

NOTICE OF MEETING

There will be a meeting of the Partnership at the Travel centre, Kirkwall, Orkney on **Friday 4 April 2008 at 9:30am**. There will be an informal meeting of the Partnership for a briefing at the Albert Hotel, Mounthoolie Lane, Kirkwall on Thursday 3 April 2008 commencing at 6.00 pm, at which HIE will present findings of their Carbon Emissions Study, followed by dinner at 7:30pm.

AGENDA

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Item:

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Minute of Meeting held in the
HITRANS Office, Inverness on
Friday 1 February 2008 at
9.30am.

PRESENT

Mr Duncan Macintyre (Chairman) – Argyll and Bute Council
Mr John Laing (Vice-Chairman) – Highland Council
Mr Jim Foubister – Orkney Islands Council
Mr George McIntyre – Moray Council
Mr Donald MacNeill
Ms Louise Smith
Mr Wilson Metcalfe

IN ATTENDANCE

Mr Dave Duthie – HITRANS
Mr Ranald Robertson - HITRANS
Mr Frank Roach – HITRANS
Mr Mike Mitchell – Highland Council
Ms Naomi Coleman – Orkney Islands Council
Mr Murdo Gray – Comhairle nan Eilean Siar
Mr Gordon Holland – Moray Council
Mr Derek Mackay – Comhairle nan Eilean Siar
Mr Blair Fletcher – Argyll and Bute Council
Mr Iain Duff - SCDI
Mr Douglas Forson – Scottish Government

APOLOGIES

Mr Donald Manford – Comhairle nan Eilean Siar
Mr Sam MacNaughton – Highland Council

MINUTES

- HITRANS 1 The Minute of Meeting of 30 November 2007 was **approved**.
- Matters Arising 2 The Members discussed matters arising from the Minute of 30 November 2007 and the following points were raised.
- Tenders for the journey sharing website were being evaluated and it was anticipated that a tender acceptance would be issued within the following seven days. It was hoped to develop the pilot journey sharing scheme throughout the Highlands and Islands.
 - The latest round of Tier one Ferry User's Consultative Committee Meetings had been held.
 - With relation to the Dornoch Rail Crossing, the Local Action Group had completed their Study and had presented it to the Scottish Government. Members confirmed that HITRANS position would remain unchanged unless the Scottish Government came back with a different view

It was agreed that the Partnership Director would arrange Tier 2 Ferry User Consultative Committee Meetings for the Clyde and Hebrides and Northern Isles Ferry Services together with a joint Meeting of the Tier 2 groups.

FINANCE

Finalised Accounts 2006/07 3 The Partnership Treasurer submitted a Report detailing the HITRANS Finalised Accounts 2006/07. The Report detailed the final financial results for the year compared to the budget. The Report further detailed the Statement of Accounting Policies and the Statement on the System of Internal Financial Control from Audit Scotland. Members thanked the Partnership Treasurer for his ongoing work in relation to the preparation and monitoring of the accounts.

It was agreed to note the report.

Revenue Budget 2007/08 4 The Partnership Treasurer submitted a Report detailing the revenue position to 31 December 2007. The Report stated that income and expenditure was broadly in line with the budget outturn target, with this figure being higher than Budget by £20K due to increased income contributions, mainly from Highlands and Islands Enterprise, towards costs in respect of research work.

It was agreed to note the report.

Capital Budget 2007/08 5 The Partnership Programme Manager Submitted a Report detailing progress with the delivery of the HITRANS Capital Programme 2007/08. The Report detailed progress with each of the projects in the Capital Programme and the projects within the Public Transport Network Programme.

It was agreed to note the report.

Revenue Budget 2008/09 6 The Partnership Treasurer submitted a Report detailing the proposed Revenue Budget for 2008/09 which would cover the Partnerships running costs and Research and Strategy Development Programme costs. The Report detailed anticipated income from partner local authorities and the Scottish Government in order to cover these costs.

It was agreed:

- (1) to approve the Revenue Budget 2008/09, in principle, subject to agreement of funding contributions from Local Authority partner members: and**
- (2) that the Partnership Director would prepare a briefing note on the work of HITRANS to be circulated to Local Authorities:**

STRATEGY DEVELOPMENT

Regional Transport Strategy 7 The Partnership Director submitted a report detailing a proposed submission to Mr John Swinney MSP, Cabinet Secretary for Finance and Sustainable Growth following his letter of 17 January sent in relation to his Meeting with the Chairs of the seven Regional Transport Partnerships. Mr Swinney had requested that HITRANS review its Strategy in the context of focusing on the Governments key objectives and concentrating on strategic high level issues.

It was agreed:

- (1) that the Chairman, the Partnership Director and Mr Donald MacNeill, would prepare a draft submission to the Scottish Government in relation to the HITRANS Strategy and that the draft response would be submitted to all members for their comments prior to submission.**
- (2) that the chair would write to the Transport Minister requesting that consideration be given to top slicing the Strategic Transport Projects Review Budget for 2012-22 in order to provide the disproportionate investment in transportation at a strategic level that was required in the Highlands and Islands to enable it to positively contribute to the Scottish economy;**

- (3) to note the delay in the provision of a Monitoring and Approval Framework for implementation of the Regional Transport Strategy pending approval by the Scottish Government.

Research and Strategy Development Programme 2008/09

- 8 The Partnership Director submitted a Report in relation to the ongoing Research and Strategy Development work that was required to support the case for delivery of better transportation as promoted in HITRANS draft Regional Transport Strategy and to ensure that the Partnership had the best knowledge and information on changing circumstances and opportunities within the transport sector. The proposed Research and Strategy Development Programme for 2008/09 was detailed in the appendix to the Report.

It was agreed:

- (1) to approve the Research and Strategy Development Programme 2008/09 as detailed in the appendix to the amended Report circulated at the Meeting; and
- (2) that Mr Donald Maneill and Ms Louise Smith, in consultation with the Permanent Advisors, would explore potential funding sources for the Studies in the Research and Strategy Development Programme.

Air Services – Response to Heathrow Consultation

- 9 The Partnership Director submitted a Report in relation to the Department of Transportation’s consultation of the future growth of Heathrow Airport through the provision of a further new terminal and a third runway. The Report detailed a proposed response to the consultation on behalf of HITRANS.

It was agreed

- (1) that the response detailed in the report be sent to the Department of Transport as HITRANS response to the consultation on additional capacity at Heathrow Airport; and
- (2) the Chair be authorised to write to the Secretary of State for Transport and the Parliamentary Under Secretary seeking a meeting to discuss the issues surrounding access to the Heathrow hub from Inverness and other air service issues.

ORGANISATIONAL MATTERS

Transfer of Employees for Highland Rail Partnership

- 10 The Partnership Director submitted a Report detailing proposals to transfer employees from Highland Rail Partnership to HITRANS from 1 April 2008. The Report stated that, with HITRANS moving from a Voluntary to a Statutory Partnership it was felt that greater benefit could be achieved by integrating the efforts of Highland Rail Partnership within HITRANS thus ensuring close working between transport sectors, optimum use of resources and the further development of rail service improvement across the region.

It was agreed

- (1) to transfer the Highland Rail Partnership employees to HITRANS from 1 April 2008; and
- (2) to authorise the Chairman and the Vice-Chairman to execute any transfer agreement and any other documentation required in connection with the transfer of Highland Rail Partnership staff.

Lease of Arasaig Station 11 Mr Frank Roach, Partnership Rail Advisor, submitted a Report detailing proposals to lease Arisaig Station on the West Highland Line – Mallaig extension. The Report stated there was an opportunity for HITRANS, at a nominal cost, to support the development of Arisaig Station on a trial basis for the benefit of rail users in the area and the local community. The Report detailed proposals for the future use of the station.

It was agreed that HITRANS would take on the lease of Arisaig Station for an experimental one year period and would explore further potential uses in order to enhance its transport function.

Date of Next Meeting 12 The next Meeting of the Partnership will take place in Orkney on 4 April 2008



**THE HIGHLANDS AND ISLANDS TRANSPORT PARTNERSHIP
COMMITTEE – 4 April 2008**

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Report No	

Revenue Budget Monitoring Report – 1 April 2007 to 29 February 2008

Report by Partnership Treasurer

SUMMARY

This report sets out the revenue monitoring position for the period to 29 February 2008 and the projected year end position.

1. CURRENT POSITION

1.1 The annual budget is as approved at the Board Meeting held on 22 June 2007, subsequently amended for £15,000 budget virement approved at the August Board meeting. The attached summary statement shows the financial position to 29 February 2008. In total income and expenditure is broadly in line with the budget out-turn target.

2. YEAR-END PROJECTION

2.1 The year to date actual figures represent the transactions for the eleven months ended 29 February 2008 and are in line with management expectations. At present officers are not aware of any anomalies that will distort the overall financial position.

2.2 Board Members will note that based on the financial performance to date, it is predicted that at the end of the financial year the budget will deliver an underspend in the region of £40,000, which equates to 4.3% of the total budget.

3. MAJOR ISSUES AND VARIANCES

3.1 Income contributions, mainly from Highlands and Islands Enterprise, towards costs in respect of research work have been received, consequently the outturn figure is higher than budget by £38,000.

3.2 Office costs will be underspent by an estimated £8,000 at the end of the financial year.

3.3 The budget allocated for co-ordinator fees will not be fully utilised and is likely to be underspent by £9,000.

3.4 The research programme budget is overcommitted and will result in an overspend of £8,000. The overspend is met from increased income highlighted at 3.1 above.

- 3.5 No specific budget was identified for meeting and conference costs, however underspends elsewhere in direct running costs have compensated for the expenditure incurred.
- 3.6 Finance and administrative services comprises audit fee and charges from Councils for the provision of financial, personnel, legal and administrative services. Due to a clerical error in 2006/07 the fee due to Comhairle Nan Eilean Siar was paid twice, consequently the budget for 2007/08 will be underspent.

4. RECOMMENDATION

- 4.1 Board Members are asked to note the above information as well as the attached schedule showing the revenue monitoring position for the period to 29 February 2008.

