

## **Report to Partnership Meeting 15 November 2019**

### **CONSULTATION**

#### **Islands Plan – RECC Call for Views**

##### **Purpose of Report**

The purpose of this report is to share the HITRANS response to the Scottish Parliament Rural Economy and Connectivity Committee's Call for Views on the Proposed National Islands Plan with Board Members.

##### **INTRODUCTION**

The proposed National Islands Plan was laid in Parliament on 3 October 2019 and is a component of the implementation of the Islands (Scotland) Act 2018. The Plan sets out 13 Strategic Objectives in relation to housing, population levels, sustainable economic development, transport and a range of other areas which are critical to improving the quality of life on our islands.

##### **RURAL ECONOMY AND CONNECTIVITY COMMITTEE CALL FOR VIEWS**

The Committee has asked stakeholders to submit views on the following areas:

- Do you think the 13 Strategic Objectives in the proposed National Islands Plan are the right ones to meet the needs of island communities?
- Are there any issues which have been overlooked in the Strategic Objectives?
- Are there any Strategic Objectives that should be given a higher level of priority within the proposed Plan?
- Do you think the proposed Plan sets out both a clear strategic direction and practical approaches to delivery of the Strategic Objectives?
- Do you have any comments on the actions outlined to support effective implementation of the proposed Plan?
- Do you think the proposed Plan adheres effectively to its stated principles that it is "fair, integrated, green and inclusive"? If not, how might its adherence to any or all of these principles be improved?
- The Islands (Scotland) Act 2018 sets out longer term timescales for Scottish Ministers to report on and review the Plan. Does the proposed Plan have sufficiently clear targets and measurable indicators by which to measure its performance?
- Does the proposed Plan align with the Scottish Government's renewed focus on climate change issues, following its announcement of a climate change emergency?
- Does the proposed Plan deliver against the Scottish Government's own National Performance Framework, and the underpinning Sustainable Development Goals?

The responses to these questions will assist the Committee to respond to the Scottish Government on the proposed Plan.

## HITRANS RESPONSE

The Plan is comprehensive and sets out a sensible approach to delivering better outcomes for our islands through the 13 Strategic Objectives it sets out in relation to housing, population levels, sustainable economic development and transport.

The HITRANS response to the Committee's call for views focuses on transport but as transport is a derived demand the comments made are cross cutting and have relevance in those other areas due to the enabling – and at times limiting – role transport can have on areas such as sustainable and inclusive growth, access to health, education and employment. This in turn impacts on sustainable population and housing.

The Transport section of the proposed Islands Plan touches on several key issues and recognises the critical role ferry services play in our island areas. We welcome the recognition of the need for travel to be affordable and would highlight two important examples where action could be taken to remove barriers to sustainable and inclusive growth in our islands. These are business focussed examples and underline a lack of fairness that impacts collectively on islands but also disadvantages some islands relative to others.

1. First, **exclusion of business trips from the Air Discount Scheme**. Businesses are no longer deemed eligible for the 50% discount on the core air fare on internal Scottish air services. Yet trading outside the Highlands and Islands is important for many businesses because of the small size of the internal market (less than 500,000 people). Air is particularly valuable in allowing the region's businesses to access specialist expertise, partners, customers and funders. Some internal flights are part of a business trip to support export activity outside Scotland. Use of the air services is suppressed by the very high fares charged for business travel on non-PSO flights. As an example, in October 2019 fully flexible return fares on two key routes were:
  - Stornoway-Glasgow £428 (1-hour flight).
  - Kirkwall-Aberdeen £416 (50 minutes).

The *cheapest* return fares available for flights with timings suitable for business travel were:

- Booking up to 11 days ahead: Stornoway-Glasgow £362, Kirkwall-Aberdeen £374.
- Booking up to 26 days ahead: Stornoway-Glasgow £231, Kirkwall-Aberdeen £228. Research<sup>1</sup> has been undertaken into the impact of the withdrawal of ADS for business travellers. For private businesses, the main findings included:
  - More than two thirds described the ADS withdrawal as having a "significant negative" impact on their business.
  - Most had been unable to pass on increased flight costs to their customers.
  - Businesses now make greater use of surface transport rather than air and make fewer business trips. This demonstrates that affordability is a constraint on business activity.

The greatest impact from reinstatement of ADS was expected to be on staff productivity. Approaching half of the business forecast an increase of more than 10%. A review of research studies<sup>2</sup> notes the positive economic impacts from regional air travel: "There is

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<sup>1</sup> Appraisal of Inclusion of All Business Travel Within the Air Discount Scheme, Reference Economic Consultants (2016)

<sup>2</sup> The Value of Transport, Peak Economics (2017)

good evidence of strong positive economic effects associated with regional airports that provide services suitable for business. An often-quoted finding is that a 10% increase in air traffic (passengers) is associated with a 1% increase in service sector employment”.

2. The second example is **freight charges on subsidised ferry services**. In 2014 Transport Scotland established a Working Group to oversee the Ferry Freight Fares Review. That was to undertake a comprehensive review of large commercial vehicle fares, developing an overarching policy for fares across the entire ferry network. As of October 2019, the Review has not been completed. Thus, the issues of high freight charges-and anomalies within current fares-remain unresolved. For example, current single fares for large unaccompanied trailers (excluding VAT) are:

- Kirkwall-Aberdeen-between £330 and £583.
- Scrabster-Stromness between £351 and £615.

