



If calling please ask for:  
**Leisel Malcolmson**  
Direct Dial: 01595 744599  
E-mail:  
[leisel.malcolmson@shetland.gov.uk](mailto:leisel.malcolmson@shetland.gov.uk)

Date: 27 October 2017

Dear Sir/Madam

You are invited to the following meeting:

**Zetland Transport Partnership (ZetTrans)**  
**Council Chamber, Town Hall, Lerwick**  
**Thursday 2 November 2017 at 10am**

Apologies for absence should be notified to Leisel Malcolmson at the above number.

Yours faithfully

J R Riise  
Secretary to ZetTrans

## **AGENDA**

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest.
- (d) Confirm Minutes of Meetings held on i) 29 June 2017 and ii) 21 September 2017 (enclosed).

Item	
1.	Appointment of An Other Member – NHS Nomination <i>ZTP-29</i>

2.	Transfer of Functions to the Shetland Transport Partnership Order 2006. Implications and reappraisal of current understanding <i>ZTP-23</i>
3.	ZetTrans DRAFT Annual Report 2016/17 <i>ZTP-26</i>
4.	ZetTrans Pre-consultation DRAFT Shetland Transport Strategy Refresh <i>ZTP-24</i>
5.	Lead Officer Report <i>ZTP-28</i>
6.	Business Programme 2017/18 <i>ZTP-25</i>
7.	Shetland External Transport Forum Minutes – 5 July 2017 (enclosed) & 28 September 2017 (to follow)
	<b><i>The following item contains EXEMPT information</i></b>
8.	Inter-Island Air Services Tender and Specification <i>ZTP-27</i>



## MINUTE

“A&B - PUBLIC”

**Zetland Transport Partnership**  
**Room 10, Islesburgh Community Centre, Lerwick**  
**Thursday 29 June 2017 at 10.00 a.m.**

### **Present:**

R Hunter  
 R McGregor  
 A Priest  
 D Sandison  
 R Thomson

### **Advisers:**

S Mathieson

### **Apologies:**

S Laurenson

### **In attendance (Officers):**

M Craigie, Lead Officer  
 P Mogridge, Transport Policy and Projects Officer  
 J Thomason, Management Accountant  
 C McCourt, Financial Accountant  
 L Malcolmson, Committee Officer

### **Circular**

The Committee Officer advised that she would preside over the meeting until the Chairperson is appointed.

The circular calling the meeting was held as read.

### 15/17 **Appointment of a Chairperson and Vice-Chairperson**

The Partnership considered a report by the Executive Manager – Governance and Law/Secretary to ZetTrans (ZTP-14-17-F), which sought nominations for the appointment of the Chairperson and Vice-Chairperson for ZetTrans.

In a call for nominations, the Committee Officer drew attention to paragraph 4.5 and advised the Partnership that, although it had been custom and practice for the Partnership to appoint the Chair and Vice-Chair of the Shetland Islands Council Environment and Transport Committee, it was for the Partnership to nominate a Chair from the six substantive Members.

Mr Thomson was nominated as Chairperson for the Partnership. Mr Thomson accepted and took the Chair.

Mr McGregor was nominated as Vice-Chairperson for the Partnership. Mr McGregor indicated his acceptance.

### **Declarations of Interest**

None

### **Minutes**

The minutes of the meeting held on 10 March 2017 were confirmed on the motion of Mr Sandison and accepted by the Partnership.

#### **16/17      Management Accounts 2016/17 – Draft Outturn Position at Quarter 4**

The Partnership considered a report by the Partnership Proper Officer for Finance (ZTP-15-17-F) which presented the financial performance of ZetTrans for the 2016/17 financial year that will be subject to final accounting and audit adjustments as part of the year-end accounts process.

The Management Accountant introduced the report.

The Lead Officer commented that this was the first Unaudited Accounts that showed an underspend position and thanked the Finance staff and the Transport Planning Staff for their effort in achieving this position that he said he hoped would be maintained into the future.

In responding to a question, the Lead Officer explained that the savings had come from less onerous bus maintenance together with a number of smaller items that created the positive position. He went on to explain how ZetTrans is funded, predominantly by the Council with a grant from the Scottish Government that he said would not even cover the administration of the bus contracts.

The Partnership noted the Management Accounts showing the draft outturn position for ZetTrans at Quarter 4.

#### **Decision:**

The Partnership NOTED the Management Accounts showing the draft outturn position for ZetTrans at Quarter 4.

#### **17/17      Unaudited Annual Accounts 2016/17**

The Partnership considered a report by the Partnership Proper Officer for Finance (ZTP-17-17-F) which presented the 2016/17 Unaudited Accounts for Zetland Transport Partnership and sought approval for the Annual Governance Statement that forms part of the accounts.

The Financial Accountant introduced the report and advised that the new Chairperson would sign off the audited accounts, which would be passed to external auditors, Deloitte before reporting again in September.

In response to a question on whether there was any opportunity for other external funding from the Scottish Government or other external agencies, the Lead Officer explained that ZetTrans was in a position whereby any additional expenditure would have to come from the Council. He explained that some years ago the government redistributed the £3.5m funding for Regional Transport Partnerships and ZetTrans saw a reduction in funding from £300k to £132k that it is today. He said that the current funding position limits ZetTrans in being able to develop and influence projects in Shetland. He said that additional funds could be used to pump prime projects but this was an issue that had not been pursued before. He said that a modest redistribution of the total £3.5 allocation would not have a significant impact on other RTPs but would be useful to ZetTrans.

During discussions it was suggested that ZetTrans should identify additional work required and scope it out, putting forward a proposal to Government. The Lead Officer explained that spontaneously throughout the year the Scottish Government may seek input from RTPs and this is work that other RTP's are funded to do, with no definition other than the funding should be used for projects as part of their routine work. The Partnership recognised that this type of work would need to be supported by the Scottish Government.

Members noted the content of the report and on the motion of Mr McGregor, seconded by Mr Sandison, approved the Annual Governance Statement.

#### **Decision:**

The Partnership noted the 2016/17 Unaudited Accounts for the Zetland Transport Partnership and APPROVED the 2016/17 Annual Governance Statement that forms part of the accounts.

18/17

#### **ZetTrans FINAL Main Issues Report for the Transport Strategy Refresh**

The Partnership considered a report by the Transport Policy and Projects Officer (ZTP-16-17) that presented the Final Main Issues Report for consideration by the Partnership.

The Transport Policy and Projects Officer introduced the report and explained the process that had been followed to date and provided a summary of work to be undertaken before reporting to Members again in September 2017.

In referring to the previous agenda item and the discussion around pump priming projects the Transport Policy and Projects Officer gave an example of when support is required for initial funding for projects, and said that this is not possible as there is currently a gap in funding. During further discussion, smart ticketing was given as an example where a project had been held back and where a business case had to be made to the Council on a matter that is not its responsibility and provide no benefit to them. The Lead Officer commented that without ZetTrans the Council would be part of another RTP.

Ms Hunter referred to smart ticketing and commented that this was a groundbreaking project in Shetland and there are other sources of funding available for specific projects. She said that having clear knowledge of the priorities is essential so that HIE and other organisation can tap into funding to bring projects forward. She said that having a "loose pot of funding" would be useful but it was important to also be firm on the additional initiatives that require

funding, going forward. Ms Hunter advised that she would provide information to the Transport Policy and Projects Officer on the Scotland Cando Innovation Fund.

The Partnership acknowledged the importance of seeking to establish a development fund and in addition to establish identified projects that need to be funded.

During further discussion on the Main Issues Report the need to report on visitor economy was emphasised and it was suggested that this should be acknowledged separately. The Transport Policy and Projects Officer advised that this had been included within another paragraph in the report but agreed that this could be presented separately. Reference was also made to the Yell ferries and the wider economic benefit to Shetland that there is from transporting £30m fish and this should be kept in the public's awareness. As Shetland is the largest exporter of fish in Scotland and is vital for the Shetland Economy it was recognised that ZetTrans and the Council Members have to keep this at the forefront of discussion as it is critical from an economic development point of view.

The Partnership unanimously noted the report.

#### **Decision:**

The Partnership NOTED the content of the report and the timescale contained in Section 4 for the production of the Shetland Transport Strategy Refresh.

19/17

#### **Lead Officer's Report**

The Partnership considered a report by the Lead Officer (ZTP-19-17-F) which presented an overview of current and upcoming issues and events relating to the business of the Partnership but which do not, at this time, warrant a full report.

Scottish Ferries Procurement Policy Review – The Lead Officer advised that this review does not include Shetland's internal ferries. In terms of the Northern Isles Ferry Services, the Government has indicated that its preferred approach is to provide the services in-house. He said that the Government has deferred the tendering of the Gourock – Dunoon Service and the Northern Isles Ferry Services to seek stakeholder views on whether to tender or undertake direct provision in-house. He reported on the outcome of a meeting held between the Government Ministers and stakeholders on 18 May and said that although no preference was specified on how the service should be delivered, there was an unmistakeable message that the Government must demonstrate value for money and deliver what the Islands require.

Following discussion the Lead Officer referring to paragraph 2.11 and said that he would include reference to the procurement of vessels and the method by which this will be dealt with, taking account of the 15-20 year future needs, and how assurance will be given on infrastructure replacement.

The Lead Officer advised that the response would be issued in consultation with the Chair.

*(Mr Thomson left the meeting)*  
*(Mr McGregor took the Chair)*

In response to a question regarding the Inter Island Ferry Services the Lead Officer explained that in Shetland these services are delivered by the Council and studies show that the Council has delivered them more efficiently. He said that the Government is aware of that and do not want to rush to take them over as it is perhaps currently a cheaper model of service to run. He said that Shetland is small and compact which means the Council delivers services in an efficient and economic way.

Westside Mainline Bus Service – The Lead Officer provided a overview of the Westside Mainline Bus service history and the steps taken to deliver the service more efficiently and effectively. He said that all services are now contracted by private sector providers and although that is the preferred position moving forward, it was still possible to provide a bus service in house, as an option of last resort.

The Partnership noted the content of the report.

In addition to the items noted in the report the Lead Officer also informed the Partnership of more recent events advising that there had been an announcement from Ministers that the Air Discount Scheme for Businesses would not be reinstated, at this time, on the grounds of affordability. He advised that he would circulate the letter to ZetTrans Members later today. Members commented on this announcement stating that it was shortsighted in terms of developing other services and for the difficulties faced by small business in particular who are trying to develop their own businesses outwith Shetland.

The Lead Officer also provided a brief update on the North Isles Ferry Service advising that the fair fares announcement was expected soon in terms of the firm position reached on the approach to fair fares and he anticipated that the announcement would be around the time of a Ministerial visit to the Islands in late August.

The Lead Officer informed the Partnership that he had issued a letter to four Ministers setting out what was expected from the fair funding for Inter Island Ferries resolution namely: immediate funding for inter island ferry services; and long term responsibility and funding.

20/17

**ZetTrans Business Programme 2017/18**

The Partnership noted a report by the Secretary to ZetTrans (ZTP-17-17-F) that presented the Business programme for the period ending March 2018.

The Committee Officer introduced the report and advised that this document would be updated regularly by the Lead Officer as the business of the Partnership developed during the year. The Lead Officer added that the programme would remain fluid as the Transport Strategy Refresh progressed to completion.

**Decision:**

The Partnership NOTED the content of the report and approved the Business Programme for 2017/18.

21/17

**Shetland External Transport Forum Minutes – 2 March 2017**

The Partnership noted the minutes of the Shetland External Transport Forum meeting held on 2 March 2017.

**Decision:**

The Partnership noted the minutes of the Shetland External Transport Forum meeting held on 2 March 2017.

The meeting concluded at 11.10am.

CHAIRPERSON



## MINUTE

“A&B - PUBLIC”

**Zetland Transport Partnership  
Council Chamber, Town Hall, Lerwick  
Thursday 21 September 2017 at 3.00 p.m.**

### **Present:**

R McGregor  
A Priest  
D Sandison  
R Thomson

### **Advisers:**

S Mathieson  
S Laurenson  
R Roberts

### **Apologies:**

R Hunter  
J Smith  
A Steven

### **In attendance (Officers):**

M Craigie, Lead Officer  
J Belford, Proper Officer for Finance  
J Riise, Secretary to ZetTrans  
P Mogridge, Transport Policy and Projects Officer  
L Malcolmson, Committee Officer

### **Also:**

K Watt, External Auditor, Deloitte

### **Chair**

Mr Thomson, Chairperson of the Partnership, presided.

### **Circular**

The circular calling the meeting was held as read.

### **Declarations of Interest**

None

22/17

### **Management Accounts 2017/18 – Projected Outturn Position at Quarter 1**

The Partnership considered a report by the Partnership Proper Officer for Finance (ZTP-20-17-F) which presented the projected outturn position for 2017/18 as at the end of the first quarter.

The Proper Officer for Finance introduced the report.

The Lead Officer responded to a question in regard to the monitoring of bus fare income and advised that this was now the most monitored activity. He said however that the best indicator is in the number of complaints received and explained that under the previous conditions there were a number of passengers observed as not paying or not being asked to pay, but since the introduction of the current contracts there had been no complaints in that regard. The Lead Officer also advised that the contract conditions are clear and that any breaches could lead to termination of the contract. He said that as a result of better contract conditions, systems and checks the data from ticket machines versus income now correlates. The Lead Officer advised that it is not possible to scrutinise the information in direct comparison to the previous contracts as there is no data from that time. However it would be possible to carry out a review of management, planning and growth covering the last two years which would be more in line with future strategy and planning than looking at past information.

**Decision:**

The Partnership NOTED the Management Accounts showing the projected outturn position for 2017/18 as at the end of the first quarter.

23/17

**Annual Audit Report on the 2016/17 Audit – Zetland Transport Partnership**

The Partnership considered a report by the Partnership Proper Officer for Finance (ZTP-21-17-F) which presented the findings of the 2016/17 audit contained in the annual report prepared by the external auditors, Deloitte LLP.

The Proper Officer for Finance introduced the report and Ms Watt, External Auditor, Deloitte. Ms Watt presented the key highlights from the Annual Audit Report and advised that there were no issues identified. She advised that only one item was highlighted in terms of the Shetland Islands Council's obligation to fund the Partnership under the Roads Transport Act and in line with the Council it would be important for ZetTrans to look also consider efficiencies in service provision.

Following brief discussion on the wider public sector financial subsidy analysis it was acknowledged that ZetTrans is almost fully funded by the Council and therefore it was important to prepare for what can be afforded in the future and that given the Council's financial constraints ZetTrans will be affected. It was also noted that there had been discussion around ZetTrans' inability to fund different initiatives as there was not appropriate funding from Transport Scotland for this and it was suggested that the position would remain given that no additional funding was available.

The Chair thanked the staff involved in preparing what was a positive report and noted that there were challenges ahead.

On the motion of Mr Thomson, seconded by Mr McGregor, the partnership approved the audited Annual Accounts for 2016/17 for Zetland Transport Partnership for signature.

**Decision:**

The Partnership NOTED the findings of the 2016/17 audit as contained in the external auditor's annual report and APPROVED the audited Annual Accounts for 2016/17 for Zetland Transport Partnership for signature.

The meeting concluded at 3.20pm.

CHAIRPERSON





## Zetland Transport Partnership

Agenda Item

# 1

<b>Meeting(s):</b>	ZetTrans	2 November 2017
<b>Report Title:</b>	ZetTrans Other Member – NHS Shetland Nomination	
<b>Reference Number:</b>	ZTP-29-17-D1	
<b>Author / Job Title:</b>	Secretary to ZetTrans/Executive Manager – Governance and Law	

### 1.0 Decisions / Action required:

That the Partnership:

- 1.1 consider and decide whether to approve the appointment of Mr Roberts as an Other Member, nominated by NHS Shetland;
- 1.2 subject to 1.1 above, to authorise the Secretary, or his nominee, to submit the appointment for approval to the Scottish Ministers with a recommended term of office from 2 November 2017 to 2 November 2021; and
- 1.3 agree that Mr Roberts be appointed as an Adviser from 2 November 2017 until the date of Scottish Ministers' approval of his appointment as an Other Member.

### 2.0 High Level Summary:

- 2.1 The purpose of this report is to seek approval of the person nominated by NHS Shetland as an Other Member to the Zetland Transport Partnership ("the Partnership").
- 2.2 An interview with Mr Roberts was conducted by the Chair of ZetTrans and the Lead Officer on 9 October 2017. Following a successful interview, during which Mr Roberts demonstrated that he met the criteria required, the Chair recommends that ZetTrans approves the appointment of Mr Roberts.

### 3.0 Corporate Priorities and Joint Working:

- 3.1 The Scottish Ministers decided that single authority Regional Transport Partnerships ("RTPs") should include members drawn from the corresponding Health Board and Local Enterprise Company.
- 3.2 The Partnership's Administrative Regulations state that the total number of Members shall be six and shall include one Member nominated by NHS Shetland and one Member nominated by the Shetland Enterprise Company.

### 4.0 Key Issues:

- 4.1 The individuals nominated by their sponsoring organisations will be considered by the RTPs and thereafter appointed by the Scottish Ministers.

