever possible. In 2017, the group's initiatives were focused on passengers requiring special assistance and were aligned with a number of the objectives outlined in the States Disability and Inclusion Strategy.

The Hidden Disabilities Lanyard Scheme was launched in December 2017, following its success at other UK airports. The lanyard aims to identify to airport staff that the wearer might need extra support as they travel through the Airport. The Airport's Disability and Inclusion Champion met with various charities and health care providers to gain an understanding of people's needs and support for the scheme. Members of the Airport's Customer Focus Group along with representatives from local charities undertook various training and awareness sessions with front facing staff, security, airlines and handling agents. Guernsey Airport was nominated for the Guernsey Disability Alliance's 'Think Differently about Disability' Award. The aim is expand the scheme to Guernsey Harbours in due course.



Social Media




Guernsey and Alderney Airports continued to consolidate its media presence on Facebook, Twitter, and Instagram platforms. By using these means of communication both Airports have been able to respond quickly to praise, comments, and feedback, and to communicate to a new audience, which may not engage with traditional media, and more traditional means of communication or advertising. Both Guernsey and Alderney Airports are working hard to increase the amount of traffic to these channels, with the aim of boosting air travel, promoting the product on what both Airport's offer, and highlight to our audience what goes on behind the scenes.

Use of social media has proven particularly useful in significant weather events, e.g. fog, snow, and ice. This is also repeated for Guernsey Airport main website, as passengers look to find out what information is available about their flight. March 2017 saw a considerable amount days affected by fog. As a result, these sort of weather events generate more interest and drives traffic to our Facebook and Twitter accounts. The graphs overleaf provide a snapshot of the performance by Guernsey Airport in 2017.



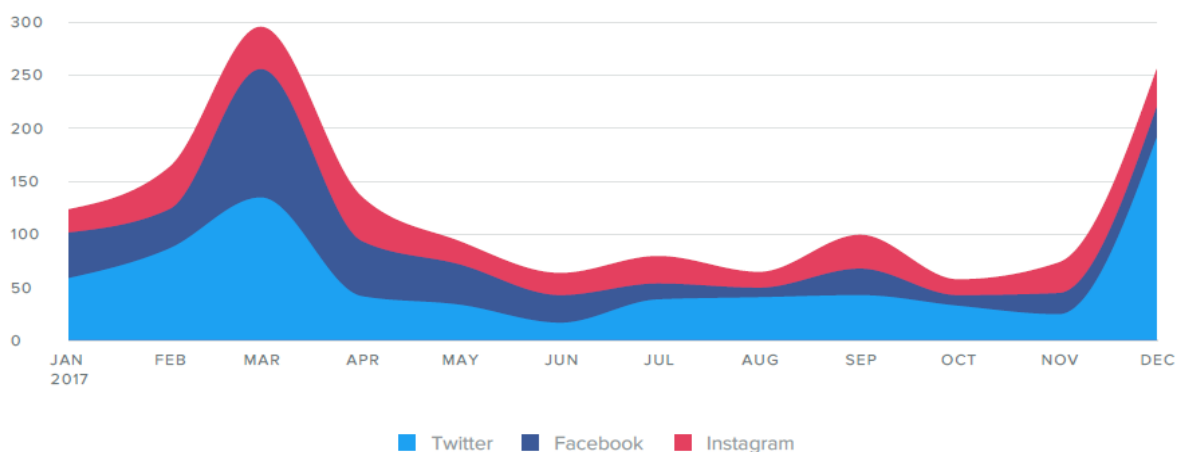
Guernsey Airport – 2017 social media performance

Group Activity Overview

 1.5m Impressions	 25.3k Engagements	 6,566 Link Clicks
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Group Audience Growth

AUDIENCE GROWTH, BY MONTH



Audience Growth Metrics	Totals	% Change
Total Fans	6,833	↗ 28%
New Twitter Followers	734	↗ 19.3%
New Facebook Fans	425	↗ 32%
New Instagram Followers	343	↗ 153.1%
Total Fans Gained	1,502	↗ 28%

Total followers increased by




28%

since previous date range

Source: Guernsey Airport.