Signature:

Designation: Partnership Treasurer

Date: 27 March 2008

Author: Mike Mitchell, Finance Manager, Highland Council

HITRANS - SUMMARY							
STATEMENT OF REVENUE MONITORING TO: 29TH FEBRUARY 2008							
2007/2008							
BUDGET HEADINGS	ANNUAL BUDGET	BUDGET TO DATE	ACTUAL TO DATE	This Month Budget	This Month Actual	TO GO	PROJECTED OUTTURN
INCOME							
Councils	(£200,000)	(£200,000)	(£200,000)	£0	£0	£0	(£200,000)
Scottish Executive - Match Funding	(£200,000)	(£176,860)	(£176,860)	(£13,690)	(£24,790)	(£23,140)	(£200,000)
Scottish Executive - Travel Plan Officer	(£100,000)	(£15,000)	(£27,500)	(£2,500)	(£5,000)	(£66,500)	(£94,000)
Scottish Executive - Capital Programme Management	(£80,000)	(£80,000)	(£80,000)	£0	£0	£0	(£80,000)
Scottish Executive - Regional Transport Strategy	(£330,000)	(£301,140)	(£301,140)	(£23,310)	(£42,210)	(£28,860)	(£330,000)
HIE	£0	£0	(£19,194)	£0	£0	(£19,000)	(£38,194)
Other Misc Income	£0	£0	(£4,084)	£0	£0	£0	(£4,084)
2006/07 Surplus	(£14,000)	£0	£0	£0	£0	(£14,000)	(£14,000)
	(£924,000)	(£773,000)	(£808,778)	(£39,500)	(£72,000)	(£151,500)	(£960,278)
DIRECT RUNNING COSTS							
Director	£72,000	£66,000	£62,548	£6,000	£7,245	£7,245	£69,793
Programme Manager	£51,500	£47,208	£46,651	£4,292	£4,544	£4,549	£51,200
Office Manager	£21,500	£19,708	£20,110	£1,792	£1,974	£1,990	£22,100
Travel Plan Officer	£29,000	£26,583	£17,718	£2,417	£0	£11,282	£29,000
Staff Travelling and Subsistence	£16,000	£14,667	£16,607	£1,333	£1,515	£2,393	£19,000
Travel Plan Travel/Subsistence	£9,000	£8,250	£2,641	£750	£0	£1,359	£4,000
Members and Advisers Travel and Subsistence	£25,000	£22,917	£14,556	£2,083	£398	£5,444	£20,000
Office Costs - Property	£25,000	£22,917	£20,098	£2,083	£200	£1,902	£22,000
Office Costs - Admin	£25,000	£22,917	£16,963	£2,083	£1,262	£3,037	£20,000
Co-Ordinator Fees and Expenses	£30,000	£27,500	£19,076	£2,500	£0	£1,924	£21,000
	£304,000	£278,667	£236,968	£25,333	£17,138	£41,125	£278,093
PROGRAMME COSTS							
Publicity	£25,000	£22,917	£23,798	£2,083	£2,000	£1,202	£25,000
NESRFDG	£10,000	£10,000	£10,000	£0	£0	£0	£10,000
Highland Rail Partnership	£95,000	£95,000	£95,707	£0	£0	£0	£95,707
Regional Transport Strategy	£330,000	£302,500	£190,411	£27,500	£51,989	£139,589	£330,000
Travel Plan Work	£61,000	£55,917	£35,191	£5,083	£1,920	£25,809	£61,000
Research Programme	£57,000	£52,250	£61,353	£4,750	£3,245	£3,647	£65,000
Meeting and Conference Costs	£0	£0	£18,325	£0	£0	£0	£18,325
Other Costs	£0	£0	£1,917	£0	£0	£0	£1,917
	£578,000	£538,583	£436,702	£39,417	£59,154	£170,247	£606,949
Finance and Administrative Services	£42,000	£38,500	£31,796	£38,500	£0	£2,926	£34,722
TOTAL COSTS	£924,000	£855,750	£705,466	£103,250	£76,292	£214,298	£919,764
(UNDER) / OVERSPEND	£0	£82,750	(£103,312)	£63,750	£4,292	£62,798	(£40,514)

Item:

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Report to Partnership Meeting – 4 April 2008

FINANCE – CAPITAL BUDGET 2007/08

Purpose of Report

To provide details of the position in terms of delivery of the HITRANS Capital Programme at the end of March shortly before the end of the financial year.

HITRANS Capital Programme

The Capital budget managed by HITRANS in 2007/08 is split into two programmes. The first programme is the direct RTP Capital Grant to HITRANS of £3,530,227. The Scottish Executive also transferred responsibility to HITRANS to ensure the delivery of 3 projects whose funding was secured through the Public Transport Fund and had fallen behind their original delivery period.

The two tables below summarise the latest spending position for each programme and this information is expanded in the report.

HITRANS Capital Budget Programme

Capital Programme	Total Funding Allocation	Grant Claims to Date
B836 Strategic route from Colintraive to Sandbank	£450,694	£450,694
Hatston Ferry Terminal	£400,000	£400,000
Western Isles Spinal Route	£146,479	£146,479
Inverness Airport Station / Park and Ride (Design)	£43,442	£43,442
Lochmaddy Pier Structure	£215,000	£215,000
Oban to Connel Cycle Route	£300,000	£299,723
Port Askaig Ferry Terminal	£300,000	£300,000
Airport Infrastructure Improvements Scheme	£50,000	£50,000
Accessible Bus Scheme	£427,000	£427,000
Bus Service Infrastructure and Information Project	£723,402	£584,956
Cycling and Walking Scheme	£31,900	£31,900
Ferry Terminal Facilities Scheme	£172,011	£172,011
Rail Station Facilities Scheme	£190,457	£179,128
Project Management	£80,000	£80,000
	£3,530,385	£3,380,333

Public Transport Fund Transfer

Project	Total	Claimed
Cuan Sound Transport Links	£1,564,000	£0
Inverness City Centre / Invernet	£621,000	£621,000
Lochmaddy Ferry Terminal	£425,000	£100,000
	£2,610,000	£721,000

Cuan Sound Transport Links

The Cuan Sound Transport Links STAG recommended a fixed link as the best solution for the crossing to the island of Luing. With no decision yet agreed on the best way of delivering the lifeline link across the Cuan Sound HITRANS wrote to Government asking them what mechanism they intend to use to guarantee the committed Government funding for this project as it could not progress in 2007/08. After discussing the issue at length with Scottish Government civil servants it was proposed that the £1.564 million for the Cuan Ferry Crossing could be temporarily transferred to Strathclyde Partnership for Transport who would use this capital sum for projects nearing completion and would return the funds in 2008/09 when the Council were in a position to deliver either the preferred fixed link crossing of the Cuan Sounds or if funding for this could not be secured they could revert to the ferry option.

Inverness City Centre and Invernet

The final grant funding secured by Highland Council through the Public Transport Fund for the Invernet and Inverness City Centre Streetscape programme was allocated to HITRANS as a result of its falling behind the original timetable extension. This grant has now been paid out in full.

Lochmaddy Ferry Terminal

The funding secured by HITRANS in the fourth round of the Public Transport Fund for enhanced facilities at Lochmaddy Ferry Terminal was extended to allow completion within the current financial year.

Difficulties in the post tender period led to the withdrawal of the lowest tender with a subsequent delay in the work going ahead as the Council had to engage the next lowest contractor and there were a number of issues that had to be considered before the contract could be awarded. J.A MacDonald Construction of South Uist commenced on site in January and work is now progressing but completion will not now be until August 2008. Comhairle Nan Eilean Siar has claimed £100,000 of the £425,000 available through the PTF funding.

To allow the Council to draw down the remaining £325,000 available for the Lochmaddy project from the PTF funds HITRANS secured agreement that the same "bed and breakfasting" arrangement could be established for this sum as has been established for the

Cuan Crossing funding. Therefore Strathclyde Partnership for Transport will receive the funding now to deliver project in their region and will transfer an equivalent sum back in 2008/09 when the project is finally completed in the summer.

Lochmaddy Pier Structural Works

Comhairle Nan Eilean Siar has now received HITRANS contribution of £215,000 towards a series of structural improvement works at Lochmaddy Pier. The Council will complete this project in 2008/09 and have committed a further £215,000 of their budget to this project.

Colintraive to Sandbank Road

Work on the Colintraive to Sandbank road improvement scheme is nearing completion and Argyll and Bute Council has claimed the full HITRANS grant awarded to this project of £450,694.

Port Askaig Ferry Terminal

Argyll and Bute Council have confirmed they will fund the third phase of the Port Askaig Ferry Terminal from their own capital budget in 2008/09. This has allowed them to claim HITRANS contribution against phase 2. The full claim has therefore been made.

Oban to Connel Ferry Cycle Path

Issues over land access in the delivery of the Oban to Connel section of the Oban to Fort William Cycle Route have finally been resolved by Argyll and Bute Council. The project will now progress and the full HITRANS grant contribution of £300,000 will be claimed by 31 March 2008.

Hatston Ferry Terminal and Pedestrian / Cycle Path

The cycle path and extension of Hatston Terminal Building has now been completed and HITRANS £400,000 contribution has been claimed.

Western Isles Spinal Route

The uncertainty over whether HITRANS would receive any capital grant in 2008/09 meant we had to postpone the first phase of the Inverness Airport Park and Ride site which was scheduled for delivery by July 2008. As a result of this change the Partnership agreed at the meeting in Rothesay on 30 November 2007 to offer funding to Comhairle Nan Eilean Siar to assist with a significant cost overrun on the Western Isles Spinal Route schemes recently completed in Harris and North Uist on a previously supported project. A grant claim of £146,479 has now been made in relation to this scheme.

Project Management

The fee allocated against staff time in HITRANS and HRP for management of the Capital Programme has been claimed in full and amounts to £80,000.

Public Transport Network Development Programme

The Public Transport Network Development Programme represents a continuation of the projects delivered by the voluntary partnership since 2002.

Funding is split into six schemes plus project management costs. A summary of these schemes is listed below and a detailed project description has been attached to the report as background information.

Public Transport Projects	Total Funding Allocation	Grant Claims to Date
Airport Infrastructure Improvements Scheme	£50,000	£50,000
Accessible Bus Scheme	£427,000	£427,000
Bus Service Infrastructure and Information Project	£723,402	£584,956
Cycling and Walking Scheme	£31,900	£31,900
Ferry Terminal Facilities Scheme	£172,011	£172,011
Rail Station Facilities Scheme	£190,457	£179,128
	£1,594,770	£1,444,995

A total of £149,775 had not been claimed by the 27th March. This sum relates to bus shelters and real time information and the invoices for these items were expected by 31st March. Allowance for such items has been made in the accrual of costs incurred before 31st March arrangements agreed with the Scottish Government. A full report detailing all the projects delivered in 2007/08 will be presented at the Partnership meeting in June once the audit process has been completed.

Report by: Ranald Robertson
Designation: Programme Manager
Date: 27 March 2008



Report to Partnership Meeting of 4 April 2008

LOCALLY SIGNIFICANT ROADS STUDY

SUMMARY

The locally significant roads study has been drafted and will be available for Members at the meeting. It identifies 33 routes from the network in the Regional Transport Strategy with priority for investment and potential for ERDF grant aid. The ERDF Programme Review Group is keen to use this methodology for a £3 million programme of grant aid for locally significant roads.

