

Access to Public Information Request

Applicant: Nick Mann, Guernsey Press

Date of receipt: 22 October 2018

Date of response: 9 November 2018

Guernsey Airport – duty free extension/security area improvement

Guernsey Airport refused to release the project costs for changes to the departure area on the grounds that it is 'commercially sensitive'. Under the access to information code I request that the cost is released. I would also like to know the proportion covered by Randalls.

Response

The extension of the duty free sales area is being funded by the current concession holder, Randalls. The company was prepared to commit a significant budget to that development, which presented an opportunity to also expand and improve the existing security area.

The improvements have a number of direct benefits to Guernsey Airport and travellers:-

- The enlargement of the security screening area will reduce waiting times for passenger at peak times;
- The additional space provided within the security area will also enable Guernsey Airport to more easily accommodate any additional future screening requirements;
- It provides an opportunity to offer “fast track” access to the security clearing area, for travellers who wish to pay extra for the added convenience of avoiding queuing - but still using the same search lanes as other travellers;
- Duty free shopping is an established element of the airport experience, and provides an important source of revenue to airport operators. By being able to expand the range of products that it offers, Randalls expects to increase sales which will provide additional revenue to Guernsey Airport;
- Randalls effectively competes with duty free offerings of other, larger airports. Any increased share of spend by travellers to/from the island benefits the local economy.

All design and construction costs for both elements are being met by Randall's. The only investment by Guernsey Airport relates to the following items:-

- Installing LED lighting in the new screening area. That is part of a phased programme to replace all existing Terminal lighting to reduce electricity consumption and costs;
- Upgrading the CCTV in the search areas;
- Introducing air conditioning.

These elements were either part of ongoing improvements, such as the installation of LED lighting, or would have been required in due course. For instance, CCTV is having to be replaced as we transition from analogue to digital and existing equipment reaches the end of its working life and can no longer be replaced, like for like. Similarly, low ceilings and multiple items of equipment producing heat made the search area unbearably hot in the summer, and air conditioning will afford a more comfortable environment for all users.

Guernsey Airport is therefore happy to provide the cost being incurred by the airport to carry out these works. That is circa £30,000, which will be covered under existing budgets.

However Randalls' investment is reasonably covered under:-

- Exemption 2.3 - *Information whose disclosure would prejudice the commercial interests of the States;* and
- Exemption 2.13 - *Information whose unwarranted disclosure would harm the competitive position of a third party.*

In deciding that this information was commercially sensitive, a public interest test should have been applied under the code – when was this done? Can I have a detailed explanation of the decision, the documented evidence to support it, to show how the public interest was weighed against commercial sensitivity?

Can you explain how releasing the cost of a one-off project that cannot be tendered again would harm the competitive position of the third party involved? Who requested confidentiality in this case? Why was it agreed?

Response

Before announcing the works, Guernsey Airport liaised with Randall's in the preparation of a news release for local media. It was agreed the investment would not be disclosed, as the company considers that to be commercially sensitive, and might be used by competitors to gain advantage in any future tendering process. It has confirmed that remains its position.

Besides the costs (i.e. £30k) to upgrade lighting/equipment in the secure area, which is routine capital expenditure, there is no public money required. Guernsey Airport therefore considered there to be very limited public interest in disclosing the overall cost of the scheme. That is outweighed by the wider financial benefits that, generally, can arise from such partnership opportunities – and specifically so in this instance.

Was the contract put out to tender? If it was, was this the cheapest bid? If not, why not? If it was not tendered, how can it be commercially sensitive?

Response

The works have been commissioned by our tenant, against a specification provided by the Airport. As long as that specification is met we have no requirement for a third-party to seek tenders.

When will the concession for running the duty free shop be retendered? Has that formed part of the public/private partnership deal?

Response

States Procurement rules allow for variation of contract terms, including lease extensions, to be negotiated without tendering where a more partnership-based approach benefits the States and the public purse. Randalls' investment in the duty free shop is providing much-needed improvement to security facilities at the airport, without recourse to public funds, or passenger or landing charges. It also offers opportunities to increase non-aviation income, which is an important revenue stream to offset other charges.

In return for this investment, Guernsey Airport agreed a five year extension to the company's current lease. It is expected the concession will be tendered again before the end of that lease, which expires in 2029.

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