ISLEFACT

REALISING THE POTENTIAL

CASE STUDY- FEBRUARY 2026

VISIONCI

THE CONCEPT

‘It always seems impossible until it’s done!’

The concept of a pan-Channel Islands’ vision was tabled at the start of this decade when we produced a Case Study on the subject. Despite the intervening COVID Pandemic, this initial document only heightened interest in further developing such a vision.

Nearly six years on, the impact of common internal and external challenges facing the CI as a whole set against an escalating backdrop of long-term international and national tensions and events is a daunting scenario.

Consequently, it is unlikely that there will ever be a better opportunity to review a pan-CI approach to the provision of many key public service functions and physical connectivity links.

Therefore, this document now updates the original Case Study. It is designed both to stimulate and open up the constructive debate that has already taken place, and to set out possible next steps’ options for consideration by all interested parties.




CONTENTS

1

BACKGROUND

The question is often asked as to what constitutes the ‘Ideal Island’ in terms of:

- Land area,
- Population level and demographic profile,
- Economic and social infrastructure,
- Government revenue sources,
- Favourable climatic conditions, etc.

This question is impossible to answer but while all islands experience varying degrees of isolation, some island communities have a distinct advantage over others purely because of their critical mass and ability to benefit from economies of scale.

There is clear evidence globally that all islands face major challenges ahead (primarily relating to the funding and delivery of public services) which require long-term strategic vision and financial planning.

However, questions arise as to what island ‘A’ with a population of, say, 15k should possess by way of on-island versus off-island services and infrastructure as opposed to island ‘B’ with a population of, say, three times that number. That infrastructure ranges from the size of the local hospital and medical resources to airport and harbour facilities.

But the most important point to make is that, based on only population levels, island ‘A’ does not necessarily have just a third of what island ‘B’ has available. In many instances, the government of island ‘A’ may well strive to provide similar facilities and service levels as island ‘B’ because its citizens demand the same standards of on-island public services that island ‘B’ nearby already offers.

1. BACKGROUND contd.

These scenarios equally apply to the Channel Islands which currently has an overall population of 170k (the same as a medium sized town in the UK). But unlike mainland towns, the population is unevenly split between a number of island locations only a very short distance apart comprising four separate government structures and population sizes ranging from over 100k down to under 500. In addition, any significant population expansion is becoming increasingly difficult to achieve due to the shortage of land availability.

Total CI public sector operational expenditure is now approaching £2 billion annually. In addition, some very costly capital infrastructure projects are either in the pipeline or on hold (e.g. new hospital facilities and educational establishments, airport re-development/upgrades, etc.).

In comparison with the majority of other island communities of a similar size, the Channel Islands enjoy a high standard of living and are geographically well positioned in terms of connectivity and market access.

On the other hand, the islands are vulnerable in that:

- The economic performance and social infrastructure of the two main islands (Jersey and Guernsey) have been diverging for some time.
- The much smaller islands of Alderney and Sark face real challenges because of their ageing demographics and physical connectivity issues.
- Nearly half the CI economy is dependent upon just one sector - Financial Services. However, the 2008 Global Financial Crisis illustrated how no economic sector is immune to shocks. While the islands came off relatively lightly over the subsequent ten year period, there are always unknown factors which could yet adversely impact that sector once again.
- The private sector has already embraced critical mass and economies of scale in a range of functions across the Channel Islands as a whole. It is primarily the public sector that has still to take advantage of an integration of services on a pan-CI basis.
- Over the next twenty years, there will be a significant increase in the number of people who will reach retirement age. However, those aged over 80 will probably be well in excess of 20k. It is this latter age group which takes up most healthcare resources and, therefore, costs.
- In addition, there will also be an inevitable burden placed on the voluntary care system including more family household units looking after elderly relatives.
- A previous period of real economic and geo-political tensions occurred in the early 1970s when the UK joined the EEC at the same time as a world oil crisis. These events had serious repercussions particularly on Guernsey's economy. However, unlike in the early 70s when the CI population profile was predominantly under 30, thus providing a degree of resilience, it is now approaching 60 and far less adaptable to rapid economic and social change.

1. BACKGROUND contd.

It should be stressed at the outset, however, that the challenges of critical mass and economies of scale are not unique to just the Channel Islands but are common to many other advanced economy island jurisdictions located elsewhere in the world.

In this respect, a number of island best practice examples have been highlighted to demonstrate how critical mass and economies of scale are being applied by some of these island communities and which could equally be adopted in the Channel Islands as a whole.

Consequently, this Case Study is designed to be thought-provoking by setting out the significant issues facing the Channel Islands and then to highlight the potential benefits of 'critical mass' and the application of 'economies of scale' in meeting these issues jointly rather than disparately across the islands.

Finally, as the momentum for innovative change seems to be gathering pace, particularly among younger generations, it is key to set out a possible way forward which would stimulate and embrace pan-island co-operation in the delivery of public sector services including public/private partnerships in the provision of some key essential functions and infrastructure projects.

Above all, this document endeavours to open up objective debate rather than 'spark' inter-island rivalries with competing agendas. It is also hoped that those who say 'the subject is simply too difficult to address' or 'it will never happen in my lifetime' will reassess the project. At the same time, the chosen way forward hopefully will preserve and sensitively take account of each island's constitutional and historical integrity.

NB. Every effort has been made to ensure that the contents of this Case Study are accurate at the time of updating (February 2026).

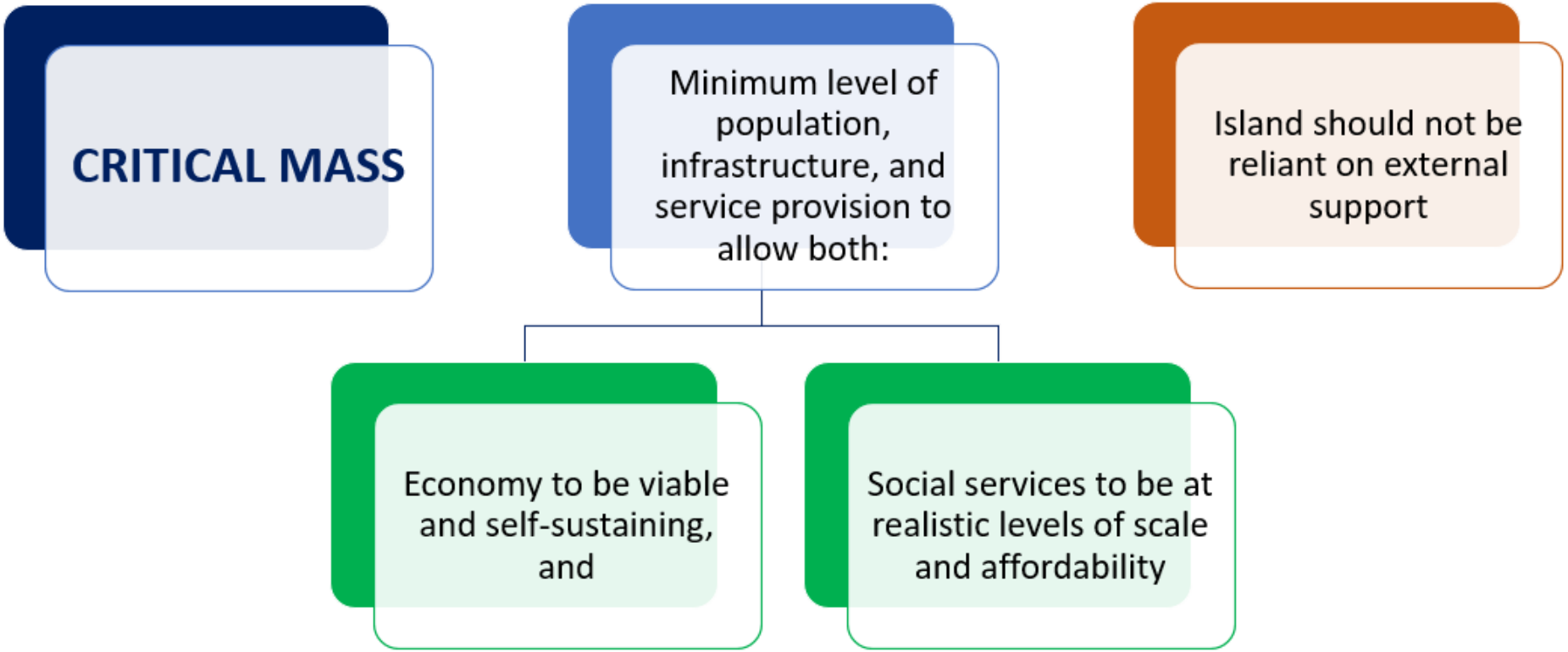
2. ISLAND CRITICAL MASS & ECONOMIES OF SCALE

2. CRITICAL MASS - DEFINITION (ISLAND CONTEXT)

It is important at the outset to define what is meant by 'Critical Mass' and 'Economies of Scale' in an island context.

Critical mass is defined as the minimum level that an island's population, infrastructure and service provision should be in order to allow both the island's economy to be viable and financially self-sustaining, and social services to be at optimum levels of scale and affordability. Above all, the island's very existence should not be reliant on external support from a neighbouring island or country.

When an island reaches this optimum critical mass, a decision needs to be taken on whether it should encourage further, perhaps unsustainable, economic growth to provide for ever-increasing levels of public services with their associated costs or whether it should focus on following a sustainable economics track with affordable on-island services and a balanced society.



2. ECONOMIES OF SCALE - DEFINITION (ISLAND CONTEXT)

As far as 'economies of scale' in an island context is concerned, this describes the advantage that a larger island has in terms of its population size, land area, and economic profile over a smaller island community. In simple terms, the larger the island is, the lower should be its unit costs and the greater should be its competitiveness and efficiency.

There are two main forms of economies of scale - internal and external. Internal economies are, as the name implies, internal to the island itself and controllable by its government. External economies are supported by external factors. These factors include geographic location, 'mother' country or international agency support, etc.

Small more remote island groups simply do not have the leverage to take advantage of external economies of scale. However, these islands can work together and benefit from geographic economies of scale by clustering similar services in one location.

Sometimes an island can over-extend itself in that by chasing economies of scale, its size becomes a disadvantage. This is called a 'diseconomy of scale'. For example, it might take longer to make key decisions, resulting in the island being less flexible to change.

3. KEY CI HISTORICAL LIFE CYCLES

3. KEY CI HISTORICAL LIFECYCLES

A rebuilding of the CI economic and social infrastructure after the end of the Second World War led to a transformation of the islands in comparison with pre-war conditions. The rapid growth in tourism, horticulture and agriculture attracted net immigration made up of both returning islanders and new residents.

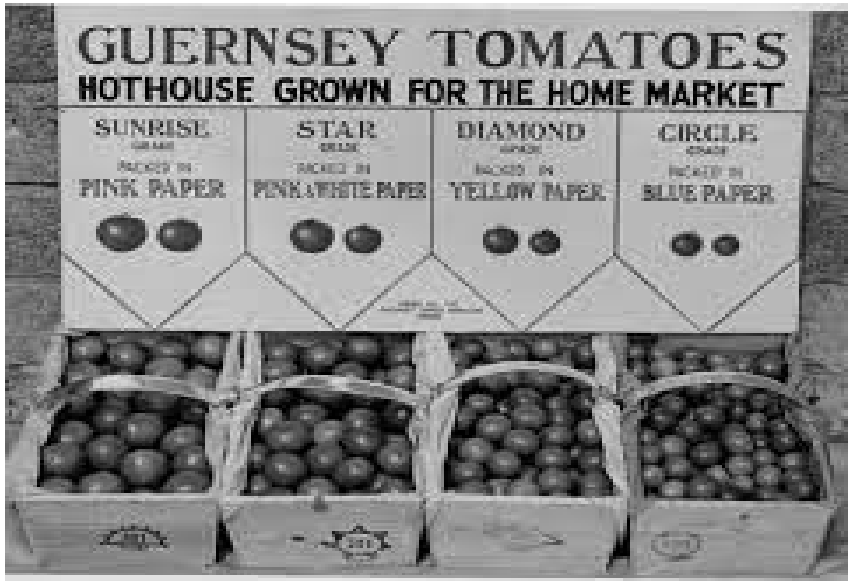
In the 1950s and 1960s, tourism, in particular, benefited from the expansion of the UK domestic holiday market, greater affluence generally, and cheap/free travel options available to British Rail employees and their families. (At the time, UK/CI passenger ferry services were owned/operated by British Rail - a publicly owned organisation). In addition, CI population levels, as in the UK, were also further enhanced by the immediate post-war 'baby boom'.

It was from the early 1970s onwards that things started to diverge economically and socially between the islands. Therefore, 1971 has been used as a benchmark year (immediately prior to the UK joining the European Economic Community (EEC)). This divergence was primarily driven at the time by different economic factors and policies adopted by each of the Channel Islands.

Over the next half century (1971 - 2020), there were some significant milestones which have impacted both positively and negatively on the Channel Islands. The rate of change in population growth between the islands since 1971 can be viewed as an indicator of key economic and social circumstances at a point in time.

A fifty-year timeline chart overleaf (Page 12) sets out these trends by decade and identifies some of the significant influencing lifecycle factors. Certainly, there is every likelihood that such factors will become more frequent and intense during the next couple of decades.

The Watersplash, Jersey



FIFTY-YEAR TIMELINE

1971-1980

Key Factors

UK joins EEC in 1973 - Guernsey's largest economic sector adversely affected by major decline of its UK market due to lifting of tariffs on flower and tomato imports into the UK. This coincides with 1973 oil crisis which saw a threefold increase in oil prices (Guernsey horticulture depended on oil to heat its glasshouses. Holland heated its glasshouse sector using cheap natural gas).

