An Roinn Iompair
Department of Transport

COVID-19 Regional State Airports Programme

2021

Contents

Part 1 – The Programme

Background

In recognition of the devastating effect of COVID-19, Government has approved Exchequer funding of €32.1m to the regional State airports of Cork and Shannon in 2021. The funding will be administered in line with this Programme, which has been designed in line with national policy on funding to regional airports and State aid rules.

The aim of the Programme is to help Cork and Shannon Airports to maintain compliance with the EU's safety and security related obligations while the aviation market recovers from the impacts of COVID-19. The Programme will also encourage these airports to take account of sustainability objectives and to build resilience against the likely impacts of climate change.

This Programme has been designed in line with State aid rules, namely the EU's General Block Exemption Regulation (GBER)[1]. These rules place limits on the amount of aid that can be given to airports in respect of their 'economic' projects or activities i.e. those that give an economic return to the airport. The Programme supports capital investment of an economic nature under its CAPEX Scheme.

Thresholds of support for non-economic activities, such as air traffic control, police, customs, security and fire services, can be determined at a national level. These are considered to fall within the **'Public Policy Remit (PPR)'**. Most capital investment that is necessary to perform such activities is also considered non-economic. Grant aid for non-economic investment and operations are being provided under the PPR Schemes of the Programme.

Accordingly, funding will be provided to Cork and Shannon Airports under the following Economic and Non-Economic Schemes:

Category	**Scheme**	**Aid Intensity/Levels of Support**
Economic	Capital Expenditure (**CAPEX**)	Up to 50% support for investment projects in line with GBER
Non-Economic	Public Policy Remit Capital (**PPR-C**)	Up to 90% support for projects in line with national policy
	Public Policy Remit Operational (**PPR-O**)	Up to 100% support for activities in line with national policy

Of the €32.1m that is available under this Programme in 2021, €16.5m is allocated to the capital schemes (CAPEX and PPR-C) while €15.6m is allocated to support operational activities (PPR-O). As above, the Programme's schemes and funding thresholds have been determined by national policy objectives and designed to comply with the GBER.

[1] The GBER - https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02014R0651-20200727&from=EN#tocId12

EU Framework and Rules

General Block Exemption Regulation (GBER)

The GBER or Commission Regulation (EU) No 651/2014[2] declares that certain categories of aid are compatible with the internal market. Regulation (EU) 2017/1084 (henceforth referred to as the '2017 Regulations') extended this exemption to include aid for airports.

Ireland's COVID-19 Regional State Airports Programme is designed in line with:

- the general provisions of Regulation 651/2014 (Chapter 1) in conjunction with the 2014 Guidelines on State aid to airlines and airports[3] (henceforth referred to as the '2014 Guidelines'); and
- the conditions attaching to investment aid in Article 56a of the GBER as inserted by the 2017 Regulations

EU Rationale for Investment Aid (CAPEX) to Airports

Capital funding or investment aid for projects of an economic nature is referred to as CAPEX. Such funding provides an economic return to airports and is therefore governed by State aid rules.

Investment aid to regional airports can improve both the accessibility of certain regions and local development and can contribute to further economic growth and objectives of the EU in line with the priorities outlined in the strategy, Europe 2020.

The 2017 Regulations assert that the competitive impact of an aid measure depends mainly on the size of the airport (by virtue of the number of passengers handled on an annual basis) and not on the amount of aid. Accordingly, once certain conditions are fulfilled, investment aid to regional airports will not give rise to undue distortion of trade and competition and no pre-grant approval is required by the Commission.

The conditions for the exemption of investment aid from the notification requirement, which are set out below, are aimed at limiting distortions of competition that would undermine a level playing field in the internal market, in particular by ensuring the proportionality of the aid amount.

Investment Aid to Airports – Overview

In order to be proportionate, the investment aid in this Programme is required to fulfil two conditions;

- The aid intensity should not exceed a maximum permissible aid intensity, which varies according to the size of the airport.

[2] Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0651&from=EN

[3] Communication from the Commission - Guidelines on State aid to airports and airlines (2014/C 99/03) https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52014XC0404(01)&from=EN

- The aid amount should not exceed the difference between the eligible costs and the operating profit of the investment.

For airports with less than 200,000 passengers per annum, investment aid is only required to fulfil one of these conditions.

In line with the 2017 Regulations, State aid compatibility conditions should always ensure open and non-discriminatory access to the infrastructure. Furthermore, the exemption does not apply to investment aid granted to airports located in the vicinity of an existing airport from which scheduled air services are operated, because aid to such airports is considered to entail a higher risk of distortion of competition and must therefore be notified to the Commission. The only exception, in these circumstances, is aid granted to very small airports (i.e. with up to 200,000 passengers per annum). It is considered unlikely that aid to such airports would result in a significant distortion of competition.