- 4.3 The Members would be expected to give up their appointment on the RTP if they ceased to be members of their sponsoring organisation – NHS Shetland or Shetland Enterprise Company.
- 4.4 Paragraph 2.15 of the ZetTrans Administrative Regulations states that “Other Members and Advisers appointed by ZetTrans, or the Scottish Ministers as the case may be, shall hold office for a period of 4 years following the date of their appointment unless otherwise specified at the time of their appointment.” It is suggested that the date of appointment be 2 November 2017, the date the current representation ends, to ensure continuity is maintained.
- 4.5 Until Scottish Ministers confirmation of the appointment of the Other Member is received, it is proposed that the nominee is considered, and appointed to attend meetings, as an Adviser, which does not need the consent of the Scottish Ministers.
- 4.6 **Criteria for Membership**

The criteria, as set out in the membership guidance, is as follows:

**Essential**

Personal and/or operational expertise and demonstrable knowledge from working at board/strategic level in business, the public sector or the voluntary sector

Detachment from local and national politics

**Desirable**

Transport knowledge (this could be knowledge of the transport issues pertinent to one or more sector e.g. business, healthcare, the environment, economic development etc)

Regional rather than local perspective

Political and media awareness

Financial awareness

Communication skills

**5.0 Exempt and/or confidential information:**

5.1 None.

<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	The appointment of the NHS Shetland nominee will ensure the continued representation on the Partnership, therefore there will be no impact on these groups as a result of this report.
<b>6.2 Human Resources and Organisational Development:</b>	There are no HR issues arising from this report.
<b>6.3 Equality, Diversity and Human Rights:</b>	An Equalities Impact Assessment is not required.
<b>6.4 Legal:</b>	To be compliant with the requirements of The Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005, and the Partnership's Administrative Regulations, the Partnership must have two Other Members in addition to four Councillor Members. Appointment of Other Members is subject to the consent of the Scottish Ministers.
<b>6.5 Finance:</b>	There are no direct financial implications to the process of nominating an Other Member of the Partnership. However, once appointed the Other Member is entitled to claim expenses as set out in the ZetTrans Administrative Regulations 2007.
<b>6.6 Assets and Property:</b>	There are no Assets and Property issues arising from this report.
<b>6.7 ICT and new technologies:</b>	There are no ICT issues arising from this report.
<b>6.8 Environmental:</b>	There are no environmental issues arising from this report.
<b>6.9 Risk Management:</b>	Should the Partnership decide against the appointment the position will remain vacant and unrepresented until such time as an alternative nominee is provided by NHS Shetland and approved by the Partnership. In line with the requirements of The Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005 this report presents the nomination provided by NHS Shetland.
<b>6.10 Policy and Delegated Authority:</b>	The Partnership are required to make a recommendation to the Scottish Ministers in regard to the appointment of an Other Member of the Partnership.
<b>6.11 Previously considered by:</b>	This report has not been considered by any other meeting.

**Contact Details:**

A Cogle, Team Leader – Administration, Governance and Law

Email: [anne.cogle@shetland.gov.uk](mailto:anne.cogle@shetland.gov.uk); Tel. 01595 744554

Finalised: 26 October 2017

**Appendices:**

*None*

**Background Documents:**

The Regional Transport Partnerships (Establishment, Constitution and Membership)  
(Scotland) Order 2005 <http://www.legislation.gov.uk/sdsi/2005/0110697588/contents>

ZetTrans Administrative Regulations <http://www.zettrans.org.uk/aboutus/Membership.asp>





## Zetland Transport Partnership

Agenda Item

# 2

<b>Meeting(s):</b>	Zetland Transport Partnership	2 November 2017
<b>Report Title:</b>	Transfer of Functions to the Shetland Transport Partnership Order 2006. Implications and Reappraisal of Current Understanding	
<b>Reference Number:</b>	ZTP-23-17-F	
<b>Author / Job Title:</b>	Lead Officer, ZetTrans	

### 1.0 Decisions / Action Required:

#### 1.1 The Partnership is invited to NOTE: -

- 1.1.1 The content of this report;
- 1.1.2 The Minute of Agreement between Shetland Islands Council and the Shetland Transport Partnership dated 1 November 2006 attached as Appendix 1 to this report;
- 1.1.3 The Transfer of Functions to the Shetland Transport Partnership Order 2006 appended as Appendix 2 to this report; and
- 1.1.4 That in terms of law the Shetland Transport Partnership has, since 1 November 2006, been functionally responsible for securing the provision of such public passenger transport services as it considers appropriate to secure to meet any public transport requirements within their area which would not in their view be met apart from any action taken by them for that purpose, [to include public bus, ferry and air services].

#### 1.2 The Partnership RESOLVES to: -

- 1.2.1 Authorise and confirm that all contracts entered into by the Council since 1 November 2006 for the provision of transport services that ought to have been entered into by or on behalf of the Shetland Transport Partnership were entered into by the Council acting on behalf of the Shetland Transport Partnership in accordance with 3.3 of the Minute of Agreement.
- 1.2.2 Confirm that any service subsidy paid by the Council to operators of transport services were paid by the Council for and on behalf of the Shetland Transport Partnership.
- 1.2.3 Authorise and instruct the Lead Officer (or his nominee) in conjunction with the Proper Officer for Finance and Proper Officer for Legal Proceedings, to take all steps necessary to ensure that all service subsidy, contractual or other issues, including arranging for any accounting adjustments and/or reports to external bodies, required to put Shetland Transport Partnership in the position it should have been in but for the misunderstanding of the

## **2.0 High Level Summary:**

- 2.1 In its formative years the Scottish Parliament considered transport to be a high priority. It introduced legislation to create new bodies to be known as Regional Transport Partnerships, which bodies would be responsible for the preparation of Regional Transport Strategies and, in the case of "Model 3" Partnerships (ZetTrans, Swestrans and Strathclyde Partnership for Transport), for securing such provision of public transport requirements as was transferred to them.
- 2.2 Regional Transport Partnerships (RTPs) were established by Order of the Scottish Ministers in exercise of powers conferred upon them by the Transport (Scotland) Act 2005. Coming into force on 1 December 2005 the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005 created the Shetland Regional Transport Partnership which subsequently decided to change its name to Zetland Transport Partnership with the working name of ZetTrans.
- 2.3 Shetland Islands Council Chief Executive reported to the Council on 14 December 2005 [Min. Ref: 205/05] on the establishment of Shetland Transport Partnership. The Transport Act 1985 placed a duty on Shetland Islands Council to secure the provision of public passenger transport services in certain circumstances. The report stated that RTPs were expected to take responsibility for delivering functions by 1 April 2006. The report stated that the Act gave an illustrative list of some of the functions that could be transferred including subsidised bus services, operating ferry services, operating airports and air services. It was considered that in the first instance bus services would be transferred in 2006 with air services and ferry services to be transferred in 2007 and 2008 respectively.
- 2.4 A report to Shetland Transport Partnership on 24 March 2006 [Min. Ref: 3/06] by Acting Head of Transport attached a draft of the Transfer Order that included wording that made it clear only bus services were transferring at that time. However, Acting Head of Transport reported to the Council's Infrastructure Committee on 13 June 2006 [Min. Ref: 29/06] appending a draft Transfer Order that was different to the draft presented to the Shetland Transport Partnership. The 13 June report said: "However due to some technical issues the wording of the transfer order has been changed"; and "The rewording however does not change the functions that have already been proposed for transfer". It was still in mind that only certain bus functions would transfer at that time.
- 2.5 However, the reworded draft Transfer Order before the Council on 13 June was, as is now properly understood, significantly different and did not exclude air or ferry services. During the next few weeks the draft Transfer Order was subject to further amendment but was not restricted to bus services as originally expected. In particular the Scottish Executive forwarded a revised draft Order to the Council under cover of email dated 19 June 2006. The Scottish Executive stated in the email that "the changes are really related to the legal drafting approach rather than matters of policy and substance" and in their aim to be consistent with other draft Orders for other Transport Partnerships states that these "are a tried and tested formula for these types of orders". On 1 November 2006 the Transfer Order came into force.
- 2.6 All parties involved continued to act as though only certain bus functions had transferred. ZetTrans took over the functional responsibility for public bus services and entered into contracts with a number of service providers for routes throughout Shetland. Shetland Islands Council continued to provide inter-island ferry services

primarily in house but with one route contracted out to an external service provider. The Council also continued to engage service providers to operate the inter-island air service.

- 2.7 After the Transfer Order came into force the Council and Shetland Transport Partnership worked very closely together. That should be unsurprising given that Shetland Transport Partnership has no employees and all its work is carried out by Council officers acting under the authority of the Minute of Agreement.
- 2.8 The Shetland Transport Strategy was published by the Shetland Transport Partnership in April 2008 and approved by the Scottish Minister for Transport, Infrastructure and Climate Change on 28 July 2008. The strategy states that until transferred the responsibility for inter-island ferry service delivery remains with the Council. It also states that consideration was being given to the transfer of inter island air service functions from the Council to the Shetland Transport Partnership.
- 2.9 It is important to note that inter-island ferry service provision is not affected by the changed understanding of where functional responsibility for its provision lies. The Council has specific powers to provide those services.
- 2.10 None of the parties, including those drafting the Transfer Order and making changes to it, appear to have grasped the significance of the changes and seem quite genuinely to have believed that they had no impact on the functions originally proposed for transfer.
- 2.11 Following the coming into force of the Transfer Order discussions continued to take place between the Council and Transport Partnership officers and the Scottish Government about the transfer of further functions, namely air services and ferry services, from the Council to the Transport Partnership. Reports were presented to both the Transport Partnership [21 November 2006] and the Council [28 November 2006]. Advice was sought on the need for a further Order to transfer functions but the Scottish Government at that time were not in a position to progress it. No further action was taken to seek another Order and life continued on the basis that only certain functions for bus provision lay with ZetTrans.
- 2.12 In the course of a governance review a question was raised about the functions transferred. On reading the Transfer Order with fresh eyes it appeared that all transport functions had transferred, not just certain bus service functions. Given that this was at odds with the decision making and delivery of air and ferry services since 2006 a specialist legal opinion was sought from Queen's Counsel. The Council shared this with ZetTrans Lead Officer.
- 2.13 The QC's opinion was clear. All section 63 and 64 Transport Act 1985 functions held by the Council had, with certain restrictions as detailed in the Transfer Order itself, transferred to the Shetland Transport Partnership on November 1 2006.
- 2.14 There is a close working relationship between the Council and ZetTrans, underpinned by the Minute of Agreement. There is no need to alter or amend it unless any recommendations arising from the ongoing governance review make it necessary.
- 2.15 Members are being asked to note the content of the report and to rectify the situation by providing retrospective authority to the Council for the actions taken by officers on ZetTrans behalf, as allowed for in the Minute of Agreement.

<b>3.0 Corporate Priorities and Joint Working:</b>	
3.1	The current Shetland Transport Strategy is in the process of being refreshed and the process is undertaken on consultation with Shetland Islands Council which is a formal requirement. The Strategy as it stands acknowledges the need to address future service and infrastructure needs as well as establishing a sustainable means of funding revenue needs of service delivery and capital needs for new infrastructure within the financial constraints that Shetland Islands Council faces.
3.2	Shetland Islands Council's "Our Plan 2016 to 2020" states ' <i>We will have a clearer understanding of the options and the investment needed to create a sustainable internal transport system over the next 50 years</i> '.
3.3	On 21 September 2017 ZetTrans' external auditor, Deloitte, presented their Final report to the Partnership and the Controller of Audit on the 2016/17 audit.
3.4	In the report Deloitte states " <i>We have confirmed that appropriate disclosure in relation to the governance review which is expected to clarify and fully describe the relationship with Shetland Islands Council. This includes a review of the statutory powers that have been transferred to ZetTrans. The outcome of this work will be followed up as part of our 2017/18 audit work.</i> "
3.5	It is crucial that ZetTrans in undertaking its duties works very closely with Shetland Islands Council to effectively develop and implement medium and long term plans that are aligned with available Shetland Islands Council resources as well as alignment with the Shetland Partnership's outcomes as expressed through the Local Outcomes Improvement Plan.
<b>4.0 Key Issues:</b>	
4.1	The purpose of this report is to provide information to ZetTrans on the true legal position regarding functional responsibility for securing the provision of public transport services and to ensure that Shetland Transport Partnership is clear about where that responsibility lies.
4.2	The report also seeks retrospective authority be granted to Shetland Islands Council for its actions, particularly in the arrangements for the contracting and provision of services post Transfer Order.
<b>5.0 Exempt and/or Confidential Information:</b>	
5.1	None.
<b>6.0 Implications:</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Provided that ZetTrans and Shetland Islands Council agree to regularise the transfer of functional responsibility to secure transport services in accordance with the recommendations in this report and the corresponding report to Shetland Islands Council, there will be no impact on service users, patients or communities.

<b>6.2 Human Resources and Organisational Development:</b>	<p>There will be no change. No employees will be affected by the provisions of this report. There will be no transfer of staff.</p>
<b>6.3 Equality, Diversity and Human Rights:</b>	<p>No implications.</p>
<b>6.4 Legal:</b>	<p>(a) Section 63 of the Transport Act 1985 placed a duty on Shetland Islands Council “to secure the provision of such public passenger transport services as the council consider it appropriate to secure to meet any public transport requirements within their area which would not in their view be met apart from any action taken by them for that purpose”. That duty clearly lay with the Council until the Transfer of Functions to the Shetland Transport Partnership Order 2006 was made and came into force on 1 November 2006.</p> <p>(b) The legal position of the Transfer of Functions to the Shetland Transport Partnership Order 2006 is different to the position as understood by all parties concerned at the time of its coming into force.</p> <p>(c) A Memorandum of Agreement (MOA) between ZetTrans and the Council was entered into on 1 November 2006, the same date as the Transfer Order. The MOA governs the relationship between the parties and tells us, amongst other things, that:</p> <p>“Certain functions relating to public transport currently undertaken by the Council are to be transferred to the Transport Partnership by virtue of the Transfer Order, or may be undertaken by the Council and the Transport partnership concurrently.”</p> <p>“Those Council staff who have hitherto carried out the administrative, professional and technical services associated with the functions transferring to the Transport Partnership will, after commencement of the Transfer Order, continue to carry out those services on behalf of the Council acting as agent for the Transport Partnership.”</p> <p>“The parties agree that they may both achieve best value in the carrying out of their respective functions by such supply of goods and/or materials and the provision of services by the Council to the Transport Partnership.”</p> <p>“In the provision of services under this Agreement, the Council shall act as agent of the Transport Partnership, and Council officers providing services to the Transport Partnership shall have the authority to enter into contracts on behalf of the Transport Partnership.”</p>

	<p>(d) The MOA is not restricted to bus services and therefore does not require to be amended in order to allow the future relationship between the parties to proceed in alignment with the true meaning of the Transfer of Functions to the Shetland Transport Partnership Order 2006.</p> <p>(e) ZetTrans are asked to authorise the actions of Shetland Islands Council in procuring certain transport functions on their behalf since 2006.</p>
<b>6.5 Finance:</b>	<p>"It is anticipated that there will be no financial implications arising from these circumstances, as ZetTrans is fully funded by Shetland Islands Council, however VAT adjustments have yet to be verified. The financial accounting implications of these circumstances were high-lighted in the 2016/17 Annual Accounts for both ZetTrans and Shetland Islands Council, where it clearly states that "... any changes arising from this [governance review] will be addressed in financial year 2017/18.", and the External Auditor, Deloitte have confirmed that the outcomes will be followed up as part of their 2017/18 audit.</p>
<b>6.6 Assets and Property:</b>	None.
<b>6.7 ICT and New Technologies:</b>	None.
<b>6.8 Environmental:</b>	None.
<b>6.9 Risk Management:</b>	<p>(a) Shetland Transport Partnership and Shetland Islands Council have worked closely together since the creation of the transport partnership to ensure public transport services are secured to meet the public's needs. The parties have between them, since 1 November 2006, delivered such transport requirements in accordance with the statutory obligations placed upon them. However, the Transfer Order transferred more functional responsibility to Shetland Transport Partnership than had been understood at that time.</p> <p>(b) By not addressing the issues noted in this report namely by granting retrospective approval for actions taken by Council and carrying out accounting and contractual adjustments and accepting the legal position as it is now properly understood there is a risk of: the Council acting ultra vires in terms of the power to provide subsidy or public transport services; discord between the two parties which could have a negative impact on the delivery of services; reputational damage; misalignment of objectives in terms of the transport strategy; upsetting future discussions between the parties on delivery of transport requirements; and challenges to the strong unified voice that both parties have in discussing and negotiating with government and its agencies on both internal and external transport provision.</p>

<b>6.10 Policy and Delegated Authority:</b>	ZetTrans' policy is to seek to have in place transport arrangements that meet people's needs and that can be afforded in the medium term. To achieve this policy ZetTrans works closely with Shetland Islands Council. Both parties must now act in accordance with the true meaning of the Transfer of Functions to the Shetland Transport Partnership Order 2006.	
<b>6.11 Previously Considered by:</b>	Not previously considered.	

**Contact Details:**

Michael Craigie – Lead Officer

Telephone: 01595 744160

Date Written: 27 October 2017

**Appendices:**

Appendix 1 – The Memorandum of Agreement between Shetland Islands Council and the Shetland Transport Partnership dated 1 November 2006

Appendix 2 – The Transfer of Functions to the Shetland Transport Partnership Order 2006

**Background Documents:**

None





**Minute of Agreement  
Between  
Shetland Islands Council  
And  
Shetland Transport Partnership**

**WHEREAS:**

- The Council is the local authority for the area of Shetland Islands;
- The Transport Partnership is the Transport Partnership for the region of Shetland;
- Certain functions relating to public transport currently undertaken by the Council are to be transferred to the Transport Partnership by virtue of the Transfer Order, or may be undertaken by the Council and the Transport Partnership concurrently;
- The Transport (Scotland) Act 2005 imposes other functions on the Transport Partnership;
- No employees of the Council will transfer to the Transport Partnership by virtue of the Transfer Order, notwithstanding the terms of Section 15 of the Transport (Scotland) Act 2005;
- The Transport Partnership must make arrangements for the carrying out of their functions;
- The Council may, in terms of the Local Authorities (Goods and Services) Act 1970, enter into an agreement with the Transport Partnership for (a) the supply by the Council to the Transport Partnership of any goods or materials, and (b) the provision by the Council to the Transport Partnership of any services;
- Those Council staff who have hitherto carried out the administrative, professional and technical services associated with the functions transferring to the Transport Partnership will, after commencement of the Transfer Order, continue to carry out those services on behalf of the Council acting as agent for the Transport Partnership;
- The parties agree that they may both achieve best value in the carrying out of their respective functions by such supply of goods and/or materials and the provision of services by the Council to the Transport Partnership;

**NOW THEREFORE** the Council and the Transport Partnership agree as follows:-

**1. Definitions**

1.1 In this Agreement (including the foregoing preamble) where the context so admits the following expressions shall have the following meanings:-

Agreement	Means this Minute of Agreement together with the Schedule annexed and signed as relative hereto, and any Variation of the Agreement, Schedule, Annexe or other writing subscribed on behalf of the Council and the Transport Partnership and relating to this Agreement
Council	Means Shetland Islands Council established in terms of the Local Government etc. (Scotland) Act 1994 and having their principal offices at the Town Hall, Lerwick, Shetland, ZE1 0HB

Transfer Order	Means the Transfer of Functions to the Shetland Transport Partnership Order 2006
Transport Partnership	Means the Shetland Transport Partnership established with that name by the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005

## **2. Duration**

2.1 This Agreement shall endure until terminated by written agreement of the Council and the Transport Partnership, or on the expiration of a period of 6 months after the service of written notice by one party served on the other.