Finance sector develops in Jersey.

CI 'traditional' visitor market under threat from package holiday growth to countries such as Spain, Greece, Italy and other European destinations.

Population Change Jersey +10%
Population Change Guernsey +4%

1981-1990

Key Factors

Finance sector continues to develop rapidly in Jersey and sector starts to look at Guernsey as a base. Having experienced record levels of unemployment, this is welcomed by Guernsey with major population growth as a result of new employment opportunities occurring in this island during the second half of the decade.

Both islands introduce stringent employment control measures to moderate overheating economies and net immigration.

CI tourism continues to find it difficult to compete with the growing overseas package holiday market. Jersey tourism boosted to some extent by the BBC TV 'Bergerac' series which was filmed in the Island between 1981 and 1991.

Population Change Jersey +11%
Population Change Guernsey +10%

1991-2000

Key Factors

The UK Economic recession during the first half of decade as well as monetary crises adversely impacts both islands.

Greater regulatory requirements introduced in the finance sector and other jurisdictions begin to enter the finance sector market attracting business in their own right.

CI tourism boosted by the very low value of sterling versus European currencies. The islands see rapid expansion of the mainland European tourism market with the introduction of many direct flights between the islands and the continent.

Population Change Jersey +4%
Population Change Guernsey +2%

2001-2010

Key Factors

As in other parts of the world, the rapid expansion of the banking sector again responsible for population growth, more in Jersey than Guernsey.

Significant strengthening of sterling adversely affects the islands' European visitor market as does growth of low-cost air transport model which does not encompass CI. This results in a major decline in the number of hotel beds.

While the 2008 financial crisis did not immediately have a negative impact in the CI, the tightening of regulation and the growth in the use of information technology results in a contraction of the sector, and ultimately, of the CI economy.

Population Change Jersey +12%
Population Change Guernsey +5%

2011-2020

Key Factors

Major contraction of CI banking sector, the further tightening of regulation, and the continuing development of IT have significant impact on CI economies. However, product diversification begins to turn round finance sector.

Merger and consolidation of many Guernsey and Jersey based companies takes place with more 'headquarter' emphasis in Jersey. Inter-island air connectivity deteriorates to the detriment of Guernsey economy. Jersey able to embrace low-cost air travel market. Jersey relaxes immigration policy.

Online shopping has a detrimental effect on traditional retail market and employment levels. Guernsey construction sector contracts due to lack of public and private sector building projects.

BREXIT vote and subsequent uncertainties create real challenges for CI governance and economies. Current COVID-19 Pandemic has long-term negative economic and social ramifications on all communities around the world including CI.

Population Change Jersey +10%
Population Change Guernsey +0%

4. CHANNEL ISLANDS

CHALLENGES OF THE 2020s and 2030s

This section sets out some of the primary challenges facing the Channel Islands during the remainder of this decade and into the 2030s and 40s. Of course, there are other issues which have to be addressed from time to time but most, if not all, are common to both Jersey and Guernsey as well as Alderney and Sark.

One thing is clear from previous events and lifecycles. The Channel Islands are now far less immune to external pressures than perhaps they may have been in the past, and the cost of having to deal with a rapidly changing global economic, social and environmental landscape could well be significant if no strategic contingency planning is in place to manage inevitable change.



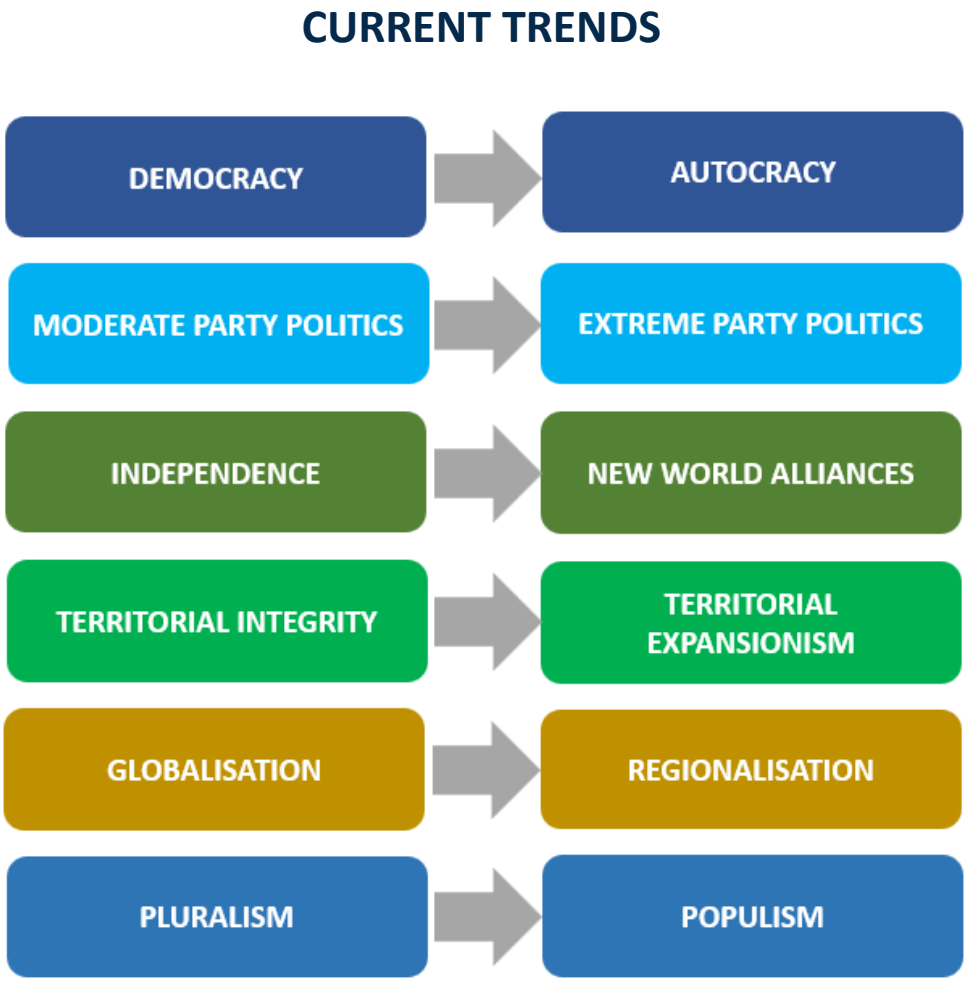
4.1 GEO-POLITICAL TENSIONS & EVENTS

Geo-political tensions and events in all parts of the world are having ever greater impacts on how island jurisdictions plan their affairs in the medium and long-term. At the time of updating/editing (February 2026), the following issues continue to be of significance directly or indirectly to island communities:

- Chinese and Russian foreign policy particularly in the Far East/ Pacific and eastern Europe (including the ongoing war in Ukraine).
- Middle East/North African conflicts and potential escalations.
- Human migration trends worldwide.
- The disruptive intent of the United States' domestic, regional and foreign policy agenda.
- The widening gap in many countries between left and right-wing populist politics.
- A general erosion of the democratic process in many parts of the world.
- Continued human rights abuses in several countries.
- Concerns over cyber security and negative AI advancements.

While it is impossible to predict with any certainty how any of these as well as other issues will pan out over time, they can have destabilising consequences on island administrations not necessarily associated with any particular area of tension.

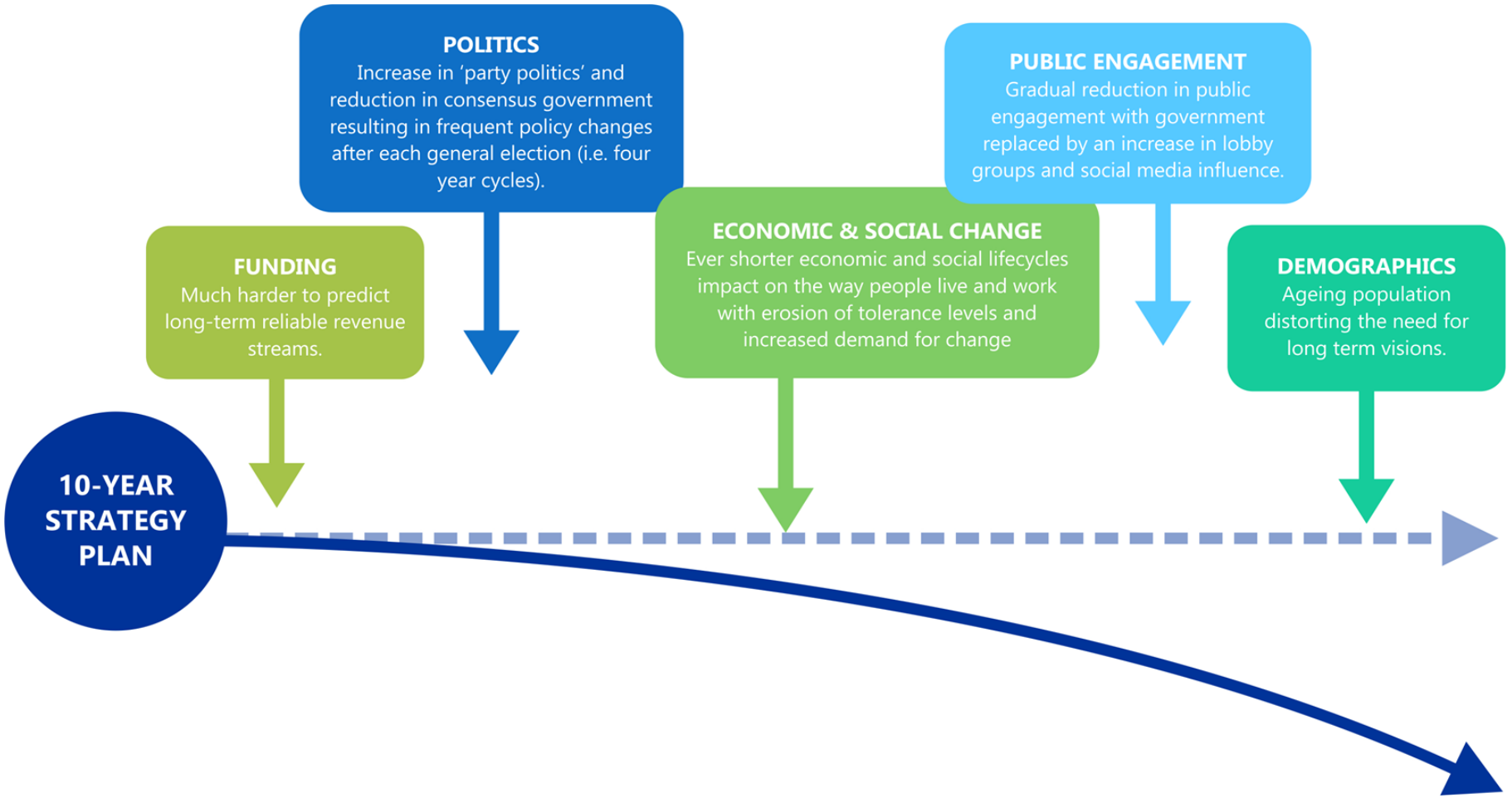
These consequences to a greater or lesser extent have financial, economic and social impacts which, in turn, can materially and rapidly alter the focus of any island long-term strategies in place at the time.



4.2 LONG-TERM STRATEGIC PLANNING

Increasingly, during the last decade or so, the speed of Jersey and Guernsey government decision-making has tended to slow down with risk aversion becoming more the norm. On occasions, this has manifested itself in the production of lengthy strategy and policy documents which, in many instances, have never been actioned.

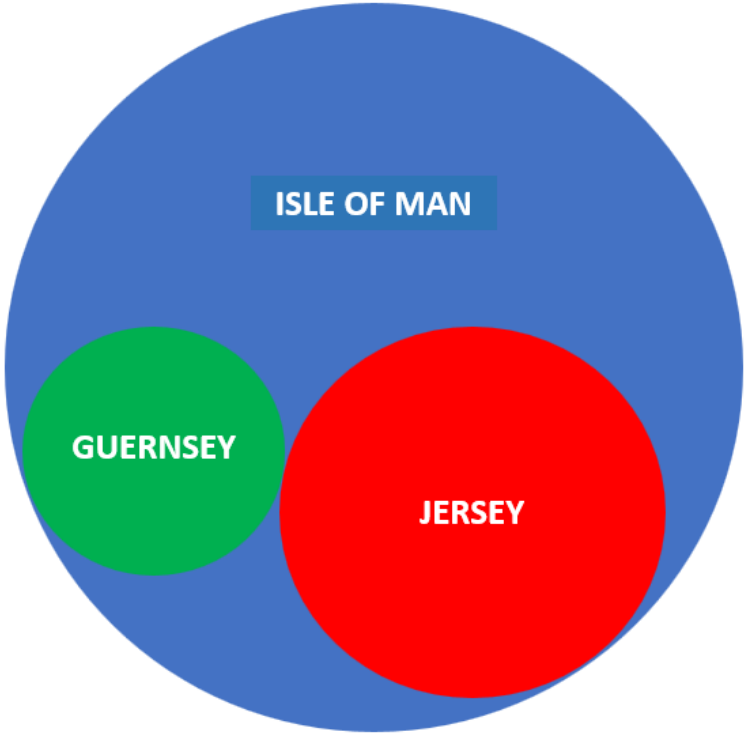
In addition to international and national pressures now impacting more than ever on the effective rollout of island strategies and policies, there are on-island factors (illustrated below) which have already and can also divert/delay the implementation process of any medium/long-term plan.



