

Report to Partnership Meeting 24 April 2020

RESEARCH AND STRATEGY DELIVERY

Security of Lifeline Air Services

PURPOSE OF REPORT

To invite Members to consider work that HITRANS and partners should undertake to help secure lifeline air services both within and to / from the region in the future.

Background

In updating the HITRANS Regional Transport Strategy recognition was given to the importance for each region within the Highlands and Islands to be able to access the key urban centres that are essential for helping to sustain the local economy, delivery of key public and private services and on which its ability each regions ability to develop is critical. On many of these lifeline routes, air services offer the only means by which people are able to travel to or from a regional centre to Scotland's main cities and back in a day.

These connections are secured through a number of forms of support including:

- Highlands and Islands Airport Ltd (HIAL) subsidy providing necessary infrastructure at 11 airports with Orkney, Shetland and Argyll and Bute Councils providing similar support to sustain a number of smaller airfields that have scheduled services.
- Public Service Obligations (PSO's) providing services that would not be economically viable for commercial provision on a frequency that meets community needs (facilitating social and economic development combined with the notion of providing a minimum level of provision).
- Air Discount Scheme (ADS) - supporting social inclusion ADS reduces the cost of air travel for those whose permanent/main residence is in an eligible area of the Highlands and Islands. It provides a discount of 50% on the core air fare (i.e. the total fare excluding airport charges and government taxes).
- Air Passenger Duty (APD) or its replacement Air Departure Tax (ADT) - Airports in Highlands and Islands are exempt from a tax payable by aircraft operators and charged on the carriage of chargeable passengers on chargeable aircraft by air from airports in Scotland / United Kingdom.
- Route Development Funding (RDF) is usually perceived as a time limited facilitative intervention to achieve a self-sustaining route enhancement.

Pre Covid-19 changes to air services / policy

Feeding into the newly formed Islands Transport Forum, local partners undertook an Air Services Scoping Paper in 2016 which highlighted the following key areas relating to air services at the time including:

- Improving collaboration between Transport Scotland, Regional Transport Partnerships and the Islands Councils.
- Establishing a process that fully accounts for island-specific views.
- Ensuring efficient and effective lines of communication between all key stakeholders.
- Consider all air services between Islands and the Scottish mainland.
- Current and potential aircraft deployed on island to mainland routes
- Evidence on the reliability of the different air services
- Affordability for passengers
- Affordability for Scottish Government / Local Authorities
- Roles and responsibilities

In the four years since partners undertook this work there have been a number of changes to local air services and how they are supported. These include; a short period of competition between Flybe and Loganair on a number of island routes which resulted in Flybe terminating all its services within the region apart from two routes to Birmingham and Belfast from Inverness; a reduced PSO network in Argyll and Bute; Expansion of routes operated by Loganair with inclusion of services to Manchester from Kirkwall and Stornoway for the first time. An increase of ADS from 40-50% of the core fare by the Scottish Government; A reduction in the frequency of services operating on some routes such as Inverness – Kirkwall with the most recent winter timetable meaning that a return day trip in either direction was no longer possible; the recent termination of the Wick to Edinburgh service operated by Loganair.

Over the same period, the UK and Scottish Government have also been developing updated strategies for the aviation industry with the 2019/20 Programme for Government committing to making the Highlands and Islands the world's first net zero aviation region.

Post Covid-19 Impacts

It is difficult to determine the likely short term let alone long-term impacts of Covid-19 on intra-Scotland air services. With all forms of travel being impacted by varying degrees of restriction for the foreseeable future, public sector support is likely to be required to maintain even a basic level of service on many routes.

It is already clear that the longer-term impacts on all operators will be significant and will require all levels of government and the industry to work together to identify how air services can best be sustained and supported in the future. This uncertainty should provide an opportunity for all stakeholders to collaborate to shape the domestic air network and how it is provided so that air services can best support the economies of each region within the HITRANS area.

HITRANS Business Plan 2020 / 2021

Members will be aware that funding had already been allocated in HITRANS 2020/21 Business Plan to help support work to address concerns around the reduced frequency and resulting impact on a number of key routes - or in the case of Wick to Edinburgh route the termination of the service itself.

In light of recent events, it is proposed that HITRANS officers seek early engagement with HIAL and Transport Scotland to ensure that support for local outcomes are prioritised in responding to the crises facing the aviation industry.

Transport Scotland is currently undertaking the second Strategic Transport Projects Review (STPR2) to inform the Scottish Government's transport investment programme in Scotland over the next 20 years (2022 – 2042). In many cases, air services provide the only means of achieving the following Regional Objective identified the stage of the STPR process namely -

Increase competitive transport access to key domestic and international markets, by reducing costs and improving journey time reliability for business and commercial transport, with an additional focus on facilitating a viable working day in the Central Belt, by public transport

There is an opportunity for this to undertake work which will help inform this STPR process and also ongoing work being undertaken by HIAL to review different aspects of aviation, air services and infrastructure in the region.

Recommendation

Members are asked to;

1. note this report
2. consider how HITRANS and local partners best engage with HIAL, Transport Scotland and the wider aviation sector to secure lifeline air services within the region and to other key destinations within Scotland.

RTS Delivery

Impact - Positive

Comment – This work supports RTS Strategic priority enhance regional connectivity.

Policy

Impact - Positive

Comment – This work supports development of the Aviation policies set out in the RTS.

Financial

Impact – Neutral

Budget line and value – An allocation from HITRANS Research and Development Budget for 2020/21 has been identified.

Equality

Impact –neutral

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