2.2 The provision of any service provided by the Council to the Transport Partnership in terms of the Schedule to this Agreement may be terminated by written agreement of the Council and the Transport Partnership, or on the expiration of a period of notice of 6 months relative to that service.

## **3. Services**

3.1 The Council shall provide to the Transport Partnership the administrative services specified in Part One of the Schedule hereto in accordance with the clauses of this Minute of Agreement and the conditions specified in the said Part One of the Schedule.

3.2 At the request of the Transport Partnership, the Council shall provide to the Transport Partnership the professional and technical services specified in Part Two of the Schedule hereto in accordance with the clauses of this Minute of Agreement and the conditions specified in the said Part Two of the Schedule.

3.3 In the provision of services under this Agreement, the Council shall act as agent of the Transport Partnership, and Council officers providing services to the Transport Partnership shall have the authority to enter into contracts on behalf of the Transport Partnership.

## **4. Goods and Materials**

4.1 At the request of the Transport Partnership, the Council shall supply or procure the supply of all necessary goods and materials, including office equipment, stationery etc.

## **5. Accommodation**

5.1 At the request of the Transport Partnership, the Council may make serviced and maintained office accommodation available for the occupation of the Transport Partnership.

5.2 At the request of the Transport Partnership, the Council may make meeting rooms available for meetings of the Transport Partnership.

## **6. Staff**

6.1 If requested by the Transport Partnership, the Council may employ administrative, professional, technical and clerical services staff to carry out the functions of the Transport Partnership. If the Council accede to such a request the Transport Partnership will have to bear all costs

## **7. Quality of Service Provision**

7.1 The Council will provide the services under the Agreement with reasonable skill, care and diligence. Services of a professional nature will be provided by the Council in accordance with relevant generally accepted professional standards.

#### **8. Costs**

The Council will record time spent and outlays in connection with the provision of goods and services under this Agreement, and shall account to the Transport Partnership for same. The Transport Partnership shall make payment to the Council in respect of all costs, including any VAT applicable, for such provision as detailed in invoices submitted periodically by the Council to the Transport Partnership.

#### **9. TUPE**

9.1 As structured the parties do not consider that this Agreement gives rise to TUPE rights.

#### **10. Dispute Resolution**

10.1 Both parties shall aim to resolve any dispute by discussion but, failing resolution, any dispute between the Transport Partnership and the Council regarding the subject of this Agreement, shall be referred to an Arbiter to be appointed by agreement, failing which, by appointment by the chairman of the Chartered Institute of Arbitrators Scottish Branch.

#### **11. Notices**

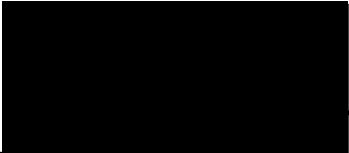
11.1 Any notice to be served in terms of this Agreement may be served in the case of the Transport Partnership by being sent to the offices of the Head of Transport, 11 Hill Lane, Lerwick, Shetland, ZE1 0HA and , in the case of the Council, by being sent to the offices of the Chief Executive, Town Hall, Lerwick, Shetland, ZE1 0HB.

#### **12. Laws of Scotland**

12.1 This Agreement shall be governed by and construed in accordance with Scottish Law and the parties hereby submit to the exclusive jurisdiction of the Scottish Courts.

**IN WITNESS WHEREOF** these presents consisting of this and the two preceding pages together with the schedule annexed are signed on behalf of the parties, at Lerwick, as follows:

  
\_\_\_\_\_  
(sd)  
Jan-Robert Riise, Legal Officer for Shetland  
Transport Partnership

  
\_\_\_\_\_  
(sd)  
Michael Craigie, Head of Transport for  
Shetland Islands Council

1 November 2006 (Date)

1 November 2006 (Date)

## **SCHEDULE**

### **PART ONE**

#### **Administrative and Clerical Services**

all administrative and clerical services, as currently carried out by the Transport and other sections of the Council, as may be required to support the following functions:

- The preparation, delivery and updating of the Regional Transport Strategy
- Securing the provision of socially necessary public transport services
- Administering and managing travel concession schemes
- Promoting and securing quality partnership and quality contract schemes
- Administering and managing ticketing schemes and ticketing arrangements
- Promoting and publishing information about bus services
- Provision and maintenance of bus shelters
- Administering and managing grants for transport facilities and services

### **PART TWO**

#### **Professional Services**

**Accountancy and Financial, including Internal Audit**

**Architectural**

**Engineering, including traffic and transportation engineering**

**Governance**

**Human Resources**

**Legal**

**Procurement and Tendering**

**Project management**

**Property management**

**Technical Services**

---

SCOTTISH STATUTORY INSTRUMENTS

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**2006 No. 527**

**TRANSPORT**

**The Transfer of Functions to the Shetland Transport Partnership  
Order 2006**

*Made* - - - - - *31st October 2006*

*Coming into force* *1st November 2006*

The Scottish Ministers, in exercise of the powers conferred by sections 10(1) and 52(4) of the Transport (Scotland) Act 2005(a) and all other powers enabling them in that behalf, and following consultation in terms of section 10(8) of that Act, hereby make the following Order, a draft of which has, in accordance with section 52(3) of that Act, been laid before and approved by resolution of the Scottish Parliament:

**Citation and commencement**

1. This Order may be cited as the Transfer of Functions to the Shetland Transport Partnership Order 2006 and shall come into force on the day after the day on which it is made.

**Interpretation**

2. In this Order—

“Shetland Islands Council” means the council of that name constituted under section 2 of the Local Government etc. (Scotland) Act 1994(b); and

“the Shetland Transport Partnership” means the Transport Partnership established with that name by the Regional Transport Partnerships (Establishment, Constitution and Membership) (Scotland) Order 2005(c).

**Transfer of functions to the Shetland Transport Partnership**

3. The functions which are exercisable by Shetland Islands Council by virtue of the enactments specified in column 1 of Schedule 1 shall, subject to any restriction in the corresponding entry in column 2 of that Schedule, be exercisable by the Shetland Transport Partnership instead of by Shetland Islands Council.

**Functions exercisable concurrently by the Shetland Transport Partnership**

4. The functions which are exercisable by Shetland Islands Council by virtue of the enactments specified in column 1 of Schedule 2 shall, subject to any restriction in the corresponding entry in column 2 of that Schedule, be exercisable by the Shetland Transport Partnership concurrently with Shetland Islands Council.

---

(a) 2005 asp 12.  
(b) 1994 c.39.  
(c) S.S.I. 2005/622.

### **Transitional and saving provision**

5.—(1) The transfer, by virtue of this Order, of any function exercisable by Shetland Islands Council to the Shetland Transport Partnership shall not affect the validity of anything done (or having effect as if done) by or in relation to Shetland Islands Council before the date on which the transfer takes effect.

(2) Anything (including legal proceedings) which, at the time when that transfer takes effect, is in the process of being done by or in relation to Shetland Islands Council may, so far as it relates to any function transferred, be continued by or in relation to Shetland Transport Partnership.

(3) Anything done (or having effect as if done) by or in relation to Shetland Islands Council for the purposes of or in connection with any function transferred to the Shetland Transport Partnership by virtue of this Order shall, if in force at the time when that transfer takes effect, have effect as if done by or in relation to Shetland Transport Partnership in so far as that is required for continuing its effect after that time.

St Andrew's House,  
Edinburgh  
31st October 2006

*TAVISH SCOTT*  
A member of the Scottish Executive

# SCHEDULE 1

Article 3

## FUNCTIONS TRANSFERRED TO THE SHETLAND TRANSPORT PARTNERSHIP

<i>Column 1 Enactment</i>	<i>Column 2 Restrictions</i>
The Transport Act 1985 (c.67)	
(a) sections 63(a) and 64(b); and	(a) only so far as the functions do not relate to Shetland Islands Council as— <ul style="list-style-type: none"> <li>(i) an education authority for the purposes of the Education (Scotland) Act 1980 (c.44); or</li> <li>(ii) a local authority for the purposes of the Social Work (Scotland) Act 1968 (c.49);</li> </ul>
(b) sections 93 to 100(c).	(b) —
The Transport (Scotland) Act 2001 (asp 2), sections 3, 5(d) to 10, 13 to 21, 23 to 25, 28 to 31, 33 to 35 and 47.	—

- (a) Section 63 was amended by the Transport (Scotland) Act 2001 (asp 2) ("the 2001 Act"), Schedule 2, paragraph 4(3) and the Local Government in Scotland Act 2003 (asp 1) ("the 2003 Act"), section 60(3)(a).
- (b) Section 64 was amended by the Transport Act 2000 (c.38), Schedule 11, paragraph 12.
- (c) Section 93 was amended by the 2003 Act, section 44(1). Section 94(4) was amended by the 2001 Act, Schedule 2, paragraph 4(5).
- (d) Section 5 was amended by S.S.I. 2001/218.

## SCHEDULE 2

Article 4

### FUNCTIONS EXERCISABLE CONCURRENTLY BY THE SHETLAND TRANSPORT PARTNERSHIP AND SHETLAND ISLANDS COUNCIL

<i>Column 1 Enactment</i>	<i>Column 2 Restrictions</i>
The Local Government (Omnibus Shelters and Queue Barriers) (Scotland) Act 1958 (c.50), sections 1 to 4(a) and 6.	
The Road Traffic Regulation Act 1984 (c.27)–	
(a) sections 1 to 4(b); and	(a) only so far as the functions are exercisable by Shetland Islands Council as the local traffic authority for facilitating the passage on the road or any other road of–
	(i) public service vehicles within the meaning of the Public Passenger Vehicles Act 1981 (c.14); and
	(ii) taxis and private hire cars for which a licence is required by virtue of section 10(1) of the Civic Government (Scotland) Act 1982 (c.45).
(b) section 19(c).	(b) –
The Transport Act 1985 (c.67), section 106(d)	–

- (a) Section 1 was amended by the Roads (Scotland) Act 1984 (c.54) ("the 1984 Act"), sections 49, 156(1) and Schedule 9, paragraph 48(2)(a)(b). Section 2 was amended by the 1984 Act, sections 49, 156(1) and Schedule 9, paragraph 48(3). Section 3 was amended by S.I. 2003/2155. Section 4 was amended by the 1984 Act, section 49.
- (b) Section 1 was amended by the 2001 Act, Schedule 2, paragraph 3. Section 2 was amended by the New Roads and Street Works Act 1991 (c.22) ("the 1991 Act"), Schedule 8(11), paragraph 18(4). Section 3 was amended by the 1991 Act, Schedule 9, paragraph 1. Section 4 was amended by S.I. 1996/1553.
- (c) Section 19 was amended by the 1991 Act, Schedule 9, paragraph 1.
- (d) Section 106 was amended by S.I. 1996/974.



## **EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order provides for certain statutory functions of Shetland Islands Council relating to transport to be exercisable by the Shetland Transport Partnership instead of, or concurrently with, that Council.

Article 3 and Schedule 1 provide for the transfer of certain statutory transport functions exercisable by Shetland Islands Council to the Shetland Transport Partnership, subject, in certain cases, to specified restrictions. The functions transferred include functions relating to local travel concessionary schemes, making quality partnership and quality contract schemes, ticketing arrangements and ticketing schemes.

Article 4 and Schedule 2 provide for the concurrent exercise of certain statutory transport functions by Shetland Islands Council and the Shetland Transport Partnership, subject, in certain cases, to specified restrictions. The functions transferred include the function of making traffic regulation orders and functions relating to the provision and maintenance of bus shelters.

Article 5 makes general transitional and savings provisions to facilitate the transfer of functions provided for in the Order.

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SCOTTISH STATUTORY INSTRUMENTS

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**2006 No. 527**

**TRANSPORT**

**The Transfer of Functions to the Shetland Transport Partnership  
Order 2006**

**£3.00**

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## Zetland Transport Partnership

Agenda Item

**3**

<b>Meeting(s):</b>	Zetland Transport Partnership	2 November 2017
<b>Report Title:</b>	ZetTrans DRAFT Annual Report 2016/17	
<b>Reference Number:</b>	ZTP-26-17-F	
<b>Author / Job Title:</b>	Peter Mogridge – Transport Policy and Projects Officer	

### 1.0 Decisions / Action Required:

#### 1.1 That the Partnership:

- 1.1.1 CONSIDER the draft ZetTrans Annual Report 2016 -2017 (Appendix 1); and
- 1.1.2 AUTHORISE the Lead Officer or his nominee to finalise and a) publish the Annual Report 2016 - 2017 and b) give it to the Scottish Ministers.

### 2.0 High Level Summary:

- 2.1 The DRAFT Annual Report 2016/17 captures the state of the Partnership at the end of the 2016/17 financial year, by summarising the Partnership's activities during that period, and outlining its plans for the 2017/18 financial year. The final Plan will be submitted to Scottish Ministers, once approved by the Partnership.

### 3.0 Corporate Priorities and Joint Working:

- 3.1 ZetTrans' policy is to seek to have in place transport arrangements that are affordable and meet people's needs. To achieve this policy ZetTrans works closely with Shetland Islands Council. Shetland Islands Council's "Our Plan 2016 to 2020" states: 'There will be transport arrangements in place that meet people's needs and that we can afford to maintain in the medium term'.

### 4.0 Key Issues:

#### 4.1 The DRAFT Annual Report:

- 4.1.1 Provides background information on the Partnership's past and current structure.
- 4.1.2 Summarises the current state of transport in Shetland.
- 4.1.3 Describes how the Partnership has functioned, and summarises what it has achieved, during the 2016/17 financial year.
- 4.1.4 Provides an indication of its intentions for 2017/18.

4.1.5 Reports the end-of-year Financial Outturn position of the Partnership.	
4.1.6 Records how the Partnership has met, and will continue to meet, the statutory obligations placed upon it.	
<b>5.0 Exempt and/or Confidential Information:</b>	
5.1 None.	
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	For ZetTrans to fulfil its statutory obligations, it is essential that the Partnership publishes a clear and easy-to-understand report that is made available to the public and all interested parties.
<b>6.2 Human Resources and Organisational Development:</b>	None.
<b>6.3 Equality, Diversity and Human Rights:</b>	The DRAFT Annual Report contains information relating to the Partnership's Equalities Scheme Statement.
<b>6.4 Legal:</b>	Under paragraph 14 of schedule 1 to the Transport (Scotland) Act 2005, the Partnership must: <ul style="list-style-type: none"> <li>(a) as soon as practicable after the end of each financial year, give the Scottish Ministers and publish a report on the performance of its functions during that year;</li> <li>(b) provide the Scottish Ministers with such information about the performance of those functions as they may require.</li> </ul>
<b>6.5 Finance:</b>	There are no direct implications arising from this report. The DRAFT Annual Report contains the Partnership's 2016/17 Outturn Position.
<b>6.6 Assets and Property:</b>	None.
<b>6.7 ICT and New Technologies:</b>	None.
<b>6.8 Environmental:</b>	None.
<b>6.9 Risk Management:</b>	Failing to provide Scottish Ministers with an Annual Report in a timely manner would put the Partnership in breach of its obligations under the Transport (Scotland) Act 2005.

<b>6.10 Policy and Delegated Authority:</b>	ZetTrans has functional responsibility to secure transport services in Shetland under the Transfer of Functions to the Shetland Transport Partnership Order 2006.	
<b>6.11 Previously considered by:</b>	N/A	

**Contact Details:**

Peter Mogridge – Transport Policy and Projects Officer

Phone: 01595 745802

E-mail [peter.mogridge@shetland.gov.uk](mailto:peter.mogridge@shetland.gov.uk)

26 October 2017

**Appendices:**

Appendix 1 – DRAFT Annual Report

**Background Documents:**

None



# Annual Report 2016-2017

**Ze Trans**  
SHETLAND'S TRANSPORT PARTNERSHIP



DRAFT – Version 0.3 – October 2017

## Foreword

It is proposed that this section be completed by the incoming Chair with reference to the previous Partnership's work.

DRAFT



## Contents

Foreword .....	1
Introduction .....	4
Shetland's Regional Transport Strategy .....	5
Shetland Transport Strategy Refresh .....	6
Proposed Vision and Strategic Objectives – Summary Table.....	7
Proposed Main Issues – Summary Table .....	7
Shetland Transport Strategy Delivery.....	8
Shetland's Transport Provision .....	9
Internal Transport Overview.....	9
Internal Bus Services.....	9
Internal Ferry Services .....	10
Internal Air Services.....	11
Sustainable Travel .....	11
Fixed Links.....	12
Relationships with other RTPs .....	13
External Transport Overview .....	13
External Ferry Services.....	13
External Air Services .....	14
External Transport Forum .....	14
Monitoring and Evaluation .....	14
ZetTrans Performance Indicators.....	15
Reliability of Shetland's Transport .....	15
Standards of Road Maintenance .....	15
Fuel Consumption Levels .....	15
Market Growth on Shetland's Transport Network .....	15
Public Transport Accessibility.....	15
Sustainable Transport Usage .....	15
Road Safety Levels.....	15
Transport Integration Opportunities.....	15
Cost of the Provision of Shetland's Public Transport Network .....	15

Cost to the User on Shetland's Public Transport Network .....	16
Additional Activity 2016/17 .....	16
Shetland Inter-Island Transport Study.....	16
Shetland Inter-Island Air Services Review .....	16
Lifeline Ferry Service Re-contracting.....	16
ZetTrans Governance Review .....	16
Planned Activity 2017-2018.....	16
Financial Report .....	18
2016/17 Outturn Position .....	18
ZetTrans Statutory Obligations .....	19
Equalities Scheme Statement .....	19
Public Services Reform (Scotland) Act 2010 .....	20
Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015	20

## Introduction

As ZetTrans recently completed staff resource moves to refresh the Shetland Transport Strategy, with an ongoing review of the ZetTrans governance structure and a likely change in the membership of the Partnership following the Local Authority elections in May 2017, this report bridges an important transitional stage in the life of the ZetTrans Partnership.