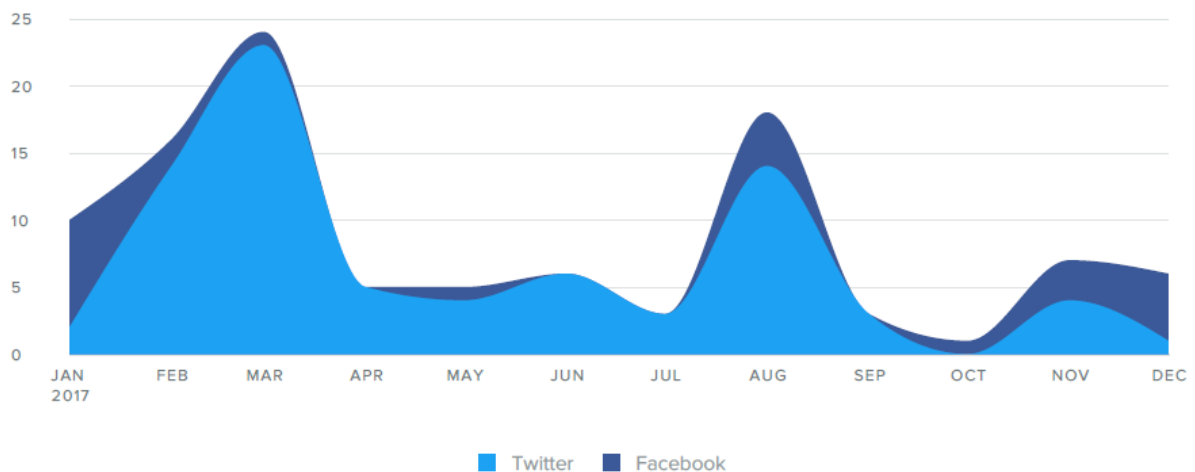
Alderney Airport – 2017 social media performance





Group Activity Overview

 9,101 Impressions	 701 Engagements	 5 Link Clicks
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Group Audience Growth

AUDIENCE GROWTH, BY MONTH



Audience Growth Metrics	Totals	% Change
Total Fans	483	 26.4%
New Twitter Followers	79	 84%
New Facebook Fans	23	 7.6%
Total Fans Gained	102	 26.4%

Total followers increased by

26.4%

since previous date range

Source: Alderney Airport.

Our Key Performance Indicators

Here are some measures of our performance of Guernsey Airport during 2017. The categories we include below will give you a view on our capacity, environmental, safety, delays and cost efficiency when compared to our annual target for 2017.

Capacity

Performance Indicator	Actual	Target
Peak Runway Utilisation (movements per day recorded on 14/09/17)	187	>150
Average Runway Utilisation (movements per day) (38,307 movements / 364 days)	105	>90
Total Aircraft Movements as a % of minimum annual flow control capacity (38,307 movements as a % of 10 per hour x 14.5hrs x 364 days)	72%	>65%

Environmental

Performance Indicator	Actual	Target
Number of Noise Complaints	10	<20
Number of Triggered Noise Alerts that exceed 70db(A) in one hour	6	<10
Total Annual Electricity Consumption (MWh)	2,990	<3,000

Safety

Performance Indicator	Actual	Target
Total Mandatory Occurrence Reports submitted		
-ATS	54	>50
-Aerodrome & Ground	56	>50
Number Full Emergencies in 2017	17	<20
Number Local Standby's	13	<20
Number Ground Incidents	8	<10
Number Runway Incursions	2	<5
Number Fuel Spillages	5	<10
Confirmed Bird Strikes	39	<10
Number of Drones Reported in Restricted Airspace	2	<5
Number of Laser Attacks	1	<5

Delays

Performance Indicator	Actual	Target
Percentage of qualifying departing flights operating within 15 minutes of scheduled time	73%	>70%

Cost Efficiency

Performance Indicator	Actual	Target
Operating Cost per passenger movement (£11,688,544 / 813,595)	£14.36	<£15.00
Navigational Services cost per passenger movement (£4,079,000 / 813,595)	£5.01	<£7.50
Cost of Navigation Services as a % of total costs (£4,079,000 / £11,688,544) X 100	34.9%	<50%



Appendix One – Contact Details

Postal Address: Guernsey Airport, Control Tower Building, Le Villiaze, Forest, Guernsey, GY8 0DS

Tel: +44 (0)1481 237766

E-Mail: airport@gov.gg

Web: www.airport.gg

Postal Address: Alderney Airport, Le Grand Val, Alderney, GY9 3AA

Like, Follow and Share Guernsey and Alderney Airports on Facebook, Twitter, and Instagram.

Appendix Two – Ports Accounts

The 2017 published accounts for Guernsey Ports (including Harbours and Airports) can be viewed online at:

<https://www.gov.gg/article/163885/States-Meeting-on-26-June-2018-Billet-dtat-XVII>