4.3 LAND AREA & POPULATION DENSITY

For many years now, both Jersey and Guernsey have faced a real shortage of potential land upon which the development of housing and infrastructure facilities can be undertaken within sustainable and environmental parameters.

Taking the three Crown Dependencies, the illustration on the right shows the land areas of Jersey and Guernsey overlaid onto the land area of the Isle of Man (the area of each circle is equivalent to each island's land mass). The chart below also sets out the population density of the four Channel Islands. By comparison, the population density in the Isle of Man is around 380 per square mile.



	Population ('000)	Land Area (square miles)	Population Density per square mile	Population Density per square km
Guernsey	64	25 (65 sq. km)	2,562	985
Jersey	104	46 (120 sq. km)	2,253	864
Alderney	2	3 (8 sq. km)	634	245
Sark	0.5	2 (5.5 sq. km)	250	92

While some land reclamation has been carried out over the last half century in both Jersey and Guernsey, this has been limited and, on occasions, has been met with a degree of opposition from some island residents. However, there are now new challenges in that households post the Pandemic and subsequent energy crisis are seeking greater internal and external living space and energy efficient and well-insulated homes. This is the case in both 'social' and 'demand' housing sectors. Another real and growing problem as a result of the shortage of land is the availability of sites for long-term care home facilities and affordable accommodation for key personnel.

All these challenges are further exacerbated by the rapid escalation in the cost of building materials and the shortage of construction personnel and skilled tradesmen generally. These factors are inevitably contributing to delays in key projects and to a significant increase in house prices and rental costs.

4.4 GDP - IMBALANCE & PERFORMANCE

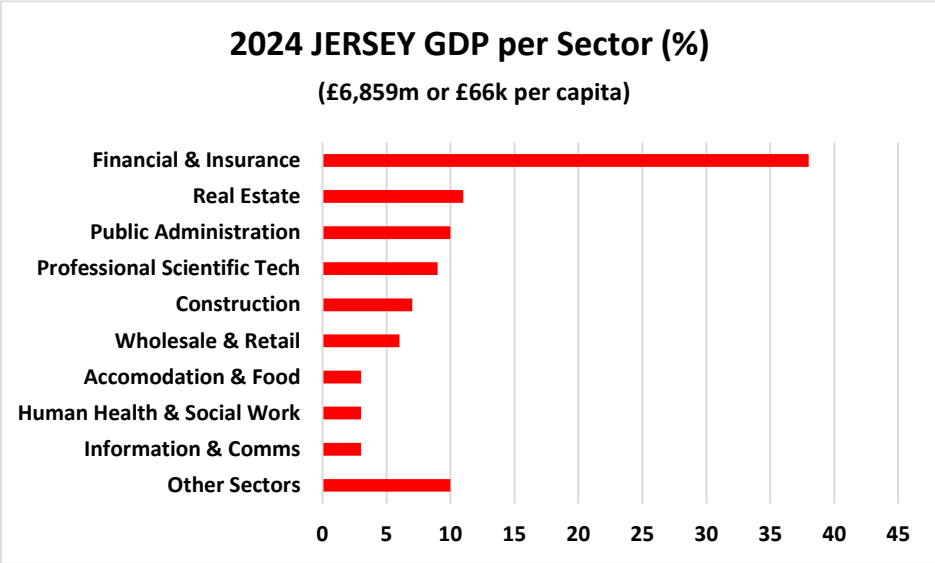
These two charts set out the latest available economic contributions of the various sectors in Jersey and Guernsey to Gross Domestic Product (GDP). *(Sector headings are those used by each island government.)*

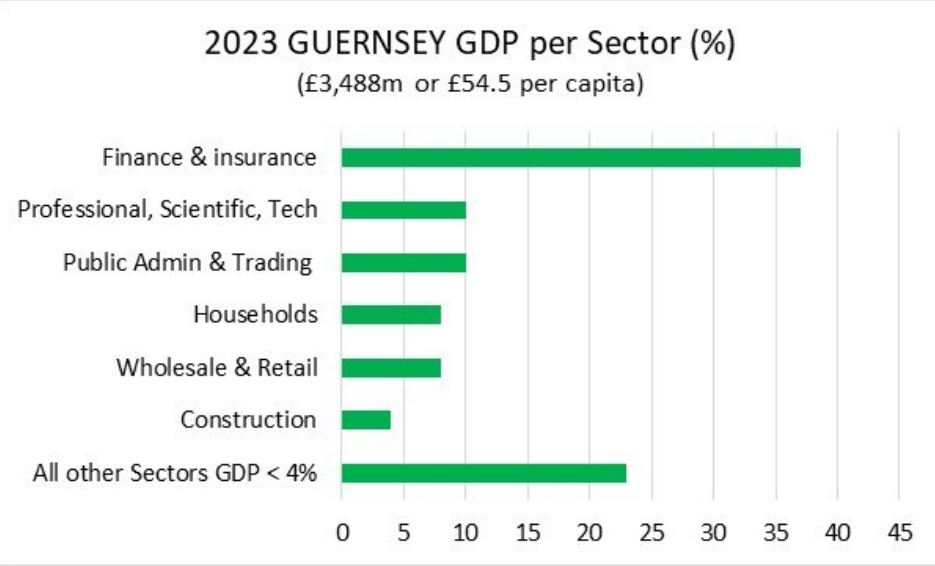
As highlighted earlier, the evolution of the economic and employment profiles of both Jersey and Guernsey have been significant over the past fifty years and now bear little resemblance to what were recorded in 1971 (primarily based on tourism, horticulture, agriculture, as well as manufacturing).

While the current profiles of both islands are broadly similar, they have gradually been redefined as a result of completely different population policies adopted in each island. In addition, the inevitable impact of information technology and artificial intelligence could well see a further divergence of each island's economic base.

Although continued dominance of the financial services sector is reassuring and must be welcomed in terms of value, it is not without potential risks. The 2008 Global Financial Crisis did adversely affect the economies of both islands for a number of years and illustrated how unforeseen events can change the profile of this sector within a short period of time. It should also be highlighted that over the last ten years, GDP in Guernsey has only grown in real terms by 4% as compared to 22% in Jersey.

Finally, the charts highlight the challenges facing both islands if they needed to diversify their economies quickly. However, one thing is clear. No other sector could generate anywhere near the same level of economic and fiscal benefits per capita as achieved by financial services.





Sources: States of Guernsey and Government of Jersey

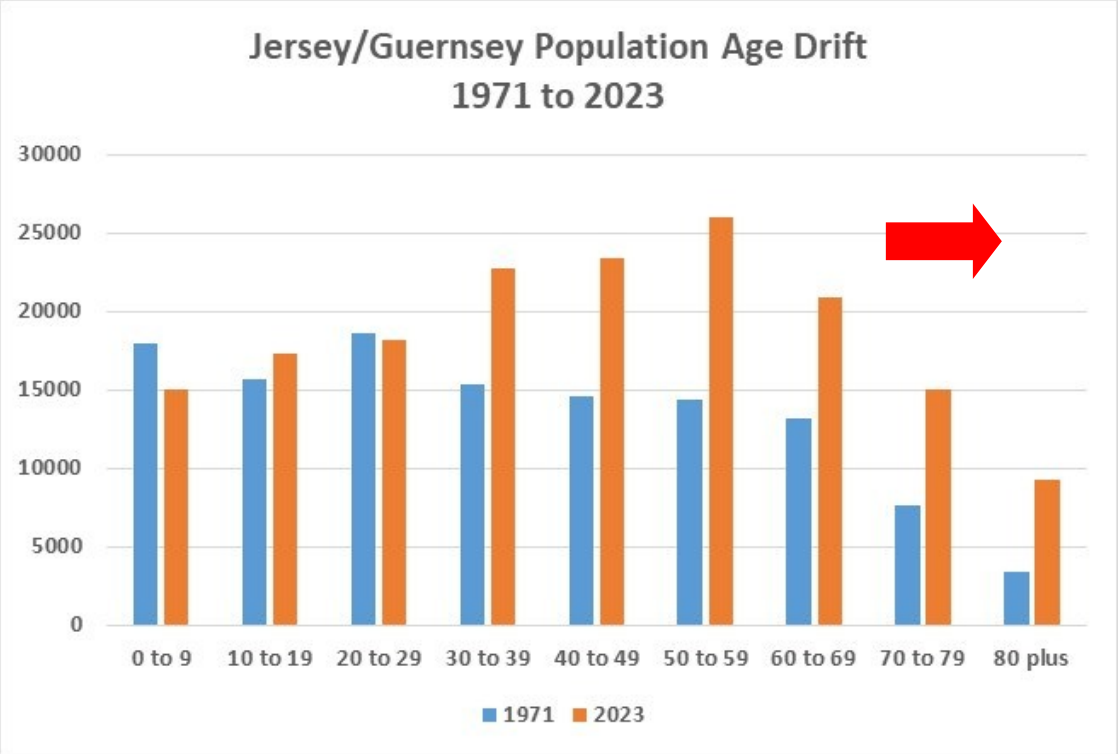
4.5 DEMOGRAPHIC AGE DRIFT

Latest estimates record the Channel Islands' population standing at 170k. This represents a 40% or just under a 50k increase over 1971 levels.

The population distribution between Jersey and Guernsey has also changed significantly with 62% (57% in 1971) of the total now residing in Jersey and 38% in Guernsey (43% in 1971).

Jersey's current population is now 50% larger than it was in 1971 (+34k people) while Guernsey's population is 25% greater (+12.5k people).

There has been no real change in the population levels of Alderney and Sark over the last fifty year period. While the population of both islands did increase during the 1970s and 1980s it declined back to 1971 levels during the last decade or so and has stabilised at around 2k for Alderney and 500 in Sark.



Despite the 25% increase in Guernsey's population since 1971, there are now 2k fewer 0-19 year-olds living in the island than there were half a century ago. This is not the case in Jersey where there has been no real change. On the other hand, the 50-59 age group now represents the peak age band in both islands with 26k people in this age group as compared with 14k in 1971 - an 85% increase.

In 1971, the largest age group in Guernsey comprised 0-9 year-olds and, in Jersey, 20-29 year-olds. There are now three times the number of residents in Jersey and Guernsey who are aged 80 plus (9k as compared to 3k 1971). A further 15k are currently aged between 70 and 79 (7.6k in 1971) - a 94% increase. As far as Alderney is concerned, half the island's current population is aged 60 and over.

Sources: States of Guernsey and Government of Jersey Census Data

4.6 EMPLOYMENT & LABOUR

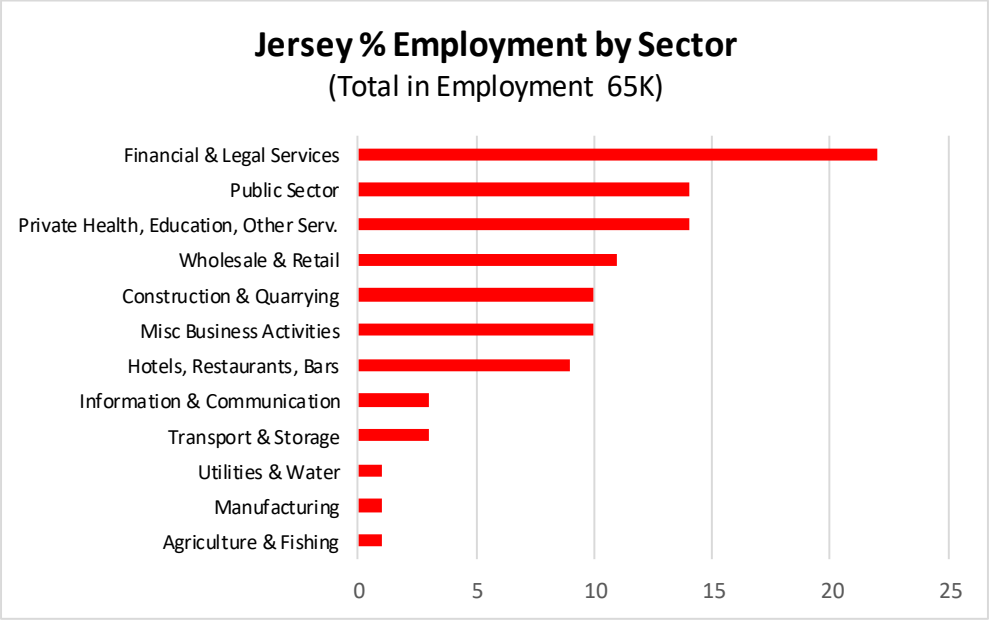
These two charts set out the employment distribution by sector in Jersey and Guernsey. *(The sector headings are those applied by each island and are 2023 percentage figures.)*

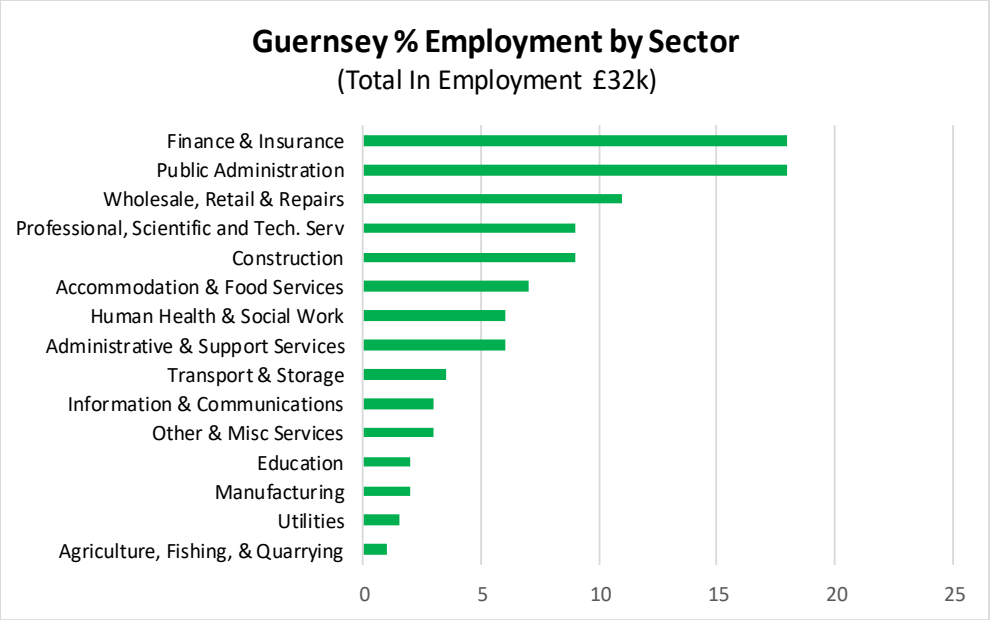
The employment scene worldwide is changing rapidly and the negative impacts are already being felt in the Channel Islands as elsewhere. These include:

- Demographic age drift and early retirement trends,
- Global shortages of skilled personnel in many key sectors,
- An increasing lack of affordable housing in a number of countries (and islands),
- Wage inflation, and
- The rapid advancement and impact (positively and negatively) of artificial intelligence (AI).

