
ARGYLL AND THE ISLES AIR SERVICES

1.0 EXECUTIVE SUMMARY

Local air services are essential to the social and economic wellbeing of the islands they serve providing resilience in the event of ferry cancellations and helping to counter issues such as depopulation. In recognition of the importance of these services, subsidy is made available by Argyll and Bute Council to operate the Public Service Obligation air services to Coll, Colonsay and Tiree. The operator Hebridean Air Services also operate commercial flights to Islay.

This paper provides an update on the air services including details of the operating costs of airports and air services, timetable, fare structure, marketing of the services, passenger figures using the services and highlights results of recent public consultation with island communities on the air services.

The paper also includes some brief details of other types of air services operating at Oban airport and training offered by staff to generate additional income.

Members are asked to note the value provided from the operation of the air services and to endorse the continuing marketing strategy

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2.0 INTRODUCTION

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3.0 RECOMMENDATIONS

Members are asked to note the value provided from the operation of the air services and to endorse the continuing marketing strategy.

4. DETAILS

4.1 Background

There are only three airports in Scotland that are operated on a commercial basis - Aberdeen, Edinburgh and Glasgow.

Highland and Islands Airports Limited (HIAL) is a public corporation wholly owned by the Scottish Ministers. The company operates and manages 11 Airports at:-

Campbeltown, Islay, Tiree, Barra, Benbecula, Dundee, Inverness, Kirkwall, Stornoway, Sumburgh and Wick.

HIAL's airports, although vital to the social and economic welfare of the areas they serve, are all loss making and are supported by subsidies from the Scottish Government.

The Scottish Government in 2014-15 subsidised the 11 airports that HIAL operate at a cost of £36.4M <http://www.gov.scot/Publications/2014/10/2706/16>

4.2 Argyll and Bute Council Airports and Public Service Obligation Air Services

Argyll and Bute Council operate three licensed aerodromes at Oban, Coll and Colonsay. These aerodromes are licensed by the Civil Aviation Authority (CAA) as required by law to allow scheduled passenger flight services (for use by paying members of the public) to land and take off. The license stipulates the required safety standards and fire cover required for each aircraft movement. Operations at the licensed aerodromes are audited on a regular basis by the CAA and require the appropriate level of resource.

The licensed aerodromes above support the Public Service Obligation (PSO) air services out to the islands of Coll, Colonsay and Tiree. Support to the fire fighting staff

and inspection of the aerodromes on Coll and Colonsay is provided by the Station Manager and two Crew Commanders from Oban airport.

4.4 **Operating Costs of Oban and the Isles Air Services and Airports**

The operating costs of Argyll and Bute Council's 3 airports and the air services in financial year 2014/15 are detailed in the table below:-

Operating Costs of Airports and Air Services

<u>Operating Costs of Airports</u>	<u>2014/15</u>
Coll Airport	£119k
Colonsay Airport	£116k
Oban Airport	£570k
Total Operating Cost	£805k
Less Scottish Government Grant	-£800k
Total Cost to Argyll & Bute Council	£5k
<u>Operating Costs of Air Services</u>	<u>2014/15</u>
Air Services	£666k
Less Grant Aided Expenditure	-£642k
Total Cost to Argyll & Bute Council	£24k

Source: Strategic Finance

The income received from Scottish Government through grant for the 3 airports and through GAE for the air services is shown above.

Argyll and Bute Council in 2014/15 operated 3 airports at a cost of £805k, (less £800k Scottish Government Grant which works out at a total cost to the Council of £5k).

4.5 **Timetable**

The time table and fare structure for the air services is shown below. The standard fare for the commercial air service Colonsay-Islay is £25. On a Monday and Wednesday morning the air services fly Oban-Coll-Tiree-Oban and in the late afternoon Oban-Tiree-Coll-Oban. On a Tuesday and Thursday morning the air services fly Oban-Colonsay-Islay-Oban and in the late afternoon Oban-Islay-Colonsay-Oban.

