



If calling please ask for:  
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Date: 16 August 2018

Dear Sir/Madam

You are invited to the following meeting:

**Special Zetland Transport Partnership (ZetTrans)  
Council Chamber, Town Hall, Lerwick  
Wednesday 22 August 2018 at 2pm**

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.

Item	
1.	ZetTrans Response to the Scottish Government's Consultation on Developing an Environment Strategy for Scotland <i>ZTP-22</i>
2.	Public and School Transport Networks 2019 to 2024 – Strategic Outline Case <i>ZTP-23</i>





## Zetland Transport Partnership

Agenda Item

# 1

<b>Meeting(s):</b>	<b>Zetland Transport Partnership</b>	<b>22 August 2018</b>
<b>Report Title:</b>	<b>ZetTrans Response to the Scottish Government's Consultation on Developing an Environment Strategy for Scotland</b>	
<b>Reference Number:</b>	<b>ZTP-22-18-F</b>	
<b>Author / Job Title:</b>	<b>Peter Mogridge – Transport Policy and Projects Officer</b>	

### 1.0 Decisions / Action Required:

#### 1.1 That the Partnership:

- 1.1.1 APPROVE the DRAFT ZetTrans response to the Scottish Government's Consultation on Developing an Environment Strategy for Scotland as contained in Appendix 1.

### 2.0 High Level Summary:

#### 2.1 The Transport Scotland consultation invites opinions on:

- 2.1.1 The draft vision for Scotland's environment and climate change policies.
- 2.1.2 Draft outcomes to help achieve the draft vision.
- 2.1.3 Draft *Knowledge Accounts* to be used to help identify priorities.

### 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 document in Appendix 1 contains the draft response from officers for discussion and approval by the Partnership.
- 4.2 The response given should be in line with ZetTrans' own Vision, Strategic Objectives and Main Issues. It should also encompass ZetTrans' dual strategic and operational roles.

### 5.0 Exempt and/or Confidential Information

- 5.1 None.

<b>6.0 Implications :</b>		
<b>6.1 Service Users, Patients and Communities:</b>	As a <i>Major Player</i> , ZetTrans has a statutory requirement to submit an annual Climate Change Report. Government policy and strategies on the environment and climate change will likely impact on the contents of this report.	
<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>	None.	
<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>	Transport, travel and access and the movement of goods have an important impact on the environment and climate change.	
<b>6.9 Risk Management:</b>	None.	
<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 engaging with Government on issues relating to transport national policy and strategy.	
<b>6.11 Previously considered by:</b>	Not previously considered.	

#### **Contact Details:**

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3 August 2018

#### **Appendices:**

Appendix 1 – ZetTrans response to Transport Scotland's Consultation the Scottish Government's Consultation on Developing and Environment Strategy for Scotland

## **Background Documents:**

The discussion paper:

[https://consult.gov.scot/environment-forestry/environment-strategy/user\\_uploads/224042\\_sct0618871430-001\\_developing-an-environment-strategy-for-scotland-v3.pdf](https://consult.gov.scot/environment-forestry/environment-strategy/user_uploads/224042_sct0618871430-001_developing-an-environment-strategy-for-scotland-v3.pdf)

The proposed *knowledge accounts*:

<https://www.gov.scot/Publications/2018/06/4147/downloads>



## Developing an Environment Strategy for Scotland

### Consultation Questions:

#### 1) What are your views on the following draft vision for Scotland's environment and climate change policies?

**Our draft vision is for “one planet prosperity”.**

*This means protecting nature and living within the Earth's sustainable limits, while building a more prosperous, innovative and successful nation.*

#### Suggested ZetTrans response to Q1

The vision is so broad that it is difficult to know how best to respond. A statement along the lines of:

ZetTrans is supportive of travel solutions that reduce Shetland's carbon footprint and minimise the harmful emissions which contribute to climate change.

#### 2) What are your views on the following draft outcomes that will help to achieve this vision?

1. We are a climate leader and play our full role in limiting global temperature rise to well below 2°C.
2. We are a zero waste, resource efficient nation.
3. Our biodiversity is protected and enhanced, supporting healthy ecosystems.
4. Our air, freshwater, seas and soils are of excellent quality.
5. Everyone can access, enjoy and connect with nature.
6. The global footprint of our consumption and production is sustainable.

#### Suggested ZetTrans response to Q2

As mentioned in ZetTrans' response to question 3 below, ZetTrans is concerned that insufficient attention is being paid to transport, travel and access issues. As a Regional Transport Partnership based in a deeply rural and remote area of the UK, and enjoying a superb and pristine environment, ZetTrans is acutely aware of the practical issues facing those who wish to access Shetland's environment. With transport powered by fossil fuels, the very act of accessing nature can contribute to harming the environment. Care must be taken to ensure that achieving outcome 5 does not hinder the achievement of outcomes 1, 2, 3, 4 and 6.

#### 3) What are your views on the draft **knowledge accounts** which will be used to help identify priorities for action in the coming years? What additional sources of key evidence can you add?

#### Suggested ZetTrans response to Q3

There is insufficient coverage of transport, travel and access issues in the *knowledge accounts*. Transport is only mentioned specifically in the account addressing air quality. ZetTrans would suggest that a *knowledge account* addressing a general topic such as moving people and goods around must be added.

**The closing date for responses is 24 August 2018. Responses can be submitted on line.**







## Zetland Transport Partnership

Agenda Item

2

Meeting(s):	Zetland Transport Partnership	22 August 2018
Report Title:	Public and School Transport Networks 2019 to 2024 – Strategic Outline Case	
Reference Number:	ZTP-23-18-F	
Author / Job Title:	Michael Craigie – Lead Officer	

### 1.0 Decisions / Action Required:

1.1 That the Partnership **RESOLVES** to: -

1.1.1 NOTE that the preferred way forward for public and school bus transport in Shetland detailed in the Strategic Outline Case (SOC) in Appendix 1 comprises two components; namely: -

- For School Bus Transport – a network of dedicated services and public transport based services that provides transport to entitled pupils in compliance with the Council's prevailing policy criteria described in the Council's School Transport Policy.
- For Public Bus Transport – a network of services based on the current network with refinements to take advantage of opportunities for efficiency, with a framework to support any decisions to modify the network to meet any financial constraints based on a hierarchy of travel needs factors arising out of consultation with users, the Shetland community and wider stakeholders.

1.1.2 Delegate authority to the Lead Officer of ZetTrans working with the Director of Development Services Shetland Islands Council where required, to take any decisions and action required to develop the Full Business Case for the preferred way forward described in section 1.1 for each of the Public and School Bus Transport Networks to be implemented after the current set of service contracts expire on 18 August 2019.

