

Report to Partnership Meeting – 5th February 2010

STRATEGY DEVELOPMENT

Air Services Review - Consultation

PURPOSE OF REPORT

The purpose of this report is provide the Board with details of the outcome of the stakeholder consultation on the Draft Highlands and Islands Air Services Review, with a view to agreeing which interventions should be supported by the Partnership and the priority each should be given.

BACKGROUND

HITRANS in partnership with ZetTrans commissioned a Review of Air Services in the Highlands and Islands with the aim of ascertaining what needs to be done in air transport terms over the next 12 years to 2022 to ensure the Highlands and Islands fully contribute to increasing sustainable economic growth in Scotland and the UK.

The intention is that the Review will complement others covering alternative transport modes to enable the RTPs to seek to obtain maximum value overall from the limited funds expected to be made available for transport in the years ahead.

The five objectives of the Review were:

- to study the needs for air services and associated infrastructure through to 2022
- to provide input into the Scottish Government's next spending review
- to see how changes since 2003 have met National and Regional Transport Strategies
- to review options for improving air service provision; and
- to recommend strategy changes, interventions and co-ordinated actions

The Review involved wide consultation across the region with key stakeholders and resulted in the production of a Draft Report in September 2009. The Board received a presentation on the findings of the report at its Meeting in October 2009 and agreed to invite further input into its review by arranging to give stakeholders the opportunity to comment on the Draft Report prior to it being finalised and the Board deciding which interventions should be supported by the Partnership, and the priority each should be given.

The outcome of this consultation is included in the Appendix to this report. The revised recommendations following this additional consultation are detailed below :

They are not placed in any order of priority.

- i. 'The Scottish Government should fund well-argued requests by HIAL for major repairs and minor upgrades to its ten Highlands and Islands airports, prioritising those that are most urgent'
- ii. 'On the assumption that NASP will not relax the rules relating to cargo being carried on aircraft of up to 50 seats, the Scottish Government should be asked to consider funding the installation of the necessary cargo-screening equipment at Sumburgh, Kirkwall and Stornoway airports'
- iii. 'The Scottish Government should be made aware that, at some point in the foreseeable future, it may be necessary to fund the provision of a full-length taxiway at Inverness Airport to meet the needs of peak scheduling problems while at the same time releasing the cross-runway for continuing growth in General Aviation'.
- iv. 'The sustainability of the air services to Barra should be secured for the foreseeable future. This could be achieved at least cost to the Scottish Government by their providing two new Twin Otter type aircraft to run the Glasgow -Barra PSO service from 2013, failing which, other options to provide new fixed infrastructure should be considered'
- v. 'The public sector should consider funding the provision of pontoons and other necessary infrastructure in Portree Bay to support the planned introduction of seaplane charter flights and maritime berthing to and from Skye, as a test-bed for further expansion of such services, for determining air and maritime travel demand to and from Skye, and for the possible conversion of air services to scheduled services, subject to CAA agreement'
- vi. 'In the event of significant growth in air travel to Skye through (v) above, that the CAA is not able to sanction the use of SE-IMC, and if there are no Twin Otter (or Dash 8-200) aircraft available, the public sector should consider funding the extension of Broadford Airport to accommodate a fully-loaded Saab 340. This extension may also in time be required if the CAA permit SE-IMC operations, and Portree flights demonstrate significant demand for services to Skye'
- vii. 'The Scottish Government is asked to support funding for the provision of runway lighting at Fair Isle, North Ronaldsay, Papa Westray and Coll, so that the operating day for scheduled Islander aircraft can be lengthened in winter. There may also be a call to install lighting at Flotta and/or Hoy/Longhope should either of these airstrips be identified as necessary for the growing energy industry. The Loganair request for improved lighting at Wick Airport should be subject to discussion between the airline and HIAL'
- viii. 'In the event of CAA approving the use of SE-IMC within the next ten years, and the non-availability of the Quest Kodiak aircraft, the Scottish Government should be asked to support funding of the extension of certain short airstrips in the Orkney Islands and Argyll and Bute to a length of around 600 metres, to accommodate fully-laden take-offs and landings by the 9-seat Cessna Caravan, and if possible the 13-seat Grand Caravan. The runways are at Fair Isle, North Ronaldsay, Papa Westray, Westray, Eday, Stronsay, Sanday, Coll, Colonsay, and possibly at Hoy/Longhope if selected in preference to Flotta. If the Quest Kodiak aircraft (or a similar aircraft) is permitted, the list would be reduced to just Fair Isle and Hoy/Longhope, representing the locations likely to justify the larger Grand Caravan. If the CAA does not approve SE-IMC, there would be no justification for lengthening any of the runways except for their limited use by air ambulance aircraft and any other similar needs'.
- ix. 'Subject to establishing sustainable demand, the public sector should consider funding the re-instatement and refurbishment of Unst and/or Hoy/Longhope airstrips to make them suitable for scheduled service operations.