Given the external geo-political pressures and economic uncertainties which currently exist and which will probably remain a problem for many years to come, the issues relating to labour challenges which both Jersey and Guernsey face are likely to increase rather than diminish over time.

As highlighted earlier, the lack of land availability and on-island resources (e.g. in the construction sector) further exacerbate the problem and emphasise the importance of addressing critical mass and focusing on economies of scale across the Channel Islands as a whole.





Sources: States of Guernsey and Government of Jersey

4.7 AI ADVANCEMENTS (JOBS)

The adoption of AI in the workplace is expected to result in the potential elimination of a large number of existing jobs. On the other hand, AI will also create new, more fulfilling roles, and education and training will be crucial in preventing long-term unemployment and ensuring a workforce with the required skills.

In a 2024 International Monetary Fund (IMF) article (link below), it was estimated that, in advanced economies (i.e. Jersey and Guernsey), 60% of jobs could be impacted by AI and 40% in emerging economies.

https://www.imf.org/en/Blogs/Articles/2024/01/14/ai-will-transform-the-global-economy-lets-make-sure-it-benefits-humanity

Just prior to the COVID Pandemic, several notable studies were undertaken to assess the impact of automation on jobs. One of these studies was carried out by the UK Office of National Statistics (ONS).

The ONS definition of automation involved the replacement of certain tasks with technology which could include computer programs, algorithms, and robots. While this review is now somewhat dated given the rapid escalation of AI technology since the end of the Pandemic, it set out a comprehensive range of UK jobs by location and the degree of probability of automation in job functions.

In general, The ONS reported that women, young people, and those who worked part-time were most likely to be in roles which had a high risk of automation.

Of those aged 20 to 24 years who were employed, around 15% were in jobs at high risk of automation. The risk of job automation was lowest for workers aged between 35-39 years but then that risk increased from the 40-44 age group upwards.

Other research has revealed that 14% of jobs in OECD countries were highly ‘automatable’ and another 32% could face substantial changes.

It should be noted that predicting the exact impact of AI on the future CI jobs’ market is difficult as it depends so much upon various factors such as the speed of technological advancements, societal acceptance, and policy frameworks in place. While some jobs may be disrupted, new opportunities are also expected to emerge, and the overall impact could be a complex balance between automation and human adaptability and augmentation.

As far as island communities generally are concerned, current indications seem to point towards AI being more beneficial in jurisdictions with developed economies, rapidly ageing populations, and a natural contraction in the active workforce in the short and medium term. However, it does have ramifications on the overall number of people within the Channel Islands as a whole who would be paying tax in the future based on employment income.

4.8 PUBLIC SECTOR INCOME & EXPENDITURE

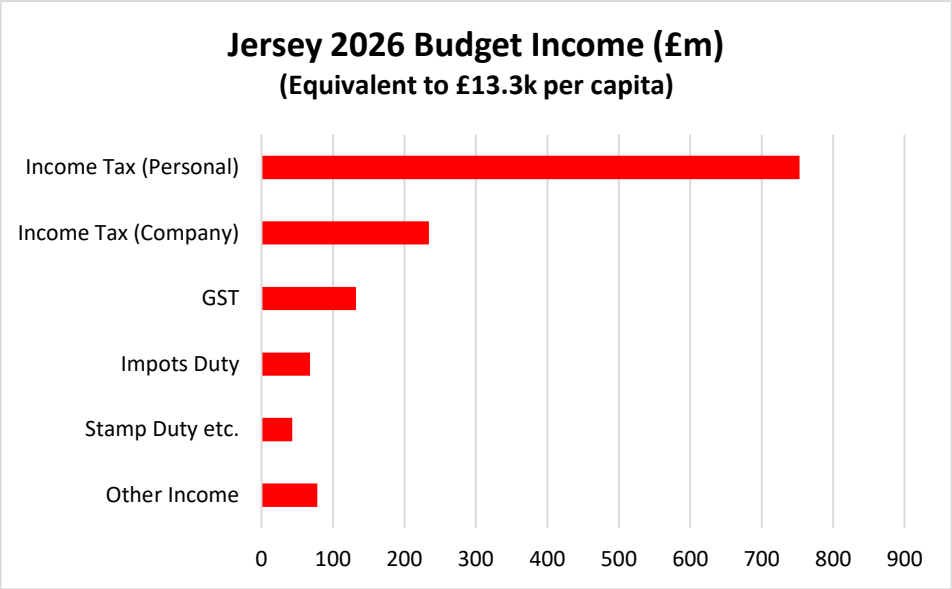
These two charts set out each island's government income sources budgeted for 2026.

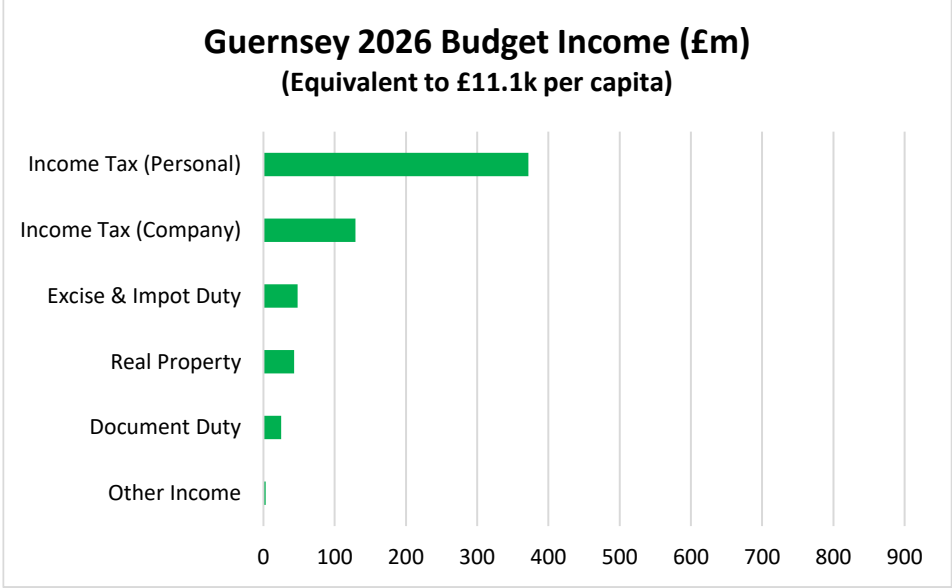
They show how dependent both Guernsey and Jersey are on income tax revenue with Guernsey's dependency standing at 81% and Jersey's at 75% of total revenue. It was in 2007 that the islands decided on a 'zero 10' Corporation Tax policy. However, Jersey also introduced GST at the same time (originally at 3% and currently set at 5%).

When one looks at the total income on a per capita basis, Jersey is estimated to generate approximately £13.3k while, in Guernsey, this currently is over £2k lower per person standing at £11.1k.

Another factor to take account of in terms of vulnerability is the future level of revenue from direct income tax-take. The age drift in each island (Page 18) shows the number of residents approaching retirement age over the next ten years at which point the tax take per household will inevitably drop significantly. This will be at a time when costs, primarily in healthcare, will continue to be increasing in real terms and when higher inflation rates could be more likely because of greater world instability.

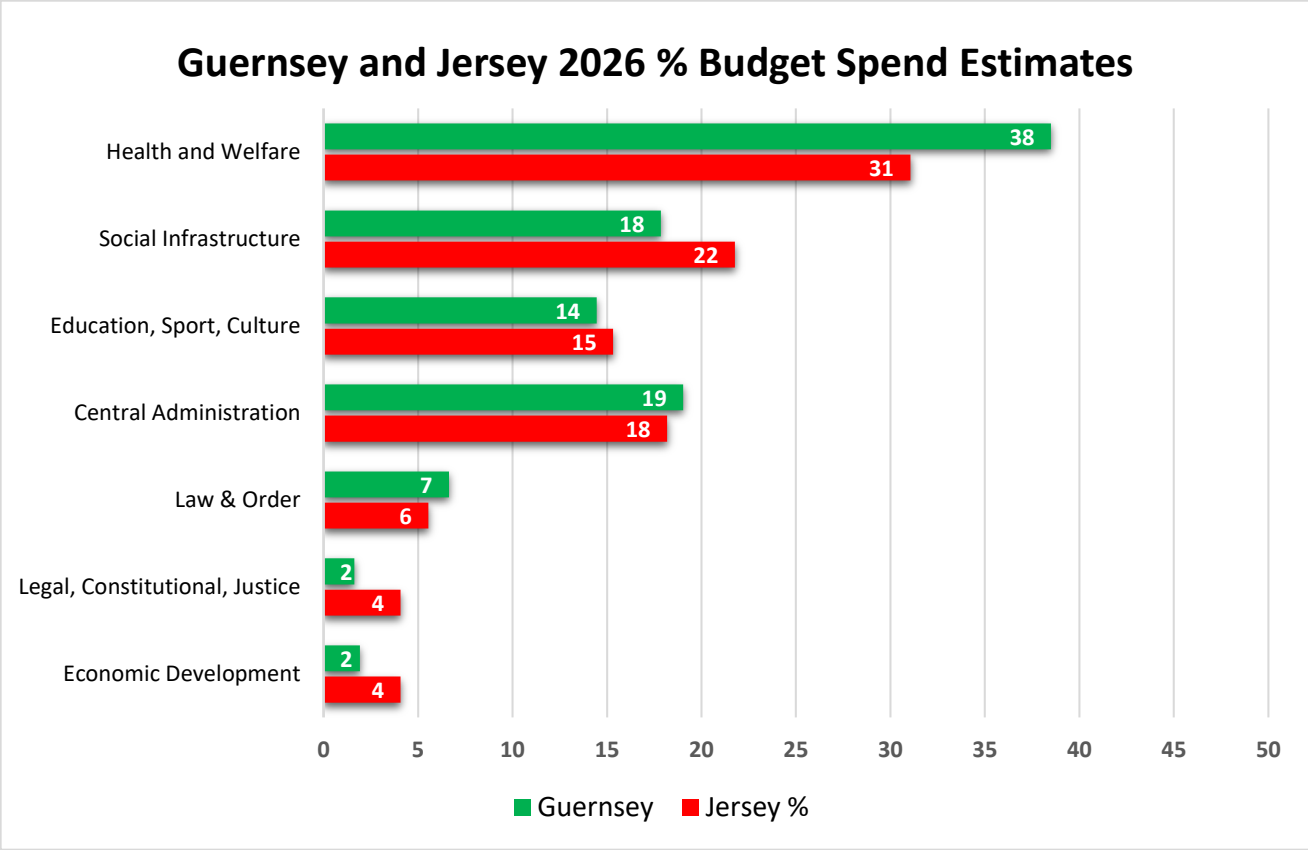
As far as 2026 budgeted expenditure is concerned, the chart overleaf (Page 22) sets out each island's 2026 budgeted expenditure levels. As the budget headings differ between the islands, each island's headings have been allocated under one of seven categories. While there could be some argument over the precise analysis, it should not materially change the percentages as most of the major areas of expenditure are dominated by the primary services common the both island communities (e.g. health and education).