Investment Aid to Airports – Specific Conditions

The GBER provides that investment aid to an airport shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided the common provisions of Chapter 1 and the specific provisions of Chapter 3 (Section 14) are fulfilled, namely paragraphs 3 to 14 of Article 56a (inserted by the 2017 Regulations):

Paragraphs 3 to 14 of Article 56a of Regulation 651/2014

3. The airport shall be open to all potential users. In the case of physical limitation of capacity, the allocation shall take place on the basis of pertinent, objective, transparent and non-discriminatory criteria.
4. The aid shall not be granted for the relocation of existing airports or for the creation of a new passenger airport, including the conversion of an existing airfield into a passenger airport.
5. The investment concerned shall not exceed what is necessary to accommodate the medium-term expected traffic on the basis of reasonable traffic forecasts.
6. The investment aid shall not be granted to an airport located within 100 kilometres or 60 minutes travelling time by car, bus, train or high-speed train from an existing airport from which scheduled air services, within the meaning of Article 2(16) of Regulation (EC) No 1008/2008, are operated.
7. Paragraphs 5 and 6 shall not apply to airports with average annual passenger traffic of up to 200,000 passengers during the two financial years preceding the year in which aid is actually granted if the investment aid is not expected to result in the airport increasing its average annual passenger traffic to above 200,000 passengers within two financial years following the granting of the aid. Investment aid granted to such airports shall comply either with paragraph 11 or with paragraphs 13 and 14.
8. Paragraph 6 shall not apply where the investment aid is granted to an airport situated within 100 kilometres from existing airports from which scheduled air services, within the meaning of Article 2(16) of Regulation (EC) No 1008/2008, are operated, provided the route between each of these other existing airports and the airport receiving the aid necessarily involves

either a total travelling time by maritime transportation of at least 90 minutes or air transportation.

9. The investment aid shall not be granted to airports with average annual passenger traffic of more than three million passengers during the two financial years preceding the year in which aid is actually granted. The investment aid shall not be expected to result in the airport increasing its average annual traffic to above three million passengers within two financial years following the granting of the aid.
10. The aid shall not be granted to airports with average annual freight traffic of more than 200 000 tonnes during the two financial years preceding the year in which aid is actually granted. The aid shall not be expected to result in the airport increasing its average annual freight traffic to above 200,000 tonnes within two financial years following the granting of the aid.
11. The investment aid amount shall not exceed the difference between the eligible costs and the operating profit of the investment. The operating profit shall be deducted from the eligible costs *ex ante*, on the basis of reasonable projections, or through a claw-back mechanism.
12. The eligible costs shall be the costs relating to the investments in airport infrastructure, including planning costs.
13. The investment aid amount shall not exceed:

    a) 50% of eligible costs for airports with an average annual passenger traffic of one to three million passengers during the two financial years preceding the year in which aid is actually granted;

    b) 75% of eligible costs for airports with an average annual passenger traffic of up to one million passengers during the two financial years preceding the year in which aid is actually granted.

    The maximum aid intensities set out in paragraph 13 may be increased by 20 percentage points for airports located in remote regions.

The COVID-19 Regional State Airport Programme 2021 includes a CAPEX Scheme in accordance with the above. However, as the Programme only supports regional State airports with annual passenger traffic of between one and three million annual passengers (i.e. based on an average over the two preceding financial years), Section 13 (b) of the specific provisions above does not apply.

As the Programme will be fully compatible with GBER, Ireland will not be required to seek pre-approval from the Commission.

Nationally Determined Policy

Public Policy Remit (PPR)

The 2014 Guidelines clarified the position on funding certain non-economic activities at airports i.e. those that normally fall within a 'Public Policy Remit'. Activities such as air traffic control, police, customs, firefighting as well as those necessary to safeguard civil aviation against acts of unlawful interference are generally considered to be non-economic in nature and within the remit of the State.

In addition, investment relating to the infrastructure and equipment necessary to perform those activities are also regarded as non-economic.

Therefore, the COVID-19 Regional State Airports Programme provides that funding for such activities and investments will fall within Ireland's 'Public Policy Remit' and will not constitute State aid.

Two schemes are being supported; Public Policy Remit Capital (**PPR-C**) and Public Policy Remit Operational (**PPR-O**). Subject to the availability of resources, the Exchequer commits to providing to an aid intensity level of up to 90% for eligible capital investments under the PPR-C Scheme. Furthermore, airports will be compensated (at 100%) for operational costs relating to such non-economic activities (PPR-Operational or PPR-O). This will require regional State airports to maintain separate cost accounting for core airport activities.

In respect of PPR-O Scheme, funding will typically cover salary costs related to non-economic activities; air traffic control, security and fire services.

Sustainability Supports

The Programme takes account of existing policy objectives to help mitigate the impacts of aviation on the environment and to help facilitate the sustainable growth of the sector in line with Ireland's Action Plan for Aviation Emissions Reduction[4] and the Climate Action Plan 2019[5].

While the Programme's focus will be resolutely targeted at safety and security projects and activities, it will also take account of sustainability objectives in line with State aid rules. Projects under consideration for safety and security may be augmented with sustainability and climate resilience in mind. Within these areas, funding could encourage greater use of cleaner and more efficient vehicles and equipment at the airport. Enhancing the specifications of projects that seek to build resilience against the likely impact of climate change may also be considered, subject to the availability of Exchequer funds.

All Irish airports are encouraged to sign of up to ACI's carbon accreditation programme[6]. Where feasible, the COVID-19 Regional State Airports Programme will seek to support eligible airports to achieve goals in this respect.