- x. 'Following the successful introduction of scheduled seaplane services at Portree, the public sector consider funding the development of a small number of safe anchorages with pontoons on the west and north coasts of Sutherland, between Lochinver and Tongue'
- xi. 'In the event of the CAA approving SE-IMC for the UK, the Scottish Government should be asked to consider the purchase of a fleet of 9-seat Cessna Caravan (or possibly Quest Kodiak) aircraft, to be available for operation by the successful tenderers for local PSO routes to and from airports in the Highlands and Islands'
- xii. 'Subject to the CAA allowing seaplanes and their anchorages to be used for scheduled services and the sustainable economic case for their provision being made, the Scottish Government should be asked to consider funding any necessary safety and security infrastructure'
- xiii. 'In the event that passenger and cargo airlines put forward a robust and sustainable business case for extended opening hours at specific airport in the region, and subject to an agreement of the level of additional costs incurred and revenues earned by the airports involved, the Scottish Government should consider supporting such changes to opening hours'
- xiv. 'To secure a scheduled route from Inverness to Amsterdam to provide global links in addition to those currently available through Gatwick, HITRANS should conduct an analysis of the potential demand and revenues of a daily or twice-daily service between the two airports, and assess the likely costs of a range of aircraft. If the expected initial gap between costs and revenues is acceptable, HITRANS should seek UK and Scottish Government approval and public sector support for funding of a PSO operation between the two airports,. The Dutch Government will also be required to grant approval, and may also be prepared to assist in funding'
- xv. 'On air routes currently qualifying for the Air Discount Scheme, HITRANS and ZetTrans explore the legality of being able to offer discounts to all travellers, not just to residents of particular remote areas, and if this proves possible, to request the Scottish Government to fund an appropriate scheme for all travellers, as it does on PSO and RET routes. Should this prove impracticable, HITRANS and ZetTrans should examine options to enhance the current ADS scheme which would seek to support the economic and social development of remote regions by reducing fares for passengers, and to seek Scottish Government support'
- xvi. 'The Scottish Government be asked to consider instituting a Public Consultation on the ownership structure and management of all publicly-owned airports and airstrips in Scotland with a view to identifying whether more cost-effective ways of providing essential airport services for the more remote regions of the nation are available'
- xvii. 'The Scottish Government engages in constructive discussions with the CAA and NASP regarding the establishment of 'fit-for-purpose' standards for remote region airstrips and airports in Scotland'
- xviii. 'The Scottish Government should give the aviation industry every support in its current discussions with the CAA with a view to allowing single-engined aircraft the opportunity to operate scheduled services in Scotland in all weather conditions, and at night'
- xix. 'While individual councils may continue to initiate their own intra-council PSOs, or work in collaboration with one or more other councils, HITRANS and ZetTrans should consider whether there is any way of assisting the processing of such applications, or of encouraging multi-council PSOs, either themselves or with the help of the Scottish Government'

- xx. 'The Scottish Government be asked to actively pursue discussions with the UK Ministers to ensure that slots for flights to Inverness and Aberdeen be guaranteed if a third runway is constructed at Heathrow'
- xxi. 'The Scottish Government should be asked to hold discussions with the Ministry of Defence over relaxing the business aviation quota and/or regulations to allow a twice-daily service the opportunity to operate between Inverness and Northolt on weekdays'
- xxii. 'The Scottish Government should seek the UK Government's agreement for an extension to the current exemptions from Air Passenger Duty, so that all internal Scottish flights are exempted'
- xxiii. 'The Scottish Government hold discussions with the BAA to ensure that slots remain perpetually available at Edinburgh Airport for turboprop flights to and from other Scottish destinations, possibly by continuing to utilise the cross runway at peak periods'
- xxiv. 'The Scottish Government through HIAL should look into the options for improving the availability and reducing the cost of aviation fuel at HIAL and local airports'
- xxv. 'That HIE be encouraged to assess the viability of assembling small aircraft in the Region and to engage with potential manufacturers if the prospects appear encouraging'
- xxvi. 'The Scottish Government and HIAL should hold discussions with the CAA concerning the possibility of a rapid roll-out of GPS at the smaller Scottish airports, and (if successful) fund any necessary airport infrastructure in support of such GPS installations'

RECOMMENDATION

The Board are asked to:

1. Decide on which recommendations from the Review they support, and
2. Agree the priority of each supported recommendation within the timescale 2012 to 2022.

Report by: Dave Duthie
Designation: Partnership Director
Date: 27th January 2010

Appendix - Air Services Review Consultation Outcome

H. Analysis of stakeholder comments on consultant recommendations

1. Introduction

Following consideration of the Interim Draft Report submitted to HITRANS and ZetTrans in October 2009, it was agreed that the consultant recommendations should be submitted to all stakeholders for comment. Each stakeholder was invited to make their own scoring of each recommendation in terms of 'importance' and 'timescale' (but not of 'cost'); and room was provided to add any comments regarding each recommendation, or to suggest additional recommendations.

75 stakeholders were invited to comment – 40 of the original 55 who received the initial questionnaire in June, plus an extra 20 who attended any of the five consultations in August, together with a further 15 who were requested to be contacted after the consultations. All responses received by the middle of December 2009 have been analysed.

Of these 75, four replied with fully comprehensive responses – an airline, a development body, an Argyll and Bute councillor, and an individual with a keen interest in the subject.

A further four submitted responses which appeared to reflect the needs of a specific geographical sub-region or a particular aviation interest – representing a local community forum, an NHS GP, a local ferry company and an inbound tourism organisation. Proposed expenditure in other sub-regions or supporting other aviation needs tended to be given lower priorities by this smaller group.