Sources: States of Guernsey and Government of Jersey

4.8 PUBLIC SECTOR INCOME & EXPENDITURE contd.



Spend allocations generated from States of Guernsey and Government of Jersey Budget data

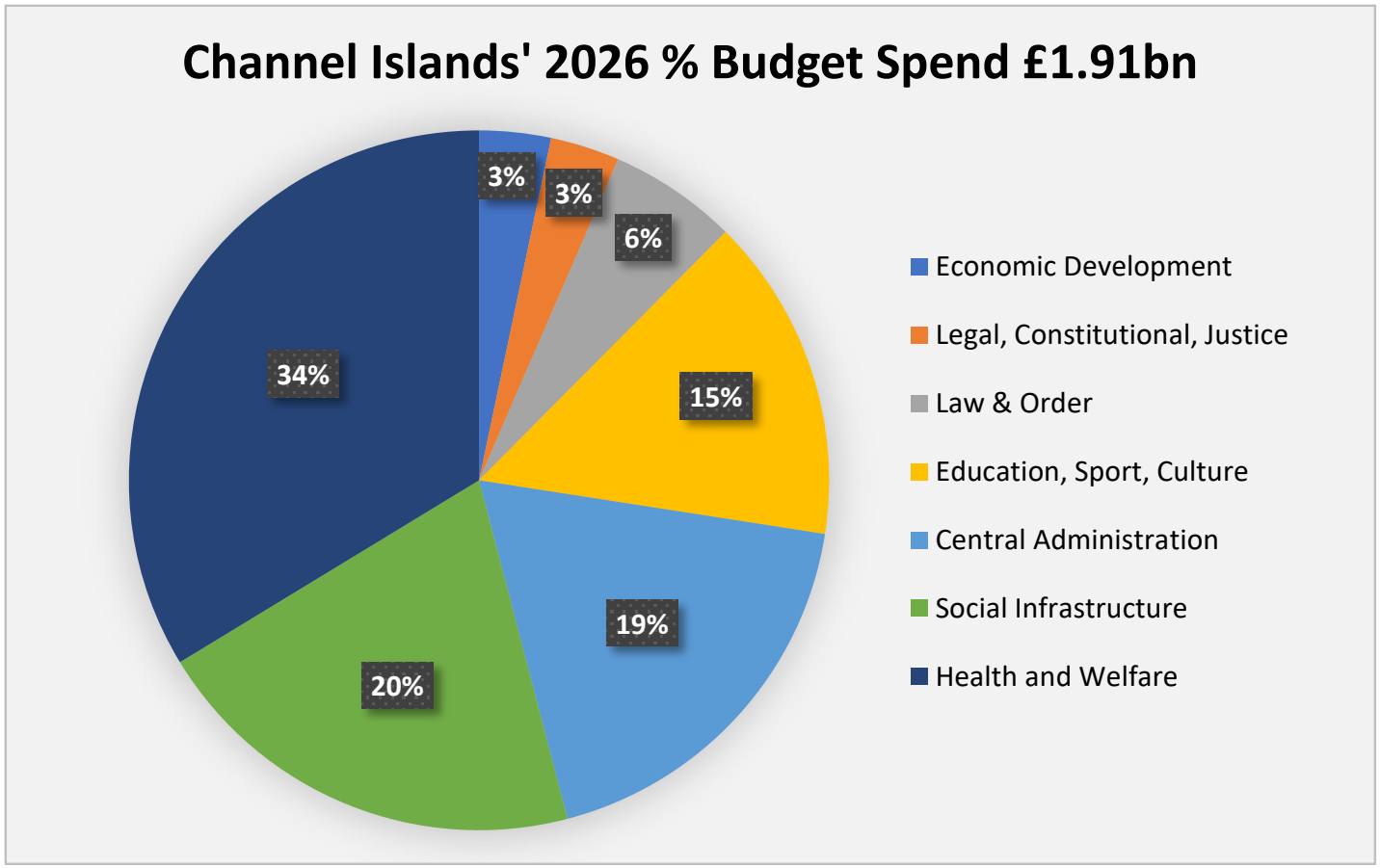
This chart highlights how broadly similar the islands are in relation to 2026 government expenditure commitments to various functions. The main difference is in healthcare which represents 31% of overall expenditure levels In Jersey, while in Guernsey, it now stands at 38%. This is an example of 'critical mass' and 'economies of scale' challenges two adjacent islands have with significantly different population sizes but having to provide minimum on-island facilities to meet similar public expectations (Reference: page 4).

As far as annual per capita operating expenditure levels are concerned, these are estimated to stand at £11.8k in Jersey and £10.3k in Guernsey. In relation to just healthcare, the annual per capita cost in Jersey is currently budgeted at £3.7k while, in Guernsey (inclusive of Alderney), this is at £4k per capita.

4.8 PUBLIC SECTOR INCOME & EXPENDITURE contd.

To illustrate the current level of public expenditure on a Channel Islands' basis, the following chart merges the 2026 expenditure budgets of both Jersey and Guernsey giving a total annual expenditure level of £1.91 billion (1% equivalent to £1.91m).

The trend across both islands indicates an increasing number of cost centres and parallel aspirations on how each island should move forward. These are being separately addressed in the Review Programme now being generated. The funding requirements for capital expenditure projects (not included below) is considerable in both islands and, again, there are common projects between the communities.



4.9 HEALTH & LONG-TERM CARE

The future of public healthcare provision is the 'Achilles Heel' of all western societies. The CI is no exception with the current public healthcare costs now jointly approaching £650m per annum. However, this cost would be substantially higher but for the number of households which have private medical cover as compared to UK.

Statistics are hard to obtain but a common estimate in the UK is that around 6% of the population has such cover. In the CI, given that the vast majority of the finance sector as well as many other employers offer private health insurance as an employment benefit for their staff and family members, it is estimated the CI population with such cover could be as high as 25% to 30% of the total.

The very important point to note is that such employer funded cover ceases in most instances when the member of staff retires. Premiums are age-related and become significantly higher over time for those who maintain private cover into late age. Given the demographic profile of the CI, the number of retirees simply opting out of private care due to affordability and reverting to public healthcare is likely to be significant thus increasing the overall healthcare cost to government. The other major difference between the UK and CI is in primary care where a patient in the CI is already liable for a large percentage of primary health care costs.

However, as already highlighted, if current CI age profiles are projected forwards by twenty years and allowing for mortality averages, it is estimated the number of over 80s in the CI could be in the order of 20-25k as compared to 9k now (a threefold increase). Those over 70 will potentially double - increasing from 22k to 52k.

Therefore, taking account of:

- The age of the population where most health and social service costs are incurred (Nuffield Trust indicated prior to the Pandemic that 40% of the UK healthcare budget was incurred in the 65 and over age group),
- Factoring in the number of people who may well have to revert to public rather than private healthcare at the point of retirement, and
- Real cost inflation in healthcare globally as a result of staff shortages, long-term health challenges (e.g. obesity), and more complex and expensive clinical care treatments,

CI health and long-term care actual costs are likely at least double in the next ten-year period or the equivalent of an additional £650m per annum. This is based on an annual 4% real growth in healthcare plus inflation (Ref. Institute for Fiscal Studies and WHO projections).

Therefore, it makes eminent sense at the earliest possible opportunity to address the critical mass and economies of scale challenges of these functions and review alternative funding mechanisms on a pan-CI basis (e.g. a sovereign insurance scheme).

As already noted, the provision of long-term care home facilities is the 'elephant in the room'. Both islands are woefully short of such facilities, let alone care home personnel, and suitable sites available to build such accommodation now and in the future. Again, this is challenge which should be considered across the CI as a whole.

4.10 CLIMATE CHANGE MITIGATION

The speed at which actions are being adopted to reduce global warming seems to be rapidly slowing down and there was little reassurance at all that this is being addressed following COP30 in Brazil. Jointly agreed actions and targets set at previous COP conferences have already been watered down or amended despite record temperatures now being recorded globally as evidenced by the consequential weather-related natural disasters worldwide.

This 'dilution' is primarily due to the many geopolitical tensions and events currently existing and the ongoing economic and social agendas associated with these tensions. In addition, latest US energy policies all point of a further erosion of previous global climate change targets. Therefore, it is already clear that the primary global warming objective not to exceed 1.5°C by the end of the century will now happen over a much shorter time period with a 2°C plus increase being far more likely.

Consequently, island government climate change priorities and timescales will inevitably have to be revisited and amended far sooner than planned. Focus will need to concentrate on mitigation measures to physically protect island communities from damage caused by inevitable sea level rise and the increased frequency of extreme weather events.

Both Jersey and Guernsey have densely populated areas which are vulnerable to sea level rise and storm surge. Therefore, the capital costs associated with the additional protection of low-lying and heavily populated coastal areas as well as port and other key infrastructure facilities (e.g. energy) will undoubtedly be significant. In addition, such work will inevitably take a long time to plan and then implement.

Notwithstanding the fact that Guernsey and Jersey are financially in a stronger position to introduce mitigation measures as compared to many other island communities, such financial resources are already under considerable strain as well as impacted by other external factors (e.g. inflationary pressures) and internal funding demands (e.g. future health and long-term care costs).

Spring high tide - Guernsey Sea Front

5. POSSIBLE NEXT STEPS

5.1 VISION CI - PRIMARY OBJECTIVES

There are some very clear objectives (as illustrated) to achieve in developing the 'VISION CI' initiative.

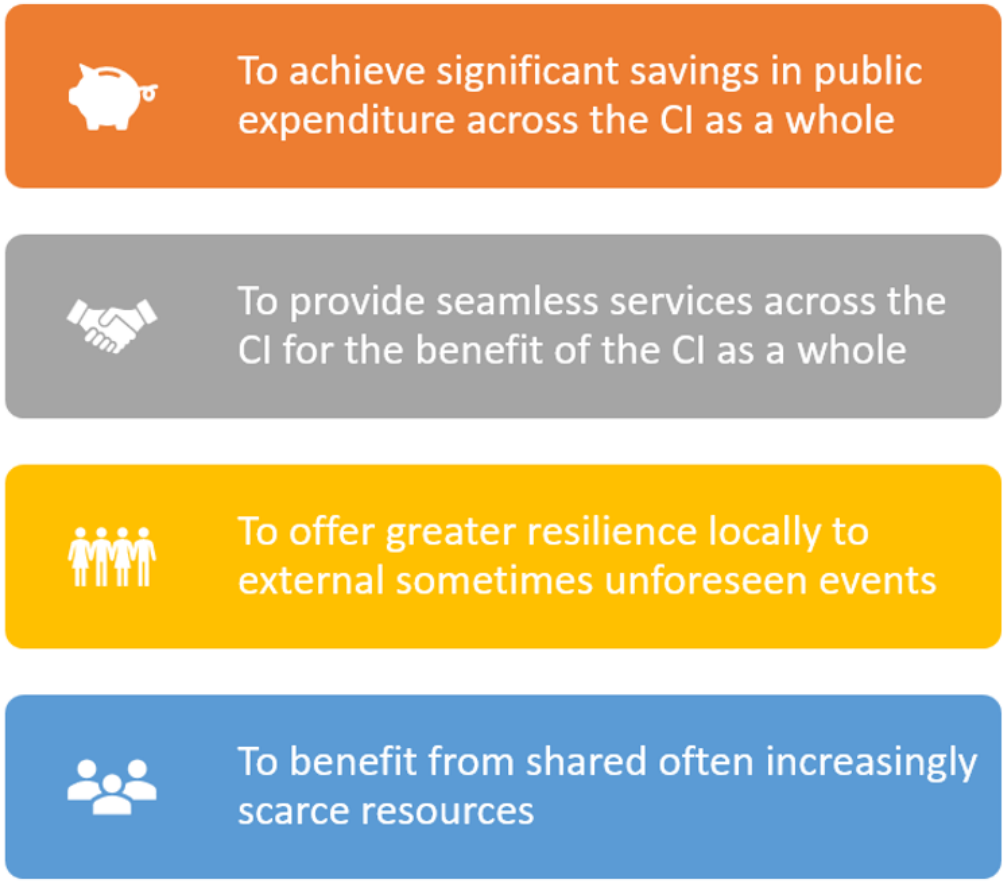
It has been highlighted that the funding of public services presents an ever-increasing challenge. The previous section sets out some of the major threats facing not only the Channel Islands but also island jurisdictions throughout the world and the merging of services on a pan-CI basis should help enormously in mitigating the growth in CI public expenditure now standing at £2 billion per annum.

In addition, there is every likelihood that the UK is going to face severe resourcing issues over the next couple of decades. This is manifesting itself in a number of areas but, particularly, in healthcare provision and the rapidly increasing defence demands as a result of the Ukraine war. Therefore, CI residents may well benefit from more specialised and efficient public services delivered locally on a pan-CI basis rather than having to travel to the UK and rely on mainland services.

As previously noted, external 'game-changing' events are more frequent and will require greater on-island resilience to combat the inevitable repercussions. Taking a pan-CI stance in relation to these events could well be a lot more effective than meeting these challenges on a separate island basis.

Finally, many resources worldwide are becoming scarcer due to increasingly limited and finite reserves or as a result of global conflict and trade constraints. By pursuing a common CI policy, the duplication of services requiring the provision of such scarce (including human) resources should be reduced.

SUMMARY OBJECTIVES



5.2 PRIVATE SECTOR ALREADY EMBRACING CI ECONOMIES OF SCALE

Over the last fifteen years or so, critical mass and economies of scale have already been applied in many areas of the private sector within the Channel Islands. There have been numerous businesses, particularly UK and international corporate organisations which have seen the merit in operating seamlessly across both Jersey and Guernsey and, in some instances, Alderney as well.

However, since the 2008 Global Financial Crisis and the contraction/ recovery of the finance sector in each island, companies have increasingly recognised the financial and business advantages of applying critical mass and economies of scale primarily through:

- a merger of separately owned businesses previously located in one particular island, and
- the expansion in the number of pan-CI companies now operating.

This growing pan-CI trend can now be seen across the majority of economic sectors and mainly in the areas set out in the chart overleaf (Page 29).

In some instances, mergers and acquisitions have occurred out of necessity because of a contraction of market size and/or greater competition, but other factors come into play including:

- a reduction in the frequency of inter-island travel services,
- the growth in the use of IT and artificial intelligence,
- the varying pace of economic development in each island, and
- the need to achieve economies of scale by providing a broader skills base within the organisation and an increase in overall buying power.

However, one resultant trend over the past few years has been the preference for new business to favour Jersey as the CI hub. There are some important factors which have encouraged this to happen such as:

- Better air transport connectivity to and from Jersey,
- Lower cost of travel to and from Jersey,
- More flexible labour/immigration policies in Jersey than in Guernsey,
- A digital transformation strategy introduced in Jersey some ten years before Guernsey, and
- The benefits of a greater land area in Jersey as compared to Guernsey which has enabled a significant expansion of business premises to be built and private household accommodation to be constructed.

