

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

9th June, 2020

Proposition No. P.2020/32

States' Trading Supervisory Board

Guernsey Airport Hold Baggage Screening System Upgrade

AMENDMENT

Proposed by: Deputy P T R Ferbrache

Seconded by: Deputy J P Le Tocq

To add the following propositions:

- "3. If proposition 2 is not approved, to agree that the project to upgrade the Guernsey Airport Hold Baggage Screening system in accordance with Short List Option 2 (as set out in Table 4) shall be separated into the following two separate phases:
- Phase One being the urgent requirement for the installation of two new baggage scanning machines and replacement of the conveyor system within the footprint of the existing terminal, which has a maximum cost of £5.5million, including a risk and contingency amount of £720,000; and
 - Phase Two being the extension of an area of the terminal building to accommodate an extension to the conveyor system and replacement of the main carousel, which has a maximum cost (at 2020 values) of £7.5million, including a risk and contingency amount of £1million.
4. If proposition 3 is approved, to agree that the cost of Phase One of the Guernsey Airport Hold Baggage Screening system upgrade is funded from a capital vote charged to the Capital Reserve, with a contribution of £150,000 from the Ports Holding Account, and
- i. To approve the sum of a maximum of £430,000, charged to the capital vote for the Hold Baggage Screening System upgrade, to fund all necessary steps for the development of the design stage and proposals for the procurement of Phase One of Short List Option 2; and

- ii. To delegate authority to the Policy & Resources Committee to increase the capital vote for the Hold Baggage Screening system upgrade project, to a maximum of £5.5million including the element of the risk and contingency amount of £720,000 which is considered necessary following the design and procurement stage, subject to the Policy & Resources Committee's approval of a Full Business Case.
5. If proposition 3 is approved, to note that Phase Two of the project to upgrade the Guernsey Airport Hold Baggage Screening system will be submitted as a project for prioritisation, including consideration of a suitable funding source."

Rule 4(3) Information

It is estimated that the splitting of the project into two phases would increase the total project cost, at 2020 values, by a maximum of £1million. This is primarily because the new conveyor system, which would be installed within the footprint of existing terminal as part of Phase One, would need to be modified and extended as part of Phase Two.

Explanatory note

This amendment splits the project to upgrade the Guernsey Airport Hold Baggage Screening System into two distinct phases.

The original single phase proposition provides for an element of future capacity and growth in the number of hold baggage processed at Guernsey Airport, and provides an element of investment in construction activity which would be suited to local companies.

This phased option provides a more scaled and phased implementation. Phase One would see the purchase of two new x-ray scanners, replacement of the existing conveyors and an upgrade to the control system within the footprint of the existing terminal. The existing baggage carousel would be retained.

This phase would ensure that Guernsey Airport can meet the relevant mandated security standard in a short timeframe, however it will not provide any additional baggage processing capacity when compared to the current throughput. Irrespective of any COVID-19 impact, this work would have been urgent and can be considered to be essential to support the efficient operation of the airport and protect the aviation industry, and by extension the tourism sector.

The Policy & Resources Committee advises that *"Although this project has not been*

specifically included within the capital portfolio, it is recognised that there is an immediate requirement to carry out Phase One in order to meet mandated security standards and, given the impact of the COVID-19 pandemic, it is not currently possible for funding to be made available within the Ports Holding Account or to service a loan. Therefore, given the strategic importance of maintaining connectivity for the Island's recovery and, as the review and prioritisation of all capital projects will shortly be undertaken as part of Recovery, the Policy & Resources Committee supports the proposal to fund Phase One from the Capital Reserve."

Phase Two comprises elements of the project necessary if passenger numbers were to increase, as was factored into the project ahead of the COVID-19 pandemic. The long-term impact of the pandemic on air travel demand however, is not yet understood. It could be considered to be premature to commit to this work at this time before the full impact on post-pandemic air travel is understood and the role of travel and tourism as part of the recovery planning has been confirmed. Therefore, this amendment allows for Phase Two to be reviewed and prioritised at the appropriate time in the context of the States' wider portfolio and the Island's recovery strategy and future planning.

It is confirmed that this amendment has the unanimous support of the States' Trading Supervisory Board and the Policy & Resources Committee.