RECOMMENDATIONS

HITRANS should work with Member Councils to bring forward the projects in our priority list for ERDF assistance.

HITRANS should liaise with Zetrans and SPT to extend the methodology to Shetland and Arran.

DETAIL

1. At the Partnership Meeting on 13 April 2007 it was agreed to undertake a number of studies from the 2007/8 budget including the development of an investment strategy for enhancing the network of locally significant roads identified in the Regional Transport Strategy.
2. The brief for the study required a short desk top review of previous work by HITRANS on locally significant/lifeline roads; the development of objectives for the investment strategy; the identification and prioritisation of interventions to enhance the links of the locally significant road network including a workshop with Permanent Advisers; and an assessment of the social and economic benefits deriving from the prioritised interventions.
3. Tribal Consulting were appointed in June 2007 to undertake this work. The desk top review of previous work and the objectives for the investment strategy were agreed by the Permanent Advisers when they met on 22 June 2007. It was agreed that the objectives should follow Priority 3 of the current Highlands and Islands ERDF programme in order to maximise grant aid to the network, and will focus on the sustainable growth of peripheral and fragile communities.

4. The workshop was held at the end of August 2007. It was agreed that each route on the network would be scored in terms of the fragility of the communities served; the severity of transport constraints currently affecting the route; and the potential impact on communities and businesses of the interventions to address these constraints. A good deal of information was required to be provided by staff of Partner Councils particularly regarding the condition of each route on the network and the nature and cost of enhancements. Considerable work and discussion has taken place over the winter culminating in a final meeting of the Permanent advisers on 14 March 2008 to agree the outcomes of the Tribal report.

5. A total of 69 routes (see table 1 below) comprise the locally significant road network in the Regional Transport Strategy. Of these we agreed that 21 serve areas of low economic and social fragility and do not meet the objectives described in 3 above. A further 15 routes are currently fit for purpose and are not requiring enhancement. Therefore the prioritisation has concentrated on the remaining 33 routes.

ROUTE	SCORE
B8007 Salen to Kilchoan	12
A855 Portree to Uig via Staffin	12
A896 Kinlochewe to Strathcarron	12
B8011 Garynahine to Uig	11
B8073 Tobermory to Salen via Calgary	12
A964 Kirkwall to Clouston	11
A846 Feolin Ferry to Kells	10
B8035 Mull	10
B844 Kilninver to Cuan Ferry	10
B8000 Millhouse to Newton	10
A 837 Ledmore to Invershin	10
Achiltibuie road	10
A858 Carloway to Leurbost	10
A858 Carloway to Barvas	10
A839 Rosehall to Lairg	9
A884 Strontian to Lochaline	9
A897 Melvich to Helmsdale	9
A 836 Bettyhill to Rhiconich	9
B8024 Tarbert to Inverneill	9
A880 Ardbeg to Kilmun	9
B828 Hell's Glen to rest and be thankful	9
A865 Clachan to Trumisgarry	9
A832 Braemore Junction to Gairloch	8
A836 Tongue to Lairg	8
B8025 Kilmartin to Tayvallich	8
A859 Rodel	7
A888 Castlebay to Northbay	7
B8045 Point Ramsay to Kilcheran	7
B8004 Acharacle to Ardtoe	6
A847 Bridgend to Portnahaven	6
B840 Cladich to Ford	6
B8060 Lemreway to Balallan	6
Benbecula link road	5

6. The first four routes in the table above have been approved for ERDF funding.
7. The ERDF Programme Review Group, comprising Council Conveners etc, has agreed that £3 million of ERDF should be ring fenced for future applications for locally significant road improvements subject to a maximum individual grant of £350K and a maximum intervention rate of 20%. This funding will also include schemes from Shetland and Arran.
8. The Review Group would like to agree a programme of schemes for the £3 million based on the HITRANS fragility methodology. This programme would need to be established before the September 2008 round of applications for ERDF and the programme will need to be delivered during the period 2009 to 2012.

Points for consideration

- £3 million of grant at 20% intervention would give a programme of £15 million over the financial years 2009/10 to 2012/13. Councils would need to allocate £12 million of match funding over this period. We should consider entering discussions with Councils to see if they can bring forward funding for routes in our priority list.
- HITRANS should liaise with Zetrans and SPTe over the next few months to agree a programme based on the fragility criteria for Shetland and Arran

Report by: Dave Duthie
Designation: Partnership Director
Date: 27 March 2008

HITRANS Table 1:

LOCALLY SIGNIFICANT ROAD NETWORK STUDY – 2007

ROAD LINKS

Below are the links on the locally significant road network as identified in the Regional Transport Strategy (Figure 4.3 Network Hierarchy)

ARGYLL AND BUTE

Mull

- B8073 Tobermory to Salen (via Calgary)
- B8035 Gruline to Uluvait

Lorn

- B8045 Port Ramsay to Kilcheran (Lismore)
- B844 Kilninver to Cuan Ferry

Mid Argyll

- B8025 Kilmartin to Tayvallich
- B840 Cladich to Ford (Loch Awe)

Cowal

- B828/839 Hells Glen to Rest and be Thankfu
- Ardbeg to Loch Eck via Glen Finart
- B836 Glen Lean
- B8000 Millhouse to Newton

Jura

- A846 Feolin Ferry to Keils

Islay

- A847 Bridgend to Portnahaven

Kintyre

- B842 Campbeltown to Southend
- B842 Kennacraig to Campbeltown
- B8024 Tarbert to Inverneill (Knapdale)

COMHAIRLE NAN EILEAN SIAR

Lewis

- B8060 Lemreway to Balallan
- A858 Garynahine to Stornoway
- B8011 Garynahine to Uig
- A858 Lower Barvas to Garynahine

- Achmore to Leurbost
- B895 Newmarket to North Tolst (Ness)
- A866 Stornoway to Portvoller (Point

Harris

- B887 Bunavoneader to Hushinish
- Rodel to A859

Nort Uist

- A865 Clachan to Trumisgarry

Barra

- A888 Castlebay to Northbay

HIGHLAND

Caithness

- A836 Thurso to John O' Groats
- B876 Castletown to Wick

Sutherland

- A897 Melvich to Helmsdale
- A836/838 Bettyhill to Rhiconich
- A837 Tongue to Lairg
- A894 Laxford Bridge to Inchnadamph
- A839 Lairg to The Moun
- A837 Ledmore Junction to Invershin
- A839 Rosehall to Lairg

Easter Ross

- Tain to Portmahomack
- B9175 A9 to Nigg
- A832 Fortrose to Cromarty
- B9176 Struie Hill (Alness to Ardgay)

Wester Ross

- A890 Strathcarron to Auchtetyre
- Achiltibuie
- A896 Kinlochewe to Strathcarron
- A832 Braemore Junction to Gairloch

Skye

- A850 Skeabost to Sligachan via Dunvegan
- A855 Portree to Uig via Staffin
- A851 Broadford to Armadale

Lochaber

- B8004 Acharacle to Ardtoe

- A884 Strontian to Lochaline
- B8007 Salen to Kilchoan (Ardnamurchan)

Inverness

- A831 Beaully to Glen Affric
- B851.861/2 East Loch Ness side (Inverness to Fort Augustus)

MORAY

- A940 Forres to Grantown on Spey
- B9010/9102 Forres to Marypark (A95)
- A939 Tomintoul to Cockbridge (The Lecht)
- B9008/9/14 Tomintoul to Keith
- A941 Dufftown to Rhynie (Cabrach)
- B9040 Burghead to Lossiemouth

ORKNEY

Mainland

- A961 St Margaret's Hope to Burwick
- A964 Kirkwall to Clouston
- A966 Finstown to Dounby via Tingwall
- A957 Cairston to Twatt
- A960 Kirkwall to Skail

Eday

- B9063 Backaland to Calfsound

Hoy

- B9047 Linksness to Hackness (South Walls)

Rousay

- B9064 Westness to Wasbister

Sanday

- B9069/70 Stove to Northwall and Scar

Shapinsay

- B9058 Edmonstone to Newlot

Stronsay

- B9062 Odie to Millgrip

Westray

- B9066 Rapness to Broughton and Langskail

Item:

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Report to Partnership Meeting of 4 April 2008

REGIONAL TRANSPORT STRATEGY

SUMMARY

The Report seeks approval from the Partnership to submit to Scottish Ministers the revised Regional Transport Strategy and associated Delivery Plan. The Strategy supports Government's key objectives and the single outcome agreements of the constituent Councils and reflects the level of funding potentially available from within Government and Councils to improve transportation as a means of enhancing the region's viability and enable the highlands and islands to complete and support growth as part of the national strategy to grow the Scottish Economy.

RECOMMENDATIONS

The Partnership is asked to

1. approve the submission to Government of the revised Regional Transport Strategy and Delivery Plan as include in Appendix 1 based on that previously agreed and submitted in July 2007, updated to reflect the Government's key objectives and changing funding position.

REGIONAL STRATEGY APPROVAL

The Partnership considered the letter from the Cabinet Secretary for Finance and Sustainable Growth at its last meeting on 1 February and agreed to develop and submit a revised Regional Transport Strategy and associated Delivery Plan as requested.

The HITRANS RTS assesses a wide spectrum of service areas in terms of the transport's impact but focuses in conclusion on how transport can enable the economic growth and prosperity of the Highlands and Islands, the Objective that consistently was identified as the critical issue in the consultation phase of the strategy development process.

The Cabinet Secretary asked HITRANS to consider prioritisation of interventions to be included within a Delivery Plan related to its RTS in light of the resources potentially available to Government and Councils and to submit a revised strategy in due course reflecting the view of the Partnerships and its constituent Councils on the needs for investment in transport within what is the most peripheral region of Scotland. The Partnership were advised on 1 February of the constraints and challenges faced by all of the member Councils and the likely extent to which they will be able to implement initiatives which would bring meaningful benefit at a regional and national level. The

clear need for additional funding to deliver the improvements in transport necessary to support Government's key objectives and in particular the aims of its central Economic Strategy is reflected in the revised Delivery Plan, as is the need for Government to invest directly from central sources in interventions out with the trunk road and rail network which generate significant economic benefit the will support the region adding value to the national economy. The draft Delivery Plan identifies projects in 3 categories to reflect this position: national, regionally significant, and local.

The Partnership is asked to consider the revised Regional Transport Strategy and Delivery Plan and agree this be submitted to Scottish Ministers for their consideration

Report by: Dave Duthie
Designation: Partnership Director
Date: 27 March 2008

**Report to Partnership Meeting of 4 April 2008****NATIONAL PLANNING FRAMEWORK FOR SCOTLAND – 2****SUMMARY**

The report sets out some of the key elements contained in the Draft National Planning Framework (NPF) recently published by the Scottish Government. The NPF will be scrutinised and approved by Parliament in autumn 2008. It will provide the spatial policy for future plans and strategies prepared by Councils and Regional Transport Partnerships. It identifies the key economic development corridors and strategic transport routes where investment will be targeted. It also identifies international gateways and deep water opportunities. Nine infrastructure developments are listed as national projects which will be fast tracked through the planning system and given priority for funding. Responses must be made by 15 April.

