

Item: 5

Development and Infrastructure Committee: 27 March 2018.

Inter-Island Air Services – Proposed Winter 2018 to 2019 Timetable.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To consider the proposed inter-island air services timetable for winter 2018 to 2019.

2. Recommendations

The Committee is invited to note:

2.1.

That the inter-island air services timetable for winter 2018 to 2019 is scheduled to operate from 28 October 2018 to 24 February 2019.

2.2.

That the draft timetable in respect of air services to be operated by Loganair Limited during winter 2018 to 2019 was presented to the Air Services Consultative Forum for consideration on 14 February 2018, with main comments and representations from transport representatives outlined in section 5 of this report.

2.3.

That the proposed timetable, attached at Appendix 1 to this report, is largely consistent with that operated during winter 2017 to 2018, with the exception of the last week day flight to North Ronaldsay and the on-request service to Sanday and Stronsay on a Sunday.

It is recommended:

2.4.

That the timetable in respect of inter-island air services, to be operated by Loganair Limited during winter 2018 to 2019, attached as Appendix 1 to this report, be approved.

3. Policy Aspects

3.1.

The proposal outlined in this report provides timetables to target 6.2, Orkney's Internal Ferry and Air Services, as outlined in the Council Plan 2013 to 2018.

3.2.

In terms of the Scheme of Administration, the determination of timetables in respect of inter-island air services is delegated to the Committee.

4. Background

4.1.

The inter-island air service operates to six Outer North Isles under a Public Service Obligation which establishes the minimum frequencies and capacity and sets the maximum fare levels provided to each of the isles.

4.2.

In December 2016 the Inter-Island Air Services Public Service Obligation Contract 2017 to 2021 was awarded to Loganair Limited with a commencement date of 1 April 2017.

4.3.

The six Outer North Isles Community Councils each appoint a Transport Representative to represent their respective communities on the Inter-Isles Air Service Consultative Forum.

4.4.

Following a meeting with Loganair Limited, the timetable, attached as Appendix 1 to this report, was amended to incorporate slight timing changes in respect of flight times and turnaround times on the ground, with the departure time from Kirkwall to North Ronaldsay changed from 17:00 to 16:05.

4.5.

The draft timetables for winter 2018 to 2019 were considered by the Air Services Consultative Forum on 14 February 2018. The key issues discussed at the Forum are outlined in section 5 below.

5. Air Services Consultative Forum

5.1.

Reference was made to the current night landing procedures, applicable to North Ronaldsay only, whereby in the event of weather affecting operations during the hours of darkness, the 17:00 departure from Kirkwall to North Ronaldsay is pulled forward to 16:00 or 14:00 from 12 November 2018 to 20 January 2019. The pilots have little scope to reschedule the 17:00 departure to a later time due to restrictions applied to the hours of work for pilots.

5.2.

It is felt that a more reliable service could be achieved by pulling the service forward to 16:05 throughout the week. It was noted that a high proportion of the 17:00 departures were already pulled forward to 16:00 over the last few winters. The North Ronaldsay Community Council Transport Representative agreed to the proposal to alter the last flight, Monday to Friday, from Kirkwall to North Ronaldsay. It was noted that this amendment would not affect services to the other Outer North Isles. This amendment has been incorporated in the final draft timetable, attached as Appendix 1.

5.3.

The Monday morning drop to Eday on the North Ronaldsay to Kirkwall flight was discussed. It was noted that this was established to pick up S1 and S2 pupils during term time only and was then later extended to Eday residents to book from 15:00 the afternoon before departure. It was confirmed that this arrangement will stay in place as long as there are eligible S1 and S2 pupils travelling from Eday to Kirkwall, in accordance with the Inter-Island Air Services Contract Specification.

5.4.

It was noted that, should there be no eligible S1 and S2 pupils from Eday, then this would result in an earlier arrival time to Kirkwall for North Ronaldsay residents and pupils, giving the ability to get to work and school on time. The Monday morning North Ronaldsay flight shared with Eday is scheduled to depart Kirkwall at 08:00, returning back to Kirkwall at 08:51, compared with the 07:35 departure and 08:16 arrival operating on a Tuesday to Thursday. The Monday morning flight cannot operate during the hours of darkness as it is shared with Eday.

5.5.

Monday morning passenger figures on the North Ronaldsay/Eday flight to Kirkwall during 2016 to 2017 are outlined at Appendix 2 to this report. As noted, with the exception of eligible S1 to S2 pupils from Eday, residents are only able to book from 15:00 the afternoon before departure. The figures in Appendix 2 outline that the Monday morning flight from North Ronaldsay to Kirkwall in general is not fully utilised during term time and that regular uptake of spare seats have been utilised by the Eday community.

5.6.

The timetable, attached as Appendix 1, incorporates this education link; however, at this time it is not yet known if this drop is required specifically for S1 and S2 pupils during 2018 to 2019. Given the spare capacity on the Monday morning flight has been utilised by the Eday community, it is proposed that this link is retained within the timetable during 2018 to 2019 and that passenger figures are monitored and reported back to the Air Services Consultative Forum and the Committee to assist with future timetable setting.

