

Report to Partnership Meeting 5 October 2012

RESEARCH AND STRATEGY DELIVERY

Skye Air Service Feasibility Study

PURPOSE OF REPORT

To inform the Members of the progress made by HIE, Highland Council and HITRANS to commission consultants to undertake a study of the options available and business case for reinstating an Air Service between Skye the Central Belt and in support of this to undertake a demand modelling exercise for this route.

Background

Broadford/Ashaig Airfield on the Isle of Skye was constructed by the Royal Corps of Engineers opening in 1972, and is owned by The Highland Council. Loganair operated a service from the airport to Glasgow from 1972 until it was withdrawn in 1988.

Surface transport from Skye to Central Scotland is 7.5 hours by rail from Kyle; 6.5 hours by bus from Portree; and 5.5 hours by car from Portree. Skye is the only part of the region with significant population (12,000 residents) which has such lengthy travel times without an alternative faster air service. Therefore, in response to the need to improve journey times and enhance the economy of Skye, the Regional Transport Strategy includes the aspiration for air services from Skye to Glasgow or Edinburgh.

HIE, Highland Council and HITRANS intend to commission consultants to undertake an economic assessment and analyse the business case of the options available to reinstate a Skye Air Service to the Central Belt or other such destination as may be identified where trip demand is highest and to undertake a demand modelling exercise for this route. The route will consider and take account of the UK air network for onward connections on other flights. This work will include an assessment of the economic impact such a service could bring to the local economy.

This study will be split into 3 parts. These are:

1. To undertake analysis of air service options including timetabling, aircraft options, taking account of the construction requirements/runway length (in accordance with CAA standards (CAP 168)) and the take off and landing requirements of aircraft, and costs of airport operation.
An infrastructure analysis of Broadford Airfield to identify capital and revenue costs required to bring the airfield up to CAA licensing standards for a scheduled air service. HIAL to be approached for assistance in determining airfield operating costs and any potential for reducing these costs with cost effective ground based facilities and services.
2. To undertake passenger demand forecasts for air services between Skye and the Central Belt with a view to assessing the case for establishment of a commercial service.

This shall include an assessment of the likely demand for the service with information gathered through survey of business stakeholders in Skye and Lochalsh.

3. A passenger demand survey shall be undertaken of the potential for business and tourist air travel from and to the Isle of Skye taking account of the wider economic area with renewable generation potential, the Kishorn deep water base and MOD activity in the area.

An aviation analysis of the small passenger aircraft market including details of known aircraft capable of operating into Broadford Airstrip with its current length and width restrictions as well as potential aircraft that may be under design both in the UK and in the international arena. This will take account of modern technology and recent advances in GPS landing systems. If such aircraft are not available then the study will identify the aircraft with the minimum enhancement requirement of the runway. The prime objective will be achieving the maximum benefit for minimal cost. This will include the operating envelope requirements of such aircraft such that this may be incorporated as a worst scenario protection zone/envelope in the Council's local plan.

The study will 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 Services from Skye: Assessment of Proposed Services – undertaken on behalf of HITRANS by Steer Davies Gleave (final report dates November 2004)
- Ashaig Airstrip Runway Development Options – undertaken on behalf of HITRANS by Mott MacDonald / Franklin and Andrews (final report dated March 2007)
- Review of Air Services in the Highlands and Islands – undertaken on behalf of HITRANS and ZetTrans by Mott MacDonald (final report dated February 2010)

Part 1 –Air Service Options

Runway development options were investigated in some detail by Mott MacDonald / Franklin and Andrews in their report of 2007. This work has to an extent informed the options that exist in terms of increasing runway capacity. At that time, it was understood that a Precision Approach Runway would be preferred, which would support installation of an Instrument Landing System. The increasing adoption of LNAV/LPV-based approaches means this is not now the case, and a Visual/Non-Precision Approach runway with LNAV/LPV approach is likely to be sufficient. It would be helpful if this could be confirmed early in the course of this study.

