

Report to Partnership Meeting 8 November 2013

RESEARCH AND STRATEGY DELIVERY

Regional Air Service Development Study

PURPOSE OF REPORT

To introduce the draft Executive Summary of the Regional Air Service Development Study undertaken by Northpoint Aviation on behalf of HITRANS and outline proposed action to progress the recommendations.

A copy of the full report will be placed on the HITRANS website in due course.

EXECUTIVE SUMMARY

Introduction

The objectives of the research were to:

- Consider means of maximising the use of two new Twin Otter aircraft that Scottish Government has committed to purchase.
- Identify other opportunities for new and/or enhanced air routes using spare aircraft capacity available in the west Highlands & Islands.
- Investigate route developments' likely impacts in terms of fleet, crewing and operating costs.
- Assess the ability of any new or enhanced routes to secure best value to the public purse and support sustainable economic growth in the Highlands & Islands. This was to include a high level demand assessment, recognising that further research would be required if any of the identified route options are pursued.
- Assess how individual route enhancements can best be delivered.

Research Methods

The work was undertaken through:

- Desk-based review of previous studies, and other information.
- Consultations with key economic and social organisations, and consider the perspectives of Transport Scotland, HIAL and a number of airlines.
- Review of engineering and operational requirements for the Twin Otter and other relevant aircraft types.
- Review of potential funding mechanisms.
- Identification of potential new/enhanced routes for detailed consideration.
- Internet survey of potential demand for new/enhanced routes.

Initial Research

Our initial review indicated that the two Scottish Government Twin Otters would have very limited spare time available for other uses. This reflects the extent of their commitments to existing Scottish Government PSO routes. However, the research identified potential to use BN2 Islander aircraft and the Saab to create additional capacity.

The following potential routes were identified for detailed consideration: Oban-Barra; Oban-Campbeltown; Oban-Glasgow. In addition consideration was given to: enhancements to the existing Glasgow-Barra service; and how a Glasgow-Skye service might be operated.

Oban-Barra

The high level demand assessment identified a potential demand of 1,575 and 1,800 passengers per annum.

The demand is expected to:

- Be mainly outbound leisure traffic from Barra.
- Include little inbound leisure apart from sightseers.
- Have only a small business component.

The best means of operating this service would be via an Islander aircraft based at Oban.

Oban-Campbeltown

The high level demand assessment identified a potential demand of up to 900 passengers per annum. The demand is expected to:

- Be largely business traffic originating in the Oban area.
- Include some visitors to the area looking to connect between Campbeltown and Oban as part of a wider trip to the Highlands & Islands.

An Oban-Campbeltown route is almost impossible to fulfil with a Twin Otter, under any foreseeable circumstances. It would be difficult and very costly to operate the service in conjunction with existing routes. An Islander operation is feasible. However, it would require an additional aircraft to be introduced into the network.

Oban-Glasgow

The high level demand assessment identified a potential demand of up between 2,700 and 3,150 passengers per annum. The demand is expected to:

- Be oriented towards outbound leisure.
- Dependent on a capturing a proportion of the current traffic flying to/from Glasgow, which has a surface origin or destination in the Oban area.

The best means of operating this service would be via an Islander aircraft based at Oban.

Barra-Glasgow

The survey results imply that the greatest demand for additional capacity is on the days in June, July and August when at least double rotations already operate. They also show a preference for additional flights in the winter rather in the summer months outside June-August.

Those who expressed a preference for more seat capacity during October-March most commonly referred to Fridays and Mondays. The results indicate that additional flights would be made on the service if its frequency was increased.

There are two operational options:

- 1a. Offer additional flights on days when there currently only is one service scheduled; and/or
- 1b. Lengthen the period of the year when double rotations operate.
2. Where demand warrants it, provide three rotations on days when two Twin Otters are available.

Glasgow-Skye

A Glasgow-Skye timetable could be combined with one for Glasgow-Barra. However, this would require the use of two Twin Otters. The outline schedule assumes that night-time operations are possible at Skye; and that the Glasgow PSO services to Campbeltown and Tiree are covered by a Saab or similar aircraft.

A variant of the above would be to operate a Glasgow-Skye service via Oban combined with a Glasgow-Barra service. However, this raises a number of scheduling issues. In particular a: first arrival in Glasgow around 1100; long day trip for passengers travelling from Glasgow to Oban or Skye; 90 minute flight time between Skye and Glasgow. When only one Twin Otter is available (with the other in maintenance), and the aircraft has a technical problem, or the aircraft is delayed because of weather and there is slippage in the timetable, the services are at risk.

A BN2 Islander could provide a Glasgow-Skye service. This assumes, however, that the aircraft would meet passenger comfort expectations.

