

OBAN AIRPORT UPDATE

1. BACKGROUND

Argyll and Bute Council operate three licensed aerodromes at Oban, Coll and Colonsay. These aerodromes are licensed by the Civil Aviation Authority 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 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.

2. Argyll Air Services

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 Transport Scotland through GAE and grant funding, and from Argyll and Bute Council to operate the Public Service Obligation air services to Coll, Colonsay and Tiree.

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 2011. As can be seen from the figures below patronage on Argyll and the Isles Air services operated out of Oban airport grew last summer with 48.5% more passengers carried in May, June and July 2012 than the equivalent months last year. This is despite difficult market conditions given the current economic climate. In total the operator Hebridean Air Services Limited carried 906 passengers between May and July 2012 on services between Oban Airport and the islands of Coll, Colonsay, Tiree and Islay.

For the annual period 2012 passengers carried on Argyll Air Services has now risen to over 3000. In total 3,224 passengers were carried during 2012 compared to 2,510 during 2011. This equates to a 28% annual increase.

To give some context Highlands and Islands Airports Limited are responsible for the management and operation of Campbeltown and Tiree airports. HIAL published passenger figures for 2012 for Campbeltown airport 10,389 (5.9% annual increase) and Tiree 9,583 (6.8% annual increase).

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

Month	2008	2009	2010	2011	2012	2013
January	-	200	100	173	216	241
February	-	168	145	249	215	258
March	-	233	-	244	336	
April	-	181	86	131	195	
May	-	181	88	147	310	
June	137	223	189	251	279	
July	137	207	210	212	317	
August	197	206	246	201	327	
September	153	227	221	216	236	
October	189	133	151	246	308	
November	159	137	239	294	282	
December	151	195	151	146	203	
Total	1,123	2,291	1,826	2,510	3,224	

Source: Hebridean Air Services

Scholar Figures

The PSO air services also 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.

During 2012 there was in total 91 scholar flights made to Coll and Colonsay with a total of 304 seats occupied by scholars over this period.

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 A**. The PSO air services have proved essential for service provision to the islands with the NHS being key business users.

3. Financial

In accordance with the PSO contract with Hebridean Air Services, the Council does not charge for aircraft landings or passenger dues related to the PSO service to the islands and therefore the income generated at its airports comes directly from visiting aircraft. For the last full financial year the total operating costs of Oban, Colonsay and Coll airports was £892k and the total income generated was £32k. As the Scottish Government through Transport Scotland supports "lifeline" air services, the Council receives an annual grant of £800k to support the continuation of operations. Argyll and Bute Council also receives Grant Aided Expenditure for the operation of the PSO Argyll and the Isles air services.

Expenditure

Oban, Colonsay and Coll Airports	<u>£892k</u>
	£892k

Income

Oban, Colonsay and Coll Airports	£32k
Scottish Government Grant	<u>£800k</u>
	£832k

Net Cost

£60k

Source: Strategic Finance

The net cost to the Council in terms of the three airport costs for 2011-2012 was £60k. The net cost to the Council of supporting the PSO service was £332k.

In total, the Council's net subsidy to air services and airports in 2011/12 was £392k.

4. Oban Airport Landings

The table below provides a summary breakdown of landings by category over the last 3 years.

Type of Flights	2012 Landings	2011 Landings	2010 Landings
Charter	50	11	17
Emergency Services	65	86	104
Flight Training	46	54	0
Flying Clubs	379	274	418
General Aviation	918	1106	1283
Military	52	36	37
PSO	521	492	448
Royal	2	1	2
Total	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.

5.0 Customer Satisfaction and Public Consultation

On an on-going basis customer satisfaction feedback questionnaires are readily available at Oban Airport. To date 94 feedback questionnaires have been completed 79% of the responses received to date confirm they would rate their experience at Oban airport as 'excellent'.

In 2011 a full public consultation was carried out with island residents on Coll and Colonsay. Questionnaires were posted out to every address on Coll (129 addresses) with a questionnaire return rate of 40%. Of the responses received from Coll 64% agreed that air services are vital to the island, 27% disagreed and 9% were not sure.

Questionnaires were also posted out to every address on Colonsay (95 addresses) with a questionnaire return rate of 41%. Of the responses received 80% agreed that air services are vital to the island, 15% disagreed and 5% were not sure.

6.0 Future of Argyll Air Services

Argyll and Bute Council are keen to grow local air services and have commissioned a marketing strategy aimed at consolidating and expanding operations at Oban airport. The Council will work positively with all who have a stake in the success of Oban airport in taking this marketing strategy forward, and have been successful in recent weeks 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 on 5 March 2013.

In addition, the Council is working with colleagues in the Western Isles Council and other Local Authorities, supported by Hitrans, with a view towards engaging with Transport Scotland to using the expected future additional aircraft capacity on the west coast. If an air service link were to be established between Barra, Oban and the greater Glasgow area it would provide direct benefit to the business community and tourist interests, and would also provide benefit to patients and staff within the NHS. The scope to take forward this prospect will be explored with Transport Scotland to understand whether it could be included within the tendering process for the future Public Service Obligation air service.

Oban airport is in an excellent strategic location, and looking forward can provide a focus to develop local air services to accommodate opportunities for growth in the logistics, renewable energy, tourism and business sectors in Argyll.

Moya Ingram
Strategic Transportation Manager
1 March 2012

APPENDIX A – Sum of Flights by Business User 2012

January 2012 - December 2012

Company	Total
NHS	807
ABC	454
Argyll Community Housing Association	150
George Leslie Ltd	73
HIAL	59
DM Hall	41
Co-operative Group Travel	36
Project Trust	34
Strathclyde Police	23
Macleod Construction	23
TSL Contractors	22
BBC Scotland	19
Bell Ingram	18
Anderson Bell Christie Architects	17
Edwards Engineering	16
Clearwater Technology	16
Centrica	13
RA Clements	13
IDP Architects	12
Graham and Sibbald	12
Portman Travel	12
Deepdive Music	12
Scottish & Southern Energy PLC	12
Alba Travel	12
Highlands & Islands Enterprise	12
M & K Macleod	11
Diageo	11
Optical Express	11
Hebridean Island Trading	11
Kevan Brown Ltd.	11

Source: Hebridean Air Services