It would be useful to investigate the air service options available from each of the following aerodrome scenarios:

Option 1 – Using the existing Code 1C Visual Approach Runway of 771x23 metres with 60 metre wide runway strip.

Option 2 – Upgrading the runway to a Code 2C Visual Approach Runway of 900x30 metres with 80 metre wide runway strip.

In considering the feasibility of each runway scenario the study will take account of the following factors:

- Aircraft that could take off and land on each runway option and the availability of such aircraft.
- The timetabling opportunities for single and double daily operations. This should take account of other services that the Skye air service might be interworked with including

but not exclusively the partial use of the new Twin Otter Aircraft for the Scottish Government PSO.

In addition to the assessment of air service options, outputs from this part of the study shall include:

- Updated estimates (where appropriate) of capital costs of airport infrastructure, including passenger terminals, air traffic control, emergency services and re-fuelling facilities;
- Estimates of annual subsidies required for airport operation (with reference to other airports in the Highlands and Islands);
- A description of potential operating models for the airport and air services, including requirement for operating subsidies, and management/operation of both airport and services.

Part 2 – Passenger Demand Forecasting

This part of the study should evaluate the potential demand for air services between Skye (Broadford) and Central Belt airports, and consider whether such services as identified in Part 1 could be provided commercially or would be looking to attract operating subsidies. It should also include an economic impact assessment that will establish the cost/ benefit that would be delivered from the introduction of a service.

The study will undertake the following analysis:

- To estimate potential demand from the key market segments: businesses, residents and visitors to Skye and Lochalsh;
- To assess what the likely local business demand for the proposed new services will be by undertaking a business survey that will capture the likely uptake for the route from Skye and Lochalsh businesses. Consideration should also be given to potential for in-bound business travel to Skye;
- For all market segments, consider the price-sensitivity of demand with respect to air fares that would likely be charged on both a commercial (unsubsidised) service and a subsidised service, and global impact this would have on usage and sustainability of the service;
- To consider comparator airports to Skye drawing on published CAA data, the information captured in the Review of Air Services in the Highlands and Islands (Mott MacDonald for HITRANS, 2010) and other relevant studies;
- To include a predicted demand for each operating scenario identified in Part 1 with an annual traffic prediction for an optimistic, pessimistic and median scenario, and estimate the level of any subsidies required for each air service option;
- To undertake a Transport Economic Efficiency Analysis that will establish the journey time and cost benefits that the introduction of air services would achieve, and associated Net Present Values / Benefit-Cost Ratios including all relevant airport and air services costs/subsidies.
- To describe any wider potential economic or social benefits, for example in relation to visitor expenditure, access to healthcare, impact on HIE Fragile Areas etc.

Presentation of Analysis, Reporting and Conclusion

The report is intended to include recommendations on how development of air services to Skye and Lochalsh can deliver socio economic benefits and the scale of benefits that could be delivered. In so doing the work should incorporate the information gathered in Parts 1 and 2 and

present an overall business case assessment incorporating all the above and any other relevant factors that will help determine whether such air services are feasible.

Budget and Study Management

An estimated budget of £20,000 has been set for this project. The costs will be shared equally among each partner.

A client group will oversee the study comprising officials from The Highland Council, Highlands and Islands Enterprise, Highlands and Islands Airports Limited and HITRANS.

Recommendation

1. Members are asked to note this report.
2. Members are asked to approve an increase in the budget allowed for this item from the current estimate of £5,000 to a maximum budget of £10,000. It is expected the HITRANS share of costs will be in the region of £7,000.

Risk	Impact	Comment
RTS delivery	√	Supports RTS objectives in improving Air Access to and within the region.
Policy	√	Supports the development and understanding of HITRANS Aviation priorities.
Financial	-	The project is identified in the 2012/13 Business Plan and there is flexibility within the budget to allow for the increase in the budget requested in the report.
Equality	-	

Report by: Ranald Robertson
Designation: Partnership Manager
Date: 18th September 2012