### 2.0 High Level Summary:

2.1 The current contracts for the network of School and Public Bus Services expire on 18 August 2019.

2.2 In order to ensure continuity of services it is necessary to have in place new contracts from 19 August 2019. Contracts will be called off from a Framework Agreement concluded in July 2018 with a number of service providers in anticipation of the School and Public Bus Service requirements. The Framework Agreement is designed to cater for the outcomes of the Full Business Case. With the Framework Agreement in place it means contracts can be called off in good time and continuity of required services is ensured.

- 2.3 Transport is referred to in a range of community planning policy and strategy contexts in Shetland, which collectively describe what is required of Shetland's transport network. These are described in detail in the SOC in Appendix 1.
- 2.4 In addition the Council's School Transport Policy defines the policy on entitlement to School Transport.
- 2.5 The SOC builds these policies, along with a range of other parameters, into a process to: -
- Establish the strategic context for the project.
  - Make the case for change.
  - Identify and agree Critical Success Factors.
  - Identify and agree a long list of options.
  - Review the long list of options against the Critical Success Factors.
  - Agree the preferred way forward.
  - Establish the options to be taken forward to the Outline Business Case (OBC).
- 2.6 The SOC has established the preferred way forward as being a minimum of a network of services broadly similar to the current circumstances. The options to achieve this arose from a comparison of options against the Critical Success Factors. The Critical Success Factors were derived from the community planning policies and strategies currently in place. These will be verified with users, communities and stakeholders over the course of the Business Case process.
- 2.7 A delivery plan to achieve the Full Business Case is given in Appendix 2. From this it can be seen that the intention is to present the Outline Business Case to ZetTrans and Council for approval on 15 October 2018 and the Final Business Case in by mid-January 2019.

### **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.
- 3.2 The Council's Corporate Plan states as one of its five top political priorities, "Provide quality transport services within Shetland, and push for improvements in services to and from Shetland" (Our Plan – 2016 – 2020).
- 3.3 ZetTrans, as the main partner, works closely with the Council to deliver its transport priorities along with NHS Shetland and Highlands and Islands Enterprise.

### **4.0 Key Issues:**

- 4.1 The main issue arising out of this report are: -
- Presentation of a Strategic Outline Case for the provision of a network of public and school bus services throughout Shetland.
  - Establishment of a set of Critical Success Factors, to be verified and/or refined through stakeholder engagement, to measure performance of service options.
  - Approval of a preferred way forward that addresses the Critical Success Factors.
  - The preferred way forward is the provision of a network of services broadly similar to the current network.

<b>Exempt and/or Confidential Information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Through various means service users, communities and stakeholders have been involved in establishing the needs to be addressed by the public and school bus networks. As the Business Case process continues there will be further engagement with a wide range of stakeholders to inform the refinement of the investment objectives, benefits criteria and Critical Success Factors.
<b>6.2 Human Resources and Organisational Development:</b>	There are no human resources or organisational development issues arising immediately out of this report.
<b>6.3 Equality, Diversity and Human Rights:</b>	An Integrated Equalities Impact Assessment will be carried out as part of the Business Case process.
<b>6.4 Legal:</b>	A legally compliant European Union procurement exercise was carried out and a Framework Agreement entered into with a number of successful service providers. Contracts for specific services shall be concluded in accordance with the procedures specified in the Framework Agreement..
<b>6.5 Finance:</b>	The Council's Policy and Resources Committee has approved a Service Redesign Programme that has within it a target to reduce the costs bus contracts by £500k per annum (Min. Ref. 46/18). This target is included as one of the Critical Success Factors in the Business Case.
<b>6.6 Assets and Property:</b>	There are no Assets and Property issues arising immediately out of this report.
<b>6.7 ICT and New Technologies:</b>	There are no ICT or New Technologies arising immediately out of this report.
<b>6.8 Environmental:</b>	There are no environmental issues arising immediately from this report.

<b>6.9 Risk Management:</b>	<p>Shetland's public and school bus network is important to the social and economic wellbeing of Shetland. Failure to conduct a thorough Business Case approach to the making decisions on the future network of services would undermine the capacity of ZetTrans and the Council to make informed investment decisions that can be shown to be based on policy aims and objectives. This could lead to unintended or unexpected consequences in terms of effective delivery of community planning objectives and outcomes. Furthermore, the Business Case approach will mitigate risk of unsustainable financial consequences that may arise out of inadequate account being taken of Shetland Islands Council's financial position and priorities.</p>
<b>6.10 Policy and Delegated Authority:</b>	<p>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.</p> <p>Section 51 of the Education (Scotland) Act 1980, as amended, requires the Council to make such arrangements as they consider necessary for the provision of school transport and transport facilities on such terms and conditions as may be arranged, and to pay all or part of reasonable travelling expenses for school pupils residing in their area and attending designated schools.</p> <p>ZetTrans has functional responsibility to secure transport services in Shetland under the Transfer of Functions to the Shetland Transport Partnership Order 2006.</p>
<b>6.11 Previously Considered by:</b>	<p>None.</p>

#### **Contact Details:**

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17 August 2018  
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#### **Appendices:**

Appendix 1 – Strategic Outline Case for the Public and School Bus Network 2019 - 2024  
Appendix 2 – Timeline for the project

**Background Documents:** None

# **STRATEGIC OUTLINE CASE (SOC)**

**Public and School Bus Network**

**2019 - 2024**

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Version no: V0.1

Issue date: 15/08/2018

**VERSION HISTORY**

<b>Version</b>	<b>Date Issued</b>	<b>Brief Summary of Change</b>	<b>Owner's Name</b>
Draft V0.1	15/08/2018	Draft Version	Michael Craigie

## **1. Executive summary**

### **1.1 Introduction**

This Strategic Outline Case (SOC) is for Public and School Bus Network 2019 to 2024. The proposed development is to establish the next generation of public and school bus networks after current network of network contracts expire in August 2019 and to establish means of reducing the costs of providing bus services in Shetland.

This SOC has been prepared using the HM Treasury Five Case Model which is the standard adopted by Shetland Islands Council in the preparation of Business Cases.

This document will address each of the Five Cases and covers the strategic case, the economic case, the commercial case, the financial case and the management case.

The scope includes:

- Public Bus Services across Shetland;
- School Transport Services across Shetland.

### **1.2 Strategic Case**

#### **1.2.1 Strategic Context**

The strategic drivers for this investment are associated strategies, programmes and plans and the statutory duties placed on ZetTrans with regard to public bus services and on Shetland Islands Council in relation to School Transport, the Shetland Transport Strategy. The main drivers are described in the following paragraphs and further strategic policy and strategy is given in Section 2.3.