Three further written responses were received from ZetTrans, Loganair and Nestrans regarding specific comments and recommendations in the report, and a meeting was held with HIAL and its security consultants regarding the specific recommendation regarding NASP.

In the following sections, each of the 25 consultant recommendations is repeated, the scoring and commentary received from Stakeholders is analysed and compared with the scores of the consultants, and a resultant set of final recommendations made.

2. Stakeholder comments and amended recommendations

a) Capital intensive projects

- i) Major repairs and minor upgrades to HIAL capital infrastructure (see Chapter F, 3, d for further background information and justification).

The consultants gave this recommendation 4 out of 5 in terms of importance, and a timescale of C, suggesting neither that it is urgent, nor that it can be deferred for a long time.

The average scores received from the eight respondents were 3.75 for importance and C for urgency.

Two of the responses gave an increased importance level of 5 and an A for urgency, arguing that it is important for the Scottish Government to first maintain the infrastructure it already has, before investing in new infrastructure. The airline respondent was particularly anxious that runways were resurfaced or reconstructed whenever necessary.

It was also noted that such requirements will need to be well-argued and prioritised by HIAL. This could put some of the necessary improvements into the urgent category, but allow others to be deferred.

The recommendation has therefore been re-written as:

‘The Scottish Government should fund well-argued requests by HIAL for major repairs and minor upgrades to its ten Highlands and Islands airports, prioritising those that are most urgent’

ii) Provision of cargo screening equipment at major HIAL airports (F, 3, d)

The consultants gave this recommendation 4 out of 5 in terms of importance, and a timescale of A, suggesting that it is urgent.

Several of the seven responses argued that there was insufficient justification in the report regarding the need for and cost of this recommendation while others argued that the export of air cargo from the region was of no great importance. The average scores given were 2.75 for importance and D+ for urgency.

With strong representations made on this topic from both Loganair and Dalcross Logistics, allowing the Saab 340 freighters to be used to convey air freight to the mainland from Sumburgh, Kirkwall and Stornoway, the recommendation has been retained and re-written as:

‘On the assumption that NASP will not relax the rules relating to cargo being carried on aircraft of up to 50 seats, the Scottish Government should be asked to consider funding the installation of the necessary cargo-screening equipment at Sumburgh, Kirkwall and Stornoway airports’

iii) Provide Inverness with full-length taxiway (F, 3, d)

The consultants gave this recommendation 2 out of 5 in terms of importance, and a timescale of D, suggesting that it can be deferred for a substantial period of time.

Most of the seven respondents agreed that the requirement is not yet apparent, but that it might become relevant towards the end of the period. Some respondents felt that less expensive methods of solving any peak congestion problems should be examined first. This was the general thinking behind the average scores of 3 for importance, and D+ for urgency.

As a result, the consultants have re-written the recommendation as follows:

‘The Scottish Government should be made aware that, at some point in the foreseeable future, it may be necessary to fund the provision of a full-length taxiway at Inverness Airport to meet the needs of peak scheduling problems while at the same time releasing the cross-runway for continuing growth in General Aviation’

iv) Construct 800 metre runway on Barra (F, 4, j)

The consultants gave this recommendation 4 out of 5 in terms of importance, and a timescale of B, suggesting that it can be deferred only for a short period of time.

Of the six scored responses, the average gave a 3 for importance, and D+ for urgency.

The general consensus of the six responding was that the existing Barra Airport situation is unsustainable, but that there was no obvious solution. Many of the options proposed in the report were dependent upon receiving CAA / EASA approval for the use of single-engined IMC operations and / or the use of seaplanes for scheduled services; which may not be obtainable in the short to medium-term, if ever. Without such agreements, the options are reduced to continuing with the current airport, building a 1300 metre runway, replacing the air service with an expensive helicopter operation, or constructing a causeway to Eriskay.

Of those who added comments, each saw the need to replace the beach airport, but there was no consensus on the way ahead. One view was that a comprehensive review of all the options be carried out before a specific recommendation was put forward. The consultants agree with this view should a means of continuing the existing Twin Otter service in a sustainable manner not be found, and have therefore re-written the recommendation as follows:

'The sustainability of the air services to Barra should be secured for the foreseeable future. This could be achieved at least cost to the Scottish Government by their providing two new Twin Otter type aircraft to run the Glasgow -Barra PSO service from 2013, failing which, other options to provide new fixed infrastructure should be considered'

v) Provide pontoons for water aerodrome at Portree (F, 5, f)

The consultants gave this recommendation 4 out of 5 in terms of importance, and a timescale of A, suggesting that it is urgent.

Of the seven scored responses, three gave it a 1, or the lowest degree of importance, and an E, the lowest score for urgency. This was on the general premise that these respondents saw no future for the region in seaplanes, and both this and similar recommendations relating to seaplanes were all scored accordingly.

The other four respondents averaged 4.5 for importance, and B+ for urgency, reflecting their view that the seaplane had some part to play in the future, and particularly in Skye. It was recognised that, again, CAA decisions on the future of SE-IMC and of seaplanes in particular might limit the value of such services, but that charter flights would be able to operate in the interim.

