

ARGYLL AIR SERVICES – BRIEFING PAPER

1. INTRODUCTION

- 1.1** This paper is to brief the Council's Audit Committee regarding the current operational position of Argyll Air Services as of 7 September 2010.

2. RECOMMENDATION

- 2.1** The Audit Committee note the current progress with regard to the development of a Business Plan and the resolution of outstanding matters which have impacted upon the operation and future sustainability of Argyll Air Services.

The Audit Committee note that the Executive Director for Development & Infrastructure will provide a further interim report on progress to the next Audit Committee.

3. CURRENT POSITION

- 3.1** Following the successful introduction of PSO flights to Colonsay and Coll from Oban Airport, the PSO flight contract has been tendered for the period 1 October 2010 until 31st March 2014. The return date for the tender is 8 September 2010.

Mott MacDonald Ltd has been appointed to assist with the development of the Business Plan. Mott MacDonald has recently undertaken a review of Air Services in the Highlands & Islands (February 2010) on behalf of HITRANS. The Mott MacDonald team have a high degree of expertise and experience in the commercial development of small to medium sized airports and will be supported by the Council's Business Gateway team who will provide essential local commercial perspective, and by Strategic Finance. All key stakeholders (including all parties with an interest at the Airport including Total Logistic Concepts and Argyll Aero Club) will be consulted in the development of the Business Plan which is programmed to be complete by 22 October, with a Final Report to the

Council by 5 November.

Following a meeting held with Ken Crawford of the Scottish Government Transport Scotland, on 7 September 2010, Transport Scotland Aviation will also contribute to the Business Planning process. Given that the new PSO service is due to commence from 1 October 2010, the Scottish Government has agreed with the Council, that the current arrangements with Hebridean Air Services for the Colonsay and Coll routes be extended in the short term for a 4-6 week period, to allow the decision regarding whether to award the PSO contract to be informed by the Business Plan.

The CAA completed their annual inspection of Argyll Air Services in August 2010. The inspection was generally satisfactory however the CAA has expressed their concern regarding the current re-declared runway distance which has reduced the length of runway from 1199m to 702m on runway 01 and 842m on runway 19. The re-declared runway distance is as a consequence of the fence erected by Argyll Aero Club to demarcate their area of leased ground adjacent to the runway. The CAA has indicated that they wish this matter to be resolved satisfactorily by November 2010.

The Executive Director of Development & Infrastructure Services has arranged to meet with Argyll Aero Club on 9 September with a view to negotiating a satisfactory way forward.

4. SUMMARY

- 4.1** The general direction of travel set out by the Executive Director for Development & Infrastructure in July 2010 is progressing positively. The next 2 months are a highly important period for Argyll Air Services whose future direction will be shaped by the outcome of the Business Planning process, the PSO tender return and the actions in hand to address outstanding legal matters.

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