#### **STATUTORY DUTIES**

Under Sections 63 and 64 of the Transport Act 1985 there is a duty on ZetTrans *“to secure the provision of such public transport services as ZetTrans considers 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”*.

Section 51 of the Education (Scotland) Act 1980, as amended, requires the Council to make such arrangements as they consider necessary for the provision of school transport and transport facilities on such terms and conditions as may be arranged, and to pay all or part of reasonable travelling expenses for school pupils residing in their area and attending designated schools.

Section 42(4) of the 1980 Act defines the statutory walking distance for school pupils as being 2 miles for any pupil under the age of 8 years of age and 3 miles for any other pupil.

## **SHETLAND TRANSPORT STRATEGY**

The Shetland Transport Strategy (Refresh 2018) contains a specific intervention to review the public bus network in line with ZetTrans' 3 strategic objectives.

## **SIC MEDIUM TERM FINANCIAL PLAN**

The Council's Medium Term Financial Plan outlines the Council's financial position and notes that there is a projected shortfall in funding from 2019/20 onwards.

## **SIC CORPORATE PLAN**

Our Plan 2016/20 identifies three ways in which SIC, working in partnership with others, will make a difference in relation to internal transport.,

These Business Strategies must be viewed in the context of other Organisational Strategies to which the Council and ZetTrans are committed as community planning partners. These include the Council's Core Values, the Shetland Partnership Plan, Shetland Place Standard, 10 Year Plan to Attract People to Live and Work in Shetland, On Da Level and the National Transport Strategy.

### **1.2.2 The Case For Change**

The fundamental driver for change is the need to re-procure public and school bus services to ensure continuity of services after the current contracts expire in August 2019.

The existing arrangements are as follows: -

The current public bus services network is made up of mainline and feeder services, with dial-a-ride services providing demand responsive provision. School Transport is provided by a mix of dedicated services and use of public services where compatible.

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.

This network of public and school transport services comprises 174 contracts covering 63 public services and 111 dedicated school services. The public network covers a range of travel needs related to the following hierarchy of travel needs factors, which were established from engagement with users and communities:-

- Journey to work
- Access to training and further/higher education
- Access to Healthcare
- Access to shops (rural and Lerwick)
- Access to social and leisure opportunities
- Access to external transport link
- Access to tourist attractions/destinations

The existing public bus service network in Shetland has a gross budget of £2.5m and the existing cost of school transport services has a gross budget of £2.2m.

These figures all relate to contract costs and are revenue budgets.

There are currently no capital budgets related to bus services in Shetland.

All current contracts covering public bus services and school transport services expire on 18 August 2019. Future contracts will be called off from a Framework Agreement concluded in July 2018 with a number of service providers in anticipation of the School and Public Bus Service requirements. The Framework Agreement is designed to cater for the outcomes of the Full Business Case. With the Framework Agreement in place it means contracts can be called off in good time and continuity of required services is ensured.

The business needs are based on the fundamental requirement to provide public and school bus services arising from the statutory duties noted in Section 1.2.1. There has also been further research done to inform strategy and policy development. This has established that there are areas that communities would like to see addressed, largely down to coverage, frequency and the length of the operating day. It is clear from the evidence gathered that the current network of services must form the basis of the consideration of options for the next generation of public and school bus services.

## 1.3 Economic Case

### 1.3.1 The Long List

The long list of options have been derived from the scope, service solution, service delivery and implementation options available. The verification of this long list will form part of the stakeholder engagement exercise which will be undertaken to inform the Outline Business Case for report to Shetland Islands Council and ZetTrans in October 2018.

#### SCOPING OPTIONS

- **Option 1.1: Do Nothing**  
Allow current contracts to run out and see if the market meets the service gap.
- **Option 1.2: Do Minimum A (status quo public / legal minimum schools)**  
Provision of the current network of public service provision and the legal minimum of school transport service provision.
- **Option 1.3: Do Minimum B (status quo)**  
Provision of the current network of public and school transport service provision.
- **Option 1.4: Intermediate**  
The current network of services provision with gaps in service being filled in the longer term.
- **Option 1.5: Maximum**  
Immediately address gaps in current service provision and run a dedicated public transport service alongside a dedicated school transport service.

#### SERVICE OPTIONS

- **Option 2.1: Only Tendered Services**  
All services provided through a tender process with SIC as the operator of last resort.
- **Option 2.2: Only Directly provided services**  
All services are provided by SIC/ZetTrans.
- **Option 2.3: Combination of Tendered and Directly Provided**  
Some services are provided through a tender process, and some by SIC/ZetTrans.
- **Option 2.4: Combination of Tendered and Community**  
Some services are provided through a tender process and some by community organisations that wish to do so.

- **Option 2.5: Combination of Direct and Community**  
Services are provided by SIC/ZetTrans and some community organisations that wish to do so.
- **Option 2.6: Community Transport Alone**  
All services are provided by community organisations that wish to do so.
- **Option 2.7: Combination of Direct, Tendered and Community**  
Some services are provided through a tender process, some by SIC/ZetTrans and some by community organisations that wish to do so.
- **Option 2.8: De-regulation of some transport services**  
SIC can decide not to regulate taxi drivers/vehicles.
- **Option 2.9: Private Sector Car Club**  
Have a pool of cars available to community members that opt in.
- **Option 2.10: Personal subsidy to travel**  
Every individual in Shetland is given an annual budget to arrange their own travel.

#### SERVICE DELIVERY OPTIONS

- **Option 3.1: Shetland Islands Council**
- **Option 3.2: ZetTrans**
- **Option 3.3: Private Sector**
- **Option 3.4: Community Enterprise**
- **Option 3.5: Voluntary Sector**
- **Option 3.6: Public/Private Partnership**

#### IMPLEMENTATION OPTIONS

- **Option 4.1: Immediate**  
Implement new services from 19<sup>th</sup> August 2019.
- **Option 4.2: Short Delay**

Extend current contracts for an agreed period based on the next suitable date to introduce new services after 19<sup>th</sup> August 2019.

- **Option 4.3: Delay by One Year**

Extend current contracts and aim to introduce new services in August 2020.

- **Option 4.4: Delay by Two to Five Years**

- Extend current contracts and aim to introduce new services in August of 2021, 2022, 2023 or 2024.

- **Option 4.5: Phased**

Extend some contracts and introduce new services in stages.

### **1.3.2 The Preferred Way Forward**

The preferred way forward was identified from the individual assessment of which of the options listed in the four sections above would satisfy the most Critical Success Factors and the Investment Objectives.