The basic recommendation is therefore retained, but amplified as follows:

'The public sector should consider funding the provision of pontoons and other necessary infrastructure in Portree Bay to support the planned introduction of seaplane charter flights and maritime berthing to and from Skye, as a test-bed for further expansion of such services, for determining air and maritime travel demand to and from Skye, and for the possible conversion of air services to scheduled services, subject to CAA agreement'

vi) Extend Skye Airport to 1300 metres (F, 5, f)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of D, suggesting that there is no urgency.

Of the seven scored responses, three gave it a 1, or the lowest degree of importance, and an E, the lowest score for urgency. This was on the general premise that the respondents either saw no need for air services to Skye, possibly on the basis that it was now linked to the mainland by a bridge, or believed that a low-cost water aerodrome at Portree should be examined first.

The other responses were more positive, although one wanted to have a clearer view of demand before committing to expenditure.

The problem with any planned expansion at Broadford airport is that, if the CAA does not approve SE-IMC or scheduled flights by seaplanes, the Portree experiment will not be able to prove or disprove the demand for scheduled services. Similarly, a CAA refusal will not allow either the Caravan or the larger Grand Caravan from operating from the current airstrip: only the Twin Otter (perhaps with a limited life) or the rare Series 200 version of the Dash 8 is able to use the current 771 metre airstrip (provided some expenditure is undertaken on a terminal and fire station). The decision is thus also dependent upon the availability of Twin Otters, either the existing aircraft, or the new Viking variant.

Without such CAA approval, the only long-term future would be for an airport with a 1300 metre runway, capable of taking the Saab 340, believed to be the correct size for coping with the expected level of demand for Skye from Glasgow and Edinburgh.

Bearing these points in mind, the recommendation has now been re-drafted to read:

'In the event of significant growth in air travel to Skye through (v) above, that the CAA is not able to sanction the use of SE-IMC, and if there are no Twin Otter (or Dash 8-200) aircraft available, the public sector should consider funding the extension of Broadford Airport to accommodate a fully-loaded Saab 340. This extension may also in time be required if the CAA permit SE-IMC operations, and Portree flights demonstrate significant demand for services to Skye'

vii) Provide lighting on up to six airstrips, plus Oban (F, 6, f)

The consultants gave this recommendation 4 out of 5 in terms of importance, and a timescale of A, suggesting that it is urgent.

An average of the seven scored responses similarly gave the recommendation a 4, or one of significant importance, and a B+, a high score for urgency.

The responding airline commented that all such plans would be clearly beneficial, but that the lighting installed at Oban is already sufficient – the problem was more one of the CAA accepting curved approaches to avoid major hill obstacles, especially at night. Other respondents could see the benefits of lighting at specified airports freeing up the inter-island schedules in mid-winter and offering an improved service to all such airports.

The recommendation has been clarified to identify the six airports that would be expected to benefit most from the provision of lighting:

'The Scottish Government is asked to support funding for the provision of runway lighting at Fair Isle, North Ronaldsay, Papa Westray and Coll, so that the operating day for scheduled Islander aircraft can be lengthened in winter. There may also be a

call to install lighting at Flotta and/or Hoy/Longhope should either of these airstrips be identified as necessary for the growing energy industry. The Loganair request for improved lighting at Wick Airport should be subject to discussion between the airline and HIAL'

viii) Extend up to 10 island airstrips to 600 metres (F, 6, f)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of C, suggesting that this is important, but not yet urgent, as the Islander is not yet obsolete.

An average of the seven scored responses similarly gave the recommendation a score of 3.75, or one of reasonable importance, and a C+, a mid-score for some urgency.

As before, it was commented that such extensions would be of little value unless the CAA agreed to SE-IMC, and that any request should be postponed until that situation was clearer.

There was one call for the 600 metre suggestion to be replaced by one of 800 metres in order to handle the (current) air ambulance aircraft; while another suggested that the use of helicopters would be less expensive than extending runways. Another respondent queried whether there was space available to extend each of the runways.

ZetTrans queried whether the new Quest Kodiak aircraft would be able to use the existing runways – the company's performance leaflet claims the ability to land and take-off from runways as short as 300 metres. Because of the difficulty of extending some of the Shetland out-islands airstrips, it was agreed to assume the retention of the Islander service for as long as possible, perhaps replacing with a Kodiak-type aircraft at some much later date.

With the Islander expected to be capable of flying for at least the next ten years, the recommendation has been clarified (and much expanded) to read as follows:

'In the event of CAA approving the use of SE-IMC within the next ten years, and the non-availability of the Quest Kodiak aircraft, the Scottish Government should be asked to support funding of the extension of certain short airstrips in the Orkney Islands and Argyll and Bute to a length of around 600 metres, to accommodate fully-laden take-offs and landings by the 9-seat Cessna Caravan, and if possible the 13-seat Grand Caravan. The runways are at Fair Isle, North Ronaldsay, Papa Westray, Westray, Eday, Stronsay, Sanday, Coll, Colonsay, and possibly at Hoy/Longhope if selected in preference to Flotta. If the Quest Kodiak aircraft (or a similar aircraft) is permitted, the list would be reduced to just Fair Isle and Hoy/Longhope, representing the locations likely to justify the larger Grand Caravan. If the CAA does not approve SE-IMC, there would be no justification for lengthening any of the runways except for their limited use by air ambulance aircraft and any other similar needs'.

ix) Examine need for and re-instate airstrips at Unst and Hoy (F, 6, f)

The consultants gave this recommendation 2 out of 5 in terms of importance, and a timescale of C, suggesting that this is of marginal importance.

