

**Zetland Transport Partnership
Council Chamber, Town Hall, Lerwick
Wednesday 21 February 2018 at 2pm**

Present:

R McGregor
D Simpson
R Thomson

Advisers:

None

Apologies:

R Hunter, HIE
A Priest, SIC
R Roberts, NHS
D Sandison, SIC
S Laurenson
S Mathieson

In attendance (Officers):

M Craigie, Lead Officer
H Tait, Team Leader, Finance
P Mogridge, Transport Policy and Projects Officer
J Thomason, Management Accountant
M Duncan, External Funding Officer
P Wishart, Solicitor
L Malcolmson, Committee Officer

Chair

Mr Thomson, Chairperson of the Partnership, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

Minutes

The minutes of the meeting held on 14 December 2017 were confirmed on the motion of Mr McGregor, seconded by Mr Thomson.

1/18 Management Accounts 2017/18 – Projected Outturn Position at Quarter 3

The Partnership considered a report by the Partnership Proper Officer for Finance (ZTP-05-18-F) that presented the projected outturn position for 2017/18 as at the end of the third quarter.

The Management Accountant introduced the report, and the Partnership noted the Management Accounts as presented.

Decision:

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

2/18

Annual Audit Plan 2017/18

The Partnership considered a report by the Partnership Proper Officer for Finance (ZTP-01-18-F) that provided information on the work that external auditors will undertake to review and assess the governance and performance of the Zetland Transport Partnership in 2017/18.

The Team Leader – Finance introduced the report and the Partnership noted the contents of the Audit Plan for 2017/18.

Decision:

The Partnership NOTED the contents of the Audit Plan 2017/18 for Zetland Transport Partnership (Appendix 1) from external auditors, Deloitte LLP.

3/18

2018/19 Proposed Revenue Budget – ZetTrans

The Partnership considered a report by the Partnership Proper Officer for Finance (ZTP-04-18-F) which enabled the Zetland Transport Partnership to consider the budget proposals and related schedule of charges for 2018/19.

The Management Accountant introduced the report, and circulated an amended Appendix 1 that now included all information relating to the Schedule of Charges.

The Partnership was advised of representation made directly from the Community to the Vice-Chairperson about the increased charges and sought assurance from the Lead Officer that the issue of inter-island air fares will be undertaken fully by the end of May 2018 as part of the ongoing review. The Lead Officer confirmed that the review of fares would form part of that review. He explained that the charges set were a budgeting exercise that was consistent over the last 5 years however as there was no increase last year the increase over two year period appear like a higher increase.

Mr Thomson moved that the Partnership approve the recommendations contained in the report. Mr McGregor seconded.

Decision:

The Partnership:

- Approved the budget proposals for 2018/19 included in the report;
- Approved the updated Schedule of Charges (Appendix 1); and
- Delegated authority to the Lead Officer, or his nominee, to award grants in line with the approved Shetland Bike Project and within the budget proposed.

4/18

Appointment of Advisers

The Partnership considered a report by the Partnership Proper Officer for Finance (ZTP-02-18-F) which updated Members on the expiry of the term of office for Advisers of ZetTrans.

In introducing the report, the Committee Officer advised that the Lead Officer had made contact with Mr Mathieson who had indicated his willingness to continue as an Adviser to the Partnership.

Decision:

The Partnership:

- Appointed Mr Mathieson, Island Manager, VisitScotland, Shetland as an Adviser for a further period of 4 years to 22 February 2022; and
- Agreed that the appointment of advisers would be considered, as part of the ZetTrans Governance Review, and reported to ZetTrans by the end of June 2018.

5/18

ZetTrans Response to the Consultation on: Shetland's Partnership Plan - Consultative Draft December 2017

The Partnership considered a report by the Transport Policy and Projects Officer (ZTP-06-18-F) which detailed a response to the consultation on Shetland's Partnership Plan – Consultative Draft December 2017.