The preferred way forward is as follows:

Scope – Do Minimum B

Service Solution – Tendered Services Only

Service Delivery – Private Operators

Implementation – Immediate

### **1.3.3 The Short List**

On the basis that the preferred way forward is agreed, we recommend the following options for further, more detailed evaluation within the Outline Business Case (OBC):

- **Option 1** – Do nothing – extend contracts for five years.
- **Option 2** – Implement the ‘Do Minimum B’ scope, tender all services to private operators with an implementation date for new services of 19<sup>th</sup> August 2019.
- **Option 3** – Implement the ‘Intermediate’ scope, tender all services to a combination of private and community operators with an implementation date for new services in August 2020.

- **Option 4** – Implement the ‘Do Minimum A’ scope, tender all services to private operators with an implementation date for new services of 19<sup>th</sup> August 2019.

Consequently, the preferred option will be identified and recommended for approval within the OBC.

## **1.4 Commercial case**

### **1.4.1 Procurement strategy**

The procurement strategy will be based on that which was successfully utilised when tendering the existing services and the Framework Agreement currently in place allows for Call-Offs at any time.

It is anticipated that, subject to the approval of the SOC, the implementation be conducted to the following timescale, all in accordance with the procedure set down in the Framework Agreement:

September 2018 – Tender Documents Drafted for Call-off from the Framework Agreement

October 2018 – Tender Documents Finalised (following completion and approval of the OBC)

22 October 2018 – Issue Tender Documents

19 November 2018 – Tender Submission Deadline

November – December 2018 – Analysis of Submissions

January 2019 – Report to ZetTrans and Shetland Islands Council

February 2019 – Award Contracts

19 August 2019 – New Contracts Begin

### **1.4.2 Required services**

The required products and services in relation to the preferred way forward are those of the level of public bus services currently in operation across Shetland and the level of school transport services to be tendered is in line with provision under the current SIC School Transport Policy.

### **1.4.3 Potential for risk transfer and potential payment mechanisms**

The potential for risk transfer will be fully developed in the OBC stage of the process.



## **1.5 Financial case (to be completed in conjunction with Finance Services)**

The Financial Case will be completed with colleagues in Finance Services following the procurement exercise as will be set out in the Outline Business Case and presented to Shetland Islands Council and ZetTrans in October 2018.

The procurement exercise will provide accurate financial information with which to cost each option.

Due to the changing landscape of passenger transport service provision in Shetland over the past few years, it is not possible to provide costed options ahead of the tender exercise as all contract information held is four years out of date. The necessary detailed knowledge of the specific circumstances, strategies and financial models of each member of the Framework Agreement that would be required to produce accurately costed models of each option are not held by the Council.

## **1.6 Management case**

### **1.6.1 Project management arrangements**

The project is an integral part of the portfolio of projects currently being undertaken to ensure a sustainable network of public transport services in Shetland.

The project is overseen by the Shetland Transport Programme Board.

## **1.7 Recommendation**

It is recommended that the preferred way forward described in Section 1.3.2 is adopted as the basis for the development of the Outline and Final Business Cases.

## 2. The Strategic Case

### 2.0 Introduction

This Strategic Outline Case (SOC) is for Public and School Transport Network 2019 – 2024.

#### *Structure and content of the document*

This SOC has been prepared using the agreed standards and format for business cases.

The approved format is the Five Case Model, which comprises the following key components:

- The **strategic case** section. This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme
- The **economic case** section. This demonstrates that the organisation has selected a preferred way forward, which best meets the existing and future needs of the service and is likely to optimise value for money (VFM)
- The **commercial case** section. This outlines what any potential deal might look like
- The **financial case** section. This highlights likely funding and affordability issues and the potential balance sheet treatment of the scheme
- The **management case** section. This demonstrates that the scheme is achievable and can be delivered successfully in accordance with accepted best practice.

The purpose of this section is to explain and revisit how the scope of the proposed project or scheme fits within the existing business strategies of the organisation and provides a compelling case for change, in terms of the existing and future operational needs of the organisation. This section should clearly demonstrate how the project assists in the progression of Corporate Priorities and Business Transformation.

## PART A: THE STRATEGIC CONTEXT

### 2.1 Organisational overview

The Development Service of Shetland Islands Council is one of the five Council Directorates and the Transport Planning Service, which holds the budget for the funding of the public bus network and school transport services, sits within this area.

The functional responsibility for public bus services lies with ZetTrans, Shetland's Transport Partnership. Under Sections 63 and 64 of the Transport Act 1985 there is a duty placed upon ZetTrans "to secure the provision of such public transport services as ZetTrans considers 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".

School transport services are the responsibility of Shetland Islands Council as the local Education Authority and must comply with Section 51 of the Education (Scotland) Act 1980, as amended, which requires the Council to make such arrangements as they consider necessary for the provision of school transport and transport facilities on such terms and conditions as may be arranged, and to pay all or part of reasonable travelling expenses for school pupils residing in their area and attending designated schools. Section 42(4) of the 1980 Act defines the statutory walking distance for school pupils as being 2 miles for any pupil under the age of 8 years of age and 3 miles for any other pupil.

The strategic drivers for this review are the above duties, the Council's Medium Term Financial Plan, the Council's values and the Council's Corporate Plan (Our Plan 2016/20).

### 2.2 Business strategies

The overarching reason behind this business case is the need to re-procure public and school transport services so that services are in place after the current contracts expire on 18 August 2019.

## SHETLAND TRANSPORT STRATEGY REFRESH

The Shetland Transport Strategy Refresh contains a specific intervention to review the public bus network in line with ZetTrans' 3 strategic objectives:

- **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 broadly aligns with the Money priority of Shetland's Partnership Plan – "All households can afford to have a good standard of living"*

- **Strategic Objective 2** - To support Shetland's communities by enabling individuals, families and localities to thrive socially, physically and economically.

*This strategic objective broadly aligns with the People priority of Shetland's Partnership Plan – "Individuals and families can thrive and reach their full potential"*

- **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 broadly aligns with the Place priority of Shetland's Partnership Plan – "Shetland is an attractive place to live, work, study and invest"*

## THE COUNCIL'S MEDIUM TERM FINANCIAL PLAN

The Council's Medium Term Financial Plan outlines the Council's financial position and notes that there is a projected shortfall in funding from 2019/20 and onwards. A report presented to Council on 14 February 2018 said, "The Council must address the underlying challenges that have already been highlighted in the Medium Term Financial Plan, including the anticipation of continued reductions in grant funding, to reduce expenditure and to recognise the need for service redesign that successfully responds to the financial realities that it faces. The report recommends that the Council instruct the Corporate Management Team to develop proposals and options for Service redesign/change in the form of Strategic Outline Cases to address the continuous improvement and financial challenges that lie ahead. This should be done in the context of Council priorities and its contribution to local outcome aspirations, national policy and statutory duties, in a timescale of no more than 3 months."