An average of the six scored responses similarly gave the recommendation a score of 3, or one of reasonable importance, and a C-, a mid-score for some urgency.

Regarding Unst, although there was no call from the Shetland community for such a resumption of services to the airstrip, the responding airline commented that the runway should be re-instated if the facilities were already available. Another comment was that the residents of Fetlar needed an air service more than those of Unst, but – according to available information – the airstrip on Fetlar is still operational.

Discussions with representatives of the bio-energy industry and the proposed Scapa Flow development will need to be consulted on whether their aviation needs would be met better at Flotta or Hoy/Longhope, but – if the latter – the airstrip will need to be reconstructed, preferably to a length of at least 600 metres.

The recommendation has been clarified as follows:

‘Subject to establishing sustainable demand, the public sector should consider funding the re-instatement and refurbishment of Unst and/or Hoy/Longhope airstrips to make them suitable for scheduled service operations.

x) Provide pontoons for water aerodromes on Sutherland coast (F, 6, f)

The consultants gave this recommendation 2 out of 5 in terms of importance, and a timescale of D, suggesting that this is not a major concern, but a potential future development.

Of the seven scored responses, three gave it a 1, or the lowest degree of importance, and a D or an E, the lowest scores for urgency. This was very similar to the scores given for the provision of pontoons at Portree (see v) above) and for the same reasons – a disinclination to see any future for the seaplane except as a tourist gimmick.

Of the other four responses, two were reluctant to consider this recommendation until such time as any experiment at Portree had been conducted.

Although accepting that this has a very low priority, the consultants wish to see this recommendation retained, as it offers the only hope of aviation assisting with the economic development of these most remote parts of the mainland:

‘Following the successful introduction of scheduled seaplane services at Portree, the public sector consider funding the development of a small number of safe anchorages with pontoons on the west and north coasts of Sutherland, between Lochinver and Tongue’

- xi) Acquire a fleet of 9-seat Caravan aircraft for tendering on PSO routes (F, 7, d)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of B, suggesting a degree of urgency.

An average of the seven scored responses similarly gave the recommendation a score of 3.5, or one of reasonable importance, and a B-, indicating some degree of urgency.

One respondent scored the recommendation as '1 E' on the grounds that the aircraft '*will not be approved for use in bad weather on commercial routes in the UK in the near or medium-term future*'. Although it is possible that the CAA will act in this fashion, HITRANS and ZetTrans need to be prepared for a range of options should SE-IMC be allowed, as elsewhere in the developed world.

Other respondents were not convinced that the Islander had a limited life, that the Caravan had the necessary capability to replace the Islander, or that single-engined aircraft would ever become acceptable. On the positive side, other responses saw the benefits to passengers (including tourists) of the newer aircraft.

Chapter F, 7, d above recognised that the Caravan was not a solution for the Shetland Islands because of the difficulty of extending many of the runways. However, the availability of the 9-seat Kodiak aircraft in the time-frame under consideration now means that that aircraft should also be considered as an option.

The necessity of obtaining CAA SE-IMC approval is reflected in the revised wording of the recommendation below:

'In the event of the CAA approving SE-IMC for the UK, the Scottish Government should be asked to consider the purchase of a fleet of 9-seat Cessna Caravan (or possibly Quest Kodiak) aircraft, to be available for operation by the successful tenderers for local PSO routes to and from airports in the Highlands and Islands'

- xii) Provide necessary safety and security infrastructure for water aerodromes (F, 9, e)

The consultants gave this recommendation 2 out of 5 in terms of importance, and a timescale of B, suggesting a degree of urgency.

An average of the six scored responses similarly gave the recommendation a score of 2.5, or one of some importance, and a D+, indicating disagreement on the level of urgency.

As before, any proposal supporting the development of scheduled seaplane services in the Highlands and Islands met with a complete lack of enthusiasm in some quarters, while others are prepared to see some financial encouragement given to a mode which may solve some of the economic problems of remote areas with no chance of an airstrip.

The problem facing the region is that, although the CAA may permit the use of seaplanes on scheduled flights, the CAA itself, plus NASP, may insist on such stringent safety and security measures as to kill the option financially.

The recommendation is clarified as follows:

'Subject to the CAA allowing seaplanes and their anchorages to be used for scheduled services and the sustainable economic case for their provision being

made, the Scottish Government should be asked to consider funding any necessary safety and security infrastructure’

b) Revenue support projects

xiii) Pay for increased opening hours at HIAL and other airports (F, 9, e)

The consultants gave this recommendation 5 out of 5 in terms of importance, and a timescale of A, suggesting a high degree of both importance and urgency.

An average of the seven scored responses gave the recommendation a score of 3.7, or one of only some importance, and a C-, again indicating disagreement on the level of urgency.

The general view was that the report had not indicated a sufficiently strong case to argue for increased opening hours at HIAL and other airports, although the consultants had received significant support for the idea from both Loganair and the Air Ambulance service.

Although it had not been clearly stated, the consultants had assumed that these increased opening hours would be restricted to those necessary to meet the stated and justified needs of airlines.