The last annual report presented to the Partnership covered the 2015/16 financial year. This annual report covers the financial year 2016/17.

Zetland Transport Partnership (ZetTrans) was established and held its first meeting on 20 December 2005, following the introduction of Regional Transport Partnerships by the Transport (Scotland) Act 2005, and a campaign by Shetland to be recognised as a Regional Transport Partnership (RTP) in its own right.

ZetTrans Membership continues to consist of four Councillor members as well as a member each from NHS Shetland and the Local Enterprise Company: Highlands and Islands Enterprise. The Partnership also invites advisors from Lerwick Port Authority, Shetland Development Trust, Promote Shetland, Visit Scotland and the Sumburgh Airport Consultative Committee.

The Scottish Local Authority elections in May 2017, together with their associated close-down of political activity, have had an unavoidable impact on the approval and processing of ZetTrans work during the final months of the 2016/17 financial year. The outcome of these elections will bring about a change in the make-up of the Partnership.

As a statutory body, ZetTrans has responsibility for the development and delivery of the Regional Transport Strategy and currently holds functional responsibility for the delivery of the local bus services

When planning its activity, ZetTrans engages actively with the public, local community representatives, stakeholders, its partners and transport operators.

Operational funding for ZetTrans continues to be secured from Shetland Islands Council, with support provided by the Scottish Government. The majority of projects and actions arising from the Regional Transport Strategy are funded either through the SIC's capital and revenue funds, or from the Scottish Government. Past interventions have also included grant funding from the EU.

ZetTrans is one of 7 Regional Transport Partnerships (RTPs) covering the whole of Scotland. Each RTP is required to produce a Regional Transport Strategy (RTS) detailing its assessment of local transport needs and proposed measures to address gaps in provision and/or improvements to the existing position. ZetTrans does not currently hold a delegated budget of its own and this can limit its ability to lever in additional funding to support its activities.

## Shetland's Regional Transport Strategy

The Shetland Transport Strategy (STS) is the Regional Transport Strategy (RTS) for ZetTrans and is the key, statutory document which informs and guides our activities.

ZetTrans, in consultation with Shetland Islands Council, approved Shetland's current STS before it was submitted to the Scottish Executive Ministers for approval on the 30 March 2007. At the request of the then newly-elected Scottish Government the STS was resubmitted in May 2008. The Minister for Transport, Infrastructure and Climate Change, approved the current strategy on behalf of the Scottish Government on 28 July 2008.

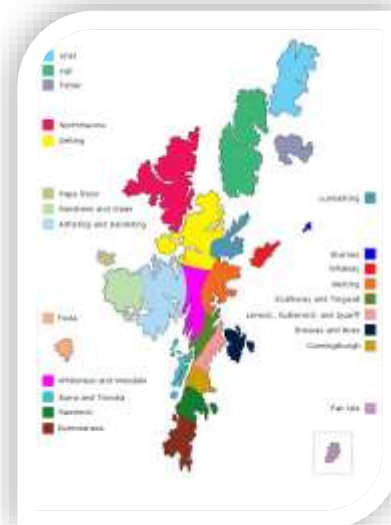
The STS vision and objectives were developed following an extensive period of community and stakeholder consultation, analysis of constraints and drivers, and a detailed assessment of key problems and opportunities. This process and its outcomes are detailed in the current STS.

The vision in 2007 was:

*"To develop an effective, efficient, safe and reliable transport system for Shetland. The transport system will comprise an integrated network of accessible and affordable internal, inter-island and external links, which will contribute to the development of a safe, healthy, vibrant and inclusive society, a diverse, successful and self-sufficient economy, and enhanced environmental quality".*

The STS is used to:

- Represent accurately the vision for Shetland's transport
- Provide authoritative, ongoing, assessment of Shetland's transport
- Guide and co-ordinate improvements to Shetland's transport
- Underpin sound business cases for appropriate capital investment
- Underpin sound business cases for revenue support
- Underpin an annual delivery programme of specific, targeted activities, projects and interventions
- Underpin funding applications for programmes and projects



## Shetland Transport Strategy Refresh

As covered in the previous section, the Shetland Transport Strategy (STS) was approved over 9 years ago, and in line with other RTPs, ZetTrans Partnership agreed in 2015/16 that an RTS refresh is needed.

It is not envisaged that the rationale for the STS will be fundamentally altered by the refresh process. The objectives and desired outcomes are likely to remain substantially the same. It is however both prudent and timely to:

- Review the current STS in line with relevant policy changes and developments since 2006
- Review the ongoing relevance and accuracy of all elements of the STS
- Refresh the structure and presentation of the information contained in the STS

The refresh comprises 2 stages:

1. A review process
2. Recommendations on the form and content of the new document

Stage 1 was completed in May 2015 and sought an external audit and evaluation of the STS with a view to highlighting elements that need to be revisited. To achieve this, Stage 1 comprised:

- A review of changes in relevant policies to highlight how these changes impact on the STS and its context
- Initial consultation with relevant individuals and stakeholders
- Recommendations for the structure of Stage 2

Overseen by a specially formed, short-life, working group comprising key stakeholders, stage 2 was begun in 2016/17 and a draft Main Issues Report was produced in February 2017. The draft Main Issues Report also proposes a revised ZetTrans' vision and set of strategic objectives.

Mindful of the Scottish Local Authority elections to be held in May 2017 and the potential changes to the make-up of ZetTrans, the Partnership felt it was right and proper that final approval of the proposed Main Issues, Strategic Objectives and Vision should be made at the its first post-election meeting.

The refreshed Shetland Transport Strategy (STS) will follow therefore also be presented to ZetTrans for approval during the 2017/18 financial year. The refreshed STS will set out measures to address the Main Issues, meet the Strategic Objectives and achieve the Vision. Summary tables of the proposed Main Issues, Strategic Objectives and Vision are included in the next two sections of this document.

## Proposed Vision and Strategic Objectives – Summary Table

*To develop travel and transport solutions for Shetland which underpin our Economy, support our Communities and conserve our Environment*

<b>STRATEGIC OBJECTIVE 1</b> To underpin Shetland's economy by enabling individuals to access employment and training and businesses to access labour markets, customers and suppliers	<b>STRATEGIC OBJECTIVE 2</b> To support Shetland's communities by enabling individuals, families and localities to thrive socially, physically and economically	<b>STRATEGIC OBJECTIVE 3</b> To conserve Shetland's environment by enabling the reduction of detrimental transport impacts on Shetland's unique natural resources
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<b>LOIP Outcome D</b> Shetland has sustainable economic growth and all our people have the chance to be part of island life.		<b>LOIP Outcome C</b> Shetland is a safe place to live for all our people, and we have strong, resilient and supportive communities		<b>LOIP Outcome B</b> We live longer healthier lives and people are supported to be active and independent throughout adulthood and in older age		<b>LOIP Outcome E</b> We deliver all our services in an environmentally sustainable manner to safeguard and enhance our outstanding environment which underpins all our actions and our economic and social well-being	
Lifeline Transport	Transport Robustness	Community Support	Integration Support	Behavioural Change	Change Management		

## Proposed Main Issues – Summary Table

Proposed Main Issues	Approach	Detail	Scottish Government Objective	National Transport Strategy Objective
Lifeline Transport	Working in partnership and through influence	To maintain, improve and expand the affordability, availability, flexibility and reliability of Shetland's lifeline transport links for both freight and passengers.	Wealthier, Fairer	Economic growth / Social inclusion
Transport Robustness	Working alone, in partnership and through influence	To enable, develop and promote community, commercial and flexible transport solutions when and where appropriate. To ensure the transport sector provides safe, inclusive and attractive travel options.	Stronger, Wealthier	Environment / Integration / Economic Growth / Safety
Community Support	Working in partnership	To support all of Shetland's communities by securing equitable access to employment, training, leisure, and services.	Fairer, Stronger	Social Inclusion
Integration Support	Working alone and in partnership	To support improved integration in ticketing, information and transport services.	Smarter, Fairer	Integration
Behavioural Change	Working in partnership	To enable and promote healthier, more sustainable and greener travel choices.	Healthier, Greener	Environment
Change Management	Working alone and in partnership	To plan for changes in legislation, transport demand, transport supply and transport funding by monitoring, recording and acting.	Smarter, Stronger	Environment / Economic growth / Social inclusion

### Shetland Transport Strategy Delivery

ZetTrans works in partnership with Shetland Islands Council (SIC) to provide its office accommodation and staff. ZetTrans' current staffing resource stands as follows:

FTE	ROLE
1.0	Lead Officer
1.0	Transport Contracts and Operations Officer
1.0	Transport Policy and Projects Officer
0.38	Transport Assistant – Finance
0.62	Transport Assistant – Monitoring
0.38	Transport Assistant – Monitoring
1.0	Administration Assistant

These staff, along with other SIC personnel connected to the provision of transport services and infrastructure, work jointly on SIC and ZetTrans tasks as appropriate.

Shetland Islands Council staff, policies and procedures provide the administrative, legal and financial support to the Partnership.

ZetTrans itself determines the content and direction of its activities.

## Shetland's Transport Provision

As an island community, Shetland can divide its transport needs clearly between internal/ inter-island and external. Recognising this clear division, ZetTrans can make an equally clear division between the activities and projects it is able to deliver:

- In its own right
- By working in partnership
- By consulting and influencing third parties

Necessarily, internal transport fits more easily with 1 and 2 and external transport more easily with 2 and 3.

## Internal Transport Overview

Since 2005, ZetTrans has operated against the ongoing background issues of:

- Pressures to reduce costs
- Changing regulatory requirements
- Infrastructure renewal and replacement needs

In addition, there is a general background of declining populations in the more remote parts of the islands which has an inevitable impact on the passenger numbers on connecting bus, ferry and air services. At the same time, in order to support these vulnerable communities, the need to connect them with the rest of Shetland is ever more vital.

## Internal Bus Services

In 2014, in order to improve efficiency and quality, ZetTrans, in partnership with Shetland Islands Council (SIC), instituted a new framework agreement for passenger transport contracts. In order to be eligible to bid for these contracts, individuals and companies were required to pre-qualify for the tendering process by applying to be on this framework. The framework covers 4 types of passenger transport:

- Short notice and urgent services
- Supported public local and community bus services
- Mainstream school services
- Additional special needs (ASN), social care, healthcare and other services

There were 34 successful tenders to be included in the framework. These ranged from established local bus companies to individual taxi drivers. ZetTrans continues to monitor the operation of the framework in preparation for its replacement when the current framework expires in February 2018.





During the 2014 re-contracting exercise no acceptably priced bids to run the West Mainland service were received. As a result, ZetTrans decided to operate this service itself through a Memorandum of Agreement with Shetland Islands Council. ZetTrans continues to monitor this service closely.

Prior to August 2014, all bus ticket revenue was retained by the bus service operators. Since that date, all revenue from public transport bus contracts has been retained by ZetTrans. As there are no commercial public bus services in Shetland and as SIC owns all the bus ticket machines, this gives ZetTrans executive control over bus fares and bus fare products.

A consultation exercise was undertaken in 2012 with a view to redesigning transport provision. The principle objectives of this redesign were to address identified gaps in provision and to provide equitable service levels across Shetland. The key elements of the new provision were to provide improved commuting, shopping, access to health services and leisure connections for the whole population and to regularise bus fares. This has been achieved through a combination of mainline services coupled with connecting feeder, shopping and dial-a-ride services.

In 2007, new Smart Card ticket machines were introduced on public bus services in Shetland. Prior to that date, more traditional paper tickets had been used. The new system provides for a 20% discount when paying by Smart Card and also accepts National Entitlement cards. All data produced by the ticket machines is processed by SIC's Transport Planning Service. It remains the intention of ZetTrans to develop further the Smart Card system currently used on its buses to include inter-island ferries and inter-island air services. The current machines are now requiring comprehensive renewal.

By improving the local bus network and taking control of revenue and ticketing, ZetTrans has laid the foundations for encouraging increased bus use. Pursuing this goal will be a key element of the refreshed STS.

### Internal Ferry Services

Historically, the inter-island ferry services sat alongside buses and air transport entirely within SIC's Transport Service in the Infrastructure Services Department. Since the re-organisation in 2011 this arrangement has changed.

Inter-island ferry service operations now sit within SIC's Transport Infrastructure Service. The service specifications and timetables however, remain the responsibility of Transport Planning and are developed in co-ordination with ZetTrans bus timetables. ZetTrans continues to work with all relevant parties to maximise efficiency in this regard.

Funding for the inter-island ferry services is currently provided by SIC and the Scottish Government. The funding regime and the fundamentals of responsibility and delivery remain under review and ZetTrans continues to be involved as a partner in that process.

Inevitably, the ferries and harbour infrastructure are ageing and revisions in regulations mean that it will not be possible to replace the vessels like-for-like. Larger vessels will be needed in the future with knock-on implications for harbour infrastructure improvements. ZetTrans continues to work with its partners to plan for future improvements and replacements.

### Internal Air Services

Historically, the inter-island air services sat alongside buses and air transport entirely within SIC's Transport Service. Since the re-organisation in 2011 however, this arrangement has changed.

Currently, inter-island air services continue to be based at SIC's Tingwall Airport, 6 miles from Lerwick. The airport is managed and financed by SIC's Infrastructure Services Department. Air service specification, schedules and fares are specified by SIC's Transport Planning Service with the revenue being kept by the contracted service operator.



The airstrips on each of the islands served by inter-island air services are supported by grant funding administered from the Council's Transport Planning Service. Funding for the inter-island air services originates from SIC with a grant from the Scottish Government. The air services contract is due for renewal in 2016/17.

The unpredictable provision of fire cover at the smaller airstrips continues to cause problems. This is unfortunately a function of the small populations on these islands. As a result, there continue to be no regular inter-island air services to/from Out Skerries because the community cannot provide sufficient numbers of personnel to undertake the necessary training and attend each scheduled flight. The situation at the other principle air strips on Foula and Fair Isle continue to be monitored closely.

Several of the island airstrips therefore face an uncertain future as operational requirements become more stringent and falling populations reduce the capacity of these islands to operate these vital resources safely and legally.

### Sustainable Travel

In March 2017, the Annual Cycling Monitoring Report stated that 59.4% of all journeys in Shetland were less than 5km with the number of folk cycling to work usually or regularly on a continuing decrease from 3.2% in 2012/13 to 1.8% in 2014/15.

The reliance on, and preference for, travelling by car does not alter the fact that those without access to cars continue to be the most vulnerable groups in society, namely: the young, the old, the less well-off and people with disabilities. Nor does high car use negate the need to address the Climate Change agenda by ensuring alternative means of transport are available.

In line with the above, the need to encourage sustainable travel therefore features strongly in the ZetTrans vision for transport in Shetland. Our vision is linked closely to the Health, Active Travel and Climate Change agendas all of which are priorities for the Scottish Government.

Even in a mainly rural county such as Shetland, there are many opportunities to walk, cycle or car share and actions to foster and encourage these modes of transport are included in the RTS.

Over the past year, ZetTrans has worked with partners including Shetland Islands Council and NHS Shetland to undertake a feasibility study into promoting the uptake of active travel in Shetland. It has also worked with its partners in the Shetland Partnership to streamline policy on active travel and physical activity.

In addition, no scheme exists within SIC to provide loans for cycle purchase but, ZetTrans is aware that promoting cycling as a feasible transport option within the Lerwick area (and perhaps beyond) needs to be addressed. To this end, ZetTrans will seek to secure funding for targeted interventions to increase the uptake of greener and healthier travel choices.

During 2016/17, ZetTrans, in partnership with NHS Shetland and SIC, successfully bid for funding to undertake a feasibility study into the creation of a network of hubs to facilitate and encourage the uptake active and sustainable travel. It is hoped that the recommendations of this study will lead to a successful funding bid during 2017/18.

### Fixed Links

The island communities of Bressay, Yell, Unst and Whalsay continue to hold serious concerns about the capacity and capabilities of the current ferry network as well as the year on year costs of ferry services in an environment of reduced public sector funding.

Engagement with these communities tells us that they believe that uncertainty surrounding inter island transport and the growing difficulty in affording travel at a personal level are leading to serious population decline, particularly in the younger segment of the islands' populations.

Over the past 15 years, a great deal of work has been undertaken on whether fixed links are a viable way of connecting the Shetland mainland with the islands of Bressay, Yell, Unst and Whalsay.

The principle impetus for these studies has been to explore what fixed links can achieve and to establish the nature of the technical and financial challenges that would exist in providing fixed links as an alternative to ferries.

It is clear from consultation with the island communities that they believe fixed links are the key to a more reliable and sustainable future. At the same time, the need for ongoing spending on ferry and air transport and its infrastructure could be removed from the budget.

In summary, the key findings from these studies have recognised the long-term viability and benefits of fixed links but have highlighted the difficulty of securing funding for such major interventions.

### Relationships with other RTPs

Joint meetings of the Regional Transport Partnerships (RTPs) take place quarterly with the Chair and Lead Officers from the other regions around Scotland invited to attend. These meetings are a means of discussing wider transport issues within Scotland, comparing and learning from best practice.

These meetings also allow ZetTrans to:

- Provide a more strategic approach to planning and delivery
- Build on existing joint working relationships
- Work in partnership with Transport Scotland and the Scottish Government
- Bring together local authorities and principal stakeholders

Despite its size and isolation Shetland's transport needs and provision are subject to the same forces, challenges and opportunities as the rest of the country. ZetTrans believes strongly that, being so self-contained, Shetland can provide the ideal location to pilot new approaches to transport delivery.

### External Transport Overview

Sea and air transport to and from Shetland provide lifeline services connecting the islands with the rest of Scotland and beyond. These services are provided with both commercial and Scottish Government money so this is an area where ZetTrans works in partnership with other organisations both locally and external to Shetland and where it uses its good offices to influence and effect change.

### External Ferry Services

The lifeline Northern Isles ferry service between Shetland, Orkney and mainland Scotland is funded by the Scottish Government and is currently operated under contract by SERCO NorthLink Ferries.

In May of 2012, the contract to operate the Northern Isles service was passed from Northlink to SERCO Northlink. The contract will run until 2018. A Scottish Government review of the Northern Isles Ferry services was commenced in September 2015 with a view to informing the new 2018 contract service provision.

Currently, residents of Shetland are entitled to a discount of 30% on vehicle and passenger fares, but not for accommodation. Residents can also nominate friends and family to receive the same discounts outside of the peak summer months.