## SIC CORPORATE PLAN

Our Plan 2016/20 states,

- "There will be transport arrangements in place that meet people's needs and that we can afford to maintain in the medium term"
- "Our communities will feel better connected using new community transport solutions developed by communities themselves"
- "We will have a clearer understanding of the options and investments needed to create a sustainable internal transport system over the next 50 years".

These Business Strategies form the main strategic drivers in relation to the need to provide School and Public Bus Services beyond the end of the current contract period (i.e. from 19 August 2019 onwards). They must be viewed in the context of other Organisational Strategies to which the Council and ZetTrans are committed as community planning partners.

## **2.3. Other organisational strategies**

### **OUR VALUES**

The Council's values are excellent services, working well together and taking personal responsibility.

### **SHETLAND ISLANDS COUNCIL CUSTOMER CHARTER**

The Shetland Islands Council Customer Charter states that:

We will:

- Respond promptly when you contact us
- Resolve issues as quickly as possible
- Be polite, helpful and professional at all times
- Treat everyone with equity and fairness
- Communicate clearly, avoiding jargon
- Maintain confidentiality, ensuring only those who need to see your information do so
- Take responsibility and rectify any mistakes we make
- Use your views to help us improve the way we do things

### **SHETLAND PARTNERSHIP PLAN**

Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges

Partner agencies work to align existing plans, strategies and partnerships with priorities to reduce inequality of outcome in Shetland

Priorities and ambitions assessed to identify any potential social, economic, environmental, equality and rural proofing impacts and adapted accordingly

Focuses on where partners' collective efforts can add most value for their local communities, with particular emphasis on reducing inequalities, improving outcomes for most vulnerable and moderating future demand for crisis services.

## Shared Priorities

- People – individuals and families can thrive and reach their full potential
  - *The number of vulnerable people and households in Shetland will be considerably reduced as a result of people being enabled and empowered to address the issues they face.*
- Participation – people can participate and influence decisions on services and use of resources
  - *Staff from across the Shetland partnership will be actively seeking to involve communities in decision making and service delivery.*
- Place – Shetland is an attractive place to live, work, study and invest
  - *Public Transport is the top priority identified by Shetland Communities*
- Money – all households can afford to have a good standard of living
  - *Households will be supported to minimise their outgoings with low-income households benefitting from reduced bills including food, energy and travel*

## TRANSPORT RELATED TARGETS

- 98% of school leavers will be participating in learning, training or work in 2021, rising to 100% in 2028 (currently 97.4%)
- 90% of people will feel that they are part of their community in 2021, rising to 95% by 2028
- 65% of people are satisfied with local services (health care, schools and public transport in 2021, rising to 75% in 2028 (currently 59%)
- The Place Standard Average Score for Public Transport improves from the 3.6 baseline to 5 (NB 7 = less improvement needed, 1 = more improvement needed)
- Carbon emissions are reducing faster than the Scottish average by 2021 and within 20% of the Scottish average by 2028 (carbon emissions currently 73% higher than Scottish average).
- The percentage of households in Shetland who do not earn enough to have an acceptable standard of living will have fallen to 35% in 2021 and 25% in 2028 (currently 49%)
- Locality Planning will be delivering improved outcomes in at least one community by 2021, and inequality of outcome between areas will have reduced by 2028

## SHETLAND PLACE STANDARD

939 people provided valid responses and made 4,840 individual comments. Of those who completed the survey, 605 were female (64%) and 334 were male (36%).

- Overall the Shetland community has rated Public Transport as their No.1 priority (14.5%).
- Overall the Shetland community has given Public Transport an average rank of 3.6/6.4.

Highest % response in Lerwick & Bressay (26%). Lowest in Whalsay & Skerries (6%)

- Central, North, South, West, Whalsay and Skerries placed public transport as their No.1 priority.
- North Isles ranked Public Transport their No. 2 priority (behind Work & Local Economy).
- Lerwick and Bressay ranked Public Transport their No. 3 priority (behind Housing & Community, and Work & Local Economy).

Highest % response in 45-54 age group (26.2%). Lowest in 75+ age group (3%)

- For the 25 to 74 age group, Public Transport was chosen as where most improvement is needed,
- For those aged 16 to 24, Public Transport is ranked 2 as the area where most improvement is required
- Those over 75 chose Public Transport as where most improvement is needed

Public Transport Key Issues:

- Frequency of bus and ferry services
- Affordability of transport
- Distance to bus stops and quality of bus shelters.
- Timetables and service information are not easy to understand
- Integration between services – including between bus and ferry and air
- Need for improved access to health facilities

## **10 YEAR PLAN TO ATTRACT PEOPLE TO LIVE AND WORK IN SHETLAND**

What success will look like:

The In 2028 Shetland will:

- Be an island of opportunity for young people, businesses and investors;
- Be a vibrant and positive student destination;
- Have a more balanced demographic profile and a growing population underpinned with more private sector jobs.

How will we measure success?

- Creation of 700 new private sector jobs based in Shetland by 2028. Interim target of 300 by 2022.
- Grow the FTE student population by 20% by 2028 (currently 178 FE and HE students)
- A more balanced demographic profile (in line with the Scottish average) with 20% of the population aged 16-29 years by 2028 (currently at 16%).
- Annual apprenticeship registrations rising to 175 by 2028 (currently at 127)

The plan states that “working in partnership is vital in order to realise the ambitions in this plan, an ambitious growth plan such as this requires support from all community planning partners, the community itself as well as Scottish and UK Governments. Housing and transport are key components of any talent attraction strategy, particularly in an island community such as Shetland. However, refreshed strategies and plans for Transport and Housing...have been refreshed to align themselves to the ambitions in this plan.<sup>1</sup>

The plan requires Community Partner buy-in - Constituent partner agencies to take a project based approach to this action plan, prioritising and committing resources as required.

“Lack of housing to accommodate incoming workers and families” was identified as a key risk. It also stated that “accommodation is a key concern for young people wishing to return or stay in Shetland.” Any housing development would have knock-on effects on the demand for internal transport links.

Targeted support for industry growth sectors should include “infrastructure to support business growth” and a “Tourism Strategy which will aim to increase the number of non-cruise ship tourists to Shetland.” Both of these are closely related to internal transport links.

Surveys were undertaken among the general community, the business community and young people. The following key points came out of the consultation in relation to internal transport:

Community - Transport cost and availability (both internally and externally)...if you don’t have a car, commuting can be challenging

Business Community - (There are) good internal transport infrastructure – short commuting times... (need to ensure) that internal transport costs were affordable for young people and people on low incomes.