The most expensive requirement would be for Inverness to remain open at night, but in its written response, Loganair believed that this would be almost completely covered by additional airport revenues, and would not require significant funding.

The recommendation has been expanded and clarified as follows:

‘In the event that passenger and cargo airlines put forward a robust and sustainable business case for extended opening hours at specific airport in the region, and subject to an agreement of the level of additional costs incurred and revenues earned by the airports involved, the Scottish Government should consider supporting such changes to opening hours’

xiv) Provide support for Inverness – Amsterdam PSO (F, 11, f)

The consultants gave this recommendation 4 out of 5 in terms of importance, and a timescale of A, suggesting a high degree of both importance and urgency.

The responses were widely scattered – the four respondents representing the whole Highlands and Islands region or specifically the Moray Firth Area scored this at 4.25 for importance and B for urgency, while the three respondents from island communities (and not reliant upon the use of Inverness Airport to access the world) scored the importance at 1.7 and the urgency as D-.

Although those in favour saw the importance of the route, one was concerned that it might weaken the current route to London, one insisted that any airline ought to offer code-shares with international airlines at Amsterdam, while the third believed that the level of potential subsidy needed to be determined in advance, and that mechanisms other than the PSO ought also to be considered.

As a result, the recommendation has been re-worded as follows:

'To secure a scheduled route from Inverness to Amsterdam to provide global links in addition to those currently available through Gatwick, HITRANS should conduct an analysis of the potential demand and revenues of a daily or twice-daily service between the two airports, and assess the likely costs of a range of aircraft. If the expected initial gap between costs and revenues is acceptable, HITRANS should seek UK and Scottish Government approval and public sector support for funding of a PSO operation between the two airports,. The Dutch Government will also be required to grant approval, and may also be prepared to assist in funding'

xv) Extend ADS scheme to be available to all passengers (F, 12, d)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of A, suggesting a reasonable degree of importance, but a high degree of urgency.

An average of the seven scored responses gave the recommendation a score of 4, or one of some real importance, and a B, indicating a similar degree of urgency.

The general feeling was that, although 'hugely beneficial' in the words of one respondent, there was some concern over the legality of extending the Air Discount Scheme to all passengers, if even at a lower discount. This is despite the EU permitting PSOs and the RET schemes to be offered to all passengers. Because of the differential treatment of passengers on the route from Glasgow to Barra from those to Benbecula, there is the basis of an argument to the EU that a residential qualification for ADS may be discriminatory, and may not be in the best interests of the economic development of the remote areas.

It was suggested that there may be other ways of achieving a general reduction of air fares for all passengers – perhaps by abandoning the ADS scheme and replacing it with increased subsidies to the airports which would pass this on as lower costs to the airlines.

Another respondent was concerned that providing a general subsidy to all passengers could distort the market, but as this is the basis of the PSO and RET schemes, it is suggested that this fear is unfounded – indeed it could be argued that the current pro-resident scheme does indeed already distort the market.

The recommendation has been re-worked as follows:

'On air routes currently qualifying for the Air Discount Scheme, HITRANS and ZetTrans explore the legality of being able to offer discounts to all travellers, not just to residents of particular remote areas, and if this proves possible, to request the Scottish Government to fund an appropriate scheme for all travellers, as it does on PSO and RET routes. Should this prove impracticable, HITRANS and ZetTrans should examine options to enhance the current ADS scheme which would seek to support the economic and social development of remote regions by reducing fares for passengers, and to seek Scottish Government support'

c) **Other (non-financial) support projects**

- xvi) Investigate restructuring of organisation of all public airports and airstrips in the region (F, 9, e)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of D, suggesting a reasonable degree of importance, but with a low score in terms of urgency.

An average of the six scored responses gave the recommendation an average score of 3.5, or one of some importance, and a C+, indicating a higher degree of urgency.

One respondent scored it as 5 and A, commenting that it is *'always beneficial to review organisational structures regularly'* – for example, the current ownership and operational situation has been in place since 1986 when HIAL was incorporated as a private limited company. On 1 April 1995, ownership of HIAL passed from the Civil Aviation Authority to the Secretary of State for Scotland, now the Scottish Ministers.

Other respondents believed that better co-ordination might be achieved by having a single body responsible for all airports and airstrips, while a third believed that the proposed re-organisation might simplify applications for central funding and priority setting. One respondent specifically urged against making any specific recommendation because of the need to study all legal and financial angles first.

Other options were also suggested, including HITRANS becoming responsible for all Local Authority airports, or HIAL becoming a non-Governmental body (like Network Rail) and able to raise its own finance with Government guarantees.

With such a wide range of views being put forward, the recommendation has been reworded as follows:

'The Scottish Government be asked to consider instituting a Public Consultation on the ownership structure and management of all publicly-owned airports and airstrips in Scotland with a view to identifying whether more cost-effective ways of providing essential airport services for the more remote regions of the nation are available'

- xvii) Long-term engagement with CAA and NASP re fit-for-purpose standards for remote region airstrips and airports (F, 9, e)

The consultants gave this recommendation 5 out of 5 in terms of importance, and a timescale of A, suggesting a high degree of both importance and urgency.

An average of the eight scored responses gave the recommendation a score of 4.9, almost unanimously regarding this recommendation as being of the highest importance, and A- for urgency, with one scoring B, the others all A.

