



REPORT

To: Special Infrastructure Committee

29 June 2005

**From: Acting Head of Transportation
Infrastructure Services Department**

TRANSPORT STRATEGY WORKING GROUP

1. Introduction

- 1.1. The Infrastructure Committee on the 14 June 2005 approved the request for funding from the Council's Capital Programme to develop the Council's Transport Strategy. It also asked that a further report be submitted to this Committee detailing the membership and remit of a scrutiny group to oversee the development of the Transport Strategy (Min Ref 35/05).

2. Background

- 2.1 Scottish Local Authorities are tasked with preparing a local Transport Strategy by the end of the current financial year. As a prospective stand alone transport partnership, Shetland will need to address wider transport issues in the preparation of the strategy.
- 2.2 The development of the strategy will follow the guidance based upon the Scottish Transport Appraisal Guidance (STAG) methodology.

3. Proposal

- 3.1 It is proposed to create a scrutiny group to oversee the development of the strategy with a proposed remit detailed in Appendix 1.
- 3.2 Given that a Transport Strategy for Shetland will need to consider modes of transport over land, sea and air it is proposed that the Transport Strategy Working Group will draw expertise and knowledge from groups already in existence that reflect the various modes of transport that will need to be reviewed.
- 3.3 It also recognised that the strategy will have clear implications for economic development and the environment. It is therefore proposed to include the spokespersons for these areas. It is noted that the

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Environment Spokesperson is already a member of a relevant group therefore the only additional inclusion is the Shetland Economic Development Spokesperson.

- 3.4 It is therefore proposed that the Transport Strategy Working Group includes membership from the Management of Roads Schemes, Air Services and Islands Links Strategy Groups plus the Shetland Economic Development Spokesperson.
- 3.5 It would be expected that this group would meet to coincide with the Committee cycle with a progress report going on to the Infrastructure Committee.
- 3.6 The duration of the group will be until the end of March 2006, the date by which the Transport Strategy will be complete.

4. Financial Implications

- 4.1 There are no financial implications arising from the setting up of the Transport Strategy Working Group. Members attendance at meetings will be met from existing Members' Budget, however there will be significant financial implications associated with the outcome of the Transport Strategy and these will be reported to Infrastructure Committee and Shetland Islands Council on an ongoing basis.

5. Policy and Delegated Authority

- 5.1 The development of the Transport Strategy falls under the remit of the Infrastructure Committee which has full delegated authority for transport matters for which the overall objectives and budget have been approved by the Council (Min Re f SIC 19/03 and 70/03).

6. Conclusion

- 6.1 The outcome of a Transport Strategy for Shetland will have significant implications for Shetland's Communities and it is essential that its ongoing development is managed accordingly and is subject to an appropriate level of scrutiny.

7. Recommendation

- 7.1 I recommend that the Committee approve the proposals detailed in section 3 of this report.

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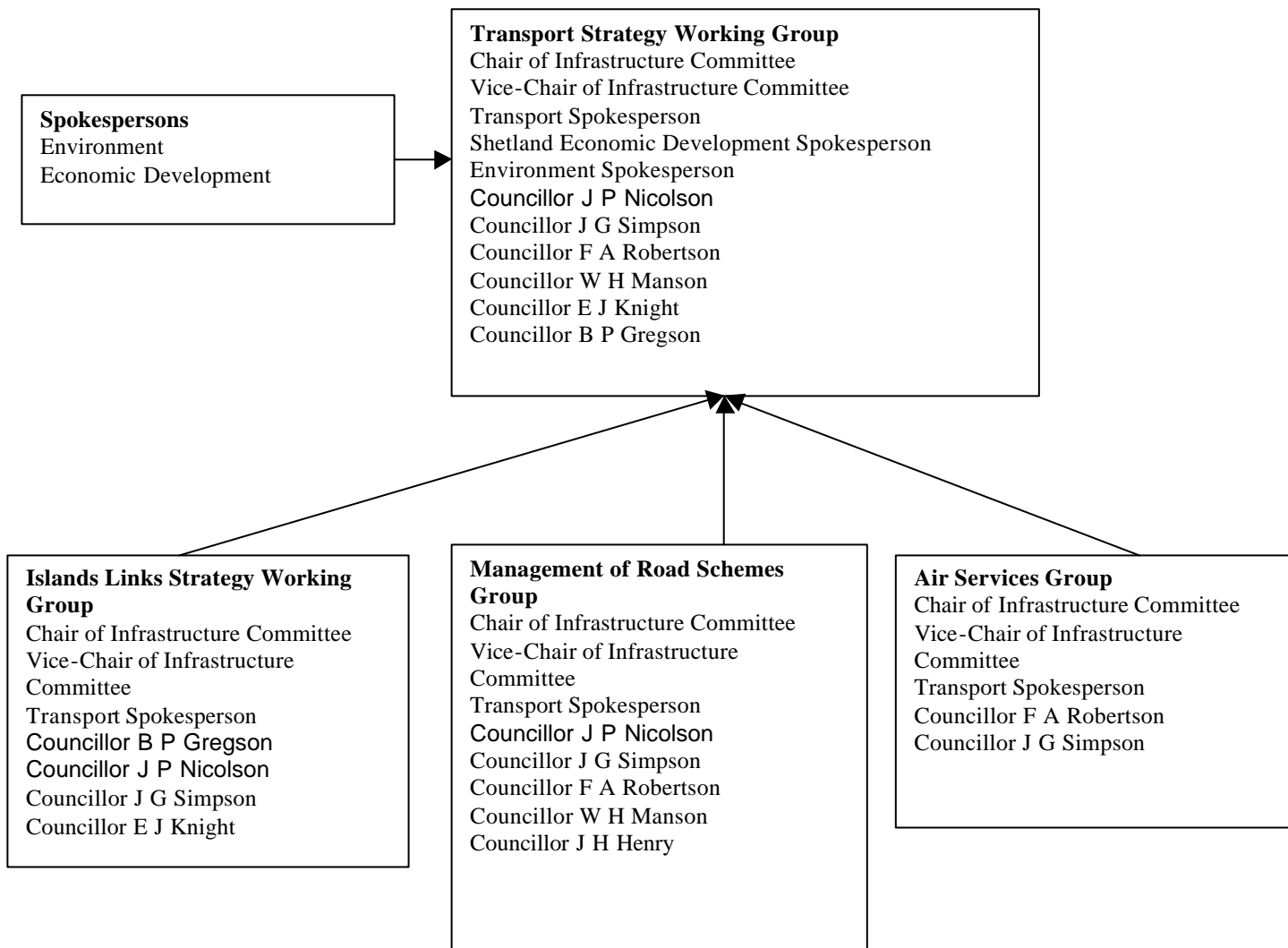
Appendix 1