RECOMMENDATIONS

The Board is asked to respond by requesting that the west coast route from Glasgow to Western Isles (A82/A87 and ferry connections) is included as a strategic transport route. We should also request that the air service from Inverness to Heathrow and Gatwick be included in the NPF as a strategic external link. And we should request that the Inverness to Aberdeen and Perth transport corridors and the A82 Loch Lomond to Fort William be added to the national projects for priority treatment.

The importance of this document is such that a combined response requesting these changes should be made from Councils; HIE; and HITRANS. A meeting should be sought with Highlands and Islands MSPs to raise these concerns before the NPF is scrutinized in Parliament.

DETAIL

1. The first National Planning Framework was published by the Scottish Executive in 2004. It is an informal document but it has been used as background policy for development plans and planning decisions for the past 4 years. The Planning (Scotland) Act 2006 sets the Framework on a statutory footing and requires it to be reviewed every 5 years and to set out the strategic spatial policy context for decisions by the Scottish government and its agencies. It is also required to identify “National Developments” for infrastructure investment which will have a fast track through the planning process. The National Planning Framework for Scotland 2 (NPF2) has been published as a discussion draft and a stakeholder consultation meeting was held in Inverness in February 2008. Comments on the FPF2 draft must be submitted by 15 April.

2. It identifies **key drivers of change**. The need to reduce greenhouse gas emissions from transport (currently 20% of Scotland's total and growing) will require limiting car dependence and transferring freight from road to rail. It also suggests reducing the need for air travel to London and other UK centres by developing faster rail services. The decline in world oil production and the rise in oil based fuel costs will require improvements in public transport, rail and sea freight as car travel and road haulage becomes more expensive. Economic growth in the east of Scotland will require improvements to the transport infrastructure on this economic development corridor and traffic congestion will need to be eased in the central belt. The city regions will increase in importance as Scotland's economic drivers and transport links between them will be a priority for improvement. For environmental and health reasons walking and cycling will take over more of the short journeys and more priority will need to be given to investment in infrastructure for these modes. It identifies the need to continue to target support to HIE's fragile areas in the islands and the remote mainland in order to regenerate these economies. This will include improving the quality and affordability of transport to these remote areas.
3. It looks at **where we will be in 2030**. The main elements of the **NPF2 strategy** include higher sustainable economic growth; reducing the country's carbon footprint; supporting cities as key economic drivers; supporting sustainable rural economic growth; and promoting more sustainable patterns of transport and land use. Inverness is listed as a key economic driver which requires better connectivity to other cities. Place competitiveness will ensure that all parts of Scotland can participate in sustainable economic growth. Investment in transport infrastructure to tackle congestion, strengthen intercity links, support rural communities and improve international connections will be vital to deliver this competitiveness.
4. It identifies **national transport corridors** which include Perth /Inverness; Aberdeen/Inverness; Inverness to the north and Orkney; Inverness to the west and Western Isles; and Glasgow to Argyll and the islands. It intends to focus transport infrastructure improvements on these national corridors by improving rail journey times to the central belt and improving the A9 and A96 trunk roads. In the long term it proposes electrification of the strategic rail network on these corridors.
5. For **Scotland's external links** it encourages the growth of air services direct to European centres to reduce the need to connect through London. And it proposes to strengthen cross border land transport links to England including a new high speed rail line. It also proposes improving port capacity for freight.
6. Its **spatial perspective for the Highlands and Islands** includes a population target of 500,000; a zone of co-ordinated action between Inverness and Nairn which includes improved connectivity on the Aberdeen corridor; more transport of freight by sea and also on the Caledonian Canal; the Scapa Flow container trans-shipment facility; Fort William waterfront development; innovation on ferry routes with shorter crossings and road equivalent tariffs.
7. It identifies **9 National Developments**, infrastructure projects which Ministers propose to designate as essential to delivery of the NPF2 strategy. These comprise:
 - Replacement Forth Crossing – four lane road crossing west of the existing bridge (2008 – 2018)

- Edinburgh Airport Enhancement – expanded terminal and operational facilities, new rail station at Gogar and Dalmeny chord, relocation of Royal Highland Showground, new international business gateway (2008 – 2013)
- Glasgow Airport Enhancement – expanded terminal and operational facilities, new rail link (2010 – 2015)
- Grangemouth Freight Hub – expanded freight storage and handling facilities, electrification of the rail link, better connections to M8 via improved A801 to Bathgate (2008 – 2010)
- Rosyth International Container Terminal – container terminal with deep water access, improved road and rail connections (2008+)
- Scapa Flow Container Trans-shipment Facility – land based development at Lyness on Hoy and facilities in Scapa Flow (2008+)
- Grid Reinforcement to support renewable energy – new sub-sea cable links to Orkney, Outer Hebrides and Shetland, reinforcing Beaulieu to Dounreay and Beaulieu to Keith overhead lines, upgrading east coast transmission lines and Scotland England inter-connectors (2008+)
- Glasgow Strategic Drainage Scheme – replacement trunk sewers, pumping stations and treatment works especially on the east side of the city (2008 – 2010+)
- Commonwealth Games Facilities – athletes village, indoor sports arena, velodrome, hockey centre and new transport infrastructure (2009 – 2015)

Possible response to Scottish Government

8. The designated national transport corridors do not include the west coast corridor from Glasgow to the Western Isles via A82 and A87. The strategic importance of this route to the economy of the Western Isles as well as Argyll and Lochaber was recognised in the HITRANS economic appraisal published in 2005. This corridor should be included in the NPF2 strategy because of its importance in targeting support to fragile areas.
9. The air service from Inverness to Heathrow and Gatwick is a vital external link for the Highlands. High speed surface links between Central Scotland and London will not provide a competitive replacement for this air link. It should be specifically included in the NPF2 strategy.
10. The national developments identified in the Highlands and Islands are the Scapa Flow trans-shipment facility and the grid reinforcements. The improvement to transport on our three main corridors, Inverness to Perth, Inverness to Aberdeen and the A82 are essential to the delivery of the strategy. No doubt the Scottish Government will argue that priority for these transport corridor improvement must await the outcome of the Strategic Transport Projects Review. But the NPF2 must inform this Review. There is a case for adding our three corridors to the list of national developments which will be fast tracked through the planning process.

Report by: Dave Duthie
Designation: Partnership Director
Date: 28 March 2008
Background Papers: National Planning Framework for Scotland -2 Discussion Draft

Item:

8



Report to Partnership Meeting of 4 April 2008

AVIATION DUTY CONSULTATION RESPONSE

SUMMARY

The Report details the proposed response from HITRANS to Her Majesty's Treasury Consultation into the replacement for Air Passenger Duty in the UK. Responses to the consultation are invited by 24 April 2008.

RECOMMENDATIONS

The Partnership is asked to

2. approve the submission of the enclosed Draft as HITRANS response to Her Majesty's Treasury Consultation into future Aviation Taxation

DETAIL

HITRANS should welcome the initiative by Her Majesty's Treasury to consider alternative ways of taxing the aviation industry to replace the existing Air Passenger Duty scheme, providing that the unique status of air transport in this region of the UK is reflected in the eventual taxation mechanism applied.

As a body charged with considering all aspects of private and public transport provision within the Highlands and Islands, and between this region and the rest of the United Kingdom, HITRANS is clearly anxious to ensure that each mode of transport is treated equitably by Government, and in a manner that will not have proportionately greater impact on this peripheral region than elsewhere in the country.

HITRANS accepts that each transport mode contributes to NO_x and CO₂ emissions, both locally and globally, as well as causing specific localised noise and emission nuisances. As such it should ask that the Treasury ensure that aviation, particularly domestic aviation, is treated in an even handed way in terms of consideration of environmental taxation that reflects the particular nature and function of this sector within the Highlands and Islands.

HITRANS is not an operator of airports or airlines in its region, and should seek instead to provide comment on the impact of the proposed Aviation and Fuel Duties on the supply of and demand for air services to, from and within its region, and the subsequent potential social, economic and environmental impacts and the sustainability of the region.

The draft HITRANS response to the questions posed in the Consultation are given in the appendix to this report, the Treasury questions / comments are shown in *italics*:

Report by: Dave Duthie
Designation: Partnership Director
Date: 29 March 2008

HITRANS Response to the Treasury Consultation on Aviation Duty

HITRANS (Highlands and Islands Strategic Transport Partnership) is the statutory body concerned with the development and coordination of all public transport programmes within the Highlands and Islands of Scotland, but excluding the Shetland Isles, which is represented separately. It also takes a strategic interest in the provision of trunk transport services to and from the region, including air services.

HITRANS welcomes the initiative by Her Majesty's Treasury to consider alternative ways of taxing the aviation industry to replace the existing Air Passenger Duty scheme.

As a body charged with considering all aspects of private and public transport provision within the Highlands and Islands, and between this region and the rest of the United Kingdom, HITRANS remains anxious to ensure that each mode of transport is treated equitably by Government, and in a manner that will not have proportionately greater impact on its peripheral region than elsewhere in the country.

HITRANS accepts that each transport mode contributes to NO_x and CO₂ emissions, both locally and globally, as well as causing specific localised noise and emission nuisances. As such it would ask that the Treasury ensure that aviation, particularly domestic aviation, is treated in an even handed way in terms of consideration of environmental taxation that reflects the particular nature and function of this sector within the Highlands and Islands.

HITRANS is not an operator of airports or airlines in its region, and seeks instead to provide comment on the impact of the proposed Aviation and Fuel Duties on the supply of and demand for air services to, from and within its region, and the subsequent potential social, economic and environmental impacts and the sustainability of the region.

The HITRANS responses to questions posed in the Consultation are given below, the Treasury questions / comments are shown in *italics*:

The basis of the duty: aircraft measure

A.2 The Government's preferred option for an aircraft measure is Maximum Take-Off Weight, however two other options are also considered as part of this consultation. The Government welcomes responses to the following questions:

A.3 Maximum Take Off Weight:

1. What would be the simplest and most transparent method of using maximum take-off weight: banding or straight calculation of either the constant MTOW or some function of MTOW?

If the Treasury following completion of the consultation concludes that airport operators should be the collecting agent for this tax, then the use of the declared

MTOW¹ would be simple to collect. It is believed that the majority, if not all, of the UK airports calculate aircraft landing (or departure) charges on the declared MTOW of aircraft and would thus be easily able to calculate the aircraft weight component of any tax. There would seem to be no benefit to be obtained from banding the aircraft weight component – this would actually increase the complexity and (depending upon the number of bands) penalise certain aircraft types.

