PURPOSE OF REPORT
To provide the Comhairle with an update on matters associated with the Western Isles Public Service Obligation (PSO) Air Services

COMPETENCE
1.1 There are no legal or other constraints to the recommendations being implemented. The financial and equalities implications are highlighted within the body of the Report.

SUMMARY
2.1 The Comhairle currently subsidises public inter-island air services on two routes within the Western Isles; the first being between Barra (BRR) and Benbecula (BEN), the second being between Benbecula (BEN) and Stornoway (SYY). These services are provided by the Comhairle at an annual cost in 2012/13 of £630k on the basis of Public Service Obligations (PSOs), the current contracts for which, both with Loganair, are due to expire on 31 March 2013.

2.2 The Scottish Government also subsidises an air service between Barra (BRR) and Glasgow (GLA) on the basis of a PSO and the current contract, also with Loganair, expires on 31 March 2013.

2.3 The Comhairle decided in February 2011 to carry out a Review of its PSO air services in advance of the procurement of such services for the period following 1 April 2013 and, at the time of writing, Technical Services is procuring specialist external consultancy support to enable the review to be undertaken over the forthcoming summer months. It is intended that the outcome of the Review, together with recommendations as to what the basis of the air service procurement exercise should be going forward, shall be presented in a Report to the Comhairle at the August/September series.

2.4 To adhere to timescales associated with the procurement of PSO air services in compliance with EU legislation and ensuring that they are in place by 1 April 2013, it is essential that the Comhairle decides on what basis the services are to be tendered at the September meeting.

2.5 The Scope of Appointment for the external consultancy support is included as Appendix 1 to the Report. This also sets out the proposed key tasks and the programme and milestones for the Review itself and details the basis on which consultancy quotations are to be evaluated. A verbal update shall be provided by the Director of Technical Services at the meeting.

RECOMMENDATIONS
3.1 It is recommended that the Comhairle note the Report.

Contact Officers: Iain Mackinnon Tel 01851 822656 and ext 211466
Background Papers: None
Appendices 1 External Consultancy – Scope of Appointment
OBJECTIVE

1.1 To review the scope and performance of the current Public Service Obligation (PSO) Air Services subsidised by Comhairle nan Eilean Siar (CnES) between Stornoway (SYY) and Benbecula (BEN) and between Benbecula (BEN) and Barra (BRR) to enable the Comhairle to make an informed decision on the scope of services to be procured with effect from 1 April 2013.

KEY TASKS

2.1 The key tasks are:

(a) Consultation with CnES Technical Services and current operators and collation of passenger usage and cost data:
   - Passenger numbers per flight per route
   - Nature of passenger flights – private individuals, public and private sector business use, voluntary sector use
   - Subsidies paid to operators in current contract period

(b) Interpretation of data showing and explaining trends; analysis of current and foreseeable operating environment including availability of funding and market trends; to include reference to “ambient” circumstances such as fuel costs, availability of ADS discount on connecting non-PSO flights, incidence of volcanic ash, etc

(c) Facilitate community consultation meetings in Stornoway, Benbecula and Barra; seeking feedback on current and potential future service delivery issues such as:
   - Suitability of current services
   - Operators’ performance – reliability and response
   - Costs
   - Timetabling and flight frequency issues
   - Availability and range of ticket booking and cancellation mechanisms
   - Connectivity and through-ticketing
   - “Blockers” to use of services
   - Availability of alternative transport connections

(d) Carry out further engagement with key stakeholder organisations such as:
   - Comhairle Elected Members
   - Comhairle Departments
   - Outer Hebrides Community Planning partnership partners including NHS WI, HIE WI, SNH, SEPA, Northern Constabulary, Highland and Island Fire and Rescue Service and the voluntary sector
   - Transport Scotland – Aviation Unit
   - HIE Transportation
   - Outer Hebrides Airports Consultative Committees – SYY, BEN and BRR
   - Community Councils
   - HITRANS (Highlands and Islands Regional Transport Partnership)
   - Adjacent Councils – The Highland Council and Argyll & Bute Council
   - Scottish Ambulance Service
   - Existing and potential commercial market operators
Identification and appraisal of options for future air services including potential for introduction of Community Benefit Clause in procurement exercise and contracts; review and associated consultations to consider operational, legal, commercial and socio-economic implications of options including:

- Retention of status quo
- Reduction in frequency of one or both air services
- Discontinuation of one or both air services

PROGRAMME AND MILESTONES

3.1 The currently anticipated programme and milestones may be referred to in the table included as Appendix 1 to this paper

CONSULTANCY FEE BUDGET

4.1 The consultancy fee budget to undertake the Review, including all travel, subsistence and other incidental costs is £15,000. Venue costs associated with the three proposed community consultation meetings shall be borne by the Comhairle.

EVALUATION OF QUOTATIONS

5.1 The procurement and evaluation of quotations shall be on the basis of 40% price and 60% quality with the latter being on the basis of the following:

Project Plan and Approach (30%)

Bidders to provide details of the Project Plan for the execution of the Review including:

- An understanding of the Review requirements, including a high level identification and analysis of the key risks (50%);
- Detailed Review plan and programme (25%)
- A proposed Communication and Consultation Plan for the Review (25%)

Proposed Team, Structure and Resources (30%)

Bidders to provide the following:

- The composition of the proposed team who will undertake the work on the Review, including contact details of the main point of contact, together with a profile of their professional background and experience, including a description of any directly relevant projects or consultancy they have previously worked upon (35%);
- Detail the resources and percentage of time it is envisaged that each project team member will spend at the each stage of the Review; this should include an indication of which team member is responsible for which specific tasks (15%);
- An indication of the added value which you consider the chosen project team will add to this project. Examples could include lessons learned from previous appointments and contracts and how these will be applied to this contract (50%).
INSTRUCTIONS FOR SUBMISSION OF QUOTATIONS

6.1 [To be provided as Appendix 2 to this document]

Iain Mackinnon
Director of Technical Services
Comhairle nan Eilean Siar
10 May 2012
<table>
<thead>
<tr>
<th>Key Deliverables</th>
<th>Milestone</th>
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</thead>
<tbody>
<tr>
<td>Issue of notice seeking Consultant’s quotations</td>
<td>25 May 2012</td>
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<tr>
<td>Deadline for submission of Consultants’ quotations</td>
<td>11 June 2012</td>
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<tr>
<td>Appointment of Consultant</td>
<td>18 June 2012</td>
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<tr>
<td>Initiation Meeting at Consultant’s Offices</td>
<td>w/c 18 June 2012</td>
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<tr>
<td>Community Consultation Meetings</td>
<td>by 30 June 2012</td>
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<tr>
<td>Publication of Initial Draft of Review Report</td>
<td>30 July 2012</td>
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<tr>
<td>Presentation of Findings to Comhairle Transportation &amp; Infrastructure Committee</td>
<td>29 August 2012</td>
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<tr>
<td>PSO Air Service Procurement – Publication of Scope of Services</td>
<td>10 September 2012</td>
</tr>
<tr>
<td>Tender Return</td>
<td>[tbc]</td>
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<tr>
<td>Award of Contract</td>
<td>[tbc]</td>
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<tr>
<td>Contract Implementation</td>
<td>1 April 2013</td>
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