Other elements of the GBER e.g. Aid for Environmental Protection (Articles 36 to 49) may be considered in tandem with aid for airports inserted by Article 56a.

[4] Ireland's Action Plan for Aviation Emissions Reduction (April 2019)
https://assets.gov.ie/21634/ee5b50357fb04fc5a8af5f6589759231.pdf

[5] Climate Action Plan 2019 – To Tackle Climate Breakdown
https://assets.gov.ie/25419/c97cdecddf8c49ab976e773d4e11e515.pdf

[6] Airport Council International (ACI) Europe - Carbon Accreditation Programme
https://www.airportcarbonaccreditation.org/

Part 2 – Eligibility Requirements

Eligible Airports

In order to qualify for funding under the grant schemes (CAPEX, PPR-C and PPR-O) of the COVID-19 Regional State Airports Programme, airports must meet the policy criteria outlined in Part 1 and the conditions specified in the GBER. At the time of publication, the beneficiaries of this funding assistance will be:

- Cork Airport (Kinsale Road, Cork, T12P5NF, Ireland)
- Shannon Airport Authority DAC (Co. Clare, V14EE06 Ireland)

Eligibility Requirements

Year of Programme (2021)
Eligible airports will be required to provide the following to the Department of Transport before end June 2021:

Business Plan

A five-year business plan commencing in the year of application, prepared on a Group basis, to include the following:

- description of the airport, to include ownership, location, catchment area analysis, routes served and frequencies etc;
- summary of historical financial information;
- forecast financials (Income Statement, Cashflow Statement and Balance Sheet);
- airport passenger numbers (by geographic location, current and projected);
- strategy on airport charges including average per passenger charge (current and projected);
- potential for increased core and non-core revenue generation;
- staffing and other operation requirements;
- development plans (new routes/services, capital investment plans etc.);
- demonstration of the airport’s efforts and targets in the areas of sustainable development, climate mitigation and resilience/adaptation as well as commitments to move towards carbon neutrality;
- provides details of corporate structures in place for project management and cost control;
- commercial offerings (e.g. retail);
- description of other funding sources e.g. local authorities, EU, EIB or ISIF;
- summary of recent economic impact assessment.

Financial Information

- prior year audited financial statements, signed by both the airport company's directors and auditors;
- Table 1.1 and Table 1.2 (see Appendix 5) – submitted in Excel format - in respect of the prior year audited financial statements;
- analysis of actual payroll costs for the prior year relating to non-economic activity in the areas of air traffic control, security and fire-fighting, with reconciliation to the prior year audited financial statements;
- a Budget/Forecast Income Statement, Balance Sheet and Cashflow Statement for the year of the grant application - submitted in Excel.

Review and Monitoring

The Department will monitor the performance of each airport and the effectiveness of the funding schemes as a whole, on an ex-post basis, which will include:

- financial review of the annual audited financial statements and business plans, in consultation with NewERA;
- review of capital projects funded under the CAPEX and PPR-C Schemes;
- review of performance in respect of mandatory safety and security requirements, in conjunction with the Irish Aviation Authority (IAA) and the relevant safety and security division of the Department;
- review the effectiveness of funding on climate and sustainability objectives.

Capital Funding Schemes

Capital funding under this Programme will prioritise safety and security related projects through the CAPEX and PPR-C schemes. The IAA and/or the relevant safety and security division of the Department will be consulted to determine whether proposed investment projects are required to comply with the relevant safety or security regulations.

In addition, project enhancements for the purposes of contributing to emissions reduction and building resilience against the likely impacts of climate change will also be considered for funding, subject to budgetary constraints and State aid rules. All projects will be subject to the capital appraisal requirements of the Public Spending Code[7] (see below).

CAPEX Scheme

Funding under the CAPEX scheme will support projects with an associated economic activity in the areas outlined above. Projects with no associated economic activity are dealt with under Ireland's 'Public Policy Remit' (see below).

In order for State supports under the CAPEX Scheme to be compatible with the internal market pursuant to Article 107(3)(c) of the Treaty, Ireland will ensure that the Scheme is operated in strict compliance with the conditions outlined in Part 1 of this Programme in line with the GBER.

In providing State supports (Exchequer and/or Local Authority) to regional State airports for capital projects, the GBER requires airports with average traffic between 1 million and 3 million passengers per annum to contribute at least 50% to the financing of the total eligible investment costs.

State supports will, therefore, be limited to 50% of the total eligible costs of eligible projects under the CAPEX Scheme. Under the GBER, the investment aid amount shall not exceed the difference between the eligible costs and the operating profit of the investment. The operating profit must be deducted from the eligible costs *ex ante*, on the basis of reasonable projections, or through a claw-back mechanism. The eligible costs shall be the costs relating to the investments in airport infrastructure, including planning costs.

Guidance to airports for calculating the maximum aid intensity is provided at Appendix 2.

Public Policy Remit - Capital (PPR-C) Scheme

Eligible airports, as outlined above, will also be able to apply for funding under the PPR-C Scheme. Subject to the availability of resources, the Exchequer will provide compensation to the airports at 90% of the total cost of eligible capital investments under the PPR-C Scheme.