Young People - There should be better transport links at the weekend, but knowing some services are better used than others there could be a pre-booking ticketing scheme either online or by phone. The services should be more consistent based on need across all rural areas. It would also be to have Wifi on the service, particularly on longer routes... A survey should be conducted with young people to find out when and where they require public transport, providing a report to demonstrate the demand. This includes gathering requests from young people including, "second bus time in Yell/Unst at weekend nights" and emergency options if you miss the last bus.

Young people articulated a vision for the future in which: "Improvements have been made to transport, with a new rail link between Unst and Sumburgh. The demand for buses has been recognised and the timetable reflects the needs to the community requirements. Access to technology on transport has also increased particularly on the longer journeys. The faster internet expansion has helped support better communication between communities, however there is awareness that this could further isolate young people.

## **ON DA LEVEL (Shetland's Commission on Tackling Inequalities)**

### **Transport Aspirations**

- Low income households are supported to reduce their household bills, such as food, energy and travel

It is acknowledged that, even with no public funding constraints, the public transport network will never be comprehensive enough to offer the same level of access and convenience as a private vehicle. In other words, in most areas of Shetland, including the peripheral areas of Lerwick, a car is necessary to ensure access and choice to employment and opportunities. Evidence highlights specific constraints:

- The cost of public transport is high for individuals, if not entitled to concessions: this is preventing people accessing volunteering and work placements that could support them to move into employment
- For those who are unwell and living in remote areas, the challenge (and cost) of public transport can be prohibitive, e.g. accessing Work Capability Assessments (CAB);
- Multi-journey fares ironically means that those more able to afford to buy a book of tickets at a time can get cheaper fares
- Not all households have a driving licence, or the resources to obtain one
- An issue for young people in Shetland is the cost of car insurance, as well as the cost of obtaining a driving licence
- The network and timings remain a challenge for young people, e.g. the lack of a bus from the college to Lerwick at 3.30pm

To date, it had been assumed that the barrier to vulnerable people accessing opportunities was a lack of availability of buses; evidence gathered for this session exposed the lack of affordability as a bigger issue for those on benefits and wishing to move into employment.

The cost and availability of transport influence individuals' ability to gain access to employment, services and social opportunities. Travel concessions are available for external and internal travel; some are provided at a national level and others are local. At the individual and household level, travel is prohibitive for those on lower incomes, particularly those not entitled to concessions. This can lead to debt to meet costs if people are forced to travel (e.g. family bereavement, hospital visits and family crisis).

The 2006 research highlighted that, in most areas of Shetland, including the peripheral areas of Lerwick, a car is necessary to ensure access to and choice of employment and opportunities. It had been assumed that the barrier to vulnerable people accessing opportunities was a lack of availability of buses; however, evidence has demonstrated that inability to afford fares, for example for those on benefits who wish to move into employment, is also an issue. Those groups that benefit from discounted or free travel are not necessarily those that, financially, need it most.

## **NATIONAL TRANSPORT STRATEGY**

### **High Level Objectives**

- Promote economic growth by building, enhancing, managing and maintaining transport services, infrastructure and networks to maximise their efficiency;
- Promote social inclusion by connecting remote and disadvantaged communities and increasing the accessibility of the transport network;
- Protect our environment and improve health by building and investing in public transport and other types of efficient and sustainable transport which minimise emissions and consumption of resources and energy;
- Improve safety of journeys by reducing accidents and enhancing the personal safety of pedestrians, drivers, passengers and staff; and
- Improve integration by making journey planning and ticketing easier and working to ensure smooth connection between different forms of transport.

### **Key Strategic Outcomes**

- 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.

## **PART B: THE CASE FOR CHANGE**

### **2.4 Investment Objectives**

The investment objectives for this project are as follows:

- Investment Objective 1: Ensuring that ZetTrans meets its statutory duty to secure a fit for purpose network of public and school bus transport services.
- Investment Objective 2: Ensuring continuity of public transport services from 19 August 2019 for a minimum period of five years.
- Investment Objective 3: Ensuring that the public and school transport bus network contributes to the Shetland Partnership Plan target to increase the Place Standard score on Transport from 3.6 to 5 by 2028.
- Investment Objective 4: Reducing unit costs through the procurement process.
- Investment Objective 5: Meeting Investment Objective 1 in line with the financial objectives of Shetland Islands Council described in the prevailing version of the Medium Term Financial Plan, (currently reducing the cost of school and public bus contracts by £500,000 a year).

### **2.5 Existing Arrangements**

The existing arrangements are as follows: -

The current public bus services network is made up of mainline and feeder services, with dial-a-ride services providing demand responsive provision. School Transport is provided by a mix of dedicated services and use of public services where compatible.

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.

This network of public and school transport services comprises 174 contracts covering 63 public services and 111 dedicated school services. The public network covers a range of travel needs related to the following hierarchy of travel needs factors, which were established from engagement with users and communities:-

- Journey to work
- Access to training and further/higher education
- Access to Healthcare
- Access to shops (rural and Lerwick)
- Access to social and leisure opportunities
- Access to external transport link
- Access to tourist attractions/destinations

The existing public bus service network in Shetland has a gross budget of £2.5M and the existing cost of school transport services has a gross budget of £2.2M.

These figures all relate to contract costs and are revenue budgets.

There are currently no capital budgets related to bus services in Shetland.

All current contracts covering public bus services and school transport services expire on 18 August 2019.

**Table 1: Existing Costs**

Existing costs (£m)	Public Transport	School Transport	Staff/ Office Costs	Total
Current	2.5	2.2	0.3	5.0
Capital	0	0	0	0
Duration of contract	5 years	5 years	N/A	5.0

## 2.6 Business Needs

Under Sections 63 and 64 of the Transport Act 1985 there is a duty on ZetTrans “to secure the provision of such public transport services as ZetTrans considers 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”.

This means that there isn't a scenario where no public transport is provided in Shetland.

In terms of school transport, section 2.1 describes the business need in terms of the statutory requirement to provide school transport.

The fundamental requirement to provide these services arises from these statutory duties. The detail of the current network was derived from an extensive engagement exercise with the users of services, public of Shetland, service providers and a range of agencies.

The network was carefully configured from this information to optimise routes and services as well as integrating public and school services.

Since the implementation of the current contracts there has been a range of research to inform strategy and policy development (ref LOIP, On Da Level (Commission on Tackling Inequalities), Place Standard, Transport Strategy Refresh, Local Development Plan, Masterplans, Island Development Plans, Locality Planning, Islands With Small Populations, etc.)

This research and engagement has established that there are some areas that communities feel should be addressed. Examples are frequency, network coverage, the length of day and days of the week, coverage outwith the conventional working day, some areas feel poorly served. The TAS report suggests increasing headway (i.e. frequency) on some services

With reference to all of this it is clear that from a service perspective the current network is the minimum requirement on the basis that it meets many of the travel needs of the Shetland public and should form the basis for the next generation of public and school bus services.

