

Grwp yr Economi, Sgiliau a Chyfoeth Naturiol
Economy, Skills and Natural Resources Group

Cyfarwyddwr Cyffredinol - Director General



Llywodraeth Cymru
Welsh Government

Nick Ramsay AM
Chair
Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

18 April 2019

Dear Chair

Further to my letter of 20 August 2018, I am writing to update you regarding the recent completion of the tender exercise to secure a provider for the Intra Wales Air Service for the next four years.

On 18 February 2019, the Welsh Ministers awarded the contract to Eastern Airways, the company that has ensured regular flights between Cardiff and Anglesey for the last two years.

You will have seen the press notice issued by the Minister for Economy and Transport announcing the news. A copy is attached for ease of reference.

I am pleased to confirm the new contract will seek to discharge the last two outstanding recommendations made by the Public Accounts Committee in its July 2015 report (recommendations 7 and 9). Specifically, the operator is required to undertake and analyse the data from two passenger surveys per year, and use the findings to inform its marketing plan. It also requires the provider to undertake a review of the impact of its marketing plan and revise its marketing plans annually with a view to raising awareness and increasing patronage on the route.

The new Public Services Obligation (PSO) air service contract will build on the restored stability and passenger confidence of the last two years, bringing greater visibility to the service amongst new and existing passengers. Welsh Ministers' aspirations for the route remain focussed on growth in order to increase connectivity for businesses, citizens and visitors to Wales while providing value for money. Currently, the service is limited to 19 seats due to weight restrictions at Anglesey Airport, but capacity could potentially be increased to 29 seats per flight if the restriction, which is imposed by the UK Government, can be lifted.

I am sure you will appreciate that much of the contract detail with Eastern Airways is considered to be commercially sensitive and will not be published. However, I am able to share some of the overarching themes contained within it:

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- the minimum service requirements remain the same as with previous contracts – providing two direct rotations each working day (Monday to Friday) between Cardiff International Airport and Anglesey Airport. However, this contract allows for a maximum capacity of 29 seats per flight;
- check-in for flights shall remain open until at least 30 minutes before scheduled departure times, which will optimise the length of the operating day for maximum benefit of business travellers;
- online booking capability will be provided and potential passengers will have the ability to purchase tickets in both English and Welsh, with ticket flexibility options being offered;
- a dedicated marketing budget will ensure an annual marketing plan is designed to maximise the number of people using the service. Passenger surveys will continue to be undertaken and analysed, and the findings will help to inform the marketing plan; and
- an enhanced passenger experience will be offered, including fast-track security at Cardiff Airport, in-flight cabin crew service including complimentary soft drinks and snacks, and access to the executive lounge at Cardiff Airport. Increased visibility of the service on booking platforms (i.e. via travel agents and through third party global distribution systems) will also seek to increase awareness and usage, with an overall aim of reducing the cost of subsidy required in the future.

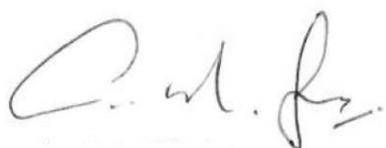
On a related topic, you will have heard the recent news about regional airline Flybe curtailing its operations at Cardiff Airport by the end of the 2019 summer and you may be aware of an alliance agreement that Eastern Airways holds with Flybe. I would like to reassure you that we do not expect the position with Flybe to cause any disruption to the Cardiff-Anglesey air link. Customers currently use the Flybe website to book their PSO travel and this is expected to continue; however Eastern Airways is able to 'switch on' its own online booking system should this be required in the future.

Since the new contract began in mid February, the PSO remains a popular choice for passengers looking to travel quickly between north and south Wales and I am sure you will agree this is an exciting time for the future of the service.

I am copying this letter to the Chair of the Economy, Infrastructure and Skills Committee, who also has a strong interest in the PSO.

With best wishes.

Yours sincerely



Andrew Slade
Director General
Economy, Skills and Natural Resources

Cardiff to Anglesey flights secured for another four years

Economy and Transport Minister, Ken Skates has awarded the contract securing air travel between Cardiff and Anglesey for the next four years to the company that has ensured regular flights for last two years.

The new Public Services Obligation (PSO) air service contract has been given to Eastern Airways, who since March 2017, has established stability and restored passenger confidence achieving significant growth on the route of around 40%, bringing visibility to the service amongst new and existing passengers.

Transport Minister, Ken Skates said:

“Wales needs to be better connected. Eastern Airways shares our ambitions to significantly grow the route over the next four years, thereby increasing the economic benefit to Wales. I hope this will include Eastern Airways operating its Jetstream 41 at the full capacity of 29 seats, offering almost 50% more seats than it is currently able to offer.

“This increase would be subject to the UK Government supporting the reclassification of Anglesey Airport. This would enable the full capacity utilisation of the larger aircraft helping bring exciting growth opportunities to the region.

“The need for an increase in capacity on the route has been clearly demonstrated over the last two years. With increased efficiencies and higher yield due to additional passenger revenue, this increase in capacity would see a reduction in the subsidy over the four years of the contract when compared to continuing with a 19 seat operation.

“The new contract will continue to make a positive contribution towards the Welsh economy and the goals of the Well-being of Future Generations (Wales) Act 2015 by lessening the gap between local communities and the capital city, improving regional connectivity, increasing socio-economic opportunities and contributing to the delivery of ‘A Wales of cohesive communities’.

“The PSO route provides an important functional and symbolic link connecting north and south Wales. It facilitates access to internal markets for Welsh businesses. This quick and effective internal mode of transport will be vital post Brexit.

“In addition to already supporting the Cardiff – Anglesey service, I continue to push the UK Government to allow Wales to introduce a network of new PSO air services across the UK to support Wales’ domestic trade.”

Eastern Airways General Manager (Commercial and Operations), Roger Hage said:

“Since stepping in to cover this incredibly important economic link between the north and south of Wales, we have proactively grown passenger numbers as part of the Flybe branded service.

“We are delighted in being awarded the contract to help further grow the capacity on the service in fully supporting the Transport Minister, and both Cardiff Airport and Anglesey Council’s ambition to increase accessibility and also improve connectivity to other services of offered by our partner Flybe, plus Qatar, KLM, Ryanair and TUI at Cardiff.”