[7] Public Spending Code - https://www.gov.ie/en/publication/public-spending-code/

Application Process and Requirements for CAPEX and PPR-C Proposals

The Department will formally invite proposals from regional State airports that operate scheduled services to hub/international airports and handle between 1 million and 3 million passengers annually. Where a proposal is successful, the approved project(s) would be eligible for grant assistance under either the CAPEX or PPR-C Scheme.

As part of the aforementioned invitation, the airports will be required to submit a Capital Funding Application Form (see Appendix 3), which will include the following specific information in respect of each proposal:

- description of project, including timelines;
- estimated cost;
- multi-annual breakdown of project costs and profile of expenditure;
- amount, if any, being provided from other funding sources;
- a Safety Case or Security Case for each project, including any recommendations from IAA and/or the relevant safety and security division of the Department;
- a Risk Assessment must be submitted as part of a Safety Case or Security Case;
- consideration of alternative approaches to compliance with recommendations from IAA and/or the relevant safety and security division of the Department; and
- potential impacts on emissions and/or climate resilience of airport infrastructure.

The airports will also be required to rank projects, according to priority, as part of funding applications. Sustainability elements of projects, which could have been ruled out previously, will now be considered. In such cases, the airports will need to demonstrate clear and measurable emissions savings or climate future proofing deliverables as part of a proposed project.

In accordance with the 2014 EU Guidelines and GBER, works on individual investment projects can only commence after an application has been submitted and approved by the Department.

Capital Appraisal and Selection Process - Public Spending Code

The current edition of the Public Spending Code (PSC), published in December 2019, provides guidance for the planning and management of public capital investments in Ireland. In addition, the PSC sets out the guidelines and criteria for evaluating capital investment proposals from all public bodies and all bodies in receipt of central Exchequer funding. The aim of the PSC is to ensure that the maximum value of public money is delivered through effective project planning, evaluation and implementation.

The PSC has a number of preparation and appraisal criteria. All projects with capital expenditures of more than €10m are required to provide a Strategic Assessment Report (SAR) as a precursor to any business case. Ex-post evaluations of a project are also stipulated as a requirement in the PSC for all projects and programmes with capital expenditures in excess of €10m.

In the case of transport, the Department's Common Appraisal Framework (CAF)[8] provides further transport specific guidelines on the preparation of business case material and the evaluation of transport investment proposals. Those preparing a business case for a project will either have to conduct a simple appraisal (schemes with a value of less than €5m), a Multi-Criteria Analysis (schemes valued between €5m-€20m) or a Cost-Benefit Analysis (schemes with capital expenditures of €20m or more).

There are a number of universal principles that apply to the preparation of all schemes seeking public capital funding. These are summarised as follows:

1. **Identify Current Problems:** Current issues around service provision provided should be outlined as these provide the rationale for an investment intervention and should inform the options available to address. Existing data on the issues should be presented if available.
2. **Set SMART Objectives:** It is important for a scheme to have objectives that can be met and address the problems identified. As such, objectives should be outcome-based and not be case-making with respect to specific options. Objectives should meet the SMART criteria (Specific, Measurable, Attributable, Realistic and Time Bound) of both the PSC and the CAF.
3. **Develop Intervention Options**: Where possible, a number of different options concerning a capital investment should be explored during the early project lifecycle phases of a scheme. Ideally, a business case should discuss a non-intervention option (Do- Nothing) or a minimal intervention option (Do-Minimum), and at least two full intervention options (Do-Something). All options and their potential impacts should be considered in an objective manner with the use of tools such a Multi-Criteria Analysis.
4. **Assumptions**: A good business case will clearly outline the reasoning behind any assumptions taken and will provide supporting data and evidence from recognised sources. This is particularly important around assumptions made for scheme costs.

In terms of seeking capital investment funding, there are a number of steps that airports need to take in order for their investment proposal to be deemed compliant with PSC procedures and therefore approved. The stages outlined below are based on the project lifecycle requirements outlined in the PSC and form the basis of how an investment proposal should be developed.

Appraisal: For schemes with estimated values of less than €10m, airports can immediately proceed to the preparation of a business case. The purpose of the business case is to establish the rationale for an intervention, produce objectives that are SMART in nature, develop a short list of potential options from which a preferred option can be ascertained and provide high level cost estimates. A business case under PSC guidelines is also expected to provide high level analysis around demand and projected user benefits. The type and depth of an appraisal is dependent on the size and nature of the proposed project and will be proportionate to its anticipated scale. The resources to be spent on appraisal should be commensurate with the nature and estimated cost of the project and the

[8] Common Appraisal Framework - https://www.gov.ie/en/organisation-information/800ea3-common-appraisal-framework/

degree of complexity of the issues involved. A multi-criteria analysis is often appropriate for smaller schemes, while larger (>€10m) investments should include a cost benefit analysis or cost effectiveness analysis, if appropriate.

For proposals with projected expenditures of over €10m, airports are also required under PSC guidelines to prepare a **Strategic Assessment Report (SAR)**. The SAR is the first stage of the project lifecycle and is critical for early scrutiny of objectives, consideration of options and identification of risks. A high-level affordability assessment is also required. However, no analysis around demand or user benefits is required. <u>It should be noted that the SAR must receive approval from the approving authority before preparation of a business case can begin</u>.

