

PE1804/K

Shetland Islands Council submission of 29 October 2020

A key concern for Shetland Islands Council are the risks relating to the reliability and resilience of remote air traffic management. Shetland must attract investment to support economic growth to support population retention and growth, secure and reliable air transport links are critical. Any positive impacts that HIAL suggest may arise from improved service resilience are extremely marginal for Shetland.

Sumburgh has been relatively successful in respect of filling and validating ATC vacancies— so the recruitment driver argument is weak in respect of Sumburgh. HIAL have a recruitment strategy to recruit qualified licensed ATC or part-qualified ATCs- focusing their search on those already within the professional aviation community. This strategy compounds their recruitment challenges across their network by choosing a small pool to recruit from and not recruiting people with local connections or living in the community to promote retention. There is evidence when HIAL recruit people with no aviation knowledge or ATC experience from communities served by the HIAL network and train them as ATCs from scratch they secure quality applications and following the training process retain these staff long term. HIAL's choice of recruitment strategy is causing their staffing resilience issues rather than it being an insurmountable recruitment problem, which must be solved by a technological solution.

The second concern for the Council is there has been no Islands Communities Impact Assessment (ICIA) of the options for changing ATMS. Decisions were taken by the Scottish Government and HIAL to proceed with the project in 2018 despite calls that an ICIA be undertaken. HIAL have recently agreed to undertake a retrospective ICIA claiming this was in the "spirit of transparency". Given the reluctance to undertake the ICIA and that the ICIA covers all of HIALs mainland airports, it does not appear to be of the quality and detail that the Council expected. As HIAL have already made their decision to proceed, the ICIA appears to be window dressing to appease stakeholders rather than a genuine attempt to evaluate options, understand, and mitigate impacts to island communities of any preferred option.

It is difficult to foresee any positive economic impacts arising from the proposal. The projected losses of 13 FTE and 3 PT jobs in any employment scenario would constitute a significant economic impact to a rural community. These jobs are highly skilled and attractive technical roles, and are extremely valuable in maintaining a diverse local labour market and skilled workforce, which contributes to talent attraction and the promotion of Shetland as a place to live, work, study and invest.

The value of salary payments lost to Shetland is identified as £587,000 – applying a Type II sectoral multiplier of 1.8 (multiplier for transport support services) the impact of this loss to the local economy could be over £1m. This impact does not take into account the household factor – if jobs relocate from Shetland to another area it is

likely that households will also relocate as families follow the job of the main earner. The average household size in Shetland is 2.2, suggesting that relocation of jobs could lead to 29 people leaving Shetland – this would have an impact on local services such as schools, and lead to a further loss of salary income and induced impacts to the local economy as other local salary earners relocate.

The most significant community impact would be the loss of working age population due to the relocation of highly skilled, well remunerated jobs. The working age demographic is already under pressure in Shetland (the proportion of working age residents reduced from 64.3% in 2009 to 61.2% in 2019), with net migration having been negative for the last few years (-3.93 per 1,000 residents in 2019). This impact would be exacerbated by the expected impact of households relocating as well as individuals, losing the impacts of family spending in the local economy and the use of local services such as schools. Further impacts on this demographic would worsen issues of population decline and demographic imbalance.

Island areas are much more negatively affected by the relocation of jobs, given the contained nature of the local labour market and the inability to commute to other areas to access employment opportunities. Island areas also suffer from the impacts of depopulation, reduced migration and demographic imbalance more than comparable mainland areas, and will be disproportionately affected by any relocation of jobs which leads to households leaving the area.

Despite raising these concerns with HIAL the Council remains unsatisfied with responses provided about

- the reliability and resilience of the systems proposed;
- HIAL's assessment of costs, both capital and project life;
- the completion of and/or quality of the ICIA and any mitigation measures; and
- the demonstration of any operational benefits to Sumburgh.

Therefore the Council would welcome the independent assessment of the decision making processes of the ATMS project to determine whether this proposal presents Best Value in the investment of public funds when applying the Treasury Green Book on developing business cases for investments in public infrastructure.