

## **Report to Partnership Meeting 23 June 2017**

### **RESEARCH AND STRATEGY DELIVERY**

#### **Skye Air Service Update**

#### **PURPOSE OF REPORT**

The purpose of this report is to provide Members with a progress report on the work of HITRANS and its partners, The Highland Council and Highlands and Islands Enterprise to re-introduce scheduled air services between Skye airport and the central belt.

#### **Background**

At the HITRANS Partnership Meeting in September 2016, HITRANS members approved the Executive Summary and Development Strategy within the Skye Air Services Business Case.

The updated Business Case undertook the following;

- Updated 2013 forecasts (section 4.2) to produce a new 'unconstrained demand' figure that takes into account the latest available data
- Updated CAPEX and OPEX assessments based on infrastructure/equipment changes, updated rate information and work undertaken since 2013. In particular, addressing uncertainty around the approach procedures and air traffic control.
- Updated the wider economic benefit analysis and long term forecast with new data including the Economic and Social Benefits appraisal commissioned by Highlands and Islands Enterprise.
- Set out different options for the operational model
- Provided a business case for the most viable Option/s for re-introducing air services from Skye to the central belt.
- Provided a detailed and costed development strategy that will enable investment decisions to be made.

In parallel to this commission, the Skye Airport Working Group (comprising officer representation from HITRANS, The Highland Council and Highlands and Islands Enterprise) also engaged transport consultants AECOM to undertake a survey of the airfield pavement and lighting to inform the likely capital expenditure figures within the overall business case.

Since the original feasibility study was undertaken in 2013, there have been two significant developments which have impacted on the proposed development model for the airport and the business case for reintroducing scheduled air services to Skye.

The first relates to the development of GNSS (Global Navigation Satellite System) technology which should enable Instrument Approach Procedures (IAP) to be adopted at Skye. IAPs using GNSS will require risk assessment based arguments to be presented to the CAA and their approval sought. The publication of CAP1122 'Application of Instrument Approach Procedures to Aerodromes without an Instrument Runway and/or Approach

Control' by the CAA in May 2014 provides a process for doing this and based on precedents' established at other airports it is considered reasonable to assume that agreement can be gained to adopt this approach at Skye.

The second significant area of new information relates to the inclusion of a detailed assessment of the wider socio-economic benefits outlined in the business case which were informed by the Ekosgen report commissioned by HIE on behalf of the Working Group in 2016.

As a result of the increased confidence in adopting Instrument Approach Procedures for Skye which would enable a cloud base minima of approximately 500-600ft, The Business Case focussed on two principle options – A.1 and A.2. Both options are based on the upgrade and utilisation of the existing runway and facilities to support a 9-seater and 19-seater aircraft respectively. The Business Case identified that the capital investment required to accommodate either of these options ranges between £3.1million and £5.0million.

The Benefit-cost analysis for Option A.1 (9-seater aircraft) ranges from between 1.41 and 1.52 depending on the modelling of high or low capital / operational costs and high or low economic benefits. The benefit-cost ratio for Option A.2 range from 1.87-2.21.

### **Next Steps**

On finalising the Business case in November 2016, the Working Group met with representatives from Transport Scotland's Aviation team and Highlands and Islands Airports (HIAL) to discuss the findings of the report and how the Development Strategy may be progressed. It was agreed that appropriate officers from HIAL, with the necessary technical and operational expertise, would review the Business Case and provide feedback to the working group.

Following receipt of this information, the Working Group is engaging with ARUP and RDC Aviation who undertook the Business Case to consider the HIAL input and update any aspects of the report as required. It is not intended to update the Business Case at this stage but this review should help provide more certainty around some of the infrastructure and operational costs required to satisfy the necessary CAA licences and reintroducing scheduled air services to Skye. The Working Group will also work with other key agencies to identify if there may be any opportunities to deliver services in partnership.

### **Recommendation**

Members are invited to note the progress report on reintroducing air services to Skye and support the Working Group in implementing the Development Strategy.

### **Risk Register**

#### RTS Delivery

Impact - Positive

Comment – This work supports RTS Strategic priority S11a to reintroduce scheduled air services between Skye and the Central Belt. The reintroduction of air services at Skye Airport is also included within the Delivery Plan of the draft Regional Transport Strategy update.

#### Policy

Impact - Positive

Comment – This work supports development of the Aviation policies set out in the RTS

Financial

Impact – Positive

Budget line and value – Funding to support the development of Skye Airport has been allocated within the 2017/2018 Business Plan.

Equality

Impact – Positive

Comment – Improves connectivity to the population centre within the HITRANS area which has among the longest journey times to the central belt of Scotland.

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