A number of marketing functions are still undertaken separately in each island. The three most significant are in tourism, financial services and the attraction of new business and high net worth individuals. While there are synergies within tourism (benefits of island hopping, shared external marketing promotions etc.), very little joint working occurs in the marketing of financial services.

Finally, it should be noted the growth in business being generated within the CI market as a whole by companies based in other parts of the world - a notable example is Amazon.

5.2 PRIVATE SECTOR ALREADY EMBRACING CI ECONOMIES OF SCALE contd.

5.3 LEARNING FROM OTHERS

This section identifies relevant best practice elsewhere in terms of 'critical mass' and 'economies of scale'. There are many examples globally and several of those referred to are drawn from island communities which:

- Are more remote than the Channel Islands in relation to mainland ('mother' country) connectivity and services, and
- Comprise a larger number of islands than the CI and where the actual physical distances and hence population distribution between each island community are a lot further than between Jersey, Guernsey, Alderney, and Sark.

As in any group of islands, inter-island competitiveness is always a factor whether this manifests itself in areas such as local politics, sporting events, tourism product offer, etc. However, there is always the need to work together to ensure both the group of islands harnesses economies of scale as a single entity and various functions are being administered centrally in the most efficient and effective way for the good of the archipelago as a whole.

It should be emphasised that there are other best practice examples particularly in the Caribbean where independent, self-governing island communities located in the same regional area are working together in the delivery of services such as healthcare and tertiary education.

Likewise, 'mother' country support is also a key aspect of centralised service delivery when the island or islands concerned are only a very short distance offshore from the relevant 'mother' country. Excellent examples can be found in France and the Scandinavian countries.

5.3 LEARNING FROM OTHERS contd.

PHYSICAL INTER-CONNECTIVITY

The Faroe Islands' tunnel network which was commenced as far back as the 1960s is an essential economic and social enabler for the community made up of a population of just over 50k.

The latest project comprises a 25km long tunnel connection between Sandoy and the southern-most island of Suduroy. This will then complete the whole inter-island network system and facilitate each island's air and sea transport connectivity with the rest of Europe through one central hub.

The tunnel network has proved to be immensely popular and, above all, profitable even though the construction per capita cost has been higher than similar projects elsewhere in Europe due to the Faroes' small population.

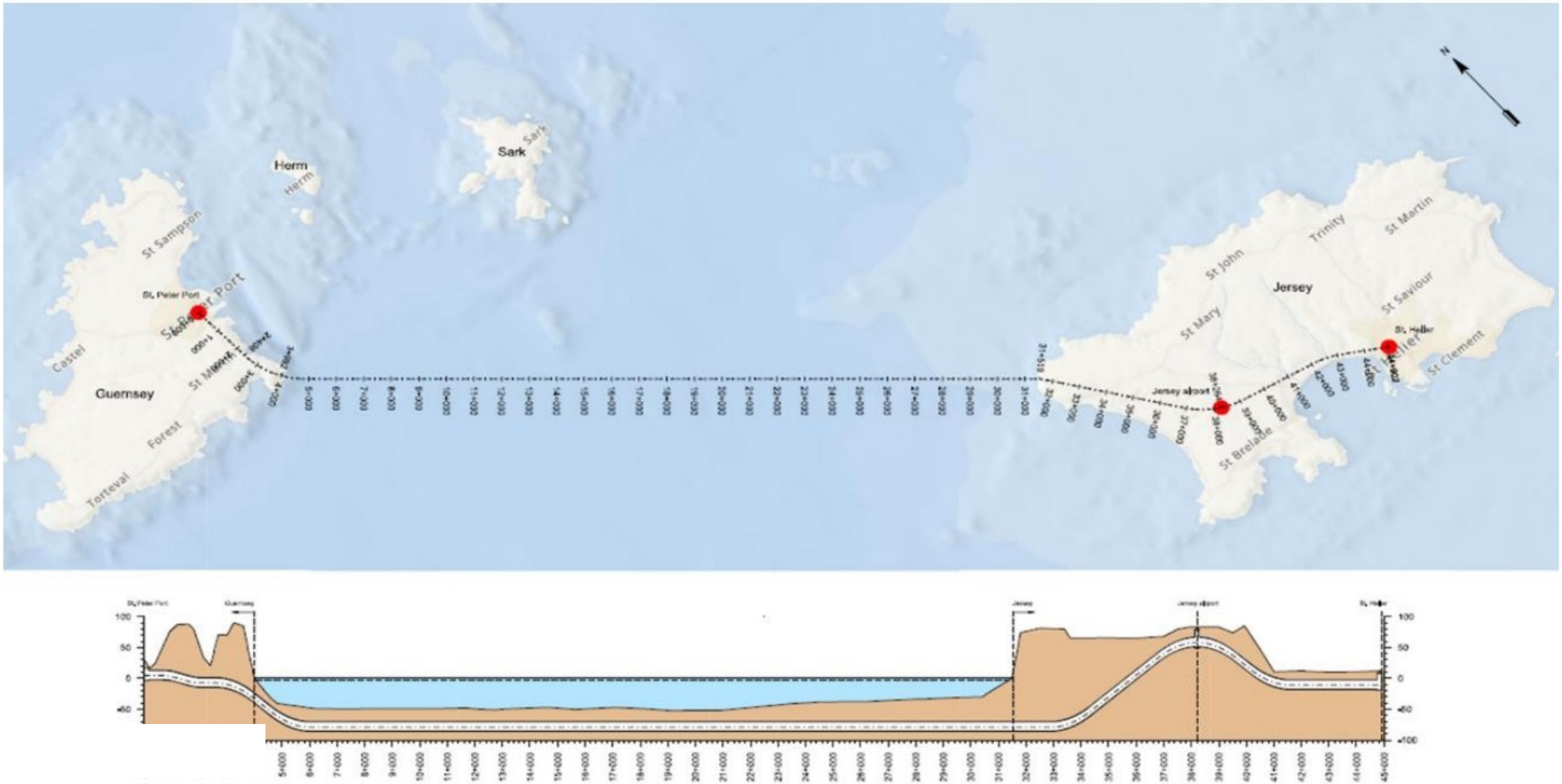
There is currently a total network of 44 km of tunnels (excluding the planned connection referred to earlier). The time taken to travel across the archipelago, which used to take a full day, has been reduced to an hour with nearly 90% of the population now permanently inter-connected 24 hours a day.

In this context, a tunnel connection between Jersey and Guernsey would undoubtedly be a major economic and social enabler for both islands and overleaf (Page 32) sets out a possible option.

5.3 LEARNING FROM OTHERS contd.

PHYSICAL INTER-CONNECTIVITY CONTD.

JERSEY/GUERNSEY TUNNEL LINK



Source: Ramboll

Source: RAMBOLL Bright ideas. Sustainable change.

5.3 LEARNING FROM OTHERS contd.

PHYSICAL INTER-CONNECTIVITY CONTD.

Since the launch of the VISION CI concept, there have been major presentations given in both Jersey and Guernsey over the possibility of an inter-island train link between the islands. These events were very well received and the primary benefits noted at the time were:

- The very short travel time between St Peter Port, Jersey Airport and St Helier. This would be a key benefit for both island communities in terms of connectivity.
- Larger available workforce due a much wider labour catchment area and the more efficient use of key personnel in both the public and private sectors.
- Facilitating easy access between the islands for the enhancement of pan-island public service provision but, particularly, healthcare. The containment of inevitable real cost increases in healthcare provision across the CI as a whole should then become an even more achievable goal.
- The environmental benefits due a substantial reduction in carbon emissions as a result of less inter-island air and sea passenger movements.
- There should be no concerns over the construction and funding of the tunnel which most probably would be a private sector venture (as are many other similar projects worldwide).
- Pan-CI tourism and other economic opportunities and benefits should be opened up if there is also a physical link between Jersey and France.
- More cost-effective air transport services in that Jersey Airport could well become the primary airport hub for all of the islands including direct flights to and from Alderney.

5.3 LEARNING FROM OTHERS contd.

PUBLIC SECTOR DIGITAL DELIVERY

AI is beginning to have a major impact on island public sectors by reshaping how government and public institutions operate, fund services, and communicate with island residents. However, the use of information technology within island public sectors is subject to greater focus and debate which centre around:

- The replacement cost of outdated IT systems,
- The lack of qualified personnel,
- Funding demands,
- Transparency,
- Data sharing and privacy concerns,
- Algorithmic biases,
- Public interface, rollout, and ease of use,
- Ethical considerations,
- Central responsibility and accountability, and
- Key performance indicators.

It is fully recognised that the evolution of digital technologies should radically transform public service delivery in the long-term. On the other hand, very few island government departments are starting with a blank sheet of paper and many find their options limited by having to cope with 'legacy' IT systems.

Replacing these outdated technologies is a complex and expensive task, with risks around service continuity. Meanwhile, maintenance costs, increasing security vulnerabilities, and service delivery constraints of out-dated IT resources continue to grow.

A pan CI approach to address these problems seems to be eminently sensible. AI-driven automation is now streamlining administrative tasks by reducing paperwork and freeing up resources for more strategic functions. The incorporation of chatbots and virtual assistants, albeit controversial, are handling enquiries, providing 24/7 support, and reducing the workload on government department call centres.

Predictive analytics is now capable of anticipating service demand and allocating resources more efficiently. AI-powered platforms are beginning to offer personalised public services and recommendations based on individual preferences and needs.

As far as island infrastructure is concerned, AI (including the use of drones) is supporting many island projects globally in terms of survey work, traffic management, fisheries protection, and environmental monitoring.

5.3 LEARNING FROM OTHERS contd.

PUBLIC SECTOR DIGITAL DELIVERY CONTD.

It should be stressed that the effectiveness of the public sector to embrace innovation varies widely depending upon factors such as specific island government policies in place at the time, available resources, leadership, and organisational culture/vision.

Some island governments and public sector organisations have demonstrated a strong commitment to innovation, implementing new technologies, processes, and policies to improve services and address local challenges.

On the other hand, there are also inherent weaknesses in many public sector organisations which hinder innovation. Bureaucracy, risk aversion, budget constraints, and resistance to change are common obstacles impeding change. That said, there are numerous examples of successful strategies in the public sector.

A number of island governments have launched initiatives to foster innovation. Additionally, public-private partnerships and collaboration with the academic and private sectors are now often leading to lateral-thinking solutions to complex problems.

Finally, one of the most important opportunities is the AI advancement being made in the delivery of health and long-term care. This is very relevant in the effective integration of services across the CI as a whole and the specific benefits for Alderney and Sark in terms of remote diagnostic and home care support.

SINGAPORE BEST PRACTICE EXAMPLE

One of the best examples of incorporating the use of AI into a wide range of government functions, local infrastructure and services is in Singapore.

Singapore is known for its extensive use of technology and AI in various aspects of government administration. The island has implemented initiatives such as the 'Smart Nation' programme which aims to use AI and data analytics to improve services and decision-making in areas such as transportation, healthcare, and urban planning.

Details of the Singapore initiative can be found on the following link: https://www.smartnation.gov.sg/

5.3 LEARNING FROM OTHERS contd.

PUBLIC SECTOR DIGITAL DELIVERY CONTD.

One function which is still very much in its infancy is the use of AI to support island governments in being able to address economic and social challenges.

AI is increasingly being deployed by the private sector in economic modelling to enhance the accuracy and efficiency of economic analysis and forecasting. These models assess large datasets and identify complex patterns which might be missed by traditional models and lead to more accurate predictions of economic indicators such as GDP growth, inflation rates, and unemployment levels.

It is an area which has both positive and negative implications. By utilising AI technology, more accurate projections should be possible on a whole range of economic and social issues affecting island communities. These could provide best and worst scenarios and what could be the most practicable direction for government to take based on the analysis of previous and current data.

There are constant calls for all four island parliaments in the Channel Islands to contract in terms of membership numbers. Therefore, such analysis could open up the possibility of reducing the workload and size of island government in the decision-making process. On the other hand, the question is how much should political aspirations and leanings as well as debate be replaced by strategy formation based on sound historical and current evidence generated by objective AI modelling.

5.3 LEARNING FROM OTHERS contd.

PUBLIC SECTOR DIGITAL DELIVERY CONTD.

