



Report to Partnership Meeting 7 February 2014

RESEARCH AND STRATEGY DELIVERY

Skye Air Service Development Strategy

PURPOSE OF REPORT

The purpose of this report is to update members on the recent activity of the Skye Air Services Working Group. The Working Group was set up with the objective of developing the business case for the reintroduction of scheduled services to Skye Airport to a position that would enable decisions on investment to be made.

Background

HITRANS, The Highland Council and HIE jointly commissioned consultants ARUP and RDC Aviation to undertake a feasibility study to help establish the case for reintroducing scheduled flights to Airport on Skye.

The Study estimated current unconstrained demand for air services from Skye to Glasgow/Edinburgh to be of the order of 21,500 passengers per annum. It also evaluated four options for creating the necessary infrastructure to re-establish air services at Ashaig Airport with the capital investment required, ranging from £2.3m to £15.3 million.

The Study developed a range of Benefit Cost Ratio (BCR) scenarios tested for an Option A which represented the lowest cost airport option based on the existing runway length. This assumed Air services using Twin Otter 300 series operating a twice-daily (12 return trips per week) service and a single aircraft dedicated to the route. Other options had significantly greater airport costs but did not provide additional passenger or tourism benefits.

Based on the inputs available at the level of detail which the Feasibility study was undertaken, the BCR using the BASE assumptions was estimated to be 0.95. A variety of other scenarios were also assessed with those tested falling within a range of 0.75 to 1.13.

Regional Air Services Development Opportunities Study

Following the Skye study, Northpoint Aviation undertook a wider review of opportunities to enhance existing PSO services on the West Coast and the potential for developing new routes on behalf of HITRANS. As part of this study, work was undertaken which informed a number of issues relating to the reintroduction of services to Skye.

Firstly, a Glasgow-Skye timetable could be combined with one for Glasgow-Barra. However, this would require the use of two Twin Otters. The outline schedule assuming that night-time operations would be possible at Skye; and that the Glasgow PSO services to Campbeltown and Tiree were covered by a Saab 340 or similar aircraft.

Secondly, the Study commissioned work which indicated that the leasing and maintenance costs for operating Twin Otters were likely to be higher than those estimated in the Skye Feasibility study especially if the service was to be combined in some way with the Barra service.

Next Steps

The Skye Working Group has had recent meetings with Highlands and Islands Airports (HIAL), Loganair and the Civil Aviation Authority (CAA) to consult on the work undertaken to date but also to better understand the necessary stages to develop the business case.

HITRANS officers are currently working with these bodies to develop a brief for firstly, a full survey of the airport and its facilities as they stand, and then secondly, appointing a specialist aviation consultant to identify clearly the necessary investment to obtain an airport license from the CAA based on the preferred business model for operating scheduled flights to the Island.

Running parallel to this technical work, the Working Group hope to obtain more detailed information on the wider social and economic benefits that a scheduled service to the central belt may enable by undertaking detailed business surveys of the companies and organisations likely to utilise any service.

The Working Group members hope to procure this work at the earliest opportunity with a view to completing the work over the next three to four months.

Recommendation

The Board is asked to note the report. An allocation of £10,000 has been made in the Research and Development budget for 2013/14 and 2014/15.

Risk	impact	Comment
RTS delivery	√	This work supports RTS Strategic priority S11a to reintroduce scheduled air services between Skye and the Central Belt
Policy	√	This work supports development of the Aviation policies set out in the RTS
Financial	-	£10,000 from the 2013/14 Research and Development Budget
Equality	-	

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