

REPORT TO: POLICY AND RESOURCES COMMITTEE – 25 APRIL 2016
REPORT ON: DUNDEE TO STANSTED PUBLIC SERVICE OBLIGATION
REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT
REPORT NO: 149-2016

1 PURPOSE OF REPORT

- 1.1 To seek approval that the Council continue to support air services between Dundee and London Stansted through a six month extension to the Public Service Obligation

2 RECOMMENDATION

- 2.1 It is recommended that the Committee
- a. Agrees the contribution of £49,000 from Dundee City Council to extend the PSO contract for six months; and
 - b. Notes that a re-tender exercise will be undertaken to seek to secure air services between Dundee and London from January 2017 onwards.

3 FINANCIAL IMPLICATIONS

- 3.1 The Executive Director of Corporate Services has confirmed that the commitments outlined in this report can be contained within the revenue budget allowances.

4 BACKGROUND

- 4.1 Reference is made to Item X of the Policy and Resources Committee of 9 June 2014 that agreed the awarding of a PSO contract to Loganair Ltd to operate a service between Dundee and London Stansted. The service consists of two daily weekday return flights and one return flight on a Sunday. The contract was for a two year period, commencing on 1 July 2014, with an option to extend for a maximum of two further years, subject to agreement and funding.
- 4.2 Loganair Ltd submitted a proposal to extend the PSO contract and this has been assessed by the Department for Transport, the Scottish Government and Dundee City Council. The UK Government has agreed to provide funding of £698,000 through the Regional Air Connectivity Fund to support a six month extension of the contract from 1 July 2016 and 31 December 2016. A further £98,000 is required to extend the contract and it is proposed that this is jointly funded by the Scottish Government and Dundee City Council.
- 4.3 Direct air services between Dundee and London improve the connectivity of the city and are important for economic development of the city and its wider region. To seek to secure such services beyond the current PSO extension, a re-tender exercise will be undertaken, following which negotiations will take place with funding partners.

5 POLICY IMPLICATIONS

- 5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6 CONSULTATIONS

- 6.1 The Executive Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

7 BACKGROUND PAPERS

- 7.1 None.

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GH/JM

1 April 2016

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