The comments from four of the respondents emphasised the importance of the topic. One found the current system of 'one size fits all' was *'detrimental to trade'*; another that *'some relaxation of standards would appear appropriate'*; one that it was absolutely essential, reducing cost at very minimal risk; while the only caveat raised was that any agreement from the CAA would have to utilise tested technology that was also agreed by airlines, airports and the ATC providers. It is taken for granted that the CAA is extremely cautious and would not recommend any changes without agreement from such stakeholders. A

respondent from Argyll and Bute wondered whether such fit-for-purpose standards would allow the use of the current grass strip on Jura.

As a result, the wording of the final recommendations has been left almost unchanged:

‘That the Scottish Government immediately engages in long-term discussions with the CAA and NASP regarding the establishment of ‘fit-for-purpose’ standards for remote region airstrips and airports in Scotland’

xviii) Engagement with the CAA to permit single-engined aircraft to operate scheduled air services (F, 10, d)

As with the previous recommendation, the consultants gave this recommendation 5 out of 5 in terms of importance, and a timescale of A, suggesting a high degree of both importance and urgency.

An average of the eight scored responses gave the recommendation a score of 4.6, regarding this recommendation as being of the highest importance, and again A- for urgency, with three scoring B, the other five marking it as A.

One respondent urged caution – although it was vital all such talks be undertaken, a positive outcome was considered unlikely. Others wanted to be sure that safety is not compromised, but was assured that the CAA would not take any such decision. A third respondent suggested that the Scottish Government be asked to support the current discussions between the CAA and Loch Lomond Seaplanes, rather than lead any such engagement.

The recommendation has been modified as follows:

‘The Scottish Government give the aviation industry every support and encouragement in its current discussions with the CAA in its bid to allow single-engined aircraft to operate scheduled services in Scotland in all weather conditions, and at night’

xix) Take over responsibility for all PSO administration from Councils to permit multi-council applications (F, 11, f)

The consultants gave this recommendation 2 out of 5 in terms of importance, and a timescale of C, suggesting a low degree of both importance and urgency.

An average of the six scored responses gave the recommendation a much higher score of 4.5 for importance, and one of B+ for urgency.

Although there were several comments that the proposal was long overdue, or made sense rather than duplicating efforts, there was some concern – particularly from the Shetland Islands – that it might lead to a loss of local control, especially over local flights that involved no other council.

There was also a query whether HITRANS could fulfil this function – and it might indeed be able to offer a co-ordinating service to the five councils in its region – but it might still have to work with other authorities in Shetland, or those responsible for Aberdeen, Dundee, Edinburgh or Glasgow Airports.

As a result, the recommendation has been re-considered and a more consultative approach has now been taken:

‘While individual councils may continue to initiate their own intra-council PSOs, or work in collaboration with one or more other councils, HITRANS and ZetTrans should consider whether there is any way of assisting the processing of such applications, or of encouraging multi-council PSOs, either themselves or with the help of the Scottish Government’

- xx) Pursue discussions with DfT re slots on Heathrow Third Runway for Inverness and Aberdeen (F, 11 f)

The consultants gave this recommendation 4 out of 5 in terms of importance, and a timescale of B, suggesting some degree of both importance and urgency.

An average of the seven scored responses gave the recommendation a score of 4.3 for importance, although one only scored it as 2 on the basis that Heathrow R3 was now looking most unlikely; and one of C+ for urgency, with two respondents considering it has no urgency at the current time.

Although some respondents felt it was more important to try and secure an Amsterdam service from Inverness, it was accepted that at least an attempt should be made to secure such slots at Heathrow.

The recommendation has been retained with additional clarifications:

‘The Scottish Government be asked to actively pursue discussions with the UK Department for Transport and with senior politicians to ensure that slots for flights to Inverness and Aberdeen be guaranteed if a third runway is constructed at Heathrow’

- xxi) Hold discussions with MoD re relaxing regulations at Northolt (F, 11, f)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of A, suggesting a medium degree of importance but a high level of urgency.

An average of the seven scored responses gave the recommendation a higher score of 3.3 for importance, but one of C- for urgency.

Two awarded very low scores, either because of their belief that the RAF would not permit such changes, or because they believed that full-fare demand for Heathrow was insufficient to justify 60 seats a day. Information available to the consultants would seem to show that there is significant demand for such a route at full fare.

Although it is possible that any talks might prove fruitless, the recommendation remains that:

‘The Scottish Government should be asked to hold discussions with the Ministry of Defence over relaxing the business aviation quota and / or regulations to allow a twice-daily service to operate between Inverness and Northolt on weekdays’

xxii) Seek exemption from APD for all Scottish internal flights (F, 13, a)

The consultants gave this recommendation 1 out of 5 in terms of importance, but a timescale of A, suggesting a low degree of importance although high in urgency.

An average of the seven scored responses gave the recommendation a score of 4, or one of some considerable importance, and a B+, agreeing over the level of urgency.

The consultants agreed with one response which accepted that such a concession would be 'nice-to-have' but would be of limited overall importance. However, the logic that all internal Scottish flights should be similarly treated has struck a chord, especially as all such flights (today) serve at least one airport in the Highlands and Islands.