5.7.

The North Ronaldsay community have raised concerns over capacity on the Sunday flight since the introduction of an on-request service to Sanday and Stronsay. The service is however, welcomed by the Sanday and Stronsay communities.

5.8.

The North Ronaldsay community have stressed that the air service remains a life line link for the community and therefore priority should be given to North Ronaldsay residents. In order to address this matter, the proposed timetable includes a 48 hour notice booking policy to be trialled during winter 2018 to 2019, applied to Sanday and Stronsay residents, so that priority is given to North Ronaldsay. This option was not welcomed by Sanday or Stronsay.

5.9.

After discussion at the Forum, it was agreed to present passenger figures to the Committee for consideration and to obtain a quote from Loganair Limited to operate a separate Sanday/Stronsay flight on a Sunday as this is outwith the specification of the current Contract. The Sunday passenger figures during 2017 to 2018 are attached as Appendix 3 to this report. As outlined, the on-request service has been well used by the Sanday and Stronsay communities.

5.10.

The quote received from Loganair Limited for an additional scheduled flight on a Sunday for Sanday and Stronsay, taking into consideration fare revenue, was £66.42 per flight, totalling £3,453.84 per annum. Flight times are yet to be outlined by Loganair Limited.

5.11.

The Inter Island Air Services Budget is set in accordance with the Contract price and therefore any additional services cannot be met within the existing budget. However, within the terms of the Contract, a fuel price adjustment clause states that the Operator shall reimburse the Council if fuel decreases below the base rate or, the Council will reimburse the Operator should fuel increase above the base rate. It was therefore considered whether any savings received via the fuel price adjustment could meet the cost of the proposed additional Sunday service.

5.12.

Aviation Gas savings of £12,716 have been received for the period April to December 2017. The current mechanism within the Contract is that if Aviation Gas decreases in any calendar month below the rate of £2.10 per litre (excluding VAT), then the Operator shall be due sums to the Council. The Operator shall be able to retain 5% of the savings achieved as an incentive to maintain the Aviation Gas price at an optimum level. Should the Aviation Gas price increase above this rate then the Council shall be due sums to the Operator. During the month of January 2018, the sums due back to the Council were £311, compared with £4,357.48 in January 2017. As Aviation Gas projections are that the price per litre will increase, it is expected

that savings will not be achieved during 2018 to 2019 financial year and instead, additional revenue budget will be required to cover the costs incurred due to increases in Aviation Gas fuel.

5.13.

Taking the information detailed in section 5.12 above into consideration, it is recommended that a booking policy is applied on the Sanday and Stronsay on-request service during 2018 to 2019 and that this is monitored and reported back to the Air Services Consultative Forum and the Committee for further consideration in respect of the summer 2019 timetable. If Sanday and Stronsay passengers are restricted to book the Sunday service until 09:00 the Friday before departure, then this would prioritise seats for the North Ronaldsay community given they have no other means to travel. The booking policy to be applied has been incorporated in the timetable attached as Appendix 1 to this report.

6. Financial Implications

6.1.

The Inter-Island Air Services budget for 2017 to 2018 was set at £1,037,200. Probable outturn position for the year end is expected to be an underspend of £10,000, due to the Aviation Gas mechanism within the Contract whereby the operator pays the Council funds back should the fuel rate reduce. Whilst a saving has been achieved during 2017 to 2018, it is likely that Aviation Gas rates will result in additional spend incurred to the Council during 2018 to 2019 due to recent fuel increases.

6.2.

The proposed winter 2018 to 2019 timetable is consistent with previous years. Against a flat cash budget of £1,037,200 for financial year 2018 to 2019, a requirement exists for the Service to identify compensatory savings or alternatively absorb the annual Retail Price Index (all items) uplift as required by the current service contract for the year to 2018 to 2019, currently estimated at 4% or £41,488.

7. Legal Aspects

7.1.

The Civil Aviation Act 1982 enables the Council to establish and maintain aerodromes.

7.2.

On 21 December 2016, the Inter-Island Air Service Contract 2017 to 2021 was awarded to Loganair Limited with a commencement date of 1 April 2017.

7.3.

The contract between the Council and the operator states that the operator shall carry out the services in accordance with the timetable agreed with the Council.

8. Contact Officers

Gavin Barr, Executive Director of Development and Infrastructure, extension 2301, e-mail: gavin.barr@orkney.gov.uk

Brian Archibald, Head of Marine Services, Engineering and Transportation, extension 2703, e-mail: brian.archibald@orkney.gov.uk

Laura Cromarty, Transport Manager, extension 2535, e-mail: laura.cromarty@orkney.gov.uk

9. Appendices

Appendix 1: Inter Island Air Services Timetable - Winter 2018 to 2019.

Appendix 2: Monday morning passenger figures 2017 to 2018 - North Ronaldsay and Eday.

Appendix 3: Sunday passenger figures 2017 to 2018 - North Ronaldsay, Sanday and Stronsay.