The Transport Policy and Projects Officer introduced the report and the Partnership approved the recommendations contained therein, on the motion of Mr McGregor, seconded by Mr Thomson.

Decision:

The Partnership:

- APPROVED a ZetTrans response to the consultation on Shetland's Partnership Plan – Consultative Draft December 2017; and
- Instructed the Lead Officer, or his nominee, to submit the response incorporating any changes requested, in consultation with the Chair.

6/18

Scottish Government Ferry Procurement Policy Review

The Lead Officer presented a report to the Partnership (ZTP-07-18-F) to consider a response to the Minister for Transport and Islands' invitation of 31 January 2018 to respond to the latest round of consultation on the Ferry Procurement Policy.

The Lead Officer introduced the report and said that it was important that communities and agencies engage on this matter. He advised that the initial consultation [by Transport Scotland] on the Ferry Procurement Policy, concluded that Shetland had adopted an agnostic view, however as time passed thoughts around the matter have developed and shifted to a more specific position. The Lead Officer explained that the business industries in Shetland view the best option to be tendering the service. He said that there is no concern on the quality of

service provided within the gift of Serco as operator, but in regard to capacity, demand and value within the service these are issues to be addressed by Transport Scotland and tendering is now viewed as a good evidence based process to address these issues.

During questions, reference was made to the level of investment in ferries and infrastructure in the Clyde and Hebrides Network and comment was made that this was likely to be as a result of the service being provided by the Scottish Government. The Lead Officer confirmed that he had been involved in various forums and he was aware that the Scottish Government have a high level of data around the Clyde and Hebrides Network. He advised however that there appears to be no equivalent detail available to the Scottish Government on the Northern Isles Services in regard to condition of vessels or capacity over a three, five or ten year period, and the Partnership noted that this point had been acknowledged within the Audit Scotland Audit Report. The Lead Officer said it was important for the Scottish Government to have a pan-Scotland view of transport needs, and without that, it is difficult for decision makers to know where the priorities lie in terms of investment.

During further discussion it was noted that there was concern within the Shetland business community that the Clyde and Hebrides Network model will be imposed on Shetland. In putting that view to the Minister for Transport and the Islands, the Vice-Chair advised that he had received a response that stated there was no intention from the Scottish Government to apply a “west coast fits all” approach.

The Chair commented that tendering the current service has proved successful in terms of the flexibility Serco NorthLink have offered within their operation. He said however, that if re-tendered there was no guarantee that the operation would be as successful, but it was important to take on the views of stakeholders and those using the service every day.

Mr McGregor moved that the Partnership approve the recommendations contained in the report, seconded by Mr Simpson.

Decision:

The Partnership:

- Considered the content of the report and provided views to be included in a response to the Minister for Transport and Islands’ invitation of 31 January 2018 to respond to the latest round of consultation on Ferry Procurement Policy.
- Instructed the Lead Officer, or his nominee, to draft and send a response to the Minister for Transport and Islands’ letter of 31 January 2018 incorporating any views expressed as agreed with the Chairman of the Partnership.

7/18

ZetTrans Business Programme 2018/19

The Partnership considered a report by the Secretary to ZetTrans/Executive Manager – Governance and Law (ZTP-03-18-F) presenting an updated Business Programme for ZetTrans for the period ending March 2019.

The Committee Officer introduced the business programme and the Partnership approved the recommendations in the report, on the motion of Mr McGregor, seconded by Mr Thomson.

Decision:

The Partnership APPROVED the Business Programme for 2018/19.

8/18

Lead Officer's Report

The Partnership considered a report by the Lead Officer (ZTP-03-18-F) presenting 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.

Fair Funding on Inter-Island Ferry Services

The Lead Officer commented on the successful outcome for additional revenue funding for the Inter-Island Ferry Services. He said that this was a good outcome but this was a short-term stopgap as a clear long-term policy and was needed. He advised on the importance to remember that connectivity to the Islands was not just about ferries but also fixed links, and for island communities to have more certainty regarding continuity of provision over five to ten years and beyond so that business and communities can plan and invest in their future. He added that the risk is that businesses and communities take the least risk options which could lead to short term decisions rather than long term.