On a Friday and Sunday there are scholar flights to the islands of Coll and Colonsay during school term. The PSO air services transport pupils from the islands of Coll and Colonsay to Oban High School allowing them valuable time with their families during the weekend and offering further resilience in the event of ferry service cancellations during the winter months.

HEBRIDEAN AIR SERVICES											
SUMMER TIMETABLE											
29 MARCH 2015 - 24 OCTOBER 2015											
From	OBAN	Depart	Arrive	MON	TUE	WED	THU	FRI	SAT	SUN	Note
To	COLONSAY	08:25	08:50		✓		✓				
		15:00	16:10		✓		✓				
To	ISLAY	08:25	09:20		✓		✓				
		15:00	15:40		✓		✓				
To	COLL	08:40	09:10	✓		✓					
		14:00	15:05	✓		✓					
		16:00	16:30					✓		✓	**
To	TIREE	08:40	09:35	✓		✓					
		14:00	14:35	✓		✓					
From	COLONSAY	Depart	Arrive	MON	TUE	WED	THU	FRI	SAT	SUN	Note
To	ISLAY	09:00	09:20		✓		✓				
To	OBAN	09:00	10:05		✓		✓				
		16:20	16:45		✓		✓				
From	COLL	Depart	Arrive	MON	TUE	WED	THU	FRI	SAT	SUN	Note
To	TIREE	09:20	09:35	✓		✓					
To	OBAN	09:20	10:25	✓		✓					
		15:20	15:45	✓		✓					
		16:40	17:10					✓		✓	**
From	ISLAY	Depart	Arrive	MON	TUE	WED	THU	FRI	SAT	SUN	Note
To	COLONSAY	15:50	16:10		✓		✓				
To	OBAN	09:30	10:05		✓		✓				
		15:50	16:45		✓		✓				
From	TIREE	Depart	Arrive	MON	TUE	WED	THU	FRI	SAT	SUN	Note
To	<u>Book On Line at HEBRIDEANAIR.COM</u>										
To	OBAN	09:50	10:25	✓		✓					
		14:50	15:45	✓		✓					
<u>Book On Line at HEBRIDEANAIR.COM</u>											
** Operates during School Term Only											
** Available from the Wednesday prior to Date of Departure											

From Oban to Coll	
Economy One-Way	£65.00
Economy Return	£130.00
10 Day APEX Return	£120.00
Economy One-Way [SAT/SUN Only]	£45.00

From Coll to Oban	
Economy One-Way	£32.50
Economy Return	£65.00

From Oban to Colonsay	
Economy One-Way	£65.00
Economy Return	£130.00
10 Day APEX Return	£120.00
Economy One-Way [SAT/SUN Only]	£45.00

From Colonsay to Oban	
Economy One-Way	£32.50
Economy Return	£65.00

From Oban to Tiree	
Economy One-Way	£70.00
Economy Return	£140.00
10 Day APEX Return	£130.00

From Tiree to Oban	
Economy One-Way	£37.50
Economy Return	£75.00

From Coll to Tiree	
Economy One-Way	£10.00
Economy Return	£20.00

From Tiree to Coll	
Economy One-Way	£10.00

From Oban to Oban - Sightseer	
Anyday Excursion Return	£65.00
No Layover	

Note: Excluding Highlands and Islands Terminal Departing Passenger Charge, where applicable

4.6 Marketing Strategy

Argyll and Bute Council are keen to grow local air services and commissioned and implemented a marketing strategy aimed at consolidating and expanding operations at Oban airport in 2013. The Council has worked positively with all who have a stake in the success of Oban airport in taking the marketing strategy forward, and were successful in gaining a national profile for Oban and the PSO services to the isles, with positive national TV coverage on the BBC's Landward programme and on Reporting Scotland.