1. REMIT

To provide a scrutiny role for the development of the Transport Strategy:

- To oversee the development of the Transport Strategy for Shetland
- To review the progress of the strategy to ensure that it complies with STAG principles and other best practice guidance
- To ensure that the project is delivered to programme and budget

2. MEMBERSHIP



- **OFFICIALS**

Executive Director Infrastructure Services

Acting Head of Transportation

Projects Unit Manager Capital Programme Services

3. AUTHORITY AND REPORTING

The Group is purely advisory and has no executive powers. Any proposals rising from the work of the group must be referred by report from the Acting Head of Transportation to the Infrastructure Committee for decision.

4. ADMINISTRATION

Administration will be provided by Infrastructure Services.

5. GENERAL

Frequency of Meetings

- It is envisaged that the full group will meet to coincide with the Committee Cycle with interim meetings arranged to suit programme requirements.

Timescales to be met

- The Strategy will be delivered by March 2006.

Duration of the Group

- The Group will last the duration of the development of the Strategy.



REPORT

To: Special Infrastructure Committee

29 June 2005

From: Service Manager – Transport Operations
Infrastructure Services Department

Inter-Island Air Services 2006-2009

Introduction

The purpose of this report is to advise Members on progress with regard to future provision of the above services as from 1 April 2006.

Link to Council Priorities

2.1 The recommendations in this report meets key Corporate Plan objectives

- Strengthens Rural Communities
- Internal Transport
- Equal Opportunities

Background

3.1 The current contract for these services terminates on 31 March 2006.

3.2 The Council are required to publish the contract notice in the EU Journal. This can be a lengthy exercise given the number of languages now within the EU, where the timescales for translation purposes can be up to four months. This would impact upon actual publication of the contract notice and the related tender return.

3.3 Other timescales relating to advertising and submission of tenders, evaluation and award of tender, means that it is critical that the Council meet these deadlines to enable the successful bidder to have sufficient lead in time to commence operations on 1 April 2006.

3.4 The current operator has lost the Scottish Air Ambulance Contract with effect from 31 March 2006 and will no longer have an advantage over other potential tenders with regard to allocation of fixed costs. For the first time a competitive tendering scenario on a level playing field with more than one tenderer is a realistic possibility.

- 3.5 As each tenderer will have to allocate the full proportion of fixed costs to the inter-island air service contract it is highly likely that contract costs could increase significantly, however, the opportunity to minimise these will be available to all tenderers as the contract for inter-island air service in Orkney is being progressed at this time, and will be operational for the same contract period. Tenderers bidding for both Orkney and Shetland contracts can do so with economies of scale with regard to aircraft maintenance, hangarage and staff utilisation.

4 Discussion

- 4.1 A full consultation exercise has been completed by the Member/Officer Air Services Working Group. The Group visited Papa Stour and Skerries on 7 June and Fair Isle and Foula on 22 June.

- 4.2 The main topics tabled for discussion were

- Do the current timetables meet Community needs
- Is there scope for improvements which can be realistically achieved and sustained within Council budgets.
- Is there scope for standardising fare structure for “island residents” balanced by fare structure for commercial users, eg. SIC, Scottish Water, Scottish Power, etc.