North Isles Ferry Service (NIFS)

Freight Fares Review - The Lead Officer explained that he had hoped to have more detail of the next steps for the freight fares review at this time, however, Transport Scotland advised that this work was ongoing looking at the fare model. The Lead Officer said that Transport Scotland are aware that Shetland is looking for a swift resolution, commenting that the process started in 2014 and Officers are no clearer on likely freight fares structure. He said that he would continue to push for a position from Transport Scotland.

STAG Study – The Lead Officer said that this study was to be completed in 2016 but it had been prolonged as considerations was given to RET (road equivalent tariffs) and the procurement policy. He said that there needed to be more clarity around frequency, capacity and deployment of vessels before the STAG process concludes. Once complete the STAG will be considered by Ministers before being published and thereafter it would be considered and a response provided by ZetTrans and other stakeholders.

Road Equivalent Tariff (RET) – The Lead Officer advised that the Government are committed to making a decision on this subject by the end of June 2018.

Smart Ticketing

The Lead Officer advised that EU and other Transport Scotland funding had been secured for 70% of the costs for smart ticketing hardware needed on bus services. He said that new hardware has the capacity to get the full benefits of National Entitlement Cards and for the ticketing system to be extended across the public transport network. There are also matters to be resolved concerning Ferry Services ticketing hardware and funding is key to doing that affordably. Once smart ticketing is available across the network it will be possible to look at wider ticketing products.

Inter-Island Air Services Outline Business Case

The Lead Officer advised the Partnership on the progress of this work stating that the aim is to report this to the Partnership at its meeting on 26 June 2018.

Islands Transport Forum

The Lead Officer advised that the meeting of the Islands Transport Forum would now be held on 23 March and asked if the Partnership had any contribution that it wished him to make on any of the agenda items. He said that he would push for a steer from Transport Scotland following the Audit Scotland Report and that HIAL were strong on its approach to Air Traffic Management in the longer term.

During discussion, the Lead Officer said that he hoped to add fixed links to the agenda as was is some time since the paper had been presented to the forum and adopted by the Ministers. It was agreed that the Lead Officer would write to the Cabinet Secretary to see if the Whalsay Transport link is included on the agenda.

Minute of the Shetland External Transport Forum

The Lead Officer said that the minute from the previous External Transport Forum would now be included within the Lead Officer report and urged Members to advise on any items they wished to see on future agendas. It was agreed that specific information around External Ferry Links and views of Shetland as a whole would be captured and collectively issued.

During discussions, the Lead Officer advised that there was some understanding of the cost for smart ticketing on ferries but as the specific solution had to be developed for Orkney, Shetland and the Western Isles, more clarity was needed on licensing and other areas that differ from the supply of bus ticketing.

The Chair said that he welcomed the opportunity for additional funding for the smart ticketing.

Mr Simpson moved that the Partnership approve the recommendations contained in the report, seconded by Mr McGregor.

Decision:

The Partnership:

- Approved the expenditure of up to £200k on the purchase and installation of new Smart Ticketing enabled hardware on public bus services in Shetland as described in sections 4.12 to 4.15 of the report.
- Considered the remainder of the report, provided comments and noted the report.

In order to avoid the disclosure of exempt information, Mr Thomson moved, and Mr McGregor seconded, and the Partnership agreed to exclude the public in terms of the relevant legislation during consideration of the following items.

9/18

Inter-island Air Services Contract

The Partnership considered a report by the Lead Officer concerning the recently tendered inter-island air services contract.

The Lead Officer introduced and the Partnership noted the report.

Decision:

The Partnership NOTED the report.

The meeting concluded at 2.55 pm.

CHAIRPERSON