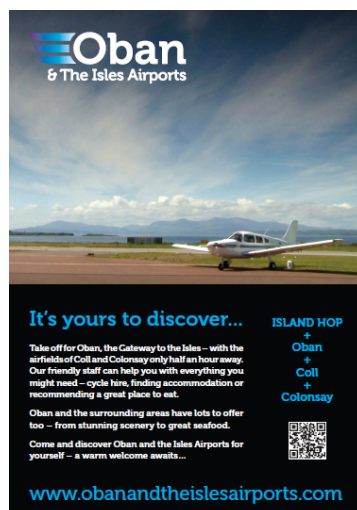
Following stakeholder feedback a new website for Oban and the Isles Airports has been launched including a short promotional film www.obanandtheislesairports.com

The brand Oban and the Isles Airports was implemented to enforce the message that the air services support lifeline services to the island communities and also to attract pilots in the general aviation sector to visit Argyll and the airports Argyll and Bute Council operate.

Leaflets promoting Argyll and the Isles air services have been produced and 10,000 of these have been distributed to over 80 outlets across Argyll and Bute to hotels, tourist attractions etc. (**Appendix A**). A further 5,000 leaflets have been distributed to Visit Scotland Tourist Information centres at Oban, Fort William, Inverary and Tyndrum.

Posters have been developed to encourage general aviation to visit Argyll and the Isles airports and distributed to over 180 flying clubs across the UK. Familiarisation visits have also been arranged for stakeholders with an interest in Oban airport to provide a better understanding of its operation and services that are on offer.





The Communications Officer also recently arranged for Oban Airport and its sister airports on the islands of Coll and Colonsay to feature in a BBC Alba documentary series on air provision in the West of Scotland.

The programme is an observational feature and airport operations have been filmed and interviews carried out with the relevant staff on the ground as well as coverage of the actual flights. The documentary will be a 'day in the life' type programme. The programme is due to be screened weekly over 8 weeks at primetime (between 8pm and 10 pm) beginning early March 2016. This will further promote the services in the lead in to the summer season.

We are keen to explore new ways in which we can develop and attract business to Oban airport and which can also benefit local stakeholders. The Historic Endurance Rallying Organisation (HERO) is a classic car endurance rallying club which runs the prestigious LeJog event every year. The event is considered one of the toughest events of its kind in Europe and sees drivers leave Land's End and over a 4 day period drive to John O'Groats covering 1,400 miles.

The LeJog event has come as far west as Oban with more than 60 vintage cars making their way to Oban Airport for time trials on the runway. The event was highly successful and we are in discussions with HERO to come back to Oban in April 2016 as part of the Scottish Malts Classic Reliability Trial and Classic Car Tour <http://www.heroevents.eu/Events/ScottishMalts/>

This event is due to start in Loch Lomond with the detailed route still to be finalised but it is hoped that if we can secure a visit to the airport as part of the rally, there will be further benefits to local stakeholders with accommodation required for crews/marshals from the event.

4.7 Passenger Figures

The table below details the passenger figures carried on the PSO air services since they commenced in June 2008.

The current operator is Hebridean Air Services who was awarded the current three year PSO contract in May 2015. As can be seen from the figures below patronage on the isles air services operated out of Oban airport continue to grow. This is despite difficult market conditions given the current economic climate.

For the annual period 2014 passengers carried on Oban and the Isles Air Services has now risen to just over 3500. In total 3,516 passengers were carried during 2014 compared to 3,334 during 2013. This equates to a 5.5% annual increase. The highest figure for passengers carried per month was recorded this year in November.

To give some context Highlands and Islands Airports Limited are responsible for the management and operation of Campbeltown, Tiree and Islay airports. HIAL published passenger figures for 2014 for Campbeltown airport 9,774 (-1.4% annual increase) and Tiree 9,880 (9.3% annual increase) and Islay 28,460 (5.5% annual increase).