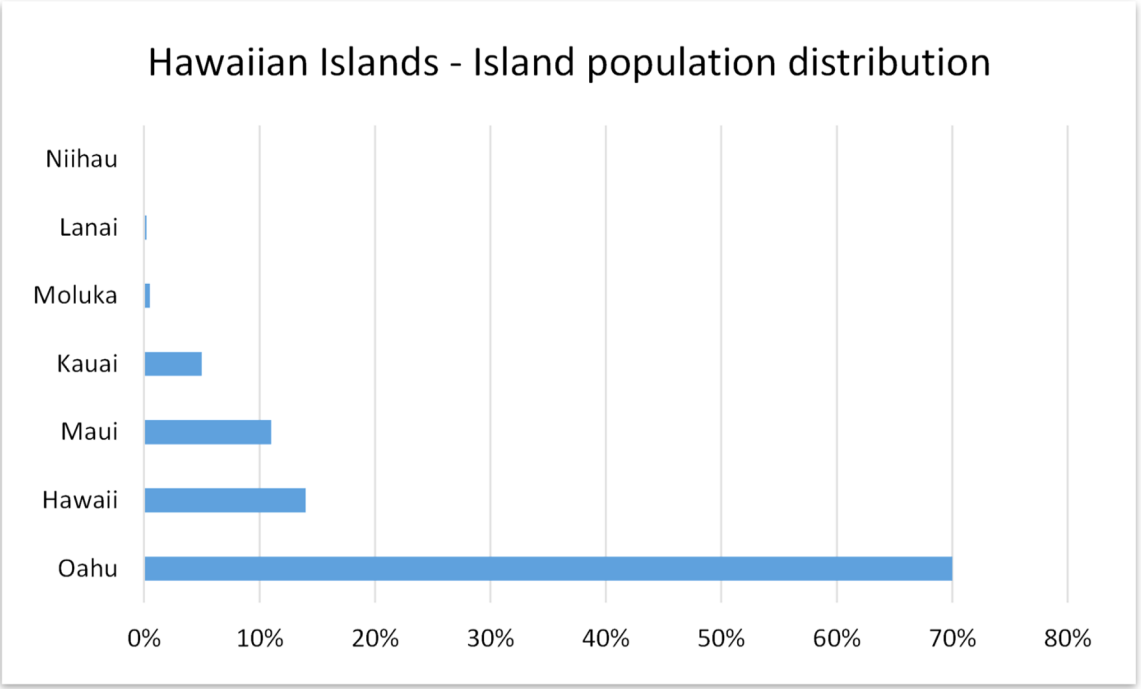
The Hawaiian Islands stretch for over 1.5k miles in the Pacific Ocean (equivalent distance between Jersey and Istanbul) and comprise around 140 islands and atolls, of which only seven are inhabited. The overall population is approximately 1.5m. However, population distribution between islands is heavily skewed as shown on the right.

This presents some real challenges in terms of the effective delivery of public services across such a vast distance. As a result, significant investment is being made in the use of information technology to provide consistent services for all the islands. This covers telemedicine, distance learning, as well as a number of other public service functions such as planning.

A major report was released earlier this decade that focused on the further enhancement and coordinated use of information technology and broadband connectivity.

While the rollout of suitable infrastructure is obviously a key strategy, one of the priority areas is the use of IT across all generations and the provision of 'virtual' and e-training support for older residents.

It is accepted that e-skills are improving in all age groups, but it is also recognised that the pace of change in IT is now accelerating and outpacing any improvements in the levels of IT skills.



Source: Hawaiian Islands Census Data

5.3 LEARNING FROM OTHERS contd.

EDUCATION MODEL - AZORES

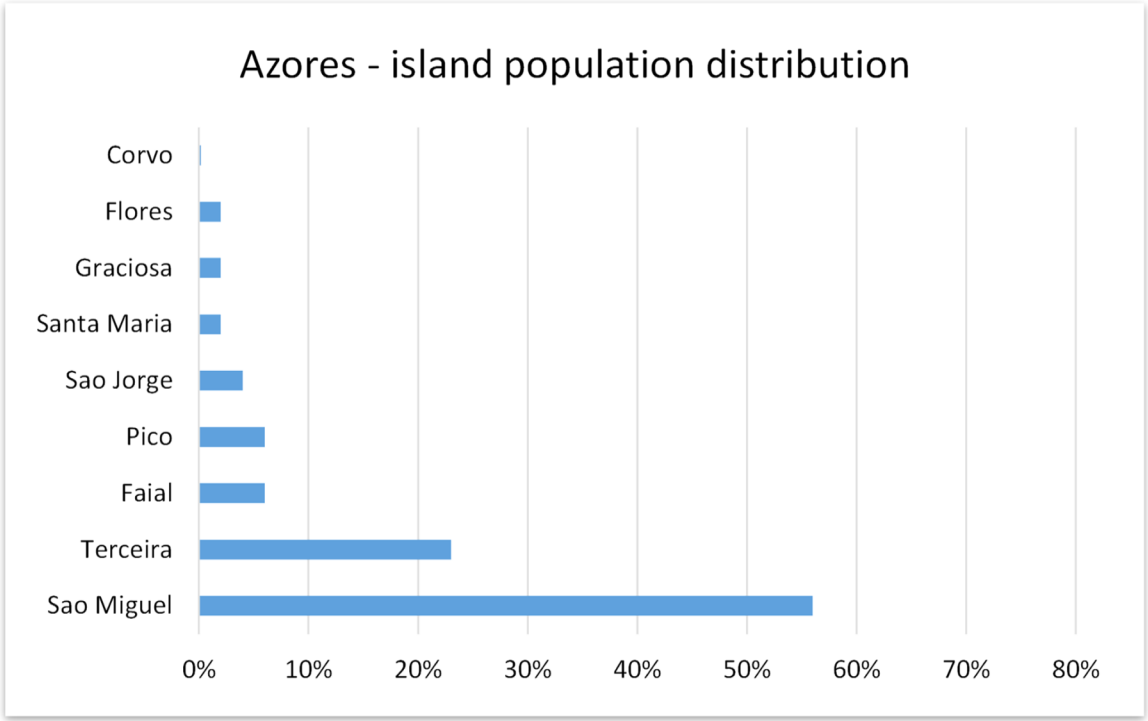
The Azores is a Portuguese archipelago located in the middle of the Atlantic Ocean. Comprising nine islands, the land mass is 900 square miles and the overall population is 250k. For the last forty years, the Azores have been an autonomous self-governing region within the Portuguese Republic. (Mainland Portugal is some 1,000 miles away.)

Island population distribution similarities with the Channel Islands are great. Just over half the population (137k) lives on one island (Sao Miguel) with the next most populated island (Terceira) having a population of 56k. The remaining population is spread over the other seven islands.

While each island has its own administrative infrastructure and local autonomy, one education system applies across all the islands.

In addition, there is a University of the Azores covering all the islands which, since its foundation half a century ago, has played a fundamental role in education and research. This facility offers professional qualifications, and social improvement and intercultural awareness to the residents of all the islands.

In addition, many foreign students now choose to pursue their studies in the Azores and benefit from the academic facilities internationally acknowledged in different fields of work but, particularly, the environment.



Source: Azores Census Data

5.3 LEARNING FROM OTHERS contd.

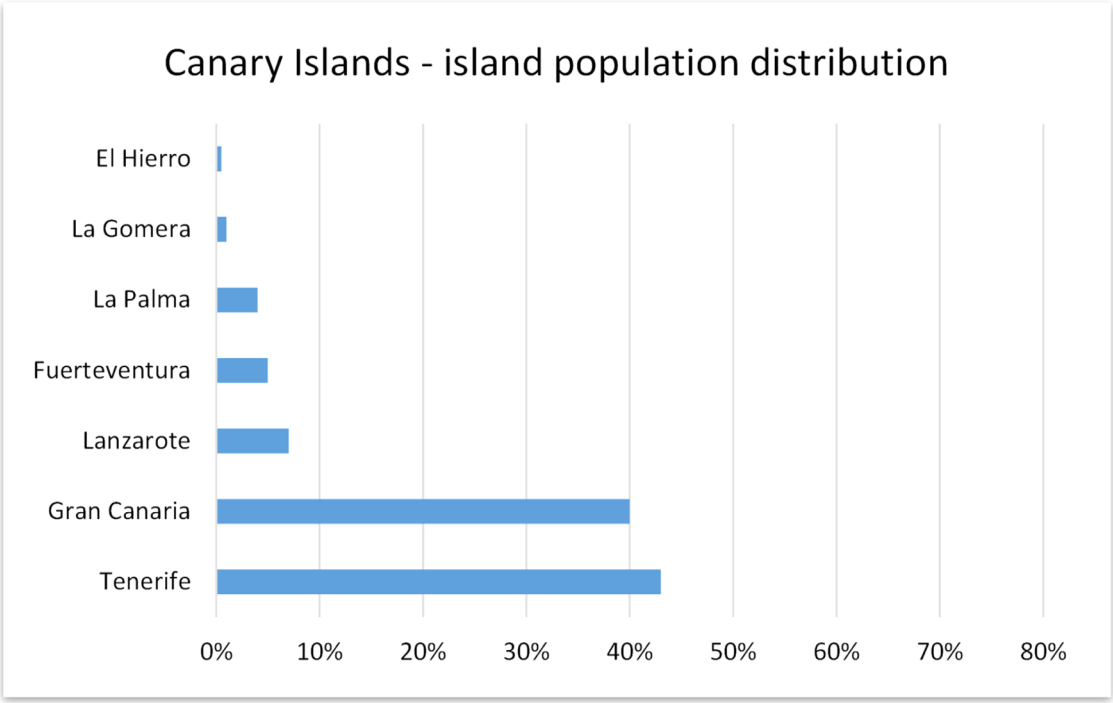
HEALTH MODEL - CANARY ISLANDS

The Autonomous Community of the Canary Islands is spread over a surface area of 35k square miles and, in total, has a land mass of just under 3k square miles. There are 7 main islands and while the overall population is 2.1m, the population distribution between the islands is extreme (as per the chart opposite).

The Community comprises two Provinces - 'Las Palmas' and 'Santa Cruz de Tenerife'. Each of the 7 major islands has an island council. The islands have 13 seats in the Spanish Senate. Of these, 11 seats are directly elected, three for Gran Canaria, three for Tenerife, and one for each other island. Two seats are indirectly elected by the regional Autonomous Government.

Notwithstanding the split constitution and governance of the islands, the most important factor is that there is one autonomous body responsible for health services across all the islands. The islands' health system is arguably among the best in Spain in relation to medical assistance, with a high level of quality in comparison with other EU countries.

Primary care services are offered in primary care districts across all the islands. In each of these districts, there are health centres and clinics delivering primary care to residents. The health administration has a wide network of hospitals and assistance centres (public and private), and its emergency services provide a very high quality of care for all of the islands' inhabitants and visitors alike (approximately 16m visitors each year).



Source: Canary Islands Census Data

5.4 CREATION OF A ‘VISION CI’ FORUM

5.4 CREATION OF A 'VISION CI' FORUM

There are of course many ways in which a VISION CI initiative could be moved to a next stage. The challenge is that each public service is a separate entity, split between two or more islands and requiring specific expertise in the functions that it currently delivers (e.g. Healthcare, Law & Order, Education, etc.). There are also some government functions which are more relevant to how residents in each island run their own lives on a day-to-day basis (e.g. employment policy).

Representation

Therefore, one suggested route forward could well be the creation of a pan-island VISION CI Strategy Forum comprising representatives drawn from each island.

Each potential Forum applicant should be required to submit the reasons why he or she should be a member of the group. Representation from the islands' younger generations should also be a key element of the Forum's constitution.

Professional and advisory support resources would be necessary and this would have to be determined at the appropriate time. The timescale for the review should also be initially agreed .

At the outset, a 'can-do', innovative thinking attitude should prevail with no competing, insular agendas being tabled. Checks and balances would have to be built into the process but nothing should be off the agenda. Consensus decision-making should also be the order of the day.

Funding

The funding of the Forum's executive functions should be equally shared between Guernsey (inclusive of Alderney and Sark) and Jersey.

Mandate

The Forum's responsibilities would be seen as follows:

- Undertaking an objective overview of the various services provided across the CI as whole.
- Assessing the ever-growing number of external threats which, to a greater or lesser extent, will certainly have an impact on the CI over the next two decades or so.
- Identifying on a consensus basis the functions which have the greatest commonality between the islands and which, if administered and funded on a pan-CI basis, would potentially have the most impact in terms of financial, social and environmental benefits as well as efficiencies across the CI as a whole.
- Liaising with relevant island government departments (political and administrative) on a regular basis to discuss possible options (including funding), and interim conclusions.
- Taking account of best practice elsewhere and where a similar approach adopted within the CI would be a positive move.
- Covering the 'micro' issues which are equally as important and which justify joint consideration and co-operation. These common areas include such functions as external affairs, governance, promotion, regulation, etc.

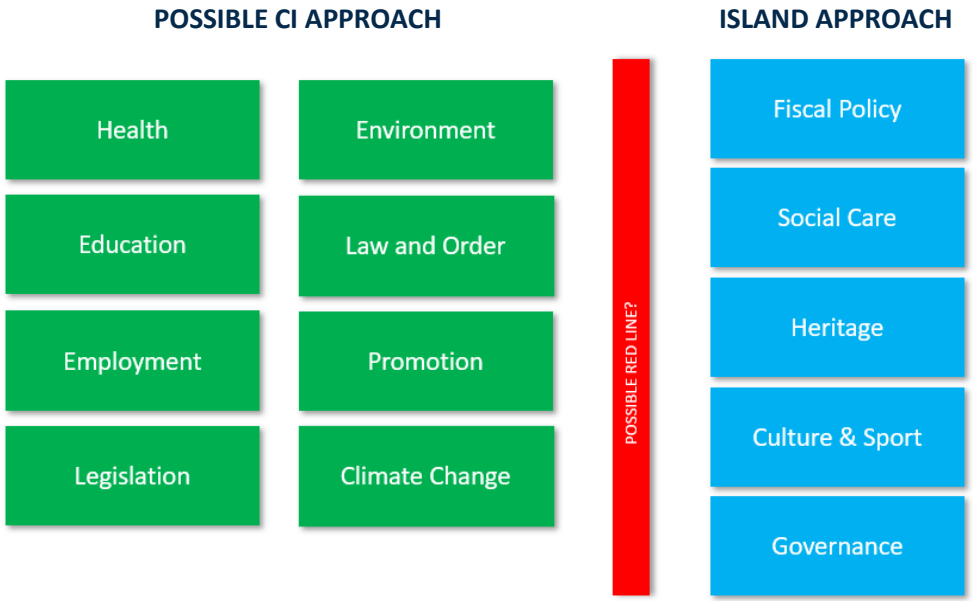
5.4 CREATION OF A 'VISION CI' FORUM contd.