Issues regarding fare levels and the availability of passenger accommodation continue to be raised within the local community and ZetTrans will continue to work in partnership with SIC to ensure that these issues are to the forefront when designing ferry services post 2018.

In February 2017, the Scottish Government announced a review into the future tendering of its ferry contracts. As a result, the current SERCO Northlink contract is likely to be extended. ZetTrans will seek to ensure its involvement in the discussions on this issue during the 2017/18 financial year.

### External Air Services

External air services operate from Sumburgh airport in the south of mainland Shetland, 25 miles from Lerwick. Routes are currently operated to Kirkwall, Aberdeen, Inverness, Glasgow and Edinburgh. There is an additional, seasonal service to Bergen.

The airport is operated by Highland and Islands Airports Limited (HIAL). Flights are currently operated by Loganair under a FlyBe franchise.

The Air Discount Scheme, funded by the Scottish Government, was extended to include charities and volunteers in July 2012. The Scottish Government announced an increase in the Air Discount Scheme from 40% to 50% in late 2015 and implemented this increase in January 2016.

On 21<sup>st</sup> November 2016, Logan Air announced its intention to end its franchise operation with FlyBe and to recommence operations in its own name for the first time on over 20 years from 1<sup>st</sup> September 2017. ZetTrans and its partners are monitoring the situation closely to see what opportunities for service improvements may arise.

### External Transport Forum

The External Transport Forum meets quarterly with members, officers, external transport providers, SERCO Northlink, Loganair and other invited interested parties. This forum continues to act as a valuable opportunity for ZetTrans to maintain contact with the key bodies involved in connecting Shetland to the rest of the UK and beyond.

## Monitoring and Evaluation

As can be seen from the list of current performance indicators in the next section, only a few relate directly to the performance of ZetTrans. Indeed, many of the current performance indicators comprise data collected and published by other organisations to their own specifications and timescales.

ZetTrans continues to believe that the dataset combines to present a rich description of the state of Shetland's transport system. However, it is proposed that future versions of this document will report how the Partnership is progressing towards addressing its newly agreed Main Issues, meeting its Strategic Objectives and achieving its Vision.

It is therefore proposed that future Annual Reports will include a section covering the progress of the interventions outlined in the refreshed Shetland Transport Strategy and detailed in the Annual Delivery Plan. It is further proposed that the valuable data recorded against the current performance indicators will continue to be collated, reported on, shared and published.

## ZetTrans Performance Indicators

ZetTrans agreed a new set of 10 performance indicators from April 2016 to record data on the following:

### Reliability of Shetland's Transport

- Percentage of cancellations for inter-island air services
- Percentage of cancellations for inter-island ferry services
- Percentage of cancellations for external air services
- Percentage of external ferry services that vary from timetabled departure by 30 minutes or more

### Standards of Road Maintenance

- Percentage of local road network classed as red or amber

### Fuel Consumption Levels

- Petrol and diesel consumption in Shetland
- Fuel consumption on inter island ferries
- Fuel consumption on inter island air services
- Fuel consumption on public bus services
- Fuel consumption on school transport services

### Market Growth on Shetland's Transport Network

- Road traffic levels in Shetland
- Bus passenger numbers
- Passenger and vehicle numbers on inter island ferries
- Inter-island air service passenger numbers
- External ferry passenger and vehicle numbers
- External air service passenger numbers

### Public Transport Accessibility

- Percentage of households within one mile of daily public bus service
- Percentage of households within one mile of weekly public bus service
- Percentage of public bus service vehicles that are wheelchair accessible

### Sustainable Transport Usage

- Modal share of Shetland residents for trips to work
- Modal share of Shetland Islands Council employees for trips to work

### Road Safety Levels

- Number of people killed or seriously injured on Shetland's roads
- Number of child casualties on Shetland's roads
- Number of slight casualties on Shetland's roads

### Transport Integration Opportunities

- Percentage of arriving inter island ferries that connect with public bus services
- Percentage of departing inter island ferries that connect with public bus services
- Percentage of arriving external flights that connect with public bus services
- Percentage of departing external flights that connect with public bus services
- Percentage of arriving external ferries that connect with public bus services
- Percentage of departing external ferries that connect with public bus services

### Cost of the Provision of Shetland's Public Transport Network

- Subsidy on Northern Isles Ferry Contract
- Air Discount Scheme Subsidy
- Gross cost of internal ferry services
- Fare income from internal ferry services
- Internal air services grant

- Gross cost of public bus services
- Fare income from public bus services

### Cost to the User on Shetland's Public Transport Network

- Standard single adult public bus fares by route
- External ferry fares by season (islander and non-islander)
- Average external air fares (islander and non-islander)
- Internal ferry fares (ro-ro and outer isles)
- Internal air fares (island resident and visitor)
- Taxi fares

In line with our auditor's comments on the 2015/16 Annual Report, it is proposed that the current performance indicators be presented in a graphic format. As such, infographics for the available data are currently being prepared and will be available for the final version of this report.

### Additional Activity 2016/17

The following key areas of additional activity were ongoing during 2016-17. Each activity is reported to the Partnership on a regular basis as it progresses.

#### Shetland Inter-Island Transport Study

The study of Shetland's inter-island transport has now been completed. This study details the current provision of inter-island transport and examine options for improving and enhancing services. In particular, findings of the study will form an important part of the case for a fairer funding strategy for Shetland's inter-island ferry services.

#### Shetland Inter-Island Air Services Review

A study of Shetland's inter-island air services has now been completed. This study details the current provision of inter-island air services and examine options for protecting, improving and enhancing services. Findings from the study will inform the inter-island air services contract renewal process.

#### Lifeline Ferry Service Re-contracting

Engagement with Transport Scotland continues with a view to securing an equitable fare structure and reviewing service levels for the proposed new lifeline ferry link contract from April 2018. This work has taken on an additional element as the Scottish Government is now reviewing the way it contracts and provides its ferry services.

#### ZetTrans Governance Review

An internal review of ZetTrans governance is underway.

### Planned Activity 2017-2018

In order to continue to promote a fully integrated public transport system, ZetTrans will continue to explore opportunities to upgrade the ferry ticketing machines to accept Smart Card technology and renew its bus ticket machines. The latter is particularly urgent as the current bus ticket system is dangerously close to becoming unserviceable. ZetTrans will therefore continue to seek funding opportunities for the replacement of the existing ticketing system.

ZetTrans will work with Scottish Government and Transport Scotland to explore and develop a policy of fixed links as alternatives to ferries recognising the step change in the security and sustainability of island communities that could be achieved.

Given the very close links between ZetTrans and Shetland Islands Council, ZetTrans will complete the revision and clarification of its governance so as to present a clearer identity to the public of Shetland.

ZetTrans will systematically review how it monitors its own performance. During 2017/18, ZetTrans will work to create a robust, target-driven, performance measurement framework in line with a refreshed Shetland Transport Strategy and detailed Annual Delivery Plan.

In addition, as part of its day-to-day work, ZetTrans will;#; Seek funding to update and enhance its website and travel app; Improve travel information; Encourage healthier, greener and more sustainable travel choices; Increase public transport use; Deliver value for money, affordable, safe and efficient transport services for Shetland's residents and visitors.



## Financial Report

ZetTrans' legal and financial functions are administered, reported and internally audited by Shetland Islands Council. Details of its expenditure are therefore made available via its regular public reporting.

### 2016/17 Outturn Position

The final outturn position compared to the estimated budget for 2016/17 is summarised as follows:

ZetTrans - Quarter 4 - 2016/17	Annual Budget 2016/17 £000	Projected Outturn Quarter 4 2016/17 £000	Proj. Outturn Variance Quarter 4 (Adv) / Pos £000
<b><u>CORE SERVICES</u></b>			
Support Services	180	153	27
Consultants	0	0	0
External Audit Fees	11	10	1
Grants to Organisations	5	5	0
<b>Total Core Expenditure</b>	<b>195</b>	<b>168</b>	<b>28</b>
Regional Transport Funding	(132)	(132)	0
SIC Match Funding	(64)	(36)	(28)
Bank Interest	0	(0)	0
<b>Total Core Funding Income</b>	<b>(195)</b>	<b>(168)</b>	<b>(28)</b>
<b>Core Services Variance</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
<b><u>PUBLIC BUS SERVICES</u></b>			
Contracts	2,641	2,560	81
<b>Total Public Bus Service Expenditure</b>	<b>2,641</b>	<b>2,560</b>	<b>81</b>
Public Bus Service Income	(699)	(696)	(3)
Public Bus Service Contribution (SIC)	(1,942)	(1,864)	(78)
<b>Total Public Bus Service Income</b>	<b>(2,640)</b>	<b>(2,561)</b>	<b>(81)</b>
<b>Public Bus Services Variance</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
<b>ZetTrans Surplus/(deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>

Overall, ZetTrans' outturn position is £109k less than that budgeted, reducing the contribution required from the Council. Explanations of the main variances at Quarter 4 are set out below:

### **Core Services, Support Services – Draft underspend £27k (15%)**

Minor one-off savings in operating and administration costs, due in some part to a reduction in overtime.

### **Core Services, SIC Match Funding not required (£28k) (44%)**

This position reflects the reduction in the cost of Core Services leading to a reduced contribution required from the Council.

### **Public Bus Services, Contracts – Draft underspend £81k (3%)**

- Savings in the Westside route as a result of lower breakdown cover costs than anticipated and grant income not budgeted for - £64k.
- Other minor variances across bus services.

### **Public Bus Services, Contribution (SIC) not required (£78) (4%)**

This position reflects the reduction in cost of Public Bus Services leading to a reduced contribution required from the Council.

The approved accounts can be viewed on the ZetTrans website:

<http://www.zettrans.org.uk/aboutus/AnnualReportandAccounts.asp>

## **ZetTrans Statutory Obligations**

As a statutory public body and *Major Player*, ZetTrans has statutory obligations to meet and fulfil.

### **Equalities Scheme Statement**

All Regional Transport Partnerships have a statutory duty to determine and operate an Equalities Scheme. Shetland is unique in possessing a unified Equalities Scheme which is shared by all four of its *Major Players*: Shetland Islands Council, Shetland College, NHS Shetland and ZetTrans.

The refreshed Shetland Transport Strategy and associated Annual Delivery Plan will adhere to the measures contained in Shetland's Equality Outcomes Mainstreaming Report which is the statutory document detailing how ZetTrans addresses its equality obligations.

### Public Services Reform (Scotland) Act 2010

Section 32(1 )(a) of the Public Services Reform (Scotland) Act 2010 provides that as soon as reasonably practicable after the end of each financial year each listed public body must publish statements on the following:

- Any expenditure they have incurred during that financial year on or in connection with the following matters:
  - Public relations
  - Overseas travel
  - Hospitality and entertainment
  - External consultancy
  - Payments with a value in excess of £25,000
  - Members or employees who received remuneration in excess of £150,000
- The steps it has taken during the financial year to promote and increase sustainable growth through the exercise of its functions
- The steps it has taken during that financial year to improve efficiency, effectiveness and economy in the exercise of its functions

Under schedule 8 to the Act, ZetTrans, as a Regional Transport Partnership, constitutes a listed body within the Act. For all three elements, the publication of a free standing statement is required and it is not sufficient simply to refer to other published material.

The relevant information is being compiled for inclusion in the next version of this Annual Report and guidance being sought as to how to present it.

### Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015

As a listed *Major Player*, ZetTrans is required to submit an annual Climate Change report. The report for 2015/16 was completed in November 2016. The report consists of compulsory and optional sections. As ZetTrans is housed wholly within Shetland Islands Council (SIC) premises, the compulsory section of the report refers to the SIC's own Climate Change Report. The second, optional, section of the report contains information relating to the climate change effects and considerations ZetTrans' own work. The submission date for the 2016/17 is 30<sup>th</sup> November 2017.





## Zetland Transport Partnership

Agenda Item

4

<b>Meeting(s):</b>	Zetland Transport Partnership	2 November 2017
<b>Report Title:</b>	ZetTrans Pre-consultation DRAFT Shetland Transport Strategy Refresh	
<b>Reference Number:</b>	ZTP-24-17-F	
<b>Author / Job Title:</b>	Peter Mogridge / Transport Policy and Projects Officer	

### 1.0 Decisions / Action Required:

- 1.1 That the Partnership comment on the Pre-consultation DRAFT Shetland Transport Strategy Refresh (Appendix 1).

### 2.0 High Level Summary:

- 2.1 This report presents the pre-consultation draft of the Shetland Transport Strategy Refresh document, which follows on from the Main Issues Report, approved on 29 June 2017 (Min. Ref. 18/17).
- 2.2 The next draft of the Strategy Refresh Document will reflect the outputs of consultation with stakeholders. That draft will be shared and discussed with ZetTrans Members and Advisers in a workshop leading to presentation of a final draft of the Strategy for approval by the Partnership on 22 February 2018 or the next scheduled meeting (still to be confirmed).

### 3.0 Corporate Priorities and Joint Working:

- 3.1 ZetTrans' policy is to seek to have in place transport arrangements that are affordable and meet people's needs. To achieve this policy ZetTrans works closely with Shetland Islands Council. Shetland Islands Council's "Our Plan 2016 to 2020" states: 'There will be transport arrangements in place that meet people's needs and that we can afford to maintain in the medium term'.

### 4.0 Key Issues:

- 4.1 The Pre-consultation DRAFT Transport Strategy Refresh contains proposals for interventions to address the six Main Issues of:
- Lifeline transport;
  - Community support;
  - Behavioural change;
  - Integrated services;
  - Change management; and
  - Transport sector robustness.
- 4.2 The outlined interventions are at different stages of development from concept through to delivery. They therefore reflect both the ongoing work of ZetTrans and its future plans.

4.3 The interventions outlined in the Pre-consultation DRAFT Shetland Transport Strategy Refresh are intended to address the Main Issues, meet the Strategic Objectives and achieve the Vision.	
4.4 A subsequent DRAFT Shetland Transport Strategy Refresh will incorporate comments made by the Partnership and further develop the agreed interventions in line with the emerging themes and timescales contained in the reviewed Local Outcomes Improvement Plan which is due to be published by March 2018.	
4.5 Once approved by the Partnership, the subsequent DRAFT Shetland Transport Strategy Refresh will be made available for wider consultation.	
<b>5.0 Exempt and/or Confidential Information:</b>	
5.1 None.	
<b>6.0 Implications:</b>	
<b>6.1 Service Users, Patients and Communities:</b>	For ZetTrans to fulfil its statutory obligations, it is essential to identify the Main Issues to be addressed by ZetTrans and maintain a clear vision and strategic objectives of the Partnership.
<b>6.2 Human Resources and Organisational Development:</b>	None.
<b>6.3 Equality, Diversity and Human Rights:</b>	None.
<b>6.4 Legal:</b>	In accordance with the Transport (Scotland) Act 2005 the Partnership has a duty to keep its transport strategy under review and may modify it or draw up a new one.
<b>6.5 Finance:</b>	None.
<b>6.6 Assets and Property:</b>	None.
<b>6.7 ICT and New Technologies:</b>	None.
<b>6.8 Environmental:</b>	None.
<b>6.9 Risk Management:</b>	If the Shetland Transport Strategy refresh process does not progress ZetTrans risks operating with an outdated Transport Strategy and weakening prospective funding applications. If Fair Funding is not achieved, this will impact on the delivery of the Transport Strategy and its objectives.

<b>6.10 Policy and Delegated Authority:</b>	ZetTrans has functional responsibility to secure transport services in Shetland under the Transfer of Functions to the Shetland Transport Partnership Order 2006. The Partnership is responsible for the Shetland Transport Strategy refresh.	
<b>6.11 Previously considered by:</b>	The Strategy has been developed in stages and this DRAFT follows approval of the Main Issues as determined by a Short-Term Working Group which met on two occasions. The first DRAFT Main Issues Report was presented to the Partnership on 3 February 2017, the second DRAFT was presented to the Partnership on 21 February 2017 and the FINAL Main Issues Report was presented to the Partnership on 29 June 2017.	15 November 2016 14 December 2016 03 February 2017 21 February 2017 29 June 2017

**Contact Details:**

Peter Mogridge – Transport Policy and Projects Officer

Phone: 01595 745802

E-mail [peter.mogridge@shetland.gov.uk](mailto:peter.mogridge@shetland.gov.uk)

Date Written: 27 October 2017

**Appendices:**

Appendix 1 – DRAFT Transport Strategy Refresh

**Background Documents:** Shetland Transport Strategy -

<http://www.zettrans.org.uk/consultation/documents/ShetlandTransportStrategy050508.pdf>





# PRE-CONSULTATION DRAFT SHETLAND TRANSPORT STRATEGY REFRESH



DRAFT (0.3) – OCTOBER 2017

## EXECUTIVE SUMMARY

The purpose of this document is to:

1. Set out a refreshed vision for ZetTrans
2. Summarise the current state of transport provision in, to and from Shetland
3. Identify the Main Issues to be addressed to maintain and enhance Shetland's transport provision
4. Define the objectives for addressing the Main Issues
5. Propose interventions necessary to meet the objectives and achieve the vision

Stage 1 of the refresh process comprised extensive stakeholder consultation and identified key issues and resulting key questions for stage two of the refresh process. Stage 2 convened a short-term working group of key stakeholders to further examine the stage 1 output and identify the Main Issues facing transport provision in Shetland. These Main Issues have been used to refresh the Partnership's vision and objectives.

The Main Issues were approved after seeking the views of all relevant interested parties and comprise the first part of this document. The second part outlines the interventions required to meet our objectives and achieve our vision.

Following approval of a final Shetland Transport Strategy Refresh, a Delivery Plan will be produced detailing when and how these interventions will be undertaken and how progress will be monitored.

Delivering *Equity* and addressing the need of local communities are the overriding considerations for ZetTrans. A key strategy which informs these considerations, the Local Outcomes Improvement Plan (LOIP), is currently being reviewed to meet the requirements of the Community Empowerment (Scotland) Act 2015. It is therefore proposed that approval of the final Shetland Transport Strategy Refresh should be timed to include and address the emerging themes of the LOIP and its 1 year, 5 year and 10 year goals.