It should be noted that urgent safety and security projects necessary to comply with national/international regulations could be approved at this stage, depending on the nature and scale of projects, without reference to the capital appraisal process set out here.

Implementation, Monitoring and Reporting: The regional State airports are responsible for implementing the approved projects. Works on individual projects can only commence following approval by the Department. If works start before such approval is granted, any aid awarded in respect of that individual project will be considered incompatible with the internal market and will be dealt with accordingly. Cost overruns would be met by the airport company concerned. For monitoring and reporting purposes, the regional State airports should establish suitable project management structures. Each regional State airport in receipt of funding will be ***required to provide a report to the Department, every three months following approval***, on procurement, project implementation, and expenditure profiling, specifically highlighting any existing or anticipated problems. The Department reserves the right to inspect projects 'on-site' at any stage of implementation.

Funding Arrangements - Detailed guidance on the claim and payment processes will be made available to the airports at contract stage (i.e. a contract will be entered into between the Department and the airport setting out the terms and conditions applying under the CAPEX and PPR-C Schemes).

Post-Completion Evaluation: All schemes with projected expenditures in excess of €10m must complete an ex-post evaluation under current PSC requirements. This evaluation should assess whether expected benefits and outcomes materialised following completion, the planned outcomes of the investment were sufficient or appropriate for addressing the problems identified and the public needs. The ex-post evaluation should also provide a number of conclusions that can be drawn upon as lessons learned material for future projects of a similar scope.

Freedom of Information - All information submitted by airports in receipt of funding will be subject to the Freedom of Information Act 2014.

Current (Operational) Funding

Public Policy Remit - Operational (PPR-O) Scheme

Regional State airports will also be able to apply for funding under the PPR-O Scheme in 2021. As part of the eligibility criteria, airports will be required to maintain cost accounting systems that distinguish between economic and non-economic activities.

The 2014 EU Guidelines provides clarification on the funding of certain non-economic activities at an airport. These activities normally fall within the 'Public Policy Remit'. For example, activities such as air traffic control, security and firefighting, are generally considered to be non-economic in nature. Under the PPR-O Scheme and subject to the availability of resources, the Exchequer will primarily target supports at salary costs associated with the activities – up to 100%.

Where insufficient funds are available to pay the full non-economic payroll costs of all airports, the total amount paid to each airport operator shall be determined by allocating the total Exchequer funds available on a pro rata basis.

Application Process and Requirements for PPR-O Scheme

The following stages will apply to the implementation of the scheme in 2021:

1. Invitation issued (circa August/September) to each eligible airport to submit applications.
2. Airports submit subvention application to the Department.
3. Appraisal of applications by the Department in conjunction with NewERA.
4. Payment process completed by December.

Eligible airports will be required to complete the tables contained in Appendix 6 when submitting an application under the PPR-O Scheme, namely:

- Table 2.1: Financial analysis of projected airport operations for the year of grant application,
- Table 2.2: Projected administrative expenses breakdown for the year of grant application,
- Table 3: An estimate of payroll costs on an individual, anonymised basis in the year of the grant application relating to non-economic activity in the areas of air traffic control, security and firefighting.

The Chairman of the Board of the airport company must sign these tables, which involve separate reporting of core airport management operations/activities and any non-core activities. Guidance notes on the completion of the PPR-O tables are given in Appendix 4.

Each applicant must also submit a declaration that includes:

- an undertaking that public funds will only be used for the purpose approved;

- a copy of statement from an independent auditor in respect of the validity of the estimated payroll costs for the year of the grant application; and
- a statement of compliance with the 2014 EU Guidelines and GBER.

The Department reserves the right to seek additional information as may be required, such as more detailed financial projections for the year in which subvention is sought.

PPR-O Application Assessment

Following receipt of PPR-O applications from the regional State airports, a review will be undertaken which will consider the information provided. The available funding will be allocated on a pro rata basis:

- Where the total PPR-O funding available is lower than the total non-economic payroll costs of the regional State airports combined, it is allocated on a pro-rata basis calculated on the wages and salaries element of the claims submitted.
- Where the total PPR-O funding available is greater than total non-economic payroll, funding is allocated on a pro-rata basis calculated on *total* non-economic expenditure.

Airports will be formally notified of the subvention allocation (if any), subject to any conditions as may be imposed to promote efficiency, revenue generation and value for money to the State.

Claim and Payment Procedures

Payments under the PPR-O scheme will be made in accordance with Government Financial Procedures and the relevant procedures and control systems operated by Airports Division, Department of Transport, for payment of subvention to regional State airports.

Any overpayments arising from the submitted projected non-economic payroll costs and the airport's actual costs for the year in question must be returned to the Department as soon as practicable following the completion of the airport's annual audited financial statements for that year.