Possible 'Red Lines'

The Forum should also consider where, in the short and medium term, there should perhaps be some 'red lines' drawn between:

- those services considered to be the most effectively delivered on a pan-CI basis (inclusive of procurement), and
- those services which for the time being should remain within an individual island jurisdiction/Bailiwick.

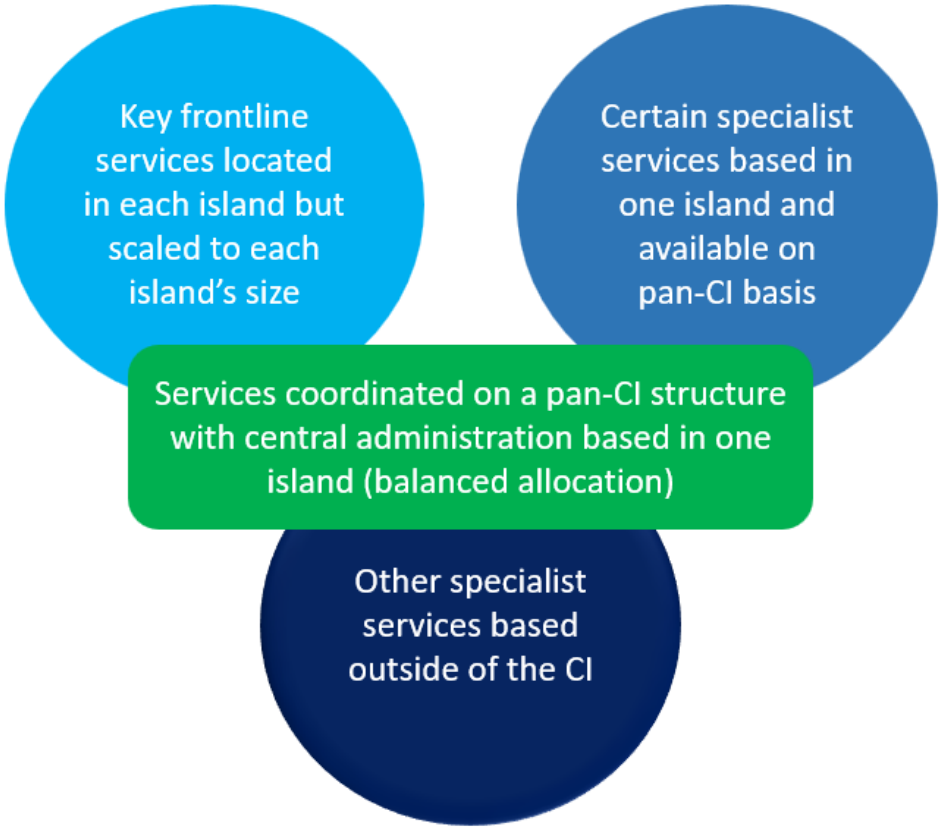
The model below is purely an example of this element of the work:



Possible Service Delivery

Part of the review process would also be to examine how a pan-CI service could be delivered across all the islands.

Again, the model below sets out a possible scenario but there are others depending upon the particular service.



5.4 CREATION OF A 'VISION CI' FORUM contd.

INITIAL FEEDBACK

Since the launch of the VISION CI project, many ideas which embrace pan-CI policy have been put forward for consideration. The following are just four of the most popular to-date but there are several others.

1. Guernsey/Jersey Tunnel Connectivity

The economic, social and environmental benefits of a connecting tunnel between Guernsey and Jersey are potentially considerable particularly in achieving critical mass and economies of scale in the provision of services and the fact that the project could well be funded by the private sector.

2. Pan-CI Flexible Employment Pool

The COVID Pandemic only hastened changes in work practices and lifestyle choices, let alone the growth of artificial intelligence which will impact on all the islands both positively and negatively. Flexible employment and 'skills for the future' are important areas which could be dealt with on a pan-CI basis due to the world shortage of labour generally. A policy of the free movement (physically and virtually) within the whole of the CI of economically active persons should have real benefits.

4. Ageing Population: Meeting Resource Demands

As already highlighted, the number of people aged over 80 in the Channel Islands is likely to nearly treble (from 9k to 20/25k) over the next twenty years.

This will significantly increase health costs in addition to health cost inflation and impact immensely on CI resources as a whole with a real danger of service duplication in each island.

3. Pan CI Delivery of Education and Training

In terms of vision, there could well be a time when the traditional school model will change and the use of remote learning will become the norm with schools gradually being replaced by centres for 'soft skills' training. Such a change would justify a common approach across the Channel Islands particularly in the provision of e-learning facilities. Additionally, the growing shortage of teachers across the islands is not only a local but a national and international problem.

Another factor is the shortage of long-term care facilities and personnel which will inevitably draw economically active residents away from other economic sectors. A pan-CI strategy would be eminently sensible particularly in developing innovative home care and artificial intelligence solutions.

Other areas that have been mentioned include:

- A Channel Islands' 'Law and Order' administration.
- Co-ordinated marketing and promotional strategies in a number of common areas which emphasise the CI as the destination and then the specific strengths of each island location.
- A move to have one CI legislative process in certain areas.

6. KEY CONCLUSIONS

Since the launch of the VISION CI initiative, it has been very interesting to note the positivity shown generally for the project to move forward. Many have been surprised as to how much it currently costs (£2 billion per annum) to run public services across the Channel Islands and, given the escalating expenditure of certain services, this could be well be in the order of £2.5bn by the end of this decade at current values.

There are naturally some who are of the opinion that the VISION CI concept will be impossible to get off the ground because the islands will never agree to go down a joint services route. But this view seems to be very much a minority view.

The world and UK are in a very tenuous position at present and there are no signs that this will improve. Therefore, the islands should be in a much stronger position if they look to the future as one co-ordinated body rather than continuing to adopt divergent approaches to the delivery of public services.

Such a route in no way tries to undermine the unique heritage and identity of each island. However, the initiative should provide greater resilience and stability over the decades to come. The challenge is to get the project off the ground in the simplest and most efficient way.

Over the generations, respective committees in one island have regularly met their counterparts in the other island(s). While this is an entirely appropriate thing to do in terms of exchanging views and understanding each other's policies, in practical terms, that tends to be the limit of such dialogue although, from time to time, some common CI strategies have emerged.

These exchanges have generally not really stimulated open, innovative, back-to-basics thinking. Hence, the creation of a Strategy Forum made up of members with a range of backgrounds and experience with no pre-determined opinions and drawn from all age groups within the Channel Islands' is the proposed direction to take.

Above all, the world is not the same place that it was ten or even just five years ago. Pressures on each of the Channel Islands to remain financially, economically, and socially stable will increase rather than diminish. Consequently, the VISION CI initiative is tabled to address these challenges through innovative but practical solutions as well as to achieve a balanced society.

7. KEY PAN-CI POTENTIAL BENEFITS

Finally, there are many opportunities identified in justifying the VISION CI concept but the primary benefits are seen as follows:

- Rationalisation of a range of public services across all islands leading to a greater ability to resource and deliver specialist services in the future.
- Financial savings/cost containment in the future provision of public services (e.g. centralised procurement, non-duplication of certain key functions, etc.)
- Adoption of common employment (labour demand) policies across all the islands at a time when there is a world shortage of qualified personnel.
- Islands speaking with 'one voice' in the international and national arena.
- A tunnel being a substantial economic and social enabler.
- Capital infrastructure rationalisation (healthcare, education, transport etc.) including the positive use of artificial intelligence on a pan-CI basis (e.g. e-learning and telemedicine).
- Joint strategies in addressing the demographic challenge.
- Joint focus on island internal and external resilience/vulnerability factors (e.g. climate change mitigation).
- Greater use of public/private partnerships in the delivery of key services.
- Chance to diversify the CI economy and, therefore, not have to rely solely on one economic sector in the future.

There is no reason why the Channel Islands as a whole could not be 'fit for the future' and, above all, become a centre of excellence in a number of areas in the medium and long-term.

8. ADDENDUM - AN AI PERSPECTIVE

AI Generated View on a Guernsey/Jersey Tunnel Link

When this Case Study was first presented, artificial intelligence was in its 'infancy'. Time has moved on and the following unedited text has now been generated using AI.

INTRODUCTION

A tunnel connection between Jersey and Guernsey would be a transformative infrastructure project for the Channel Islands, with long-term economic, social, and environmental benefits - despite its high upfront cost and complexity. Here is a detailed analysis of the potential benefits across all three dimensions:

ECONOMIC BENEFITS

Labour Market Integration

- Enables daily commuting between islands.
- Businesses can recruit from a broader talent pool across both islands.
- Eases staff shortages in healthcare, construction, hospitality, and education.

Example: A nurse living in Guernsey could work shifts in Jersey's General Hospital and return the same day - improving staffing flexibility and resilience.

Boost to Inter-Island Trade & Business

- Freer movement of goods, services, and capital.
- Simplifies logistics and reduces freight costs via road instead of air/sea.
- Encourages business consolidation and expansion - joint ventures, shared supply chains, cross-island service offerings.

Tourism Growth

- Easier, faster travel encourages:
  - Day-trippers
  - Multi-island holiday packages
  - Events and festivals attracting inter-island visitors
- Tourism businesses on both islands benefit from larger combined visitor flow.

Property Market Balance

- Improves housing supply/demand balance by allowing more flexible commuting.
- Potentially relieves pressure on housing by enabling residents to live in either island where prices may be lower.

Lower Freight and Travel Costs

- Reduced reliance on air and ferry links - which are expensive and weather-dependent.
- Enables cheaper and more reliable transport of essentials: food, medicine, fuel, construction materials.

8. ADDENDUM - AN AI PERSPECTIVE contd.

SOCIAL BENEFITS

Greater Island Integration

- Strengthens community ties, reducing rivalry and fostering a shared Channel Islands identity.
- Easier inter-island access for:
  - Visiting family and friends,
  - Attending cultural, sporting, and civic events,
  - Cross-island volunteering or education.

Shared Public Services

- Makes shared health, education, and emergency services more viable.
- Enables regional hospitals or specialist schools to serve both islands effectively.

Example: If Guernsey and Jersey share a cancer treatment centre, patients could access it more easily with same-day travel.

Youth and Education Opportunities

- Students could study on either island without relocation costs.
- Opens the door to a combined university campus or vocational college.
- More cross-island school partnerships and exchange programmes.

Emergency and Crisis Resilience

- A fixed link provides critical backup during storms, pandemics, or port closures.
- Enables movement of emergency services, supplies, and equipment in real time.

ENVIRONMENTAL BENEFITS

Lower Carbon Emissions

- Replacing ferry and short-haul flights with electric road or rail tunnel travel reduces greenhouse gas emissions.
- Especially impactful if powered by renewable energy, such as solar, tidal, or offshore wind.

Less Sea and Air Traffic

- Reduces dependency on:
  - Ferry routes (which use marine diesel),
  - Inter-island flights (high emissions per passenger km).
- Lessens marine disruption (noise, pollution, wake damage).

Supports Sustainable Transport

- Tunnel could include rail or electric vehicle lanes, encouraging greener mobility.
- Integration with public transport or bike-sharing could reduce car dependency.

Encourages Regional Planning

- Enables joint environmental strategies, e.g.: Coordinated climate adaptation, Shared waste management, Cross-island rewilding or biodiversity corridors.

8. ADDENDUM - AN AI PERSPECTIVE contd.

SUMMARY OF BENEFITS

Area Benefits

- Economic - Labour mobility, trade growth, lower logistics costs, housing flexibility, stronger tourism.
- Social - Cultural ties, access to shared services, inter-island education, crisis resilience.
- Environmental - Lower transport emissions, reduced sea/air traffic, support for green energy and planning.

Caveats (Briefly) Challenge Notes

- High cost - Likely £1 to 2+ billion; needs private investment or PPP model.
- Geological & Engineering Risk - Unknown seabed conditions, earthquake risk, long build time (8–15 years).
- Political Alignment - Requires deep cooperation and legal alignment between two historically independent islands.
- Economic Risk -Must ensure demand justifies long-term operating costs and debt servicing.

Final Thought:

A tunnel would not just be a transport project, but a nation-building investment - reshaping the Channel Islands into a connected, collaborative regional economy, far better prepared for the demographic, environmental, and economic challenges ahead.

9. ABOUT US

REVIEW PROGRAMME

Unique 'State of the Islands' monthly Reviews are now being generated together with quarterly Special Papers. These are designed to provide expert insights for island policy and business decision-making and clear, evidence-based guidance for policymakers and business leaders.

Each monthly 30/40 page downloadable Review will feature a selected topic, chosen for its significance to island-based organisations. Island best practice will also be highlighted whenever relevant and, over a three months' rolling cycle, a broad sample of islands including the three Crown Dependencies will be referenced. In addition, quarterly Special Papers will be available which will provide assessments of global and regional issues of primary importance at the time and which have a direct impact on islands generally.

Throughout this ongoing programme, attention will also be given to the persistent challenges posed by critical mass and economies of scale, recognising these as constant factors influencing island development and policy.

CPD ACCREDITED SEMINARS

Fully accredited CPD seminars are offered to organisations based in any of the Crown Dependencies. These half-day events cover island resilience and the challenges facing and options open to islands that are dependent upon a single economic sector. Full details can be found at: www.islefact.com/seminars

Located in Guernsey, we have extensive knowledge of and practical experience in how islands operate globally. This enables us to offer a range of research and consultancy services on a retained or project-by-project basis.

To find out more about our services, please go to: www.islefact.com

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