HITRANS notes that (ignoring aircraft of less than 5.7 tonnes MTOW) aircraft using Inverness Airport have a relatively constant relationship between the MTOW of an aircraft and the maximum number of seats possible – at 13.2 tonnes and a maximum of 34 seats, the Saab 340 weighs in at 0.39 tonnes per seat, whereas the A319 of easyJet at 64 tonnes and 150 seats averages 0.43 tonnes per seat. There would thus seem to be little benefit from developing a new complex function regarding MTOW.

2. Are there any possible distortions/problems caused by using MTOW?

Firstly, it is understood that some airlines deliberately reduce the declared MTOW of their aircraft below the manufacturer's declared MTOW in order to benefit from reduced landing fees and en-route charges. If this is found to be the case it would be possible for the Treasury (if it so chose) to advise UK airports of the appropriate manufacturer's MTOW for taxation purposes.

Secondly, and more importantly, fuel-efficient aircraft would be taxed the same as fuel-inefficient aircraft of the same weight. There would thus be no clear signal given by the Treasury that more fuel-efficient aircraft benefit from application of a tax of this nature – indeed, some modifications made to aircraft to improve fuel consumption add weight to the aircraft and would penalise them still further. If the aim is to encourage environmental responsibility then the MTOW approach is unlikely to be the best approach, albeit it may be the simplest to administer.

Optional safety or security enhancements, or additional instrumentation to improve track-flying, could add weight and therefore tax if they resulted in a change in MTOW rather than a corresponding reduction in the weight available for payload or fuel. One consequence of MTOW tax raising mechanism might be that airlines will be anxious to purchase aircraft with ever-increasing proportions of lighter carbon composites just to save on UK tax, irrespective of their impact on emissions, rather than focusing any investment specifically on reducing the environmental impact of their fleet.

3. What do you think the environmental benefits of using MTOW would be?

This will be dependent upon the average cost per passenger compared to the current level of APD. If the overall sum collected does not alter significantly from the current APD regime, and the net effect on passenger cost is negligible, then so will the impact on emissions be negligible.

This (MTOW) method of applying the tax does not reward airlines for taking environmentally-beneficial decisions. Instead, low-cost airlines are likely to examine the impact on MTOW of reducing – say – the number of toilets or catering equipment, or of reducing the weight of aircraft seats, even at the expense of passenger comfort where a change in certifiable or real MTOW was realistic.

¹ This is now more commonly known as Maximum Takeoff Mass (MTOM).

4. How well do you think that using MTOW as the basis for the duty helps the Government achieve its objectives?

An MTOW approach may be seen purely as a tax-gathering exercise, providing no clear incentives for airlines to improve their emission levels.

An alternative, which would require the Treasury to undertake more detailed research, might be to base the charges not on MTOW but on an assumed maximum payload at MTOW.²

A.4 NOx emissions in the landing and take-off cycle:

5. What would be the simplest method of using NOx emissions: banding or straight calculation of either the constant NOx emissions or some function of NOx emissions?

HITRANS believes that either NOx or CO₂ emissions should be used as the basis for taxing airlines as they appear far more accurate than the simple measure of MTOW in correlating with environmental pollution, both local and global. In examining Charts 2.2 through to 2.5 provided in the Consultation, the impression obtained is that the measurement of CO₂ during the landing and take-off cycle may give the closest correlation, but HITRANS is not competent to determine which may be marginally more representative, and defers to expert analysis by others.

This answer to question 5 thus also applies to question 8.

As with MTOW, HITRANS believes that any taxation ought to be based on actual measurements of NOx or CO₂ emissions by aircraft type and sub-type, rather than on banding, which may penalise some aircraft at the edges of each band, and would better focus on actual environmental impact. Once a specific value has been obtained for each aircraft fleet or sub-fleet, it would be a one-off exercise for HM Treasury to circulate this information to all UK airports and a further one-off exercise for each airport to allocate the necessary data against each aircraft in its own database which will currently include MTOW and other charge data for each aircraft. Aircraft owners and manufacturers should have the ability to challenge the value as determined by the Treasury. But this must recognise ICAO and related international impacts of such actions.

6. Are there any possible distortions/problems caused by using NOx emissions in the landing and take-off cycle as the basis for the duty?

No significant distortions are foreseen. It would be expected that the signal given by this tax should in the longer term encourage airlines to replace aircraft with poor environmental performance by aircraft with much lower emissions wherever possible. The only possibility is that it should encourage aircraft manufacturers to concentrate on reducing emissions solely on approach and departure from airports rather than on reducing emissions during cruise, but it is likely that any such developments would also improve cruise emission performance. In addition, the capital cost differential between new and second-hand aircraft is such that the duty / tax would need to be significantly increased to accelerate the changeover and offset the difference between higher operating costs and higher ownership costs.

² It is recommended that as part of this exercise the Treasury should seek advice on Aircraft Weight Statements. This should include the recognition of the various definitions of weight as applied to aircraft operations. This should include an understanding of what comprises and the relationship between: Maximum Take Off Weight, Maximum Taxi Weight, Maximum Landing Weight, Dry Operating Weight, Operating Weight Empty, Aircraft Prepared for Service.

7. *What would be the best source of robust data on NOx emissions in the landing and take-off cycle?*

HITRANS is confident that advisers to the Treasury will be able to establish appropriate up-to-date emission information on the majority of the aircraft flown to and from UK airports today, based on their use of data for 62 aircraft types from the European Environment Agency's CORINAIR Emissions Inventory Guidebook. It is noted that one of the aircraft types listed is 'Executive Jet Chapter 3', which suggests that the Treasury would be able if necessary to band together certain aircraft types where individual data for each type is not immediately available. It is our view that the 62 types for which data is already provided will constitute in excess of 95% of all projected taxation revenue.

A.5 *CO₂ emissions in the landing and take-off cycle:*

8. *What would be the simplest method of using CO₂ emissions in the landing and take-off cycle: banding or straight calculation of either the constant CO₂ emissions or some function of CO₂ emissions?*

See the answer to question 5.

9. *Are there any possible distortions/problems caused by using CO₂ emissions in the landing and take-off cycle as the basis for the duty?*

See the answer to question 6.

10. *What would be the best source of robust data on CO₂ emissions in the landing and take-off cycle?*

See the answer to question 7.

A.6 *Other basis questions:*

11. *Is there another aircraft measure that would be better for aviation duty than the three options described above?*

Ideally, aircraft ought to be charged on the actual amount of NOx and CO₂ emissions caused by flights from airports in the U.K., and this could be most easily determined by the amount of fuel actually consumed, with – perhaps – different charges for aviation gasoline and aviation turbine fuel³. However, the Consultation makes it clear that such an approach is not permitted by Article 24 of the Chicago Convention, and that international agreement will be needed to achieve such an objective. No other aircraft measure would seem to be as well-suited to the task as the proposal to measure NOx or CO₂ emissions on landing and take-off.

12. *The Government would also welcome views on the extent to which the new aviation duty could play a role in covering other environmental costs as well as incentivise airlines to use quieter aircraft.*

The current proposals put forward in this Consultation presuppose a calculation of 'x' units of aircraft (whether MTOW or emissions-based) times 'y' units of distance times a constant of £ 'z' to give a total charge of £ 't' per departure.

It is not felt that a modification to 'x' 'y' or 'z' would be relevant to local noise, as the environmental nuisance of this will be identical whether the flight is taking off for a

³ It should be recognised that in the UK for internal UK operations use by aircraft Jet A1 – Kerosene – incurs VAT at 5% and no duty, whilst AVGAS incurs full duty and VAT.

journey of 60 or 6,000 miles. This will be based on the noise contours which will have been prepared utilising the MTOW figures.

It would however seem to be only a minor change to introduce a noise factor 'n' to take account of neighbourhood noise around an airport based on the current noise quotient of zero and 0.5 to 4 by aircraft type already used in the determination of night quota movements. Each major aircraft type already has a UK-agreed noise classification, and this information could be given to airports and added to the MTOW and emission data for each aircraft type. Each airport would then be given an individual factor 'f' reflecting the number of people resident within – say – the 57dBa contour, so that a noisy aircraft would pay significantly more to depart from Heathrow than from Inverness. Multiplying 'n' by factor 'f' and a constant of £ 'c' would give an element in the applied tax to cover noise nuisance. This element of tax could be added by the airport operator to the total invoice to the aircraft operator.

A.7 The Government recommends that the distance factor used in the calculation of aviation duty is determined by placing destinations into three geographical bands. The Government welcomes views on this recommendation, and, in particular would be interested in answers to the questions below:

13. Do you agree that banding is the most appropriate measure?

No, unless the banding is significantly more fine than the three bands proposed by the Consultation. It seems inappropriate to HITRANS that a domestic flight of – say - 80 miles from Belfast to Prestwick on a Ryanair B737-800 should be charged the same amount as the same aircraft flying 2,350 miles from Glasgow to Larnaca. This would benefit those (predominantly leisure) passengers that were emitting up to 30 times more NO_x and CO₂ compared to those on the domestic flight, being used for business and for visiting friends and relations providing economic and social benefits to these regions of the UK. A very coarse banding could lead to the cessation of vital short distance domestic flights where there is no obvious surface alternative.

14. Do you agree with the banding system that the Government has suggested?

No, for the reasons given above. The Treasury has in introducing this new tax the opportunity to bring in a more finely-honed instrument that reflects the actual amount of emissions. If the Aviation Duty is to be reflected in an extra cost by airlines in determining their pricing policies, there would seem to be no benefit to passengers to know whether it was part of a simple three-band pricing policy which did not reflect their actual journey and its environmental impact.

HITRANS has no strong views about the non-EU bands proposed, but is concerned that it could influence passengers to take short-haul flights to Europe to connect with long-haul flights, or that airlines themselves may insert traffic stops at EAA destinations en route to Africa, Asia and America. Such an approach could be to the detriment of attracting and retaining inward investment in our region as it could reduce connectivity between the Highlands and Islands and key business interests out with the EU, which is key to our economic viability.

HITRANS would recommend that consideration be given to either that the EAA band is replaced by a great circle measurement for each route, or is composed of a minimum of four distance-bands, such as 0-200 miles, 200 – 500, 500 – 1000, and 1000 plus.

15. *How well does a banded approach to distance achieve environmental objectives, given the need to avoid a perverse incentive to fly via intermediate hubs?*

In Paragraph 2.24, the Consultation states that:

One of the key objectives behind the reform of aviation taxation is to make it better correlated to distance travelled, in order to align it more closely with actual environmental costs. The Government therefore believes that a criterion based on distance should be used in conjunction with an aircraft measure in order to determine the basis of aviation duty.