## CONTENTS

Executive Summary.....	2
Contents .....	3
Introduction .....	4
Our Vision.....	5
Current Transport Provision.....	6
Policy Environment.....	7
Main Issues .....	9
Our Objectives .....	11
Strategic Objective 1.....	11
Strategic Objective 2.....	11
Strategic Objective 3.....	12
Interventions.....	13
Lifeline Transport .....	13
Transport Robustness .....	14
Community Support.....	14
Integration Support .....	15
Behavioural Change .....	16
Change Management .....	17
Strategy Summary Table – Vision, Strategic Objectives and Main Issues .....	18
Strategy Summary Table – Main Issues and Interventions.....	19

## INTRODUCTION

Regional Transport Partnerships (RTPs) were formally established on December 1<sup>st</sup> 2005 and ZetTrans formally took up its powers in April 2006 and transport functions in November 2006. After a decade of operation, and in line with many other RTPs, ZetTrans feels it is time to revisit and refresh the document which underpins and guides its activities: The Shetland Transport Strategy.

This document seeks to refresh the 2008 Shetland Transport Strategy and sets out the Partnership's renewed vision and objectives for the future. This strategic document has been informed by a two-stage review of the Partnership's activities over the past decade and the reshaped strategy and policy environment of 2016/17. This report also takes account of the 2016 Shetland Place Standard public consultation exercise and other relevant local and national strategies and policies.

In order to continue to develop and deliver effective transport solutions for communities across Shetland, ZetTrans must clearly identify local transport issues and needs and assess how these are addressed within local and national policies. In this way, we can lay out a well informed and well targeted framework of interventions to address those issues and needs. By adopting a robust, evidence-based methodology, this document will also contribute, where necessary, to the business case for funding those interventions.

It is intended that this document should be of value to all agencies and individuals with an interest in transport provision in Shetland.

## OUR VISION

During stage 2 of the refresh process, careful consideration was given to refreshing the Partnership's *vision*. As a result, a new *vision* is being proposed.

The ZetTrans *vision* for transport in, to and from Shetland in 2007 was:

*“To develop an effective, efficient, safe and reliable transport system for Shetland. The transport system will comprise an integrated network of accessible and affordable internal, inter-island and external links, which will contribute to the development of a safe, healthy, vibrant and inclusive society, a diverse, successful and self-sufficient economy, and enhanced environmental quality”*

The stage 2 participants agreed that the above *vision* had served its purpose well but felt that a more succinct and concise version was needed for the future.

It was felt that the *vision* needed to be clear about the vital role of transport as an enabler. In addition, the participants agreed that all the key issues raised in stage 1 of the refresh fall within one or more of the three realms: economy, community and environment. The resulting more succinct and concise *vision* was suggested, and subsequently approved:

*To develop travel and transport solutions for Shetland which underpin our Economy, support our Communities and conserve our Environment*

The 2007 *vision* encompassed 8 working principles: Sustainability; Accessibility & Inclusion; Accountability; Partnership; Evidence-Based; Efficiency; Compliance; Environmental Responsibility. Although the proposed new *vision* statement does not mention each of these concepts by name, it is believed that each of the 8 is either inherent in the new vision or continues to represent an obligatory condition for ZetTrans' operation.

It is vital that the Shetland Transport Strategy complements and informs other key policies and strategies at local and national level. The realms of economy, community and environment directly mirror three of Scotland's 4 National Planning Outcomes (NPOs). The fourth NPO, connectivity, includes transport itself and therefore complements in with this document and its vision of transport as a key enabler.

## CURRENT TRANSPORT PROVISION

This section briefly summarises the current transport provision in Shetland.

Shetland's location and geography mean that it forms a totally self-contained geographic entity. All the public services and utilities are contained within the land-sea border – there is no overlap with neighbouring authorities. This is a relatively unique situation within the UK and makes it relatively easy to assess and meet local transport needs. Transport within and between the islands is managed and provided locally. With a population of just over 23,000 spread over 15 inhabited islands, 100 miles long within a 1,800 mile coastline however, providing and maintaining the necessary air, sea and road transport infrastructure results in high per capita costs.

Car ownership in Shetland is one of the highest in the UK but Shetland has a good bus network. Lerwick is the main service centre in Shetland and it is possible to commute to Lerwick by bus for a 9-5 work-day, and at lunch times, 6 days a week from most parts of Shetland, including the Northern Isles. Outwith Lerwick, the main service centres are Brae, Scalloway and Sandwick and it is possible to commute locally to these centres by bus for a 9-5 work-day, and at lunch times, 6 days a week. Most outlying rural areas have a local, sometimes demand-responsive, shopping service 1 or 2 days a week. In addition, there is a regular bus service linking Lerwick to the airport at Sumburgh. All bus services are paid for by public subsidy and all fare revenue is retained by the ZetTrans and used to offset the grant ZetTrans requires from the Council. Inter-island air and ferry services are operated by, or under contract to, the Council.

Lifeline air and sea transport to and from the islands for locals, visitors and freight is funded, managed and provided by external bodies over which the people of Shetland have historically had limited influence or control. There has historically been little or no competition in the provision of these links and costs are high. These costs impact tangibly on the cost of living in Shetland, the cost of visiting the islands and the cost of doing business. The reliance on lifeline links also results in the relatively unusual position of the transport services and infrastructure being shared more equally between freight and passengers.

Shetland is linked by air from Sumburgh to Aberdeen, Edinburgh, Glasgow, Inverness and Kirkwall. There are also summer flights to Bergen. This service is operated on a commercial basis but registered Shetland residents do receive a 50% fare discount for leisure journeys via the Air Discount Scheme (ADS). There is also an airport at Scatsta which operates charter flights for the Oil and Gas Industry. The ferry service between Lerwick, Aberdeen and Kirkwall is operated under public subsidy. The service operates over night and takes 12 hours each way. Registered Shetland residents and their friends and family get a 30% discount on passenger and vehicle fares.

Shetland is however, also a place where those without access to private transport must rely on public transport if they wish to access work, training, shops, leisure, health and other services. The main groups affected are those who cannot drive or have given up driving. This typically includes: anyone under 16, older people and people with disabilities. All those who cannot afford to buy and run a car or motorcycle are also reliant on public transport.

## POLICY ENVIRONMENT

The Shetland Place Standard (SPS) consultation in June/July 2016 received 975 responses across Shetland and Public Transport was highlighted as the number 1 priority for improvement. The consultation covered a total of 14 themes, 2 of which relate directly to this report: Public Transport and Moving Around. All respondents were invited to add comments to explain why they had prioritised particular themes for improvement. Analysis of these comments has been used to draw up a list of the key issues raised.

The key Public Transport issues (In, to and from Shetland) were:

- Frequency of bus and ferry services
- Affordability of transport
- Location and quality of bus stops and shelters
- Ease of use of timetables and service information
- Integration between services – including between bus and ferry and air
- Access to health facilities
- Parking at ferry terminals

The key Moving Around (In Shetland) issues were:

- Significant comment on the need for new and improved safe cycle and walking access to promote active travel – in both rural and urban areas
- Perceived detrimental effect of traffic speed on the safety of walking and cycling
- Requirement for more seating and shelter for walkers and cyclists along key routes

Shetland Islands Council's Vision highlights Quality Transport Services and Independent Older People as two of its top 5 priorities in its "Our Plan 2016/20" document. The document also specifies 5 focal areas:

- Young people
- Older people
- Economy & housing
- Community strength
- Connection & access

All of the issues highlighted in the Council's 2016/20 plan have helped inform the proposals in this document. They, along with the SPS findings, have been crucial in identifying the Main Issues to be addressed by ZetTrans.

The Local Outcomes Improvement Plan (LOIP) is the statutory document which informs and guides Community Planning. The LOIP is currently being reviewed to meet new requirements laid out in the Community Empowerment (Scotland) Act 2015. The emerging themes of the reviewed LOIP focus on: people, place, money and ways of working. The LOIP will lay out goals and targets for each of these themes for 1 year, 5 year and 10 year periods. The draft LOIP is due to be published for consultation during November 2017 with a final document being published in March 2018. It is intended that the LOIP and the Shetland Transport Strategy should complement each other seamlessly.

In March 2016, Shetland's "Commission on Tackling Inequalities" produced a report which has combined with the Shetland Place Standard to significantly guide the contents of this Shetland Transport Strategy. The report has been especially useful in refreshing ZetTrans objectives as detailed later in this document.

Outwith the local situation, Shetland continues to face many of the same travel and transport issues that other areas encounter. Namely:

- The need to reduce carbon generation
- Increased car ownership and use
- A fall in the number of bus passengers, although the decline appears to have levelled out in Shetland
- Budgetary cost pressures
- Declining levels of physical activity

In seeking to identify the Main Issues, the refresh process has also taken full account of these factors, and the policies of the bodies charged with addressing them. The most important of these have been Scotland's National Transport Strategy which complements the full range of cross-sector national policy objectives.

Under Scotland's Economic Strategy, the Scottish Government's overall purpose is to increase sustainable economic growth. A safe, efficient, effective and sustainable transport system, for both passengers and freight, is viewed as being one of the key enablers of such sustainable economic growth. It supports businesses in achieving their local, national and international objectives and improves the lives of individuals and communities by connecting them with their economic future.

The National Transport Strategy provides the framework for enhancing Scotland's transport system, in response to the main transport challenges that Scotland faces, which in turn contributes to improvement in economic, environmental and social performance. The current National Transport Strategy sets out three Key Strategic Outcomes to be used as the guiding principles at national, regional and local level when developing strategy and prioritising resources. These are:

- Improved journey times and connections, to tackle congestion and lack of integration and connections in transport
- Reduced emissions, to tackle climate change, air quality, health improvement
- Improved quality, accessibility and affordability, to give choice of public transport, better quality services and value for money or alternative to car.

These outcomes feed directly into the five National Strategic Objectives, providing a basis on which to develop policies, decide how to invest resources to maximum effect, and measure the effect of public sector work:

- Wealthier and Fairer  
Enable businesses and people to increase their wealth and more people to share fairly in that wealth.
- Smarter  
Expand opportunities for Scots to succeed from nurture through to life-long learning ensuring higher and more widely shared achievements.
- Healthier  
Help people to sustain and improve their health, especially in disadvantaged communities, ensuring better, local and faster access to health care.
- Safer and Stronger  
Help local communities to flourish, becoming stronger, safer place to live, offering improved opportunities and a better quality of life.
- Greener  
Improve Scotland's natural and built environment and the sustainable use and enjoyment of it.



## MAIN ISSUES

The stage 2 participants suggested a synthesis of their own comments and the comments recorded by the Stage 1 consultation exercise. This, together with full consideration of the local and national policies and issues identified above, led to a total of 6 main issues being proposed and approved. The table below details these.

ZetTrans can seek to maintain and enhance Shetland's transport provision by engaging in 3 distinct ways: on its own account, in partnership with others; through influencing others. The table also details which approach is best suited to addressing each of the Main Issues.

Proposed Main Issues	Approach	Detail	Scottish Government Objective	National Transport Strategy Objective
Lifeline Transport	Working in partnership and through influence	To maintain, improve and expand the affordability, availability, flexibility and reliability of Shetland's lifeline transport links for both freight and passengers.	Wealthier, Fairer	Economic growth / Social inclusion
Transport Robustness	Working alone, in partnership and through influence	To enable, develop and promote community, commercial and flexible transport solutions when and where appropriate. To ensure the transport sector provides safe, inclusive and attractive travel options.	Stronger, Wealthier	Environment / Integration / Economic Growth / Safety
Community Support	Working in partnership	To support all of Shetland's communities by securing equitable access to employment, training, leisure, and services.	Fairer, Stronger	Social Inclusion
Integration Support	Working alone and in partnership	To support improved integration in ticketing, information and transport services.	Smarter, Fairer	Integration
Behavioural Change	Working in partnership	To enable and promote healthier, more sustainable and greener travel choices.	Healthier, Greener	Environment
Change Management	Working alone and in partnership	To plan for changes in legislation, transport demand, supply, impact and funding by monitoring, recording and acting.	Smarter, Stronger	Environment / Economic growth / Social inclusion

Each Main Issue derives from a synthesis of the issues raised by the Main Issues Working Group, concerns raised by the public, the state of current transport provision and themes highlighted in relevant policies and strategies.

**Lifeline Transport** relates to the vital air and sea links between Shetland and the UK mainland. These links are vital to the transfer of goods, services and people. These links underpin the local economy and support local communities and it is vital that the links are affordable both for passengers and operators. The links must also be reliable and fit for purpose. Future developments must seek to minimise detrimental environmental impact.

**Transport Robustness** relates to the need to ensure a varied and responsive transport sector. The majority of transport provision in Shetland is funded directly or indirectly by the public purse. In a climate of cost pressures, it is necessary to support a robust transport sector which operates efficiently and has the capacity and ability to adapt to changing financial and operational situations.

**Community Support** encompasses the role of the transport system in enabling ALL of Shetland's communities to function successfully and thrive by ensuring equitable access to goods and services.

**Integration Support** addresses the need to provide a transport network which is as easy to use as possible and thereby maximises income and reduces costs.

**Behavioural Change** is a key issue for all communities as society increases efforts to promote sustainable growth and increased physical activity. Changing people's travel behaviour by encouraging the uptake of more active and greener travel choices will serve to both improve health and conserve our environment.

**Change Management** is the Main Issue which runs through all of ZetTrans activity as it seeks to maintain and improve Shetland's transport provision.

## OUR OBJECTIVES

In the original Shetland Transport Strategy there were 5 groupings of objectives, mirroring the Scottish National Transport Strategy: Economy; Social Inclusion and Accessibility; Environmental Protection; Safety; Integration. Attached to these 5 groupings was a total of 33 individual objectives. It is proposed that a clearer, more succinct set of objectives should be specified. In turn, each of these strategic objectives will frame and inform the interventions and actions proposed by the Partnership. The FINAL report will cross reference the components of the agreed strategic objectives with relevant strategies and policies and consultee evidence.

The proposed new objectives have been further informed and framed by Shetland's *Commission for Tackling Inequalities*. The Commission reported its findings in March 2016 identifying 3 main dimensions to socio-economic inequalities in the context of Shetland:

1. The money we have – this links to the role of transport in supporting the local economy, the financial climate and issues regarding the cost and affordability of transport
2. The people we are – this links to the role of transport in enabling full participation in society by providing access to employment, training, health, social and recreational activity
3. The places we live – this links directly with the need to respect and conserve the environment and the enabling role of transport in supporting varied, balanced and sustainable communities

All 3 of these socio-economic dimensions require us to ensure that distance is not a barrier to accessing opportunities. Linking the findings of the refresh stages to the Commission, and connecting them back to both the 2008 and the proposed new visions, the following 3 strategic objectives are proposed:

### Strategic Objective 1

*To underpin Shetland's economy by enabling individuals to access employment and training and businesses to access labour markets, customers and suppliers*

This strategic objective maps to the Local Outcome Improvement Plan (LOIP).

***LOIP Outcome D: Shetland has sustainable economic growth and all our people have the chance to be part of island life.***

### Strategic Objective 2

*To support Shetland's communities by enabling individuals, families and localities to thrive socially, physically and economically*

This strategic objective maps to the Local Outcome Improvement Plan (LOIP).

***LOIP Outcome B: We live longer healthier lives and people are supported to be active and independent throughout adulthood and in older age***

***LOIP Outcome C: Shetland is a safe place to live for all our people, and we have strong, resilient and supportive communities***

## Strategic Objective 3

*To conserve Shetland's environment by enabling the reduction of detrimental transport impacts on Shetland's unique natural resources*

This strategic objective maps to the Local Outcome Improvement Plan (LOIP).

***LOIP Outcome E: We deliver all our services in an environmentally sustainable manner to safeguard and enhance our outstanding environment which underpins all our actions and our economic and social well-being***

The Partnership's Key Performance Indicators (KPIs) will contribute to quantifying to what extent the 3 strategic objectives are being delivered. Furthermore, it is necessary to emphasise that, although the focus of the proposed vision and objectives is on residents of Shetland, the references to the economy, customers and markets are fully intended to include visitors to Shetland and Shetland's tourism industry. Equally, all references to the *transport system* are inclusive of both freight and passengers.

## INTERVENTIONS

This section of the draft strategy refresh outlines interventions to address the Main Issues, meet our refreshed Strategic Objectives and achieve ZetTrans' refreshed *vision*. The interventions outline both existing and new interventions grouped under each Main Issue. The final Shetland Transport Strategy will contain more detail on each intervention.

Once approved, a separate Delivery Plan will detail targets, goals and timescales for each intervention along with information on how progress will be monitored. Funding and cost information will also be included where relevant. The Delivery Plan will also describe monitoring and reporting criteria. The summary table for each Main Issue provides outline information for: partners, lead, current project stage and status, timescales and targets. Each summary table also identifies the Strategic Objective/s that the intervention meets.

### LIFELINE TRANSPORT

There are four interventions addressing Lifeline Transport. Two, the External Transport Forum and the Fair Fares Initiative are underway. The other two, a formal Freight Quality Partnership and an exploration of new air and ferry route development, are proposals for this draft strategy.

Intervention	Partners	Lead	Stage / Status	Timescale	ZetTrans Objective	Target
External Transport Forum	SERCO Northlink, FlyBe, Loganair, SIC	ZetTrans	Underway / Ongoing	Ongoing	1,2	Quarterly meetings
Freight Quality Partnership	The Stewart Group	TBC	Concept / Seeking approval	To be initiated / in place during 2018	1	Twice-yearly meetings
Fair Fares Initiative	SIC, OIC, Scottish Government, SERCO Northlink	SIC	Underway / Ongoing	Passenger Fare change due 2018. Freight TBC	1,2	Reduced fares for individuals and businesses
Route Development	TBC	TBC	Concept / Seeking approval	Feasibility / Planning Stage completed during 2018	1,2	Two documents: Scoping Study; Development Strategy

## TRANSPORT ROBUSTNESS

The four interventions for this Main Issue are principally intended to support and develop Shetland's passenger transport sector.