- 4.3 A summary of the feedback received from each island is set out in Appendix 1 but in general terms, each island requested additional flights, and were in agreement with fare proposals.

- 4.4 A decision is required with regard to the level of service provision to be subject to tender through an EU procurement exercise.

- 4.5 For information, the current service provision is as follows,

Fair Isle

- | | |
|--------------------------------------|------------------|
| 2 return trips on Mon, Wed, Fri, Sat | (Summer Service) |
| 2 return trips on Mon, Wed, Fri | (Winter Service) |

Foula

- | | |
|---------------------------------|------------------|
| 1 return trip on Mon and Tues | (Summer Service) |
| 2 return trips on Wed and Fri | (Summer Service) |
| 1 return trip on Mon, Tues, Wed | (Winter Service) |
| 2 return trips on Fridays | (Winter Service) |

Skerries

- | | |
|------------------------------|------------|
| 1 return trip on Mon and Wed | (All year) |
| 2 return trips on Thursday | (All year) |

Papa Stour

2 return trips on Tuesday

(All year)

5 Proposals

5.1 I believe there is a case to be made for additional flights to Fair Isle, Foula and possibly Skerries, if these can be provided within operational and financial parameters, eg. Pilots permitted flying hours and airport costs. However, I do not think it would be wise to incorporate service enhancements into the timetable without fully understanding the potential operational impacts.

5.2 I propose that the minimum service provision to be advertised for tender is as per current timetables, and that the specification should invite bidders to submit proposals and costings on possibilities for additional flights. This would allow discussions with the preferred bidder to put in place any agreed enhancements before the contract commences on 1 April 2006.

5.3 With regard to fares, I propose that a two tier fare structure be specified in the contract as follows.

Fair Isle and Foula return	"island resident fare"	£36.00
Fair Isle and Foula return	normal full fare	£60.00
Skerries and Papa Stour return	"island resident fare"	£24.00
Skerries and Papa Stour return	normal full fare	£50.00

(These proposed fares introduce further savings on current fares to island residents see below, and, with the exception of consultees in Foula, were generally well supported during the consultation exercise).

Current Island resident return fare		Full Return Fare
Fair Isle	£44.80	£56.00
Foula	£40.00	£50.00
Skerries	£31.20	£39.00
Papa Stour	£28.00	£35.00

5.4 Given that the consultation feedback from Papa Stour was divided on the need for an air service I propose that the provision of an air service to Papa Stour be subject to review after 12 months by which time the Council will have considered the benefits, and possible enhancement of the ro-ro ferry service.

- 5.5 I further propose that tenderers be requested to provide charter rates as part of their tender submission.

6 Financial Implications

- 6.1 Current contract costs for inter-island air services is some £293K per annum.
- 6.2 At the present time, no estimate of future costs can be accurately given, it is expected that tenders will be returned and evaluated in time for setting 2006/2007 estimates later this year.

7 Policy and Delegated Authority

- 7.1 The Infrastructure Committee has full delegated authority to act on all matters for which the overall objectives have been approved by the Council, in this instance internal air services, however, as a decision is required at the earliest opportunity to progress an EU contract notice for contract commencement in financial year 2006/2007 prior to budget approval, a decision of the Council is required.

8 Recommendation

- 8.1 I recommend that the Infrastructure Committee consider this report and recommend to Council that the proposals as set out in Section 5 of this report be approved.

Report Number: TR-24-05-F

Our Ref: IB/SMS

Appendix 1

Member/Officer Air Service Working Group

Councillor J C Irvine
Councillor J A Inkster
Councillor G G Mitchell
Councillor J Simpson
Councillor F A Robertson

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Agenda Item No. 02 - Public Report

Executive Director of Infrastructure Services, G Spall
Service Manager – Transport Operations, I Bruce

Consultation Exercise with island communities with regard to future inter-island air service provision.

Papa Stour – Tuesday 7 June 2005

9 residents in attendance

comments included	air service to remain – used for school and health visits ferry service should provide extra sailing, air service not necessary, possible extra flight on Thursdays? no adverse comments on fare proposals, agree that charter rates should be included in contract.
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Skerries – Tuesday 7 June 2005

20 residents in attendance

comments included	request for 2 return trips on Tuesdays request for 1 return trip on Friday fare proposals welcomed agree that charter rates should be included in contract.
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Fair Isle – Wednesday 22 June 2005

17 residents in attendance

comments included	passenger demand exceeds seats available request for additional flights on current days request for longer day on the Mainland request for additional flight through Sumburgh re-instate flight to Orkney welcomed fare proposals supported charter rate proposals
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Foula – Wednesday 22 June 2005

10 residents in attendance

comments included	request for additional flights on Mondays request for earlier and later flights request for even cheaper fares concessionary travel fares
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