It is acknowledged that the main problem faced by the Treasury is that a high charge on passengers departing the UK for intercontinental destinations would lead to many passengers taking local flights to Dublin, Paris, Brussels, Amsterdam and Frankfurt in order to join flights upon which there is no penal environmental tax. Airlines might also seek to insert en-route stops wherever they believed it would not discourage too many travellers. The net result is that UK airports will be avoided wherever possible, and transfer and transit traffic will prefer to use continental airports to British airports wherever possible. It could in time lead to a significant reduction in the number of passengers transferring at London Heathrow between international and linked domestic flights. This has already happened at Heathrow due to the reduction in the number of UK domestic points served, including Inverness and Aberdeen, as a result of runway slot pressures.

Such a change in practice would achieve no benefit in environmental terms. Instead, the passenger who subsequently chooses to fly from London to Amsterdam and then on to Singapore will cause more emissions than if they had flown non-stop from Heathrow – but they would pay significantly less. Only when the UK can work collectively with the other European governments to introduce similar legislation will such loopholes be closed off.

16. *What are the possible distortions/problems caused by using distance?*

The benefit of using distances is that passengers flying 6,750 miles non-stop from London to Singapore would pay ten times more aviation duty to the UK Government than one flying 700 miles to Barcelona, reflecting the probable environmental impact. The downside is that long-haul flights from London (and Scotland) would probably be reduced in frequency and lose out to intermediate hubs as passengers sought to minimise their taxation costs.

The result of such an approach would be that short-haul passengers would pay substantially more per mile flown, because far fewer of them would need to use intermediate hubs. The most 'captive' of all passengers would be those on domestic flights, as they would have no ability to travel via a European hub. Already, economy passengers from Inverness to Manchester pay £10 APD but only £40 to fly to New Zealand, some 40 times further. This anomaly in environmental impact included in APD should not be transposed into the new Aviation Duty tax.

17. *What would the advantages/disadvantages of using great circle distance be?*

The advantage is that every airline – and therefore every passenger and tonne of freight – would be demonstrably charged according to the amount of pollution and contribution to global warming they are adjudged to have made. Each airport would need to compile a list of Great Circle distances for every airport served – this would not be a substantial task.

The downside is that the number of direct non-stop intercontinental flights from UK airports would be reduced as both passengers and airlines first took short sector hops to a European airport before travelling on. This would dramatically impact, not only on passenger journeys and on airline finances, but also on the overall UK economy, including that in the Highlands and Islands, as London would no longer be a preferred hub for airlines. The Highlands and Islands have currently no links to European hub airports outwith the UK.

18. *How would you combine distance with other criteria?*

As discussed above in relation to question 12, it is assumed that there would be 'a calculation of 'x' units of aircraft (whether MTOW or emissions-based) times 'y' units of distance times a constant of £ 'z' to give a total charge of £ 't' per departure'.

19. *Are there other alternatives for including a distance factor, not already covered?*

None that improve upon the Great Circle and banding options put forward.

General and business aviation

A.8 *The Government welcomes views on the proposal that a 5.7 tonnes de minimis limit for aviation duty is applied, with all fixed wing aircraft below this level subject to fuel duty. In particular, responses would be welcome on the questions below:*

20. *Do you agree that a de minimis limit based on the weight of an aircraft a suitable measure?*

Yes. Based on the 80:20 Pareto principle, the necessary effort expended to obtain the taxation from the owners and operators of small aircraft would be wholly disproportionate to the amount of taxation raised, especially when another source of taxation from such aircraft is readily available.

21. *Is 5.7 tonnes a suitable level at which to set a de minimis limit?*

Yes. The 5.7 tonnes (or 12,500 pounds) limit is well-established worldwide as the weight which separates 'light' aircraft from 'other' aircraft. The two main scheduled passenger aircraft currently operated on local lifeline services to our island communities at the smaller airports of the Highlands and Islands are the 9-seat Islander at some 3 tonnes, and the 18-seat Twin Otter at a fraction under 5.7 tonnes. Other potential future replacements for such services, such as the Cessna 208 Caravan, fit within this category.

22. *Is there an alternative measure that you feel is more appropriate?*

No. It is believed that that the principle of charging fuel duty on all aircraft of below 5.7 tonnes is the simplest and fairest way of ensuring that all aircraft pay an environmental tax. It would however need to be clearly established that the level of fuel duty applied to this sector is proportionate to the comparative environmental impact of these aircraft with those covered by the proposed Aviation Duty levels

23. *Can you suggest an alternative way in which to ensure that aviation is captured either by aviation duty or fuel duty while minimising administrative burdens and complying with international law?*

No. However, it should be noted a degree of policing of this split may be necessary as aircraft operators that have aircraft both larger and smaller than 5.7 tonnes using the same fuel could potentially fill up their larger aircraft with zero tax fuel and then transfer it to their smaller aircraft. This potential form of tax evasion may be difficult to

police at low cost. One option would be to adopt a “red diesel” approach with potential safety, operational, production, storage and certification impacts.

24. *Do you agree that all helicopters should be placed within the fuel duty regime rather than the aviation duty regime?*

Yes. There will obviously be some problems caused with international flights, particularly those to oil rigs in the North Sea, but the principle is correct. The costs of helicopter operation are however so great that there is little likelihood of operators electing to use helicopters for short-haul services to Europe to avoid paying aviation duty. Use on emergency and utility operations should remain exempt.

Exemptions

A.9 *The Government welcomes responses on the issue of potential exemptions. In particular, there is interest in answers to the questions set out below:*

25. *Do you think that there is a strong case for any of the exemptions listed above?*

Yes. HITRANS accepts the legally required exemptions for military and diplomatic flights. HITRANS also supports exemptions being considered for the four of the five categories of operation listed in Paragraph 4.7 – that is to say, for emergency services, for public services, for training flights and for maintenance flights, but not for public aerial display flights, subject to those operators affected providing sufficient evidence to the Treasury for those flights to be so treated.

With regard to flights within and from the Highlands and Islands, HITRANS and Highlands and Islands Enterprise have consistently successfully argued the case for the current exemption from paying Airline Passenger Duty for these flights and believe that the same arguments should be accepted and exemptions applied with regard to the proposed aviation duty. The evidence relates to the absolute reliance of this region with significant island and remote communities upon scheduled passenger services for many of their regular day-to-day needs – work, education, health and essential supplies. Air services provide vital and unique links to the rest of the country not effectively available by land based transport. They ensure the social cohesion of the region, and with this, its economic sustainability.

HITRANS does not seek to replicate that evidence here, but is prepared with Highlands and Islands Enterprise and the Scottish Government to give evidence to the Treasury if it is required.

One difference between the APD regime and the proposed aviation duty plus fuel duty regime proposed is that, for the first time, turbo-prop aircraft of less than 5.7 tonnes will now have to pay fuel duty on flights to and from the Highlands and Islands. Thus the Twin Otter Flights serving Barra, Tiree and Campbeltown will now have an additional cost to bear, as will the inter-island services operated by the nine-seat piston-engined Islander, which currently pays aviation duty and VAT on its Avgas.

HITRANS proposes that, not only should aircraft over 5.7 tonnes operating scheduled services to and from airports in the Scottish Highlands and Islands be exempted from paying aviation duty, but that aircraft of less than 5.7 tonnes operating similar scheduled flights should be exempt from the payment of the equivalent tax through application of fuel duty. All other modes of public transport are supported by Government through fuel duty rebates and it is inappropriate that this necessary public transport sector that serves some of the most remote areas in the UK should not receive similar dispensation in reflection of its function.

Paragraph 3.17 it is stated that:

Currently, international law compels the United Kingdom to provide a rebate for fuel duty on international flights and this rebate will continue to remain in place. This means that operators of aircraft under 5.7 tonnes who make international flights would continue to be able to reclaim the proportion of duty paid on fuel used in the international segment of a flight.

HITRANS makes the recommendation that, as with international flights, operators of such scheduled services in the Highlands and Islands be allowed to reclaim the proportion of duty paid on fuel used for these flight segments.

26. *Are there any other categories of flight for which there is a strong case for exemption? If so, how would those exemptions be defined and enforced?*

HITRANS is strongly of the view that all UK scheduled domestic flights subject to the payment of aviation duty be granted a 50% rebate on aviation duty. A passenger travelling between Inverness and Belfast will pay the tax twice, once on departing Inverness, and again on departing Belfast; whereas a passenger flying to Dublin will pay only once, at least until such time as the Irish (and other) Governments introduce a similar aviation tax. This will harm domestic air travel, much of which is either over water, or of such length as to make road and rail alternatives nonviable. The situation is compounded by multi-sector services – for example, the daily service from Inverness to Southampton operates via Leeds Bradford. Our understanding of the proposed application of Aviation Duty is that a round-trip passenger to Southampton will pay Aviation Duty four times, which will make many domestic air services totally uneconomic on routes where land based transport is not a practical alternative. A passenger to Southampton is likely to pay more than one from London to Auckland. Even with a 50% discount, it will still be twice as expensive as flying to Dublin on the assumption of a standard EAA charging band.

We would ask the Treasury to give serious consideration as to how Aviation Duty can be re-shaped to overcome these two anomalies.

27. *Would there be a strong environmental case against any of the possible exemptions?*

With respect to scheduled flights to and from airports in the Highlands and Islands there will of course be a certain level of noise and emission pollution associated with such flights, but studies undertaken have consistently shown the impacts to be de minimis, and in some cases of less environmental impact than the equivalent land and water based movement. The majority of these flights are by turboprop aircraft which do not reach sufficient altitude on these short sectors to be a significant contributor to emissions in the upper atmosphere.

Freight

A.10 *The Government's intention is that aviation duty will apply to aircraft carrying freight as well as those carrying passengers. Although decisions on rates are yet to be made, in considering the impact, it is envisaged that the duty levied per flight will be of a similar magnitude to the amount of APD paid on a similarly sized aircraft. However, responses on the following questions will be welcomed:*

28. *What economic impacts do you think there will be? You might wish to consider the Impact Assessment of freight in Annex B.*

29. *What would be the economic impacts on freight-only flights?*

30. *How might freight operators pass the costs through to consumers? How sensitive have consumers been in the past to a change in price?*
31. *What would be the environmental impacts of applying aviation duty to freight?*
32. *What would be the impact on freight hubs and modal transfers of goods from these hubs?*
33. *Do you have any other comments about the application of aviation duty to freight?*

HITRANS has no strong views on the subject of aviation duty on freight. It is currently a relatively small element in commercial aviation either within the region, or from the region to the world. It would argue that commercial freight flights to airports in the Highlands and Islands, predominantly over-water flights carrying newspapers and mail, should be granted the same exemption as would apply to passenger flights, whether concerning aviation duty, or the ability to reclaim on fuel duty. Such flights do help reduce the peripherality of the region and improve social cohesion.