Provision of public transport services is reliant on having access to enough qualified drivers. There are not currently young drivers coming through to replace those who have, or are coming up for retirement. It is clear that action will need to be taken to address this within the lifespan of the next 5-year contract, bearing in mind that Shetland has very low levels of unemployment and potential drivers can find more lucrative work.

An overarching business need is to deliver services within a sustainable financial model. This will be defined within the Financial Case.

## 2.7 Potential Business Scope and Key Service Requirements

**Table 2: Business Scope and Key Service Requirements**

	Minimum	Intermediate	Maximum
Potential business scope	<p>Continue with the current network of integrated public and school services and dedicated school transport services where required.</p> <p>For School Transport services provide transport to all entitled pupils as per national policy</p>	<p>Continue with the current network of integrated public and school services and dedicated school transport services where required.</p> <p>For School Transport services provide transport to all entitled pupils as per current Council policy.</p> <p>Work on the gaps over a medium term approach to developing complementary measures with communities, community agencies and third sector.</p>	<p>Immediately address the gaps in the network through a dedicated public transport network alongside a dedicated school transport network where entitled pupils get transport in line with current SIC policy.</p>
Key service requirements	<ul style="list-style-type: none"> <li>• Journey to work across Shetland</li> <li>• Access to training and further/higher</li> </ul>	<ul style="list-style-type: none"> <li>• Journey to work across Shetland</li> <li>• Access to training and further/higher</li> </ul>	<ul style="list-style-type: none"> <li>• Journey to work across Shetland</li> <li>• Access to training and further/higher education</li> </ul>

	Minimum	Intermediate	Maximum
	<p>education from across Shetland</p> <ul style="list-style-type: none"> <li>• Access to Healthcare across Shetland</li> <li>• Access to shops (rural and Lerwick)</li> <li>• Access to social and leisure opportunities</li> </ul>	<p>education from across Shetland</p> <ul style="list-style-type: none"> <li>• Access to Healthcare across Shetland</li> <li>• Access to shops (rural and Lerwick)</li> <li>• Access to social and leisure opportunities</li> <li>• Access to external transport links</li> <li>• Access to tourist attractions/destinations</li> </ul>	<p>from across Shetland</p> <ul style="list-style-type: none"> <li>• Access to Healthcare across Shetland</li> <li>• Access to shops (rural and Lerwick)</li> <li>• Access to social and leisure opportunities</li> <li>• Access to external transport link</li> <li>• Access to tourist attractions/destinations</li> <li>• Higher levels of intra and inter community transport</li> <li>• Lower or free fares</li> <li>• Long operating days</li> <li>• Highest standards of environmental performance of vehicles</li> </ul>

## 2.8 Main Benefits Criteria

The potential benefits that will be realised in relation to the Investment Objectives will be identified through stakeholder consultation before the completion of the Outline Business Case. This exercise will highlight the benefits delivered through implementation of the minimum, intermediate and maximum scope that have been defined to meet the business needs.

The benefits will be listed in relation to the following beneficiaries:

- Shetland Islands Council
- ZetTrans
- Other Agencies

- Service Users
- Wider Community

They benefits will be defined under the following headings:

- Cash Releasing Benefits (CRB)
- Financial but non-Cash Releasing Benefits
- Quantifiable (or quantitative) benefits
- Non-quantifiable (or qualitative) benefits



## 2.9 Main risks

Business and service risks associated with the design of this project are shown below, together with their counter measures. Further risks related to development will be identified through stakeholder engagement before completion of the Outline Business Case.

Main Risk	Counter Measures
Lack of Stakeholder Engagement	<p>Ensure adequate time to engage stakeholders in setting and/or validating:</p> <ul style="list-style-type: none"> <li>• Investment Objectives</li> <li>• Business Scope and Key Service Requirements</li> <li>• Benefits criteria</li> <li>• Development risks</li> <li>• Critical Success Factors</li> </ul> <p>Extend current contracts to accommodate this if required.</p>
Clarity on Political view on cuts if necessary	Provide Members with a menu of costed options along with their implications in relation to organisational finance, and in relation to meeting the aspirations of related strategies and plans.
Lack of organisational experience in Business Case of this nature – wide reaching	Identify knowledge gaps and agree how they will be addressed
<p>Internal resources</p> <ul style="list-style-type: none"> <li>• Transport Planning</li> <li>• Legal</li> <li>• Finance</li> <li>• Procurement</li> <li>• Senior management time to be involved</li> </ul>	Ensure project is carefully planned out and engage with senior managers to agree and secure the necessary resources
<ul style="list-style-type: none"> <li>• Supplier – Are suppliers in a position be more competitive through efficiency?</li> <li>• Specification – there is a tension between the expressed needs from users, policy, other agencies and financial constraints</li> <li>• Timescale – sufficient lead in time is required to allow operators to secure the required vehicles</li> <li>• change management and project management - Community Planning and</li> </ul>	To be identified through stakeholder engagement

Locality Planning in transition and not yet mature	
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## 2.10 Constraints

The two main constraints for this project are the identified investment objective of reducing costs by £500,000 per annum and the timescale for the completion of the preferred option in order to ensure continuity of services from August 2019.

There may also be a constraint on resources in the bus industry in Shetland, for example drivers.

## 2.11 Dependencies

This project is dependent on the appropriate levels of staffing and resources within Transport Planning, Finance Services and Legal Services being available. These will be carefully monitored and managed through the lifespan of the project.

## 3. The Economic Case

### 3.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the SOC documents the wide range of options that have been considered in response to the potential scope identified within the strategic case.

### 3.2 Critical Success Factors (CSFs)

The proposed Critical Success Factors for this project are as follows:

**CSF1:** A fit for purpose public and school transport service can be tendered in time to be operational by 19<sup>th</sup> August 2019, or the nearest suitable date with a corresponding extension of current contracts.

**CSF2:** The project stimulates competition in the market to try to achieve cost reductions through the procurement process.

**CSF3:** The school and public transport service meets Shetland Transport Strategy Objectives 1 and 2, and contributes to Objective 3.

**CSF4:** The school and public transport service fits with a stakeholder approved hierarchy of transport need and contributes to raising the Transport Place Standard Score.

**CSF5:** The school and public transport network provides best Value for Money in relation to public spend and avoids incurring any unnecessary expenditure.

**CSF6:** The project can be delivery by existing Shetland Islands staff and resources within Transport Planning, Finance, and Legal services.

**CSF7:** The levels of transport service proposed are deliverable within the scale/capabilities of local service providers, particularly in relation to driver availability, bearing in mind the capacity of Shetland Islands Council to operate services in-house.

**CSF8:** The project creates the ability to generate a list of costed network options to ensure decision makers can make informed choices in relation to available funding.