The recommendation is retained as follows:

'That the Scottish Government should seek an extension to the current exemptions from Air Passenger Duty, so that all internal Scottish flights are exempted'

xxiii) Seek protection of slots at Edinburgh Airport for all Highlands and Islands turbo-prop operations (F, 13, b)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of D, suggesting a reasonably important recommendation, but with some time in which to achieve the objective.

An average of the six scored responses gave the recommendation a score of 4.5, or one of greater importance, and an A-, suggesting a much higher level of urgency.

Although the consultants are relaxed about the timescale, the responses clearly suggest that the sooner this potential problem is discussed, the quicker it can be resolved. One response recommended an initial study concerning existing slot pressures and current and future demand before entering into talks, but it is felt that these can be raised once talks have started. The important point is to shoot across the bows of BAA before any irrevocable decisions are made concerning the cross runway.

Nestrans was concerned that similar pressures may be building up at Aberdeen Airport, but with the total number of fixed-wing movements at Aberdeen in 2008 being 60,769 compared to 113,535 at Edinburgh, any problem should still be far in the future. The 39,400 helicopter movements at Aberdeen may cause congestion today, but alternative landing areas can be proposed for the helicopters if they start to cause slot problems for fixed-wing movements.

The recommendation is reworded as follows:

'The Scottish Government hold discussions with the BAA to ensure that slots remain perpetually available at Edinburgh Airport for turboprop flights to and from other Scottish destinations, possibly by continuing to utilise the cross runway at peak periods'

xxiv) Seek ways of introducing competition into the aviation fuel market (F, 13, c)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of B, suggesting a reasonably important recommendation, and some urgency in tackling the problem.

An average of the six scored responses gave the recommendation a score of 3.5, or one of some importance, and a C+, suggesting a lower level of urgency.

One respondent scored the recommendation as low as possible on the grounds that '*artificial competition often provides unintended consequences*' while another suggested that further analysis was required with a wider range of options in order to achieve the real objective, a reduction in fuel prices. It was acknowledged that much of the high price scenario was down to minimal levels of demand and the distance from refineries.

As a result, it is believed that, in any consultation to be held concerning the future of Scotland's publicly-owned airports, a section on fuel provision could be added. The recommendation now reads:

'The Scottish Government through HIAL should look into the options for improving the availability and reducing the cost of aviation fuel at HIAL and local airports'

xxv) Hold conversations with aircraft manufacturers regarding possible aircraft assembly in Scotland (F, 13, d)

The consultants gave this recommendation 3 out of 5 in terms of importance, and a timescale of B, suggesting a reasonably important recommendation, and some urgency in tackling the problem.

An average of the seven scored responses gave the recommendation a score of 2, or one of minor importance, and a D, suggesting a low level of urgency.

The general reaction was that, although of some interest, the recommendation would have no obvious impact upon the provision of air services in the Highlands and Islands, and even if followed up, there was little expectation of success. However, one respondent thought that it could be worthwhile and suggested further research.

So, although the consultants agree that the recommendation grew out of the study but would not directly address the problems faced, it still wishes to make the following recommendation:

'That HIE be encouraged to assess the potential benefits of assembling small aircraft in the Region and to contact manufacturers if the prospects appear encouraging'

d) Additional recommendations

Respondents were asked to list any other comments and recommendations that they felt were missing from the report.

One respondent believed that the report needed to give additional weight to the needs of the Air Ambulance service, particularly in terms of extended runways. To a certain extent this is covered by a recommendation that wherever possible all runways are lengthened to the 600 metres as required by the Cessna Caravan rather than to the 800 metres required by the Beechcraft King Air currently used by the air ambulance service. As the Caravan would be capable of operating as an air ambulance far more economically than the King Air, it is suspected that – once that aircraft becomes available – it will become the obvious replacement aircraft for the King Air, giving enhanced air ambulance coverage across the region, without the cost of the extra 200 metre extension. It is also possible that the Quest Kodiak, with the same fuselage cross-section as the Caravan, could also be used, which would allow the air ambulance to access all airstrips in Scotland.

Another respondent felt that insufficient attention had been paid to the development of low-cost international tourism flights, such as the seasonal route between Inverness and Düsseldorf. In the sense that HIAL and HIE are already prepared to provide subsidies to attract such routes today, little extra was considered to be needed to ensure such routes were attracted to the region. No specific recommendation has been made to increase the level of subsidies made available by these bodies and perhaps by others such as the Tourism Offices or the Scottish Government generally, but HITRANS and ZetTrans are of course able to take this comment into account when finalising their list of transport objectives.

However, one comment does deserve to be made into a formal recommendation, and that was the comment of an Argyll and Bute resident that the report should recommend that greater use be made of GPS in the region, to overcome some of the difficulties caused by poor weather at airports that cannot justify Instrument Landing Systems (ILS) or other expensive manpower or equipment. Although the consultants are aware that the use of GPS in the UK is slowly gathering momentum (it is currently licensed at six General Aviation airports in England) the possibility of rapidly expanding this feature to the smaller airports of Scotland had not been considered. Ideal airports for early conversion would include Islay and Wick.

The recommendation is therefore added that:

xxvi) Greater use to be made of GPS

‘The Scottish Government and HIAL should hold discussions with the CAA concerning the possibility of a rapid roll-out of GPS at the smaller Scottish airports, and (if successful) fund any necessary airport infrastructure in support of such GPS installations’