However, operators we consulted raised significant concerns about basing, or overnighting, the Twin Otter on Skye (or at Oban). This was on the grounds of: crew resistance; increased crew costs; and engineering support requirements.

General Conclusions

1. There is a role for the BN2 Islander in testing new route options.
2. The Saab 340B or an equivalent aircraft could be used to undertake the Tiree and Campbeltown PSOs should there be other short take-off and landing activities (notably Glasgow-Skye) for the Twin Otter fleet to undertake.
3. Innovations will not occur unless funds are identified and provided by interested parties.

- 4 A means is required to better understand NHS's requirements in research into air route development and in any subsequent changes to the air network.
- 5 The various PSO sponsoring authorities across Scotland could examine generic and potentially collaborative marketing approaches for their routes.
- 6 Argyll and Bute Council/Oban Airport could work to encourage the Inner Hebrides PSO operator to move another aircraft to Oban for charter use.
- 7 Neither the amphibian nor seaplane Twin Otter options are suitable for combining a Glasgow-Skye seaplane service with the current Glasgow-Barra service.

Recommendations

- A Share the study findings with Loganair to allow them to review and consider whether the evidence supports additional Glasgow-Barra flights.
- B Attract an Oban-based BN2 Islander to facilitate more charter activity.
- C Providing fuel at Barra could allow two extra Twin Otter seats on inbound flights from Glasgow. However, feasibility would depend on regulatory, environmental and practical issues.
- D1 Explore Oban-Barra using de minimis funding, and the current BN2 Islander, on a 16 week summer trial (for one or two years). Need pre-agreement about how any subsequent operation would be funded. Could be stand alone or combined with an Oban-Glasgow trial (D2).
- D2 Explore Oban-Glasgow using de minimis funding, and the current BN2 Islander, on a 16 week summer trial (for one or two years). Need pre-agreement about how any subsequent operation would be funded.
- E Do not consider Oban-Campbeltown further.
- F1 Give further consideration to a Glasgow-Skye service using a Twin Otter. This could be pursued if Scottish Government agree that other aircraft would undertake the Glasgow-Tiree and Glasgow-Campbeltown services, to free up Twin Otter capacity. However, there is a need to recognise that there will be service integrity challenges when both Skye and Barra are served with a fleet of only two Twin Otter (400 series), and the costs for providing such a service, our investigations suggest, will be greater than previously estimated for the Twin Otter 300 series.
- F2 Give further consideration to a Glasgow-Skye or Skye-Glasgow service with a BN2 Islander. If the aircraft was based at Skye then a hangar would be required.
- F3 Consider other alternative approaches to the amphibian and seaplane Twin Otter options for Skye that were reviewed in this study.

Proposed Actions to address above Recommendations

In order to advance the above recommendations the following next steps are proposed.

- A Share the study findings with Loganair to allow them to review and consider whether the evidence supports additional Glasgow-Barra flights
- B Engage with Argyll & Bute Council and airlines to identify any measures required to encourage a BN2 Islander to be based at Oban.
- C Share report findings with Transport Scotland and Loganair to explore feasibility of introducing re-fuelling facilities at Barra.
- D1/D2 Engage with partners including Transport Scotland, Highlands and Islands Enterprise, CES and A&B Local Authorities to identify a potential funding package for a summer trial service between Oban and Barra. Any proposed service should be mindful of the context of the proposed increase in the frequency of rail services between Oban and Glasgow from February 2014.
- E No further action is proposed on Oban to Campbeltown service.
- F1-3 A joint working group including representatives of HITRANS, HIE and The Highland Council has been set up to refine the business case for re-introducing scheduled air services to Skye. The working group are currently in the process of commissioning a more detailed study to help determine the specific capital and revenue costs, and the wider social and economic benefits that would be realised, to a stage that would enable decisions on investments to be made. The *Skye Air Services Feasibility Study* considered the use of Islander aircraft in detail and ruled it out on grounds on both failure to meet passenger expectations and the commercial model but the findings of this report including the operational constraints and maintenance considerations for Twin Otters will be made available to the successful consultant to help inform that work.

In addition, HITRANS will seek to engage with the various PSO sponsoring authorities across Scotland, to examine how a more collaborative approach to marketing the routes could be adopted to the benefit of all services.

Recommendation

1. Members are asked to note this report and approve the actions proposed to progress the key recommendations which the report identifies.

Risk	impact	Comment
RTS delivery	√	This work supports RTS Strategic priority enhance intra-regional connectivity between island and peripheral communities and regional centres and national gateways.
Policy	√	This work supports development of the Aviation policies set out in the RTS
Financial	-	The project is identified in the 2012/13 Business Plan and is within the budget allocated
Equality	-	

Report by: Neil MacRae
 Designation: Partnership Manager
 Date: 8th November 2013