

Report to Partnership Meeting 26 September 2014

RESEARCH AND STRATEGY DELIVERY

Regional Air Service Development

PURPOSE OF REPORT

To update Members on recent developments in support of Regional Air Services by HITRANS, its member Local Authorities and other key stakeholders.

Background

Over the past eighteen months, HITRANS and other key partners have commissioned a number of studies that have considered opportunities for supporting and developing regional air services within the area. This has included the Skye Airport Feasibility Study which was commissioned in conjunction with The Highland Council and Highlands and Islands Enterprise (HIE); a Regional Air Service Development Study undertaken by consultants Northpoint Aviation; a review of the air and ferry provision to Orkney's Northern Isles and most recently a study by HIE looking at opportunities to improve air services between Stornoway and Aberdeen.

Below is an update of recent developments and progress made in support of the various recommendations contained in these reports.

Barra to Glasgow

One of the main recommendations in the Regional Air Service Development was for key stakeholders to share the study findings (including results of an online survey to capture potential new demand on various existing and new routes) with Loganair to allow them to review and consider whether the evidence supported additional flights between Barra and Glasgow.

Loganair currently commercially operate additional double rotations on this route five days per week over the peak season in addition to the single rotation they are obliged to provide for the Public Service Obligation (PSO). Following discussions with Loganair - HITRANS, Comhairle nan Eilean Siar and HIE agreed to support the provision of additional rotations on Tuesday and Wednesdays from the end of May until the beginning of September for a period of 15 weeks giving an additional 30 rotations at a cost of £24,000.

To help demonstrate the merits of the trial and the nature of any additional demand a short questionnaire was developed and issued to every passenger travelling on the additional services. This evidence will be used to support making the case to Transport Scotland for including these extra services in the any future PSO contract.

Following a very successful trial that saw an average load factor of 68%, the partners agreed to extend their support up to the end of the October school holidays with 15 further rotations at a cost of £12,000.

A complete report summarising the results of the passenger survey will be issued at the end of the trial period but some emerging trends can be found from the 147 questionnaires returned by the end of August. These include;

- 38% of respondents would not have made the journey if the service had not been available.
- 39% would have travelled by ferry and car/rail/bus services to reach their destination
- 14% would have travelled by ferry to use an alternative air service on Benbecula or Stornoway.
- 9.5% would have used an alternative air service from Barra

Argyll PSO

Argyll and Bute Council's PSO air services are due to be re-tendered in May 2015 and as part of this process the Council are currently undertaking a public consultation exercise with key stakeholders and residents of local islands. This includes a questionnaire to households on Coll, Tiree and Colonsay.

A high level demand assessment undertaken for the HITRANS Regional Air Service Development study identified that there may potential to develop a summer trial between either Oban and Glasgow or Oban and Barra using de-minimus funding. While it is anticipated that the additional rail services between Oban and Glasgow would undermine any business case for this route, Argyll and Bute's new tender may open up opportunities for the development of air services in this area.

Skye Airport

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 the 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.

Since the publication of the Feasibility Study, the Skye Working Group has had various 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.

This has included undertaking a full survey of the airport (CAP232) by SLC Associates, and then secondly, appointing Northpoint Aviation to provide a likely annual Public Service Obligation (PSO) operating cost for a service between Skye and Glasgow 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 bringing an updated business case to a future Partnership meeting.

Orkney Internal Air and Ferry Services

Consultants Systra are undertaking a study on behalf of HITRANS and Orkney Islands Council to consider transport provision to the Outer North Isles and how best to serve these islands in the short, medium and long term taking into consideration best value to the Council.

The study is reviewing the internal air and ferry services to the Outer North Isles and whether the frequency of either service could be amended to better meet the needs of these outlying communities. The study will consider how service enhancements by air or ferry can best be delivered and at what point a modal shift from one to the other might occur. It is expected that this will consider the use of additional aircraft or aircrew for example.

The study will outline clear options after considering the needs of each community, best value to the Council and the current timetable structure for both air and ferry services. Benefits for consideration are service improvements and efficiencies but ideally both.

Before the development of options can be progressed, Orkney Islands Council, HITRANS and Transport Scotland have agreed to undertake the additional data collection required to satisfactorily validate the Routes and Services Methodology (RSM) review carried out for the Orkney Islands. Once completed, the results of this work will help inform the development of ferry based provision to each of the Outer North Isles.

Stornoway to Aberdeen

HIE has appointed Ekosgen consultants, working with Reference Economic Consultant and RDC Aviation, to undertake an appraisal of a) the overall travel demand between Lewis/Harris and the Aberdeen area, and b) the potential usage of an improved Aberdeen-Stornoway air service (operating twice daily Mon-Fri). As part of this study a web-based survey was conducted during June 2014, which received nearly 400 responses from travellers (mostly island residents) who have requirement to travel to/from the Aberdeen area. As was expected, a significant proportion of this travel demand relates to workers travelling offshore and others commuting to onshore-based employment in the Aberdeen area.

A draft report including forecast passenger numbers for a twice daily air service is currently being discussed with Eastern Airways, to ascertain whether the forecast demand is likely to be sufficient for the enhanced service to be operated profitably, or if not what level of public support

might be required. The final report, including survey findings, will be shared with the Comhairle and other stakeholders once these discussions with the airline have concluded.

Recommendation

1. Members are asked to note this report and approve the ongoing actions being undertaken to progress the development of regional air services in the HITRANS area.
2. Members are asked to approve retrospectively the additional HITRANS spend of £4,000 towards the Glasgow – Barra service enhancement. This does not represent additional budgetary commitment, as a spend of £25,000 by HITRANS was approved within the Business Plan and the total HITRANS spend being increased from £8,000 to £12,000 was approved under delegation by the Director based on the Business Plan approval.

Risk	impact	Comment
RTS delivery	√	This work supports RTS Strategic priority to enhance intra-regional connectivity between island and peripheral communities and regional centres and national gateways.
Policy	√	This work supports development of the Aviation policies set out in the RTS
Financial	-	The funding outlined in the report is identified in the 2014/15 Business Plan and is within the budget allocated
Equality	-	

Report by: Neil MacRae
Designation: Partnership Manager
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