Regarding other all-cargo services, almost all air-freight from Inverness and the rest of the Scottish Highlands and Islands is conveyed by road vehicle to Glasgow, Manchester, London or airports on the near continent such as Ostend and Luxembourg. It is believed that the air freight industry is best placed to provide the necessary guidance to the Treasury.

Transit/transfer passengers

A.11 The Government is minded that aviation duty, as a per plane duty, should apply irrespective of the passengers carried. However, responses on the following questions will be welcomed, and carefully considered:

34. *What evidence can you provide about the impact of moving to aviation duty on the provision of transfer services?*

HITRANS has no evidence to put before the Treasury, but it understands that – at present – passengers from Inverness to Europe and beyond currently pay the appropriate APD according to the destination and the class of travel. In future, they will pay one Aviation Duty charge to fly to London, and then an additional charge to fly on to their final destination. No other airport in the HITRANS area has direct flights to London and passengers from these airports would – in the absence of the requested exemption – have to pay Aviation Duty on a domestic Scottish flight, before paying to depart from a Scottish hub airport to London, and then pay a third time on departing London.

Not surprisingly – and depending upon the total Aviation Duty involved – passengers in this region will investigate the total costs of flying to their eventual destination by alternative routes. With only three international flights a week from the region today (from Inverness to Dublin) the options are limited, but in time might lead to some airlines considering offering direct flights to European cities and bypassing the British Hub airports.

Passengers who currently fly from Inverness to Edinburgh to support their local international flights will now be further penalised compared with those who drive between the two cities and by doing so add to local road based congestion and increased emissions, the aircraft on the route being turboprops.

These trends are likely to reduce the number of people using English and Edinburgh airports for transfer purposes to reach Northern Scotland, and may reduce the total level of air traffic to and from the region, with knock on detrimental impacts on the sustainability of the local economy.

The net effect is that passengers seeking to use international aviation to and from the peripheral regions of the United Kingdom will once more be penalised compared to South East England. This will increase the costs for commerce and industry in such peripheral regions, and make it more expensive for foreign and business travellers to access the regions. The net effect will be an increase in GDP in the South East of England (and additional pressure on housing and the provision of services) and a corresponding decrease in the peripheral regions, which already lag far behind in the South East in terms of GDP.

35. *What are the economic and environmental implications of these impacts?*

The economic implications are discussed above. The environmental implications will benefit from a small decrease in the number of passengers flying between the Highlands and Islands and points further south, being partially replaced by additional car travellers.

36. *How might airlines change their business model in response to this design of the duty?*

Firstly, airlines are likely to terminate all multi-stop domestic routes, as the cost for passengers travelling from end-to-end will dramatically increase. This will reduce the number of cities served directly from minor destinations such as Inverness. For example, not only will passengers be unprepared to pay four Aviation Duty charges at the EAA band for a day-trip to Southampton via Leeds Bradford, the route to Leeds Bradford itself will become unsustainable without the added contribution of passengers travelling on to Southampton.

Passengers are being penalised for having to use multi-stop flights even though they would much prefer to fly non-stop. One partial solution to this would be to base the Aviation Duty on Great Circle distances between origin and final destination, at least domestically, so as to minimise this impact.

Secondly, it will be much more difficult for airlines to justify opening any new routes or increasing frequencies, either domestic or international, because they will now have to pay the full aviation duty for the start up period while they hopefully build up the traffic from low initial levels. Airports understand this, and normally offer substantial landing charge rebates to airlines to encourage them to seek out new routes which will support the local economy. The Department for Transport supported this approach with its Route Development Funds which were designed to encourage such new routes. This Treasury proposal would be totally counter-productive to the DfT initiative unless it also agrees to exempt new routes from Aviation Duty for the first one, two or three years while airlines establish a routes viability. This could have a serious impact on future route, schedule and network development from the region within which a large number of passengers currently travel by car to airports outwith the region to start the air segment of their journey.

Thirdly, airlines will be more reluctant to use small aircraft. Statistically it is far more difficult to achieve an 80% passenger load factor on a 34 seat aircraft than on a 340 seat aircraft. Passengers on thin routes in remote areas or flying to those airports that can only support small aircraft (including London City and many smaller airports in Scotland) will be paying higher rates of Aviation Duty per head than those on larger aircraft that can achieve higher load factors.

Airlines operating small aircraft such as the Saab 340 could face problems in replacing these aircraft in future, because the world's aircraft manufacturers are no longer focussing on making commercial aircraft with less than 50 seats. Not only will the

airline have to purchase a more expensive replacement aircraft that is initially too large for the markets to be served, it would be further penalised by having to pay excessive aviation duty on non-exempt routes related to that extra size, with few passengers available to absorb the cost. The simpler solution for operators may just be to abandon the route, which may in turn lead to a need for Government to support the lifeline services so provided. An option on some routes of allowing Single Engine Turbine aircraft to operate in Instrument Meteorological Conditions (as is permitted in North America and other parts of Europe) would require changes to current CAA operational regulations.

37. How might passenger behaviour be affected? How sensitive have consumers been in the past to a change in price?

HITRANS has not conducted its own sensitivity analyses on air passengers to investigate fare increases on air routes, and will be reliant on studies undertaken elsewhere. Anecdotal evidence suggests that passengers will examine other ways of reaching their destination where the total airline and airport ticket price might be lower than the current route.

HITRANS would point out that the Air Discount Scheme was introduced in the Highlands and Islands of Scotland to reduce peripherality through subsidising airline fares for island residents and has had a significant impact on increasing traffic and connectivity between the islanders and relatives and service providers on the mainland, demonstrating the cost sensitivity of air travel in the region. Any increase in cost through the levy of a duty, if not continuing to be exempted as with APD, would be likely to reverse that process to the significant detriment of residents and the economy of the region. The cost of running PSO air services supporting the most remote communities through the public purse would also increase.

Although not directly affecting Northern Scotland, passengers who currently transit a London airport en route from – say – Eastern Europe to the USA will find that the cost of that routeing will now be greater because of the extra charge by the UK Treasury for the London-USA portion. Alternative routeings through Copenhagen, Frankfurt, Amsterdam, Brussels, Paris and even Dublin might now prove more attractive. HITRANS would expect the number of international to international transfer and transit passengers at London to decrease substantially. This will lead to reduced frequencies, or routes, or aircraft sizes to and from London, and may well damage the ability of these airports to compete as global hubs. London is the only effective access point from our region to international destinations and reductions in flights through London will reduce the attractiveness of our region for inward investment and tourism alike.

38. What, if any, specific routes would be affected?

Airlines that currently transit London (for example Kuwait Airways between Kuwait and the USA) may choose to route via Paris instead. Airlines that rely heavily on transfer traffic joining their flights at Heathrow and Gatwick, particularly international transfer traffic, may cease to operate. Airlines operating multi-sector domestic routes where transit passengers will be double-charged are likely to discontinue or reduce frequency on these routes.

Administration of per plane duty

A.12 The Government welcomes views on the administrative options that have been set out, and in particular would be interested in responses to the questions below:

HITRANS has no strong views as to whether Aviation Duty should be the responsibility of either the operators or the airports, but makes the following comments which may be helpful to the Treasury:

A.13 Option a: aircraft operators to collect and account for aviation duty:

39. Would having all aircraft operators registering to pay the duty be an appropriate and workable way of administering the duty?

As always in any industry, there will be a few large companies for whom this would cause no problem, and a large number of small companies for whom this will be an extra headache and one for which they will not be structured. This would be particularly true for small foreign aircraft operators that only occasionally fly to the United Kingdom.

40. Do aircraft operators have the means to report the appropriate information on the number of flights taken and any relevant information on the duty basis to HMRC? Would any of the measures mentioned under the duty section cause problems for aircraft operators?

It is likely to add to the operators' administration costs which would potentially be passed on in increased charges, or discourage such operators from offering competition in the UK market.

41. What reporting requirements do aircraft operators have to airports, the CAA and other bodies? How are these carried out i.e. monthly, annually, per flight?

If an operator holds an Air Operators Certificate (AOC) then they have to make regular returns of both operational and financial data to the CAA. The operators of all aircraft (including commercial and General Aviation) are required to "book in and out" from all airfields used, whether licensed or unlicensed, to meet Home Office requirements.

42. Do the estimates in the Impact Assessment for the administration burden reflect your expected costs?

HITRANS does not have a view.

43. What problems might arise from having aircraft operators as the registered tax payer?

In principle, an airline flies its passengers to and from the UK, and then at a much later date submits the information to the Treasury. At that time it might find that it should have charged its passengers or freight significantly more than it had collected. It is suggested that an airline would much rather receive an invoice from an airport so that it knows immediately how much to charge its passengers and freight, and how much to set aside for the Aviation Duty.

A.14 Option b: licensed airports to collect and account for the duty. When answering these questions please consider how collecting the duty would fit in with current fee structures, how other fees are collected, how debt management currently works at airports and possible distortions that could be caused by this method.

44. Would the alternative of using airports to collect the duty be an appropriate and workable arrangement?

- For the users of licensed airports?*
- For licensed airports themselves?*

HITRANS believes that the answer is 'yes' for the users of licensed airports, and possibly 'yes' from the airports themselves. It would not seem at face value to be a difficult problem for airports to add an Aviation Duty component to each flight invoice – the only data it needs added to its database are great circle distances or banding for each non-stop destination, and possibly the relevant emission categories by aircraft type, plus the current rate per tonne of MTOW or per unit of emissions.

45. Do licensed airports have the means to collect and report the appropriate information? Would any of the measures suggested for the duty basis cause issues for these airports in collecting the duty?

It is for airports to answer, but in theory there should be no difficulty as long as the Treasury supplies airports with standard MTOW or emissions data and banding or Great Circle distance information; but there would inevitably be an increase in cost of administration and associated processes to be met.

46. To what extent could general aviation and business aviation traffic move to non-licensed airports?

Most business aviation flights, particularly air taxis, could not move to non-licensed airports, because (it is understood) of the insurance implications for commercial passengers. Few other general aviation aircraft will be heavier than 5.7 tonnes, and most non-licensed airfields would be unable to handle them. The Treasury would have to contact the non-licensed airfields to ensure that they invoice all aircraft over 5.7 tonnes for Aviation Duty to ensure equity of application of the Duty.

47. Please refer to the Impact Assessment; does our assessment of the administration burdens for airports collecting the duty reflect your knowledge of how much this might cost? If not please let us know where it differs.

No view.

48. Any further comments on this issue?

No.