Intervention	Partners	Lead	Stage / Status	Timescale	ZetTrans Objective	Target
Community Transport (CT) Audit	ZetTrans, SIC, NHS Shetland	ZetTrans	Design / Development	Complete by December 2018	2,3	Directory of CT provision and capacity
Taxi Trade Forum	ZetTrans, SIC, Taxi Trade, Visit Scotland	SIC	Design / Development	First meeting by March 2018	1,2,3	Twice-yearly meetings
Framework Operator Forum	ZetTrans, SIC, Bus Industry	ZetTrans	Concept / Currently not formalised	Inaugural meeting by June 2018	1,3	Annual meeting
Bus Service Review	ZetTrans	ZetTrans	Established / Underway	Completed by December 2017 / underway	2	Annual report

## COMMUNITY SUPPORT

The five interventions in this section are intended to support communities by enhancing access to transport.

Intervention	Partners	Lead	Stage / Status	Timescale	ZetTrans Objective	Target
New Ticket Products	ZetTrans, SIC, Visit Scotland	TBC	Concept / Seeking approval	Completion by December 2019	1,2,3	2 new ticket products
Car Share Promotion	ZetTrans, SIC, NHS Shetland, Private Sector	TBC	Concept / Scoping	Baselining, Strategy and Plan completed by December 2019	3	3 documents: Baseline Data; Improvement strategy; Delivery Plan
Car Club Development	ZetTrans, SIC, NHS Shetland	TBC	Feasibility / Not yet formalised	Feasibility & Design completed by June 2018	3	Car club operational by December 2018
Area Transport Forums	ZetTrans	ZetTrans	Dormant	Initial meetings held by September 2018	2	7 area forums and annual meetings established
Area Transport Plans	ZetTrans, Community Councils, Community Development Organisations	ZetTrans	Concept / Seeking approval	Plans completed by September 2019	2	7 area plans

## INTEGRATION SUPPORT

Four interventions focus on supporting and improving ticketing, service and information integration.

Intervention	Partners	Lead	Stage / Status	Timescale	ZetTrans Objective	Target
SMART Ticketing	ZetTrans, SIC	ZetTrans	Design / Seeking funding	Funding secured by September 2018	1,2	Integrated Ticketing Delivery Plan
Digital Enhancement	ZetTrans, SIC, Promote Shetland	ZetTrans	Design / Funding secured	Project completion by March 2018	2,3	Upgraded and enhanced app, website and printed information
Shetland Inter-Islands Transport Study	ZetTrans	ZetTrans		Final completion by March 2018	1,2	Set of appraised and costed options for improvement
Fair Funding Review	ZetTrans, SIC, OIC, HiTrans		Ongoing / Underway		1,2	Accord on future funding

## BEHAVIOURAL CHANGE

There are also five interventions aimed at increasing the uptake of healthier and greener travel choices.

Intervention	Partners	Lead	Stage / Status	Timescale	ZetTrans Objective	Target
Work Travel Plans	SIC, NHS, ZetTrans	ZetTrans	Review / Dormant	1 Travel Plan completed and agreed by September 2018	2,3	Minimum 1 Travel Plan agreed
School Travel Plans	SIC, ZetTrans	SIC	Review / Underway	TBC	2,3	TBC
Personalised Travel Plans	ZetTrans, SIC, Promote Shetland	ZetTrans	Design / Funding secured	Project completion by March 2018	2,3	Delivered as part of the Digital Enhancement project
Active and Sustainable Travel Promotion	ZetTrans, NHS, SIC, Promote Shetland	ZetTrans	Design (Feasibility complete) / Exploring design and LCTT funding options	Project completion by December 2019	2,3	Increased active and sustainable travel uptake
Road-end Interchange Audit	ZetTrans, SIC	SIC	Design (Feasibility complete) / Exploring design and LCTT funding options	Project completion by December 2019	2,3	Delivered as part of the Active and Sustainable Travel Promotion project



## CHANGE MANAGEMENT

There are two new interventions proposed to address this Main Issue. The proposals address improving information provision, dissemination and consultation.

Intervention	Partners	Lead	Stage / Status	Timescale	Objective	Target
Transport Statistics Database	ZetTrans	ZetTrans	Concept / Seeking approval	Completion by March 2019	1,2,3	Public accessible database of existing and newly researched statistics
Annual "State of Transport" Event	ZetTrans	ZetTrans	Concept / Seeking approval	Initiated by March 2019	1,2,3	Annual information and consultation event

## STRATEGY SUMMARY TABLE – VISION, STRATEGIC OBJECTIVES AND MAIN ISSUES

**To develop travel and transport solutions for Shetland which underpin our Economy, support our Communities and conserve our Environment**

<b>STRATEGIC OBJECTIVE 1</b>  <b>To underpin Shetland's economy by enabling individuals to access employment and training and businesses to access labour markets, customers and suppliers</b>		<b>STRATEGIC OBJECTIVE 2</b>  <b>To support Shetland's communities by enabling individuals, families and localities to thrive socially, physically and economically</b>		<b>STRATEGIC OBJECTIVE 3</b>  <b>To conserve Shetland's environment by enabling the reduction of detrimental transport impacts on Shetland's unique natural resources</b>	
<b>LOIP Outcome D</b>  Shetland has sustainable economic growth and all our people have the chance to be part of island life.		<b>LOIP Outcome C</b>  Shetland is a safe place to live for all our people, and we have strong, resilient and supportive communities	<b>LOIP Outcome B</b>  We live longer healthier lives and people are supported to be active and independent throughout adulthood and in older age	<b>LOIP Outcome E</b>  We deliver all our services in an environmentally sustainable manner to safeguard and enhance our outstanding environment which underpins all our actions and our economic and social well-being	
<b>Lifeline Transport</b>	<b>Transport Robustness</b>	<b>Community Support</b>	<b>Integration Support</b>	<b>Behavioural Change</b>	<b>Change Management</b>

Proposed Main Issues	Approach	Detail	Scottish Government Objective	National Transport Strategy Objective
Lifeline Transport	Working in partnership and through influence	To maintain, improve and expand the affordability, availability, flexibility and reliability of Shetland's lifeline transport links for both freight and passengers.	Wealthier, Fairer	Economic growth / Social inclusion
Transport Robustness	Working alone, in partnership and through influence	To enable, develop and promote community, commercial and flexible transport solutions when and where appropriate. To ensure the transport sector provides safe, inclusive and attractive travel options.	Stronger, Wealthier	Environment / Integration / Economic Growth / Safety
Community Support	Working in partnership	To support all of Shetland's communities by securing equitable access to employment, training, leisure, and services.	Fairer, Stronger	Social Inclusion
Integration Support	Working alone and in partnership	To support improved integration in ticketing, information and transport services.	Smarter, Fairer	Integration
Behavioural Change	Working in partnership	To enable and promote healthier, more sustainable and greener travel choices.	Healthier, Greener	Environment
Change Management	Working alone and in partnership	To plan for changes in legislation, transport demand, transport supply and transport funding by monitoring, recording and acting.	Smarter, Stronger	Environment / Economic growth / Social inclusion

## STRATEGY SUMMARY TABLE – MAIN ISSUES AND INTERVENTIONS

Main Issue	Approach	Detail	Purpose of Intervention	Intervention
Lifeline Transport (LT)	Working in partnership and through influence	To maintain, improve and expand the affordability, availability, flexibility and reliability of Shetland's lifeline transport links for both freight and passengers.	1. Maintain 2. Maintain and improve 3. Expand	External Transport Forum Freight Quality Partnership Fair Fares Initiative Route Development
Transport Robustness (TR)	Working alone, in partnership and through influence	To enable, develop and promote community, commercial and flexible transport solutions when and where appropriate. To ensure the transport sector provides safe, inclusive and attractive travel options.	1. Enable & develop  2. Develop and promote	CT Development – Audit of existing capacity and potential Taxi Industry Liaison Bus Service Review,
Community Support (CS)	Working in partnership	To support all of Shetland's communities by securing equitable access to employment, training, leisure, and services.	1. Community Support 2. Equitable Access	Area Transport Forums Area Transport Plans New Ticket Products Car share promotion Car Club development Service provider liaison and co-ordination
Integration Support (IS)	Working alone and in partnership	To support improved integration in ticketing, information and transport services.	1. Ticketing Integration 2. Information Integration 3. Service Integration	SMART Ticketing System  App, Website and Publicity enhancement and promotion Framework Operator Forum Shetland Inter-Islands Transport Study
Behavioural Change (BC)	Working in partnership	To enable and promote healthier, more sustainable and greener travel choices.	1. Enable  2. Enable & Promote  3. Promote	Road-End Hub Audit and Strategy Path Network Completion Work Travel Plans School Travel Plans Personal Travel Planning Active and Sustainable Travel Promotion
Change Management (CM)	Working alone and in partnership	To plan for changes in legislation, transport demand, supply, impact and funding by monitoring, recording and acting.	1. Monitoring & Recording  2. Planning & Acting	Collating and disseminating local transport industry information Annual Transport Event Active Travel Audits and Plans





## Zetland Transport Partnership

Agenda Item

**5**

<b>Meeting(s):</b>	Zetland Transport Partnership	2 November 2017
<b>Report Title:</b>	Lead Officer's Report	
<b>Reference Number:</b>	ZTP-28-17-F	
<b>Author / Job Title:</b>	Michael Craigie / Lead Officer	

### 1.0 Decisions / Action Required:

- 1.1 That the Partnership **RESOLVES** to consider the content of this report, provide comments and note the report.

### 2.0 High Level Summary:

- 2.1 The Lead Officer's Report provides an overview of issues that are emerging and/or would benefit from some initial discussion by the Partnership ahead of a formal report on each of the issues at a later date.
- 2.2 This report covers the following topics: -
- Shetland Islands Council's work on "Fair Funding" of inter-island ferry services
  - Northern Isles Ferry Services
    - STAG Study
    - 2018 Contract
    - Freight Fares
  - National Transport Strategy
    - Current Consultations
  - Transport Scotland's Ferry Services – Report by the Auditor General

### 3.0 Corporate Priorities and Joint Working:

- 3.1 ZetTrans' overarching policy is to have in place transport arrangements that are affordable and meet people's needs within available resources. To achieve this ZetTrans works closely with its member bodies of Shetland Islands Council, NHS Shetland and Highlands and Islands Enterprise.

### 4.0 Key Issues:

#### 4.1 "Fair Funding" of Inter-island Ferry Services

- 4.1.1 ZetTrans has a duty to secure public transport services in Shetland. In terms of inter-island ferry services this duty is fulfilled by means of working closely with Shetland Islands Council in the specification and provision of inter-island ferry services where the Council directly provides all services with the exception of the Foula ferry service which is contracted by ZetTrans.

- 4.1.2 The costs of inter-island ferry services is met by a combination of funding from Scottish Government through the block grant mechanism and from the Council's contribution from its own financial resources.
- 4.1.3 Over the years the Council has maintained ferry services, assets and infrastructure at levels sufficient to address Shetland's social and economic needs as well as invest in new vessels and infrastructure. However, the capacity to continue funding levels for services and replacement is entirely unsustainable within currently available funding.
- 4.1.4 Furthermore, the current model of funding is inconsistent with the Clyde and Hebrides network where most of the responsibility and funding of the network lies with Scottish Government rather than local authorities.
- 4.1.5 Scottish Government has acknowledged that the current circumstances are not uniform across Scotland and committed to working with Shetland Islands Council (and Orkney Islands Council) to reach a "Fair Funding" position that ensures "no council is disproportionately burdened by the costs of providing transport".
- 4.1.6 Despite the acceptance of the principal of Fair Funding and recognition of the urgency to address this, Scottish Government has not so far defined its position on an alternative funding approach.
- 4.1.7 It remains the expectation of Shetland Islands Council a funding resolution will be reached with Scottish Government and meetings are taking place to move matters ahead.
- 4.1.8 If, however, the Council finds itself in a position where continued funding of current service levels is impossible and/ or it is unable to meet future service development and investment needs then ZetTrans will have to consider how its duty to secure services is impacted upon.
- 4.1.9 The key issue for ZetTrans at this stage is to maintain support for and dialogue with Shetland Islands Council on this important matter and review its position as further detail develops. Further reports will be presented to the Partnership as relevant matters develop.

#### **4.2 Northern Isles Ferry Services – STAG Study**

- 4.2.1 ZetTrans officers have been engaging with Transport Scotland on matters of Northern Isles Ferry Services predominantly through the Northern Isles Ferry Services (NIFS) STAG Working Group.
- 4.2.2 The NIFS STAG Working Group was established to facilitate input by Councils and RTPs to a study that will inform the specification of the next NIFS specification and contract.
- 4.2.3 It has been presented with a draft on the NIFS STAG Study and this is still being considered by Transport Scotland. Transport Scotland are checking operational detail in the report and anticipate circulating a final draft for comment in the near future.

- 4.2.4 Once this is available the draft report will be presented to ZetTrans and Shetland Islands Council for input to the process.

#### **4.3 Northern Isles Ferry Services – 2018 Contract**

- 4.3.1 At the time of writing this report no details are available on any extension to the current NIFS contract.
- 4.3.2 It is clear that it is not possible to conduct a tender process in sufficient time to have a new contract in place in April 2018. Therefore it seems likely that the current contract must be extended.
- 4.3.3 At this time there is no detail available to share on this from Transport Scotland or Scottish Government and local producers and hauliers are raising this as a substantial constraint on their ability to plan their businesses with any reasonable level of confidence.
- 4.3.4 I am aware that local stakeholders are making their views and concerns known to Transport Scotland and Scottish Ministers and I also have raised concerns about the lack of detail with Transport Scotland officials. It may be that the Partnership considers whether it wishes to write formally through the Chair to Transport Scotland and Scottish Government seeking detail on plans for service continuity.

#### **4.4 Ferry Freight Fares Review**

- 4.4.1 The last meeting of the Ferry Freight Fares Review Working Group took place on 27 March 2017 and the agenda and minutes have been published on Transport Scotland's website at: -  
  
<https://www.transport.gov.scot/media/35992/ferry-fares-review-working-group-minutes-27-march-2017.pdf>
- 4.4.2 Members are possibly aware that the Scottish Government has chosen to increase ferry freight fares by 2.9% in 2018 and this has understandably generated surprise and concern for Shetland businesses, particularly hauliers and the aquaculture and seafood sectors where transport costs are very significant.
- 4.4.3 Although I attend the Ferry Fares Working Group the detail presented at the last meeting is not publicly available and therefore can't be shared more widely at this stage.
- 4.4.4 Having said that, from the publicly available minute it can be reported that the fares review is constrained by having to reach a revenue neutral outcome which means that if fares go down anywhere in the network then income must be increased from elsewhere to mitigate any effects of reduced income.
- 4.4.5 Furthermore, from branch 6 of the minute it can be seen that concern was expressed that there may be disproportionately negative impacts on longer routes (Aberdeen – Lerwick being by far the longest route in the Scottish network) and Members may wish to consider this specific issue carefully.

4.4.6 I have sought an update from Transport Scotland and am advised that further analytical work has been done since the meeting in March 2017 and I am advised that Ministers are considering briefings from Transport Scotland officials on models of setting fares and the complexities of ensuring any proposals are consistent with EU legislation requirements such as State Aid.

4.4.7 I have raised with Transport Scotland officials that public consultation on any detailed proposals has not yet been undertaken that there is a strong expectation that an opportunity to comment on any proposals ahead of implementation is provided and there is a meaningful opportunity to influence any model setting fares and articulate impacts of options. In this connection Members may wish to consider whether, through the Chair, the Partnership seeks assurances from Scottish Government that consultation will be undertaken and that in any event freight fares to the Northern Isles will not unreasonably increase in any circumstances.

#### **4.5 National Transport Strategy**

4.5.1 Scottish Government has begun the process of reviewing the National Transport Strategy. They have undertaken an “Early Engagement Consultation Survey” and the analysis of responses is published at: -

<https://www.transport.gov.scot/publication/national-transport-strategy-early-engagement-consultation-survey/>

4.5.2 At this stage a key issue for ZetTrans is to ensure it takes every opportunity to engage in the review process and consider how it will support stakeholders and communities in contributing to the review.

#### **4.6 National Transport Strategy – Current Consultations**

4.6.1 The immediate opportunity to input to the National Transport Strategy is through current consultations that will be component parts of the overall review. The current consultations are: -

- Consultation on Free Bus Travel for Older and Disabled People and Modern Apprenticeships – closing date 17 November 2017.

Web link <https://consult.scotland.gov.uk/partnerships-and-concessionary-travel/national-concessionary-travel-scheme/>

- Consultation on Free Bus Travel for Older and Disabled People and Modern Apprenticeships – closing date 5 December 2017.

Web link <https://consult.scotland.gov.uk/transport-scotland/improving-bus-services/>

- The Future of Smart Ticketing in Scotland – closing date 5 December 2017.

Web link <https://consult.scotland.gov.uk/transport-scotland/smart-ticketing-in-scotland/>



- 4.6.2 I have sought an extension to all submission deadlines to 15 December 2017 to accommodate meeting cycles ZetTrans and of Shetland Islands Council. This is common practice and in the past reasonable extensions have always been granted. In the meantime the Partnership is invited to provide any initial views which will be accommodated in formal consultation responses to be considered at the next meeting of the Partnership.

#### **4.7 Transport Scotland's Ferry Services – Report by the Auditor General**

- 4.7.1 On 19 October 2017, the Auditor General published a report on Transport Scotland's Ferry Services, which covered Scottish Ferry Services that are the subject of contracts by Transport Scotland.
- 4.7.2 A detailed reflection on the report and actions to be considered by ZetTrans will be presented in a report to the next meeting of the Partnership.
- 4.7.3 As a general overview the Auditor General's report has captured all the issues raised by ZetTrans and Shetland Islands Council in the course of the review. It has presented conclusions that confirm that Scottish Government and Transport Scotland need to adopt a long term and comprehensive approach to planning and decision making covering the entire Scottish ferries network which thus far has predominantly been limited to Clyde and Hebrides services.
- 4.7.4 The report, albeit in a single paragraph (no. 116), also clearly describes the commitment made to "Fair Funding" by Scottish Government and highlights that this will need substantial capital investment and annual funding to cover operational costs. The inclusion of these issues, even though they are not the main focus of the audit, further highlights the importance of these matters not just locally but nationally and that Scottish Government support is crucial to the sustainability of inter-island ferry services.
- 4.7.5 A fuller report on the Audit will be brought to the next scheduled meeting of ZetTrans.

#### **5.0 Exempt and/or Confidential Information:**

- 5.1 None.