Appendices

Appendix 1: Checklist and Timelines for Submission of Information

Programme Year: 2021

Requirement	Description	Included ☑	Deadline
Five Year Business Plan	Description of airport		30 June 2021
	Summary of historical financial information		
	Forecast financials		
	Passenger numbers		
	Airport charges strategy		
	Potential for increased revenue generation		
	Staffing and other operation requirements		
	Development plans		
	Sustainable development, climate mitigation targets, climate resilience/adaptation		
	Corporate structure details		
	Commercial offerings		
	Other funding sources		
	Summary of recent economic impact assessments		
Financial Information*	Prior year signed audited financial statements		30 June 2021
	Tables 1.1 and 1.2 in respect of 2020 audited financial statements		
	analysis of actual non-economic payroll costs for 2020		
	analysis of capital expenditure in 2020		
	budget income statement, balance sheet and cashflow statement for 2021		

* In line with requirements as set out in Part 2 of the Programme.

Appendix 2: Guidance Notes - Application of GBER (CAPEX Scheme)

The maximum permissible amount of State aid is expressed as a percentage of eligible costs (the maximum aid intensity[9]).

Under Article 56a Aid to Regional Airports, the GBER states that the investment aid amount shall not exceed the difference between the eligible costs and the operating profit of the investment. The operating profit must be deducted from the eligible costs ex ante, on the basis of reasonable projections, or through a claw-back mechanism. The GBER defines 'operating profit' as the difference between the discounted revenues and the discounted operating costs over the economic lifetime of the investment, where this difference is positive. The operating costs include costs such as personnel costs, materials, contracted services, communications, energy, maintenance, rent, administration, but exclude depreciation charges and the costs of financing if these have been covered by investment aid. The GBER also states that discounting revenues and operating costs using an appropriate discount rate allows a reasonable profit to be made.

The eligible costs shall be the costs relating to the investments in airport infrastructure, including planning costs. Paragraphs 1, 2 and 3 of Article 7, in particular, outline the requirements in relation to calculating the aid intensity and eligible costs for this Programme.

Article 7

Aid intensity and eligible costs

1. For the purposes of calculating aid intensity and eligible costs, all figures used shall be taken before any deduction of tax or other charge. The eligible costs shall be supported by documentary evidence which shall be clear, specific and contemporary. The amounts of eligible costs may be calculated in accordance with the simplified cost options set out in Regulation (EU) No 1303/2013[10] of the European Parliament and of the Council, provided that the operation is at least partly financed through a Union fund that allows the use of those simplified cost options and that the category of costs is eligible according to the relevant exemption provision.

2. Where aid is granted in a form other than a grant, the aid amount shall be the gross grant equivalent of the aid.

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[9] 'aid intensity' is defined as the gross aid amount expressed as a percentage of the eligible costs, before any deduction of tax or other charge;

[10] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320) https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1303&from=EN

3. Aid payable in the future, including aid payable in several instalments, shall be discounted to its value at the moment it is granted. The eligible costs shall be discounted to their value at the moment the aid is granted. The interest rate to be used for discounting purposes shall be the discount rate applicable at the moment the aid is granted.

Appendix 3: 2021 - Application Forms for CAPEX and PPR-C Grant Schemes

Airport Company: **Year of Application:**

1. List of Projects (ranked by priority)

Project Title	CAPEX (please tick)	PPR-C (please tick)	Cost (€)	Exchequer Funding Required (€)	Amount provided from Other Sources (€)	Environmental or Climate Impact (Y/N)
1.						
2.						
3.						

2. Project Summary (Complete Sections 2 to 6 for each project)

Project Title	
Description of Project/Programme	*Brief Description of the project should be provided including rationale and scope of preferred option including safety and security case*

3. Project Rationale

Rationale for Project/ Programme	*Applicant needs to outline what current issues require an intervention in the form of capital investment aid. Applicants should be specific and present supporting evidence and data where available. Risk assessment for safety and security case should be included*
Policy Context	*Applicants should support their rationale for the scheme citing which appropriate policies apply and which the scheme would fulfil if implemented*
Project/ Programme Objectives	*Applicant must outline the desired or planned outcomes of any intervention. Objectives should be set using the SMART methodology (Specific, Measurable, Attributable, Realistic and Timely)*

4. Project Options and Appraisal

Applicants should objectively identify and outline a number of potential intervention options that could address the issues identified and meet the objectives set. Applicants should support their option selection with the relevant level of analysis: a multi-criteria analysis is often appropriate for smaller schemes, while a Strategic Assessment Report (SAR) is required for larger investments (>€10m).

Do-Nothing Option / Do-Minimum Option	*The Do-Nothing scenario should assess what the impact of not addressing identified issues would be. Alternatively, the applicant may outline a Do-Minimum option which should outline minimalist interventions that could potentially address the issues identified and temporarily meet the set objectives. Such options usually involve an identified minimum level of*

	maintenance, or demand management solutions. Costs associated with a do-minimum option should be identified where possible.
Do-Something Option	*A Do-Something option involves an intervention usually larger in scope and costs than a Do-Minimum option. A full Do-Something option should address the issues identified on a long term basis. Costs should be outlined where possible for each do- something option.*
Preferred Option	*The preferred option will be identified by appraisal of the do-something options should ideally address most or all the issues identified and meet the set objectives in the most cost effective manner.*

5. Implementation Schedule

Applicants are required to provide detail on how the proposal will be implemented in the event where funding is granted:

Project Schedule Details	*The schedule should be broken out to reflect the main activities entailed in the project. It would be beneficial if the scheduling of the main activities reflected the breakdown of the costs presented in Section 6*

6. Cost Breakdown

Applicants should breakdown the estimated costs of the proposed project/programme under the main expenditure headings and over the time period which the envisioned expenditure will take place. It would be beneficial if cost headings could correspond to the main activities scheduled in Section 5. The template below should serve as a guide for submitting cost breakdowns:

Multi-Annual Profile of Expenditure (€s)

Airport Company:						
Project Title		**2021**	**2022**	**2023**	**2024**	**2025**
Cost Heading 1						
Cost Heading 2						

Annual Profile of Expenditure (€s)

Airport Company:										
Project Title	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Cost Heading 1										
Subtotal										
Cost Heading 2										
Subtotal										
Cost Heading 3										
Subtotal										
Cost Heading 4										
Subtotal										
TOTALS										

Appendix 4: Guidance Notes - Public Policy Remit (PPR-O) Operational Scheme

a) These notes should be read in conjunction with PART 1 of the Programme and the tables for completion in Appendix 5. The key objective of these tables is to identify separately (a) core airport management operations/activities and (b) non-core activities. The tables also provide for making the distinction between economic and non-economic activities. All key underlying assumptions used in completing the tables should be identified, referring to the company's business plan or other information requested. Those information requirements will therefore support and augment, where necessary, the financial information and underlying assumptions accompanying the tables at Appendix 5.

b) The tables at Appendix 5 should be prepared by the Airport Company and signed by the Company Chairman, where necessary drawing on the latest audited financial statements and the key assumptions set out by the board and management when compiling them.

c) If the two sets of activities are not accounted for separately in the audited financial statements, the Company is requested to analyse the financial information based on its best assessment of the allocation of revenues and costs between core airport management activities and non-core activities. Where there is no separate accounting of the two sets of activities in the audited financial statements, all key assumptions on revenue and cost allocation should be explained.

d) Insofar as depreciation policies are concerned, these should be fully disclosed and explained.

Appendix 5: PPR-O Application Tables

	Core Airport Management Operational Expenditure Subvention Scheme										
Table 1.1	**Analysis of Airport Operations extracted from most recent audited financial statements**										
Year Ending											
									1	2	3
	(Economic) Core Airport Activities		(Non-Economic) Core Airport Activities		Non Core Airport Activities		Totals per audited P&L	Description ***	Original Budgeted (YEAR) Amounts	Variation Between (YEAR) Budget & Final (YEAR) Outturn	Details Re Variations****
Sales											
Retail Sales	0		0								
Airport Charges, Commissions and landing fees	0		0								
Other Commercial Revenue	0	0	0	0		0	0				
Cost of Sales											
Opening Stock	0		0								
Purchases	0		0								
	0		*0*								
Closing stock	0	0	0	0		0	0				
Gross profit / (loss)		**0**		**0**		**0**	**0**				
Administrative expenses excluding Depreciation (table 1.2)		0		0		0	0				
Subtotal		0		0		0	0	**EBITDA**			
Depreciation (table 1.2)	0		0								
Capital expenditure grants released	0	0	0	0		0	0				
Operating profit / (loss)		**0**		**0**		**0**	**0**				
Interest receivable		0		0		0	0				
Interest payable		0		0		0	0				
Exceptional Items		0		0		0	0				
Net Profit / (loss) before Subvention		**0**		**0**		**0**	**0**				
Revenue grants received / receivable **							0				
Net Profit / (Loss)											

Notes:
** operational expenditure subvention grants received.
*** allocation of revenue or costs between core and non core activities - where judgement used, set out rationale for approach taken

**** Please provide information - cause etc - on material variations

Signature:

Chairman of Board
Date:

Table 1.2	Core Airport Management Operational Expenditure Subvention Scheme Administrative Expenses breakdown for most recent set of audited accounts					1	2	3
Administrative expenses*	**(Economic) Core Airport Activities**	**(Non-Economic) Core Airport Activities**	**Non Core Airport Activities**	**Total**	**Description *** **	**Original Budgeted (YEAR) Amounts**	**Variation Between (YEAR) Budget & Final (YEAR) Outturn**	**Details Re Variations*******
Wages & Salaries	0	0	0	0				
Employer's PRSI contributions	0	0	0	0				
Directors' pension costs	0	0	0	0				
Staff pension costs	0	0	0	0				
Directors' Salary	0	0	0	0				
Computer Software & Costs	0	0	0	0				
Foam	0	0	0	0				
Fuel	0	0	0	0				
Rent payable	0	0	0	0				
Rates	0	0	0	0				
Insurance	0	0	0	0				
Advertising & marketing	0	0	0	0				
Light & heat	0	0	0	0				
Flight Checking Services	0	0	0	0				
Repairs and maintenance	0	0	0	0				
Training	0	0	0	0				
printing, Stationery and Office exps	0	0	0	0				
Telephone & Postage	0	0	0	0				
Motor Expenses	0	0	0	0				
Uniform & clothing	0	0	0	0				
Travelling and Subsistence	0	0	0	0				
legal, Professional & Consultancy	0	0	0	0				
Accountancy	0	0	0	0				
Audit	0	0	0	0				
Cleaning & Refuse	0	0	0	0				
Bank Charges	0	0	0	0				
Sundry	0	0	0	0				
licences & Subscriptions	0	0	0	0				
Subtotal	0	0	0	0				
Depreciation on buildings	0	0	0	0				
Depreciation on fixtures & Equipment	0	0	0	0				
Depreciation on motor vehicles	0	0	0	0				
Subtotal	0	0	0	0				
Total	0	0	0	0				