**Passenger Figures from Services Operated out of Oban airport
(excluding scholar flights)**

Month	2008	2009	2010	2011	2012	2013	2014	2015
January	-	200	100	173	216	241	249	223
February	-	168	145	249	215	258	287	335
March	-	233	-	244	336	357	390	456
April	-	181	86	131	195	256	296	330
May	-	181	88	147	310	328	311	232
June	137	223	189	251	279	304	279	362
July	137	207	210	212	317	353	318	378
August	197	206	246	201	327	286	293	379
September	153	227	221	216	236	260	313	414
October	189	133	151	246	308	287	292	262
November	159	137	239	294	282	235	325	461
December	151	195	151	146	203	169	163	
Total	1,123	2,291	1,826	2,510	3,224	3,334	3,516	

Source: Hebridean Air Services

4.8 Local Business Use

The air services operating out of Oban airport have also supported the local economy being regularly used by local businesses as detailed in **Appendix B**. The PSO air services have proved essential for service provision to the islands with the NHS, Argyll and Bute Council, Argyll Community Housing Association being key business users.

4.9 Public Consultation

Last autumn 2014, a full public consultation was carried out with island residents on Coll, Tiree and Colonsay to allow the results to feed into the procurement process for the new PSO contract. Questionnaires were posted out to every address on Coll (129 addresses) with a questionnaire return rate of 48%. Of the responses received from Coll 90% agreed that air services enhanced the island community way of life.

Questionnaires were also posted out to every address on Colonsay (95 addresses) with a questionnaire return rate of 48%. Of the responses received 92% agreed that

air services enhanced the island community way of life.

And questionnaires were posted out to every address on Tiree (500 addressees) with a questionnaire return rate of 29%. Of the responses received 92% agreed that air services had enhanced the island community.

4.10 Oban Airport Landings

The table below provides a summary breakdown of landings by category over the last 5 years.

Type of Flights	2014 Landings	2013 Landings	2012 Landings	2011 Landings	2010 Landings
Charter	106	84	50	11	17
Emergency Services	110	48	65	86	104
Flight Training	169	42	46	54	0
Flying Clubs	397	375	379	274	418
General Aviation	1066	647	918	1106	1283
Military	63	37	52	36	37
PSO	543	499	521	492	448
Royal	2	5	2	1	2
Scenic Tours	207	167			
Total	2,663	1904	2033	2060	2309

Source: Oban Airport navigator system

Oban airport plays an important role in supporting the Coastguard in Search and Rescue operations and the emergency Helimed service as incidents arise throughout the year. Oban airport also plays a supporting role to military aircraft during their operations. Landings from general aviation, the PSO and flying clubs represent the largest aircraft categories.

4.11 New Business Growth

There has also been business growth at Oban airport with Border Air Training Ltd operating at Oban airport offering pilot training programmes. In 2013 Fly Scenic Scotland also established an operation at Oban airport offering scenic flying tours over Oban and Lorn. In 2014 alone there were 207 scenic tours booked and undertaken.

4.12 Fire Extinguisher Training at the Airport

The staff at Oban airport have also been innovatively pursuing income generation by offering Fire Extinguisher Training to pilots and local employers of staff. The course is offered at £15 per delegate. The workplace training is in accordance with the Fire (Scotland) Act 2005 and the Fire Safety (Scotland) Regulations 2006. On completion of the course, each delegate is presented with a certificate detailing the course content and confirming his or her participation.

ACHA approached the Council regarding this service and staff from Oban airport trained over 60 ACHA staff in fire extinguisher training. To date approximately 100 people have undertaken training provided by staff at Oban airport generating an income of approximately £1k. West Highland Housing Association and Northern

Lighthouse Board have also had their staff undertake fire safety training provided by Council staff at Oban airport.

5.0 CONCLUSION

Local air services are essential to the social and economic wellbeing of the islands they serve providing resilience in the event of ferry cancellations and helping to counter issues such as depopulation. The services operating to and from Oban Airport provide island residents with access to essential services which cannot be provided locally and also support the development of tourism in Argyll. In recognition of the importance of these services, subsidy is made available by Argyll and Bute Council to operate the Public Service Obligation air services to Coll, Colonsay and Tiree.