#### **6.0 Implications:**

<b>6.1 Service Users, Patients and Communities:</b>	There are no implications immediately arising from this report.
<b>6.2 Human Resources and Organisational Development:</b>	There are no implications immediately arising from this report.

<b>6.3 Equality, Diversity and Human Rights:</b>	There are no implications immediately arising from this report.	
<b>6.4 Legal:</b>	There are no implications immediately arising from this report.	
<b>6.5 Finance:</b>	There are no implications immediately arising from this report.	
<b>6.6 Assets and Property:</b>	There are no implications immediately arising from this report.	
<b>6.7 ICT and New Technologies:</b>	There are no implications immediately arising from this report.	
<b>6.8 Environmental:</b>	There are no implications immediately arising from this report.	
<b>6.9 Risk Management:</b>	<p>(a) Failure to engage effectively in current consultations could result in the National Transport Strategy and supporting policy lacking in understanding of important transport needs of Shetland.</p> <p>(b) To avoid this risk extensions to published deadlines have been sought which allows reporting of issues to Shetland Islands Council and ZetTrans meetings and formal responses provided.</p>	
<b>6.10 Policy and Delegated Authority:</b>	ZetTrans' policy is to seek to have in place transport arrangements that meet people's needs and that can be afforded in the medium term. To achieve this policy ZetTrans works closely with Shetland Islands Council.	
<b>6.11 Previously Considered by:</b>	These are ongoing issues which have not yet been specifically considered elsewhere.	

#### **Contact Details:**

Michael Craigie – Lead Officer, ZetTrans  
Phone: 01595 744868  
E-mail [michael.craigie@shetland.gov.uk](mailto:michael.craigie@shetland.gov.uk)  
Date written – 27 October 2017

#### **Appendices:**

None

#### **Background Documents:**

None



## Zetland Transport Partnership

Agenda Item

**6**

<b>Meeting(s):</b>	ZetTrans	2 November 2017
<b>Report Title:</b>	ZetTrans Business Programme 2017/18	
<b>Reference Number:</b>	ZTP-25-17-F	
<b>Author / Job Title:</b>	Secretary to ZetTrans/Executive Manager – Governance and Law	

### 1.0 Decisions / Action required:

- 1.1 That the Partnership **RESOLVES** to comment on and approve the attached Business Programme for 2017/18.

### 2.0 High Level Summary:

- 2.1 The purpose of this report is to present an updated Business Programme for ZetTrans for the period ending March 2018.

### 3.0 Corporate Priorities and Joint Working:

- 3.1 In order to fulfil the statutory duties with regard to the functions of ZetTrans, and in order to meet public governance principles, ZetTrans must make sure its Business Programme supports the Council's role in the planning and direction of services to meet the needs of our community, to ensure that the priorities of the Partnership are being monitored, and to set business in accordance with local and national reporting frameworks.

### 4.0 Key Issues:

- 4.1 The Business Programme for 2017/18 is attached as Appendix 1 and is presented to the Partnership for approval. The Business Programme is intended to organise the business of the Partnership in accordance with the various administrative requirements to present key information, such as performance indicators, budget setting and outturn reports, as well as the statutory requirement to consider draft and final Audit of Account reports. The Business Programme enhances these requirements by publicising the plans for decision making and other public reporting requirements, in keeping with the principles of good governance.
- 4.2 The Business Programme and schedule of meetings was approved on 3 February 2017 (Min Ref. 03/17) with the timescales for ongoing and future projects and studies in mind.
- 4.3 The updated Business Programme will be presented regularly and will serve as an indication of the business that has been conducted and is yet to be undertaken during the year.

<b>5.0 Exempt and/or confidential information:</b>	
5.1	None.
<b>6.0 Implications</b>	
<b>6.1 Service Users, Patients and Communities:</b>	The Business Programme will provide important information for stakeholders and communities as to the planned business throughout the year.
<b>6.2 Human Resources and Organisational Development:</b>	None.
<b>6.3 Equality, Diversity and Human Rights:</b>	<p>a) There are no direct impacts on equality, diversity or human rights with regard to approval of the Business Programme, although individual items will have to have regard to those in terms of any outcomes and associated risks.</p> <p>b) The terms of this report does not require an Equalities Impact Assessment.</p>
<b>6.4 Legal:</b>	<p>a) There are no specific legal requirements however this report is good practice in developing and monitoring the Partnership's business.</p> <p>b) There are no direct legal impacts with regard to approval of the Business Programme, although individual reports will have to have regard to current and impending legislation and the impact these may have on ZetTrans, the Council, and the services which the Partnership delivers, in terms of outcomes and legal risks.</p>
<b>6.5 Finance:</b>	The proposals in this report do not have any direct financial implications, but indirect costs may be avoided by optimising member and officer time.
<b>6.6 Assets and Property:</b>	There are no implications for major assets and property. Where possible, all meetings of the Partnership will be held in Shetland Islands Council premises and that such costs will therefore be covered by the Council.
<b>6.7 ICT and new technologies:</b>	There are no implications for ICT and technologies. Where possible, all meetings of the Partnership will be held in Shetland Islands Council premises and will have facilities to allow members to attend meetings remotely. Any associated costs will be covered accordingly by the Council.
<b>6.8 Environmental:</b>	There are no environmental issues arising from this report.
<b>6.9 Risk Management:</b>	The risks associated with setting the Business Programme are around the challenges for officers meeting the reporting timescales required, and any part of the business programme slipping and causing reputational damage to the Partnership.

	Equally, not keeping to the dates set would result in decision making being unplanned and haphazard.
<b>6.10 Policy and Delegated Authority:</b>	<p>(a) Maintaining a Business Programme will ensure the effectiveness of the Partnership's reporting framework, and its planning and performance management, by monitoring and reviewing the achievement of key outcomes and objectives as set out in its strategic and operational plans.</p> <p>(b) The Partnership has authority to approve its own Business Programme for 2017/18, as set out in this report.</p>
<b>6.11 Previously considered by:</b>	The last update of the Business Programme for 2017/18 was considered by the Partnership at its meeting on 29 June 2017 (Min. Ref. 20/17).

**Contact Details:**

Leisel Malcolmson, Committee Officer

Email: [leisel.malcolmson@shetland.gov.uk](mailto:leisel.malcolmson@shetland.gov.uk) Tel: 01595 744599

Finalised: 23 October 2017

**Appendices:**

Appendix 1 - ZetTrans Business Programme 2017/18

**Background Documents:** None





**ZetTrans - Meeting Dates and Business Programme 2017/18  
as at Thursday, 26 October 2017**

D= Delegated R=Referred			
Quarter 1 1 April 2017 to 30 June 2017	Date of Meeting	Business	
	29 June 2017 Unaudited Accounts & Ordinary	Unaudited Accounts 2016/17	
		Appointment of Chairperson and Vice-Chairperson	
		Lead Officer Report	
		Business Programme 2017/18	
		Shetland External Transport Forum Minutes – 2 March 2017	
		Management Accounts – Draft Outturn	
D= Delegated R=Referred			
Quarter 2 1 July 2017 to 30 September 2017	Date of Meeting	Business	
	21 September 2017 Final Accounts	Management Accounts – Quarter 1	
		Deloitte - Annual Audit Report on 2016/17	
Quarter 3 1 October 2017 to 31 December 2017	Date of Meeting	Business	
	5 October 2017 Ordinary	Meeting cancelled. Items to be presented to 2 Nov.	
	2 November 2017 Ordinary	Transfer of Functions to the Shetland Transport Partnership Order 2006. Implications and reappraisal of current understanding	
		Inter-island Air Services – Procurement Approach and Specification (Exempt)	
		ZetTrans Draft Annual Report 2016/17	
		Transport Strategy Refresh	
		Lead Officer Report	
		Business Programme 2017/18	
		Shetland External Transport Forum Minutes – 5 July 2017 & 28 September 2017	
		Date of Meeting	Business
	14 December 2017 Ordinary and Budget Setting	Management Accounts – Quarter 2	
		Business Programme 2017/18	
		Lead Officer’s Report	
Quarter 4 1 January 2018	Date of Meeting	Business	
	1 February 2018 PPMF & Ordinary	Lead Officer Report	



## ZetTrans - Meeting Dates and Business Programme 2017/18 as at Thursday, 26 October 2017

to 31 March 2018		2018 North Isles Ferry Services Contract	
		Key Performance Indicators 2017/18 – Quarter 3	
		Business Programme 2018/19	
		Management Accounts – Quarter 3	
		Shetland External Transport Forum Minutes 11 December 2017	
	22 February 2018 <i>Special</i>	Budget Setting	

### Planned business still to be scheduled - as at Thursday, 26 October 2017

- Project Business Cases
- Transport Strategy Refresh
- Code of Corporate Governance and Annual Review
- Key Performance Indicators 2016/17 – Quarter 4
- Key Performance Indicators 2017/18 – Quarter 1

Updates on the following 4 items will be provided within the Lead Officer's report as matters progress:

- Smart Integrated Ticketing
- National Transport Policy/Strategy

tbc = to be confirmed

PPMF = Planning and Performance Management Framework meetings – no other business to be added

Budget = Budget setting meetings – other items can be added if time permits

Ordinary = Ordinary meetings – other items can be added

Special = Special meetings arranged for particular item(s) – other items can be added if time permits

END OF BUSINESS PROGRAMME as at Thursday, 26 October 2017



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## NOTE

**Shetland External Transport Forum**  
**Room 16, Islesburgh Community Centre, Lerwick**  
**Wednesday 5 July 2017 at 2.15 p.m.**

**Present:**

R McGregor  
 D Sandison  
 D Simpson

**In attendance (Officers):**

M Craigie, Lead Officer  
 P Mogridge, Transport Policy and Projects Officer  
 B Kerr, Communications Officer, SIC  
 L Malcolmson, Committee Officer, SIC

**Also In attendance:**

S Garrett, NorthLink Ferries  
 K Bevan, NorthLink Ferries  
 J Hinkles, Loganair Limited  
 K Ryan, Loganair Limited  
 G Laidlaw, Transport Scotland  
 Paul Linhart-MacAskill, Transport Scotland  
 A Cooper, Councillor  
 T Smith, Councillor  
 S Laurenson, Lerwick Port Authority  
 C Robertson, Ferries Services, SIC  
 G Maitland, Ports and Harbours Operations  
 S Mathieson, Visit Scotland  
 B Gregson, Shetland Amenity Trust  
 J Smith, Chair, Sumburgh Airport Consultative Committee  
 I Kinniburgh, NHS Shetland  
 D Neil, JBT Distribution Ltd

**Apologies:**

S Bain, Disability Shetland  
 A Farquhar, HIAL  
 R Henderson, Seafood Shetland  
 C Hughson, Voluntary Action Shetland  
 R Hunter, HIE/Member of ZetTrans  
 M Leyland, Shetland Seafood Auctions  
 A Priest, Member of ZetTrans  
 V Sandison, Lerwick Port Authority  
 A Steven, Shetland Amenity Trust  
 L Still, HIAL

J Tait, Shetland Tourism Association

### **Chairperson**

Mr McGregor, Vice-Chairperson presided.

### **Circular**

The circular calling the meeting was held as read.

### **Minutes**

The minutes of the meeting held on 2 March 2017 were confirmed.

#### **09/17 Matters Arising**

None.

#### **10/17 Presentation by Serco NorthLink Limited**

Mr Garrett, Managing Director, NorthLink Ferries, gave a slide presentation and reported on a number of matters including:

- Aberdeen – Lerwick volumes of passengers, cars and freight
- Cabin usage
- Pod usage
- Magnus Lounge usage
- Promotions, including Kids go Free and Landbridge
- Forward bookings March – August there is one sailing Northbound and 5 sailings Southbound that are fully booked
- Booking Questionnaire responses
- Operations update including sailings, delays and cancellations
- Sponsorship and Community Engagement
- Customer Services Questionnaire Statistics

During the discussion Mr Garrett responded to a number of questions and confirmed that it would be possible to drill down into the statistical figures to show a breakdown of tourist traffic and non islander discounts. In responding to a specific relating to a full time student living off island, who received no discount, it was noted that if the student's registered address was on the Mainland then they would not be eligible for the islander discount, however they could benefit from family and friends discount if registered through a family member. He asked that this query be passed on to him.

In terms of reliability and capacity of broadband Mr Garrett explained the system currently in place, its limitations and that a solution would be very expensive but Northlink were working on improvements. He advised however that 4G service can be picked up for two hours North of Aberdeen.

Mr Garrett was thanked for his presentation.

#### **11/17 Presentation by Loganair**

Mr Hinkles, Managing Director, Loganair gave a slide presentation (slides attached as Appendix A) and reported on a number of matters including:

- Punctuality

- Reliability
- Market Growth
- Customer Numbers
- Loganair Routes Update and new NHS Patient Travel arrangements from September
- Air Departure Tax
- Frequent Flyer Scheme – available from September
- Shetland Wool Week sponsored by Loganair from this year
- British Airways codeshare from August
- Announcement from Flybe to also provide services to/from Shetland

In regard to the Flybe announcement Mr Hinkles provided a comprehensive presentation of the benefits around the Loganair Service providing examples of where the two organisations differ in fare pricing, connectivity, services provided, additional benefits, local contribution in terms of sponsorship and employment, the 45 year service to the islands as well as the long term commitment to the services provided and to the community as a whole. Mr Hinkles advised that Loganair's commitment was resolute but it was incumbent on him to ask for support so that Loganair can continue to provide services to the islands.

In responding to comments in terms of Flybe's connections to Southampton and Exeter, Mr Hinkles advised that Loganair will continue to have dialogue with Flybe on continued connectivity.

Mr Hinkles received thanks for providing a better pricing structure for NHS patients as well as for the community sponsorship and for promoting Shetland as a visitor destination at a recent event in Glasgow.

During the discussion, comments were made that for passengers, the service provider they travel with will be determined on price and reliability, but it was noted that having checked prices Loganair had come out cheaper. Mr Hinkles acknowledged this but advised that to get a true picture of comparison it was important to get to the end of the Flybe booking process as there are a number of additional charges such as baggage and credit card fees. He again stressed the commitment to the community by advising that the overnight aircraft would be cleaned in Shetland by locally employed staff and flight crew would stay at the Sumburgh Hotel. He said that price would always be the determining factor but Loganair would do everything it can to help the community engage in supporting Loganair.

A recent delay experienced by a stakeholder was used as an example where reliability remained an issue. After hearing Mr Hinkles explain the steps taken that resulted in each passenger reaching their destination within 45 minutes of their scheduled arrival time it was suggested that more should be done to make the public aware of the efforts taken to minimise disruption. Mr Hinkles also advised that efforts were being made to find the most suitable aircraft to replace the SAAB340 and it was noted that the ATR42 aircraft was being trialled on one route. The ATR42 aircraft is used in similar conditions in Canada therefore Loganair would be observing this aircraft closely with a view to introducing them into their network. Mr Hinkles advised however that Loganair's financial reserves may have to be used as a "war chest" which would impact on getting a new fleet of aircraft. Mr Hinkles also informed

stakeholders that Flybe's resilience could be called into question as they appear to be using the same aircraft for all services coming to Sumburgh and noted that their timetable appeared to have aircraft landing when the airport is shut.

Mr Hinkles was asked if delays were likely on Loganair flights, whether passengers would be transferred to Flybe flights if the timetable allowed. Mr Hinkles stated that no such arrangement was in place to take each other's passengers. On the rare occasion that Loganair cannot fly he was unsure whether Flybe would be willing to do so. Also, due to the number of flights on offer from Flybe he said it was unlikely that Flybe would be able to assist. Mr Hinkles said that Loganair's commitment to its passengers would not change and Loganair would do what it could to help passengers.

In terms of compensation claims, Mr Hinkles confirmed that claim rates were going up as customer awareness has been raised. He urged customers to contact Loganair directly to make a claim rather than using a claims company so that they receive the full amount of their compensation.

Mr Hinkles was thanked for his presentation.

In response to a request, the Lead Officer advised that Flybe would be invited to future meetings after the transition period was over in September.

#### 12/17 **Northern Isles Ferry Services Contract 2018**

Mr Laidlaw, Transport Scotland provided a verbal update on the North Isles Ferry Service Contract (NIFS) 2018 and advised on the current position.

Mr Laidlaw advised that Ministers were minded to go for an in-house operator to provide the service but that would be dependent upon stakeholder feedback and the legalities. He advised on the Minister's visit to Shetland in May to speak to the Communities of Shetland and in June to Orkney. Mr Laidlaw reported that the policy review was ongoing with work on the tendering of the NIFS contract being delayed. He explained that Clyde and Hebrides Services had been tendered but the Gourock and Dunoon Service was still to be done.

Mr Laidlaw commented on the NIFS stag process and the additional work Peter Brett Associates Limited had been commissioned to undertake. He also advised that Transport Scotland were in discussion with NorthLink in regard to an extension of their contract to the end of 2018 until a clearer position has been reached. He advised on the process moving forward and stated that it would be into the autumn before more could be said following the policy review. Mr Laidlaw went on to make comment on the lease of the vessels and the options to be discussed by Ministers on the way forward.

Mr Laidlaw was advised that the Ferries Policy Review meeting held on 18 May, in Shetland had been poorly attended and it was noted that this had been the same day as the Council's statutory meeting following the recent local authority election. Concern was expressed that there had been a lack of debate locally and it was commented that some commercial freight operators are not enamoured with what is felt by some to be nationalisation and that their views may have been lost in translation. Mr Laidlaw acknowledged that there had been an issue with getting

people engaged but said there had been discussion with hauliers and the Stewart Building Group. He added that ZetTrans would also welcome comments that would be passed on to Transport Scotland. He said that although Ministers favoured an in-house operation it would be tempered by best value and by listening to communities.

Mr Laidlaw concluded by paying tribute to the work of Mr Garrett and his team at Serco NorthLink for providing this well run service.

The Chair thanked Mr Laidlaw for his update.

13/17 **Agenda Items for Future Meetings**

Items for future meetings can be sent to the Lead Officer or the Committee Officer.

14/17 **AOCB**

None

15/17 **Date of Next Meeting**

The date of the next meeting is 2.15pm on Thursday, 28 September 2017, Council Chamber, Town Hall, Lerwick.

The meeting concluded at 3.55 p.m.

Chairperson