Notes:
*Non exhaustive list - Insert or delete line items as appropriate
***Allocation of revenue or costs between core and non core activities - where judgement used, set out rationale for approach taken
****Please provide information - causes, etc - on material variations

Table 2.1 — **Core Airport Management Operational Expenditure Subvention Scheme**
Analysis of Airport Operations for forthcoming 12 months financial period.

Year Ending

	(Economic) Core Airport Activities		**(Non-Economic) Core Airport Activities**		**Non Core Airport Activities**	**Total per audited P&L**	**Description *****	**Final (YEAR) Figures**	**Projected movement between final (YEAR) figures & projected (YEAR)**	**Details re projected movements******
Sales										
Retail Sales	0		0							
Airport Charges, Commissions and landing fees	0		0							
Other Commercial Revenue	0	0	0	0	0	0				
Cost of Sales										
Opening Stock	0		0							
Purchases	0		0							
	0		0							
Closing stock	0	0	0	0	0	0				
Gross profit / (loss)		**0**		**0**	**0**	**0**				
Administrative expenses excluding Depreciation (table 1.4)		0		0	0	0				
Subtotal		0		0	0	0				
Depreciation (table 1.2)	0		0							
Capital expenditure grants released	0	0	0	0	0	0				
Operating profit / (loss)		**0**		**0**	**0**	**0**				
Interest receivable		0		0	0	0				
Interest payable		0		0	0	0				
Exceptional Items		0		0	0	0				
Net Profit / (loss) before Subvention		**0**		**0**	**0**	**0**				
Operating subvention sought										

Notes:
*** Allocation of revenue or costs between core and non core activities - where judgement used, set out rationale for ap
**** Please provide information - causes, etc - on material variations

Signature:

Chairman of Board
Date

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Table 2.2 **Core Airport Management Operational Expenditure Subvention Scheme**
Administrative Expenses breakdown for forthcoming year

Administrative expenses*	(Economic) Core Airport Activities		(Non-Economic) Core Airport Activities	Non Core Airport Activities	Total	Description ***	Final (YEAR) Figures	Projected movement between final (YEAR) figures & projected (YEAR)
Wages & Salaries			0	0	0			
Employer's PRSI contributions	0		0	0	0			
Directors' pension costs	0		0	0	0			
Staff pension costs	0	0	0	0	0			
Directors' Salary			0	0	0			
Computer Software & Costs			0	0	0			
Foam	0		0	0	0			
Fuel	0		0	0	0			
Rent payable	0		0	0	0			
Rates	0	0	0	0	0			
Insurance			0	0	0			
Advertising & marketing		**0**	0	0	0			
Light & heat			0	0	0			
Flight Checking Services		0	0	0	0			
Repairs and maintenance			0	0	0			
Training		0	0	0	0			
printing, Stationery and Office exps			0	0	0			
Telephone & Postage	0		0	0	0			
Motor Expenses	0	0	0	0	0			
Uniform & clothing			0	0	0			
Travelling and Subsistence		**0**	0	0	0			
legal, Professional & Consultancy			0	0	0			
Accountancy		0	0	0	0			
Audit			0	0	0			
Cleaning & Refuse		0	0	0	0			
Bank Charges			0	0	0			
Sundry		0	0	0	0			
licences & Subscriptions			0	0	0			
Subtotal		**0**	0	0	0			
Depreciation on buildings			0	0	0			
Depreciation on fixtures & Equipment			0	0	0			
Depreciation on motor vehicles			0	0	0			
Subtotal			0	0	0			
Total			0	0	0			

Notes:
*Non exhaustive list - Insert or delete line items as appropriate
***Allocation of revenue or costs between core and non core activities - where judgement used, set out rationale for approach taken
****Please provide information - reasons, etc - on material projected movements

Table 3: PPR-O – Wages and Pension Costs

AIRPORT NAME					
Wages & Pension Costs - PROJECTIONS for year ended 31 Dec XXX					
ATC	A	B	C	(A+B) x C	E
Employee Tag	Total Wages incl Employers PRSI €	Employers Pension Contribution €	% time on ATC	Total Eligible Cost €	Amount of Claim to DTASS €
Sub- Total					

Fire	A	B	C	(A+B) x C	E
Employee Tag	Total Wages incl Employers PRSI €	Employers Pension Contribution €	% time on Fire	Total Eligible Cost €	Amount of Claim to DTASS €
Sub- Total					

Security	A	B	C	(A+B) x C	E
Employee Tag	Total Wages incl Employers PRSI €	Employers Pension Contribution €	% time on Security	Total Eligible Cost €	Amount of Claim to DTASS €
Sub- Total					

Note: Employee information should be provided on an anonymised basis

An Roinn Iompair
Department of Transport