Passenger figures on the isles air services operated out of Oban airport continue to grow. This is despite difficult market conditions given the current economic climate.

6.0 IMPLICATIONS

6.1	Policy	In line with EDAP theme Connectivity and SOA objective that transport connectivity across the area is improved.
6.2	Financial	Subsidy is made available by Argyll and Bute Council to operate the Public Service Obligation air services.
6.3	Legal	PSO Air Services are covered by European Regulations No 10081/2008 on Common Rules for the Operation of Air Services in the Community the Council.
6.4	HR	N/A
6.5	Equalities	Airports are compliant for those with mobility difficulties and assistance given to those boarding aircraft services.
6.6	Risk	N/A
6.7	Customer Services	Public consultation exercise undertaken with island residents as part of procurement process and continued customer feedback monitored at airports.

Executive Director of Development and Infrastructure Pippa Milne

Policy Lead Councillor Alastair MacDougall

8 December 2015

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Appendix A – Display Site List EAE Ltd

Leaflets promoting Argyll and the Isles air services have been produced and 10,000 of these have been distributed to over 80 outlets (as listed below) across Argyll and Bute. A further 5,000 leaflets have been distributed to Visit Scotland Tourist Information centres at Oban, Fort William, Inverary and Tyndrum.

Number of Sites: 80

Name and Address

Umbrella

Abbots Brae Hotel, West Bay, Dunoon	Accommodation
Ardtully Hotel, 297 Marine Parade Dunoon	Accommodation
Argyll Caravan & Camping Park, Inverary	Accommodation
Argyll Hotel, Argyll Street, Dunoon	Accommodation
Argyll Hotel, Front Street, Inverary	Accommodation
Ballachulish Hotel, Ballachulish	Accommodation
Barcaldine Caravan and Camping Site, Barcaldine	Accommodation
Bay House Hotel, West Bay Promenade Dunoon	Accommodation
Bridge of Orchy Hotel, Bridge of Orchy	Accommodation
Cairnbaan Hotel, Cairnbaan Cottages, Cairnbaan	Accommodation
Caledonian Hotel Oban, Queens Park Place, Oban	Accommodation
Clachaig Hotel, Glencoe	Accommodation
Clan Cottages, Kilmore, Oban	Accommodation
Columba Hotel Oban, Corran Esplanade, Oban	Accommodation
Coylet Inn, Loch Eck	Accommodation
Culfail Hotel, Kilmelford	Accommodation
Dungallan Hotel, Gallanach Road, Oban	Accommodation
Esplanade Hotel, Victoria Parade, Dunoon	Accommodation
Falls of Lora Hotel, Connel	Accommodation
Glen Orchy Hotel, Dalmally	Accommodation
Glencoe Youth Hostel, Glencoe	Accommodation
Glenmorag Hotel, Kilbride Road, Dunoon	Accommodation
Great Western Hotel, Corran Esplanade, Oban	Accommodation
Grey Gull Hotel, Glenburn Road Ardrishaig	Accommodation
Holly Tree Hotel, Appin	Accommodation
Invercoe Highland Holidays, Glencoe	Accommodation
Kilmartin Inn, Kilmartin	Accommodation
Kimberley Hotel, Dalriach Road, Oban	Accommodation
Kings House Hotel, Glencoe	Accommodation
Kings Knoll Hotel, Dunollie Road, Oban	Accommodation
Knipoch Hotel, Barndromin Farm, Knopoch	Accommodation
Loch Fyne Hotel, Inverary	Accommodation
Loch Melfort Hotel, Arduaine	Accommodation
Lochgair Hotel, Lochgair	Accommodation
Lochgilphead Caravan Park, Lochgilphead	Accommodation
Lochnell Arms Hotel, North Connel	Accommodation
Melfort Holiday Village, Kilmelford	Accommodation
Milton Tower Hotel, West Bay Promenade, Dunoon	Accommodation
North Ledaig Caravan Park, Ledaig	Accommodation
Oban Bay Hotel, Corran Esplanade, Oban	Accommodation
Oban Caravan and Camping Park, Gallanch Road, Oban	Accommodation
Oyster Inn, Connel	Accommodation
Park Hotel, 3 Glenmorag Avenue, Dunoon	Accommodation
Queens Hotel Oban, Corran Esplanade, Oban	Accommodation