The Transport section of the document identifies the refreshed National Transport Strategy (NTS) as a significant step towards better transport services for islands areas. HITRANS recently underlined areas where the new NTS needs to better reflect the challenges of remote rural and island areas and noted our disappointment that both air services and ferry services were not recognised in the national transport hierarchy. In the case of ferry services, they were largely considered only in the context of Tourism entirely missing the point that islands economies are as diverse as mainland economies and support several key economic sectors. The proposed plan identifies the next Ferries Plan as a critical planning tool for Scotland’s ferry services. We welcome Scottish Government’s confirmation that the second Scottish Ferries Plan will be completed by the end of 2022, with expectations of new, larger tonnage with cleaner fuels. However, it is important that this does not lead to a reduction in current effort to replace and redeploy vessels to address the connectivity challenges experienced by our islands in the interim. As new vessels/additional capacity come on stream it is how they are deployed and the frequency with which they operate that will realise benefits to what are major investments. Understanding the financial and environmental cost of adapting shoreside infrastructure at an early stage of the decision-making process is essential.

It is positive that the proposed Islands Plan recognises the call of HITRANS and others for people and businesses in every part of the country to be able to make a meaningful day trip to the nation’s capital. Recognition of this as a key objective needs to be supported with policy to enable its realisation. Therefore, for many islands **a meaningful day trip to our nation’s capital can only be achieved through air services**. Consideration should be given to making this an explicit strategic intervention that could require the Island air network to be timetabled accordingly and **resolve the current ambiguity of what is an acceptable level of air service on the many non-PSO (i.e. commercially operated) routes**. This might most easily be achieved by increased use of the PSO mechanism and increased Government ownership of the aircraft that provide these services – as already happens for ferry services and will be the case for the Class 385 trains.

The Plan makes limited reference to bus services despite there being real challenges in travelling by bus in the islands. Limited frequencies and short operating days away from all but the main routes severely limit opportunities for commuting and other time critical/sensitive trips, and can cause isolation and social exclusion for those without access to a vehicle. The limited frequency can mean that any reduction in frequencies has a proportionately large impact on overall provision. Subsidised bus services form a large proportion of the region’s local network. There has been a reduction in funding for subsidised bus services.

The point has also been made in the recent Rural Commission Report produced by SCDI that the National Concessionary Travel Scheme (NTS) creates a distributional issue for those who live in island communities without access to bus services, compared to those who can access them. Analysis of national figures indicates that the **average number of trips made by concession card holders in Orkney and in the Outer Hebrides is 10% of that made by residents of Edinburgh** with a clear disparity evident between rural and urban Scotland with the rest of the HITRANS region and areas like Dumfries and Galloway experiencing the lowest usage of the Concessionary travel scheme. Around 1/3 of bus journeys are funded through the Concessionary Travel Scheme and 8 times as many journeys are made in urban centres where the proportion of residents over 60 is 10% lower than in rural areas.

Resilience and capacity of regionally significant transport infrastructure should be recognised and addressed. This includes air and ferry infrastructure but should extend to consider lifeline roads. Main routes on our islands perform functions that mirror the mainland trunk road network and should be funded properly to ensure they are maintained and afford appropriate capacity. For example, significant sections of the Western Isles Spinal Route or the Tobermory to Salen road in Mull are single track. Strategic objective 3 should be more explicit in the point that the new STPR offers an opportunity to address the investment backlog in regionally significant roads in our islands.

There is limited reference to active travel, and it is completely omitted from the Transport section of the Plan. Walking, wheeling and cycling are given top priority in the transport hierarchy of the draft National Transport Strategy 2, and active travel has the potential to make a significant contribution to the Transport, Health and Wellbeing, and Climate Change objectives of the Islands Plan. Ensuring investment in high quality walking and cycling infrastructure within islands enables people to make daily choices that keep them fit and well, both physically and mentally, and would contribute to delivery of the Active Scotland Delivery Plan, which aims to cut physical inactivity in adults and teenagers by 30% by 2030. Changing the way people move around in their everyday lives from a reliance on the private car to more active and sustainable forms of travel is potentially the easiest way to incorporate physical activity into a daily routine. The ability to carry a bicycle on connecting modes of public transport (eg. ferry to train to destination) can facilitate onward travel by active means. As transport is the largest sectoral emitter of greenhouse gases, encouraging and facilitating active travel with committed investment in infrastructure beyond urban areas will help to reduce emissions. Active Travel funding has received a welcome increase in recent years. Distribution of these funds has not been equal in all parts of Scotland and island areas have not benefited as much as larger urban centres on the mainland. The approach of distributing funding through competitive bidding to multiple challenge funds managed by third parties such as Sustrans, Energy Savings Trust and Cycling Scotland increases administration and delivery cost and leads to less coordinated planning of investment and often less locally appropriate design. The competitive bidding process is demanding of staff time and small island local authorities simply do not have the people available to bid for funds leading to inequitable distribution. Direct funding to local authorities or regional transport partnership would allow a pipeline of rural and island active travel investment to be established with scarce staff resources focussed on delivering appropriate infrastructure and programmes. This should be considered within the context of Strategic Objective 3.

## **RISK REGISTER**

### RTS Delivery

Impact - Positive

Policy  
Impact - Positive

Financial  
Impact – Will require match funding

Equality  
Impact – Positive

## **RECOMMENDATION**

1. Members are asked to note the report.

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<b>Designation:</b>	Partnership Director
<b>Date:</b>	6 <sup>th</sup> November 2019