

Report to Partnership Meeting 3 February 2012

RESEARCH AND STRATEGY DELIVERY

Highlands and Islands Air Freight Study

Purpose of Report

To report to members on the commissioning of consultants to undertake a review of the issues, constraints and opportunities for Air Freight development to, from and within the Highlands and Islands. This project is being developed in partnership with Highlands and Islands Airports Limited.

Background

The Review of Air Services in the Highlands and Islands (prepared for HITRANS and ZetTrans in February 2010) identified a number of issues of concern in respect of Air Freight and recommended possible interventions that could support this sector.

Air freight is already an established part of the logistics provision within the Highlands and Islands. This tends to focus most prominently on Inverness Airport with the markets sectors services tending towards high value goods such as Seafood. Development of Air services has increased the opportunity to access markets utilising “belly hold” capacity within scheduled flights and we are keen to establish what market exists to develop this capacity and whether a case exists for standalone air freight development.

Purpose of Study

The purpose of this study is to undertake a review of the issues, constraints and opportunities associated with air freight services to, from and within the Highlands and Islands. This is designed to increase the knowledge and understanding of the client group and industry representatives in how air freight could be developed in the short, medium and long term.

The study should take into account relevant research that has been undertaken in this field and this can be agreed with the client at inception. Previous relevant work should though include the following:

- Air Freight: Economic and Environmental Drivers – undertaken on behalf of the Department for Transport by Steer Davies Gleave
- Inverness Airport Master plan – Highlands and Islands Airports Limited
- Review of Air Services in the Highlands and Islands – undertaken on behalf of HITRANS and ZetTrans by Mott MacDonald

The study will focus on the following areas:

- Identify the air freight market currently being served.
- Identify potential unmet demand.
- Identify constraints to the development of air freight.

- Make recommendations on how the air freight market could develop in the future.

The report will make recommendations on how development of air freight can be achieved. Engagement with stakeholders within the aviation and logistics sectors in the Highlands and Islands will be very important and the study team will be expected to meet with these stakeholders.

Appointment of Consultants

Invitations to tender for the Air Freight Study were issues to six consultancy firms. In the event tenders were submitted by Mott MacDonald, Northpoint Aviation and Steer Davies Gleave.

The proposals were assessed by officers of HITRANS and Highlands and Islands Airports and it was agreed to recommend award of the contract to Northpoint Aviation. The analysis of the three bids concluded that the Northpoint proposal represented the best value option of the three proposals. Northpoint's proposal was the lowest cost of the three and offered the largest number of staff days to deliver the work. Northpoint's proposal demonstrated a very good appreciation of the study objectives with a strong emphasis on the approach they would adopt to ensure good stakeholder engagement.

The value of this work will be £10,000 and costs will be shared equally with Highlands and Islands Airports.

Recommendation

1. Members are asked to note the report.
2. Members are asked to approve the award of the contract to Northpoint Aviation to deliver the Highlands and Islands Air Freight Study at a cost of £5,000 to HITRANS.

Risk	Impact	Comment
RTS delivery	√	This research will support RTS objectives.
Policy	√	This research is designed to support our Aviation policy.
Financial	√	This research can be accommodated within the Research and Development programme budget and attracts 50% external funding.
Equality	-	No impact on Equalities issues.

Report by: Ranald Robertson
Designation: Partnership Manager
Date: 19th January 2012