Red Squirrel Camp Site Glencoe	Accommodation
Rowantree Hotel, George Street, Oban	Accommodation
Royal Hotel, Argyll Square, Oban	Accommodation
Selbourne Hotel, Victoria Parade, Dunoon	Accommodation
Soroba House Hotel, Soroba Road, Oban	Accommodation
St Ives Hotel, 58 Victoria Parade, Dunoon	Accommodation
Stewart Arms Hotel, Duror	Accommodation
Stewart Hotel, Appin	Accommodation
Strathceck Caravan Park, Loch Eck	Accommodation
SYHA Oban, Corran Esplanade, Oban	Accommodation
Taynuilt Hotel, Taynuilt	Accommodation
Traleee Bay Holidays, Tralee Caravan Site, Ledaig	Accommodation
West End Hotel Dunoon, west Bay, Dunoon	Accommodation
Western Hotel, 141 Alexandra Parade, Dunoon	Accommodation
Woodside Hotel Oban, Tweeddale Street , Oban	Accommodation
Waterfront Restaurant, Railway Pier, Oban	Food & Drink
Atlantis Leisure Centre, Dalnach Road, Oban	Leisure
Glencoe Mountain Resort, Kings House, Glencoe	Leisure
Scottish Co-op, Argyll Street, Dunoon	Retail
Scottish Co-op, Soroba Road, Oban	Retail
Bonawe Iron Furnace, Taynuilt	Tourism
Castle Stalker, Appin	Tourism
Crarae Gardens, Crarae	Tourism
Cruachan Power Station, Lochawe	Tourism
Dunstaffnage Castle, Connel	Tourism
Frog Marina, Dunbeg	Tourism
Glencoe Visitor Centre, Glencoe	Tourism
Inverary Castle, Cherry Park, Inverary	Tourism
Inverary Jail, Church Square, Inverary	Tourism
Inverary Woollen Mill, Front Street, Inverary	Tourism
Inverawe Fisheries and Country Park, Inverawe	Tourism
McCaigs Warehouse, Railway Pier, Oban	Tourism
Oban Distillery, Stafford Street, Oban	Tourism
Oban Sealife Centre, Barcaldine	Tourism
Puffin Drive Centre Gallanach Road, Oban	Tourism
Stratheck Country Park, Loch Eck	Tourism

APPENDIX B – Sum of Flights by Business User 2014

Source: Hebridean Air Services

January 2014 - December 2014

Company	Total
NHS	632
ABC	552
Argyll Community Housing Association	114
Project Trust	96
Kevan Brown Ltd	63
HIAL	49
Coop Travel	49
Corrie Construction	33
Highlands and Islands Enterprise	33
DM Hall	33
Scottish and Southern Energy PLC	25
Dualchas Architects	28
Portman Travel	21
Bell Ingram	18
Graham & Sibbald	18
Gleaner Oils	17
Coll Hotel	17
Santia Consulting	17
DCF Joinery Services Ltd	16
Saltire Society	16
RSPB	15
Renewables Now Ltd	14
OES	12
Walton Electrical	12
CRGP Robertson	11
FCM Travel	11
A and L Mechanical Installations	10
Children First	10
United Auctions	10
McPhee and Partners	10
Marine Harvest	10
PlanB Consulting	10