49. Are there any comments raised on the issue of the impact on unlicensed airfields?

There are a large number of unlicensed airfields in the Highlands and Islands, mostly with runways of less than 800 metres, and mostly not capable of handling aircraft larger than the Twin Otter at 5.6 tonnes. Although a small number may escape 'detection' for a while, it will certainly be easier to control a fixed number of airfields in the United Kingdom than a continually fluctuating, and much larger, number of aircraft operators, many of them foreign. The issue of the method of application of the Duty to sea plane operations which do not use land based airports should also be considered.

HITRANS will be pleased to answer any questions arising from this evidence.

End.



Report to Partnership Meeting of 4 April 2008

ATLANTIC AREA INTERREG IVB

THE PARTNER II PROJECT

1. Merseytravel, the Passenger Transport Authority for the Merseyside region is searching for partners to continue work that has been successfully completed in an EU INTERREG IIB project called PARTNER.
2. The PARTNER project involved the cities of Liverpool, Belfast, Dublin, La Rochelle, Rochefort and Santiago de Compostela and the ultimate aim of the project was to make it easy for people to travel to, from and around the Atlantic Area. The project succeeded in implementing high quality local public transport services to and from Atlantic Area gateways (e.g. airports and major rail stations) and high quality information services to assist travellers to, from and around the Atlantic Area.
3. The PARTNER project completed at the end of December 2007. Members of this consortium are now looking at opportunities to continue and expand the work completed into new regions of the Atlantic Area. A new consortium is being formed to submit a project proposal for INTERREG IVB programme which will run for the period from 2007-2013. The emerging PARTNER II project will:
 - a. Design and test transnational strategies to improve information about public transport services to optimize international trips of passengers by:
 - Continuing the development of a single multi-lingual web portal that links and provides sustainable transport options to travellers to, from and around the Atlantic Area.
 - Development of or improvements to regional web sites and journey planners that will link to the Atlantic Area portal.
 - Implementation of on ground information services (mobile devices such as PDAs) to assist travellers en route.
 - Investigating the needs of disabled people and ensure all information is accessible to all.
 - Continuing the development and exploitation of the INTEGRA brand and standards for public transport information provision.
 - b. Implement new systems and services to improve local accessibility and economical development of regional gateways by:
 - Implementing new or improved public transport services based on the transfer of knowledge developed by the PARTNER project.
 - Implementing smart cards and/or integrated ticketing systems.

4. The Highlands and Islands are one of the regions in the Atlantic Area for the 2007-2013 period and this would qualify HITRANS as a contributor to the PARTNER II Project. This project has very real potential to help us improve public transport services to our key gateways and merits further consideration.
5. An obvious opportunity would be to seek to add value to the bus route development scheme for which HITRANS secured funding to improve links to Inverness Airport. Although this project does include high quality buses and real time information there is significant potential to improve facilities at bus stops on the corridors included in the scheme and to improve the quality of information available to passengers particularly in terms of offering multi lingual information.
6. HITRANS would also want to establish if the project could offer funds to tap into to improve public transport links to the Airports serving our regional centres particularly Kirkwall and Stornoway. HIAL has already indicated a desire to see bus services to these airports improved to better serve passengers and both Comhairle Nan Eilean Siar and Orkney Islands Council are looking at options for this should funding be made available.
7. There might also be scope to upgrade public transport links at ferry terminals and rail hubs. Again improved and multi lingual information could really benefit passengers.
8. Without making any further commitment to become a project partner the Partnership Director and Programme Manager accepted an invitation from the project development team to attend a PARTNER II meeting in London on 31 March. This meeting should give sufficient background information on the project to identify what benefits could come from HITRANS joining the project.
9. Recommendation:
 - The Board is asked to note the report.
 - The Partnership Director will update the meeting verbally on the discussion and possibilities identified through the meeting in London and will make a recommendation to the board on whether there is merit in HITRANS becoming more involved in this project.

Author: Ranald Robertson
Designation: Programme Manager
Date: 26 March 2008



Report to Partnership Meeting of 4 April 2008

HITRANS Business Plan for 2008/09

SUMMARY

The Report seeks approval from the Partnership for the HITRANS Business Plan for 2008/09. This is the first Business Plan to be prepared by the Highlands and Islands Transport Partnership and it sets out what we intend to do during 2008/09 in working with our constituent Councils and Stakeholders to improve the delivery of transport services across the Highlands and Islands. It defines how we will move forward in promoting and implementing our Regional Transport Strategy.

RECOMMENDATIONS

The Partnership is asked to

3. approve the one year Business Plan for 2008/09 with a view to developing a longer term business plan from 2009/10 once the views of Scottish Ministers on the Regional Transport Strategy and Delivery Plan are clear, the Strategic Transport Review Findings are available, and Councils and their Community Planning Partners have had a reasonable time to develop their Single Outcome Agreements with Government.

DETAIL

This is the first Business Plan to be prepared by the Highlands and Islands Transport Partnership and it sets out what we intend to do during 2008/09 in working with our constituent Councils and Stakeholders to improve the delivery of transport services across the Highlands and Islands. It defines how we will move forward in promoting and implementing our Regional Transport Strategy (RTS).

The Scottish Executive published guidance on Regional Transport Strategies in March 2006. Paragraph 112 of the Guidance requires the preparation of an annual delivery or business plan to be submitted to Scottish Ministers. The plan should normally cover the first three years of implementation of the Regional Transport Strategy, and be updated annually to reflect local and central government planning and funding cycles and include plans for capital and revenue spending and borrowing. There has been a change in Government since this Guidance was issued and this has significantly changed the mechanism for funding of transportation investment from 2008/09. Ring fencing of much of the Council and previously centrally managed funding has been removed. Councils are tasked in 2008/09 with producing Single Outcome Agreements with Government and from 2009/10 onwards with their Community Planning Partners. HITRANS has been asked to review its Regional Transport Strategy. In these rapidly changing circumstances and pending approval of the RTS by Scottish Ministers it is proposed that HITRANS produce a single year

Business Plan identifying its intentions in 2008/09 and engage during that year with Government, its agencies, HITRANS constituent Councils and their Community Planning Partners to develop its future focus and delivery role.

The Business Plan as included in the Appendix to this report is intended to fulfil that requirement and, after approval by the HITRANS Board, will be submitted to Scottish Ministers.

Report by: Dave Duthie
Designation: Partnership Director
Date: 27 March 2008



Report to Partnership Meeting of 4 April 2008

PARTNERSHIP MEMBERS, OBSERVER AND PERMANENT ADVISOR APPOINTMENTS

SUMMARY

The Report explains the basis of the case for HITRANS to seek approval from Government to extend the tenure of the current non Councillor Members of the Board, and to consider inviting greater input from the Health Sector in the development of the Partnership. The Report additionally proposes appointment of a revised Permanent Advisor from HIE and a new Permanent Advisor from the Health Sector.

RECOMMENDATIONS

The Board is asked to

1. Agree to recommend to Scottish Ministers that the current term of appointment of the other (non-councillor) members be extended to May 2009.
2. Agree to appoint an Observer to the Partnership representing Health interests following an advertising and selection process.
3. Agree to appoint Tony Jarvis of HIE as a Permanent Advisor and to seek the nomination of a Permanent Advisor from the Health Sector.

DETAIL

Appointment of other (non-councillor) members

Within the terms of the Regional Transport Partnerships (Establishment, Constitution and Membership)(Scotland) Order 2005 each Partnership shall have a number of members as they consider appropriate within a specified range. For HITRANS this constitutes 1 member from each of the constituent Councils and 2-3 other members. Other members were initially appointed by Scottish Ministers prior to the elections of councillors in 2007. After this date each other member is to be appointed by the Partnership subject to the consent of Scottish Ministers. The appointment of other (non councillor) members to HITRANS Partnership was initially until April 2008 and it now falls on the Partnership to decide how to proceed with the subsequent appointment or re-appointment of other members. The relevant sections of the Regional Transport Partnerships, Guidance on Membership are as follows:

64. Those other members appointed by the Scottish Ministers will remain members until the date indicated in their appointment letter - this will be around 6-12 months after May 2007 to support continuity and stability as there is likely to be quite a number of changes in the councillor membership following the May 2007 elections, conducted for the first time under a system of proportional representation.

65. The RTP will, when deciding on its own first appointments of other members after May 2007, be able to consider those already in post. It should carry out an appraisal of each other member's contribution before considering any re-appointment. There is no limit to the number of times an other member can be appointed, or the number of years he or she can serve. However, a balance between continuity and refreshment should be struck.

Subsequent Rounds of Appointments
66. After the local government elections in May 2007 the non-councillor members will be appointed by the RTP but subject to the consent of Scottish Ministers. The RTP should send to the Scottish Ministers the names of the other members it proposes to appoint along with a brief summary of the benefits they will bring to the partnership and of the process used to select them. Consent, or any other response, will be given within one calendar month.

The Guidance correctly foresaw the significant change in membership of the Regional Partnerships following the May 2007 elections and the benefit of continuity that the continuing involvement of the original non councillor members beyond May 2007. Other Partnerships, in recognition of this position, have proposed to recommend to Scottish Ministers that the term of appointment of the non-councillor members be extended to the mid term between Council elections, and effectively until May 2009. Such an action would have equal merit for the Highlands and Islands Transport Partnership.

Appointment of Observers

In addition to the above Partnerships may appoint a number of observers as they consider appropriate to the Partnership. Observers may participate in proceedings of the Partnership in the same manner as councillor members or other members but may not hold office in or participate in its decisions.

Linkage between the Health and Transport sectors is increasingly important in developing complementary policies and strategies that support best use of public resources and integration of services. Most of the other Regional Transport Partnerships have parties reflecting health interests represented on their Partnership either as Other Members or Observers. It is recommended that the Partnership consider appointing an Observer from Health within the Region for the same period as applies to the appointment of other members. The process for appointment of an Observer should follow the same process as that for appointment of other members with the appointment being advertised and selection being made at interview.

Appointment of new Permanent Advisors

The Partnership is supported by the work of its Permanent Advisors in advising on the development and delivery of its Strategy and associated research and promotional activities. Donald MacNeill as the HIE Permanent Advisor has indicated his intention to leave that organisation's employment at the end of March 2008, and HIE have recommended that Tony Jarvis take his place as a permanent advisor to the Partnership. Tony has a wide knowledge of transportation issues and the economic benefits of transport investment in particular and his appointment as a permanent advisor is therefore recommended to the Partnership.

The Health Sector is, as mentioned above, an important stakeholder in the work of the Partnership and it is therefore recommended that a suitably experienced Permanent Advisor be sought to represent this sector. The Partnership is asked to consider delegating the appointment of a suitable candidate to the Chair and Partnership Director.

Report by: Dave Duthie
Designation: Partnership Director
Date: 19 March 2008