Stakeholder engagement is essential to consult on the Critical Success Factors noted above. This engagement exercise will be undertaken during the construction of the Outline Business Case, which will form the subject of a report to Shetland Islands Council and ZetTrans in October 2018.

### **3.3 The Long-Listed Options**

The long list of options have been derived from the scope, service solution, service delivery and implementation options available. The verification of this long list will form part of the stakeholder engagement exercise which will be undertaken to inform the Outline Business Case for report to Shetland Islands Council and ZetTrans in October 2018.

The evaluation was undertaken in accordance with how well each option met the investment objectives and CSFs.

### **3.4 Scoping options**

#### **3.4.1 Introduction**

This range of options considers coverage of the Shetland public and school transport network. In accordance with the Treasury Green Book and Capital Investment Manual, the status quo/do minimum has been considered as a benchmark for potential VFM. An infinite number of options and permutations are possible; however, within the broad scope outlined in the strategic case, the following main options have been considered:

#### **Option 1.1: Do Nothing**

Description – Allow current contracts to run out and see if the market meets the service gap.

Advantages – This option would save the Shetland Islands Council money.

Disadvantages – This option does not meet the investment objectives, most importantly it fails to meet ZetTrans’ statutory duties.

Conclusion – Discounted.

#### **Option 1.2: Do Minimum A (status quo public / legal minimum schools)**

Description – Provision of the current network of public service provision and the legal minimum of school transport service provision.

Advantages – This option would meet all of the investment objectives and most of the critical success factors whilst saving money.

Disadvantages – Service provision would be less than it currently is with potential knock on effects – most significantly it may not contribute positively to objectives set in the Shetland Transport Strategy and Shetland Partnership Plan.

Conclusion – Possible.

#### **Option 1.3: Do Minimum B (status quo)**

Description – Provision of the current network of public and school transport service provision.

Advantages – This option would meet most of the investment objectives and critical success factors, providing the current level of service.

Disadvantages – This option does not save money directly, although it could through the procurement process.

Conclusion – Preferred.

#### **Option 1.4: Intermediate**

Description - The current network of services provision with gaps in service being filled in the longer term.

Advantages – This would meet the investment objectives and critical success factors in terms of service provision.

Disadvantages – Adding in new services during the contracts might not provide best value for money as the chances for packaging would have been missed. Overall this approach would cost SIC more.

Conclusion – Possible.

#### **Option 1.5: Maximum**

Description – Immediately address gaps in current service provision and run a dedicated public transport service alongside a dedicated school transport service.

Advantages – This would address all service needs comprehensively.

Disadvantages – It would not be value for money or avoid unnecessary expenditure and it may be beyond the capacity of local service providers to deliver.

Conclusion – Discounted.

### **3.4.2 Overall conclusion: scoping options**

The table below summarises the assessment of each option against the investment objectives and CSFs.

**Table 5: summary assessment of scoping options**

Reference to:	Option 1.1	Option 1.2	Option 1.3	Option 1.4	Option 1.5
Description of option:	Do nothing	Minimum A	Minimum B	Intermediate	Maximum
Investment objectives					
OI1		Yes	Yes	Yes	Yes
OI2		Yes	Yes	Yes	Yes
OI3			Yes	Yes	Yes
OI4		Yes	Yes	Yes	
OI5		Yes	Yes		
Critical success factors					
CF1		Yes	Yes	Yes	Yes
CF2	Yes	Yes	Yes	Yes	
CF3			Yes	Yes	Yes
CF4		Yes	Yes	Yes	Yes
CF5					
CF6	Yes	Yes	Yes	Yes	
CF7	Yes	Yes	Yes		
CF8		Yes	Yes	Yes	
<b>Summary</b>	<b>Discounted 3/13</b>	<b>Possible 10/13</b>	<b>Preferred 12/13</b>	<b>Possible 10/13</b>	<b>Discounted 6/13</b>

### **3.5 Service solution options**

#### **3.5.1 Introduction**

This range of options considers potential solutions in relation to the preferred scope.

##### **Option 2.1: Only Tendered Services**

Description – All services provided through a tender process with SIC as the operator of last resort.

Advantages – This would meet all the investment objectives and critical success factors.

Disadvantages – None

Conclusion – Preferred

##### **Option 2.2: Only Directly Provided Services**

Description – All services are provided by SIC/ZetTrans

Advantages – None

Disadvantages – This would not meet most of the investment objective and critical success factors, most notably it would not be do-able within the preferred timeframe and within existing staff resources.

Conclusion – Discounted

##### **Option 2.3: Combination of Tendered and Directly Provided**

Description – Some services are provided through a tender process, and some by SIC/ZetTrans

Advantages – This would meet about half of the investment objectives and critical success factors.

Disadvantages – The main disadvantage would be that it would be unlikely to provide best value for money, and would probably end up costing SIC more.

Conclusion – Possible

##### **Option 2.4: Combination of Tendered and Community**

Description – Some services are provided through a tender process and some by community organisations that wish to do so.

Advantages – This would meet about half the investment objectives and critical success factors.

Disadvantages – The main disadvantage would be that it would be unlikely to provide best value for money, and would probably end up costing SIC more. There is also a lack of clarity about the legality of awarding community contracts at the expense of private operators.

Conclusion – Possible

#### **Option 2.5: Combination of Direct and Community**

Description – Services are provided by SIC/ZetTrans and some community organisations that wish to do so.

Advantages – This may be positive in terms of community empowerment

Disadvantages – This would fail to meet most of the investment objectives and critical success factors and would damage local service providers.

Conclusion – Discounted.

#### **Option 2.6: Community Transport Alone**

Description – All services are provided by community organisations that wish to do so.

Advantages – None

Disadvantages – It is unlikely this would be within the capacity of community organisations in Shetland, it would not meet any investment objectives/critical success factors and would not provide value for money. It would probably prove significantly more expensive than the current contracts

Conclusion – Discounted

#### **Option 2.7: Combination of Direct, Tendered and Community**

Description – Some services are provided through a tender process, some by SIC/ZetTrans and some by community organisations that wish to do so.

Advantages – This would meet about half of the investment objectives and critical success factors and may have benefits in terms of community empowerment.

Disadvantages – This may not be deliverable within the current staff resources of SIC and is unlikely to provide best value for money.

Conclusion – Possible.

#### **Option 2.8: De-regulation of Some Transport Services**

Description – SIC can decide not to regulate taxi drivers/vehicles.

Advantages – This could stimulate competition in the market, bringing down costs dramatically in some areas.

Disadvantages – There would be no guarantee of quality or safety of service provision.

Conclusion – Discounted.

#### **Option 2.9: Private Sector Car Club**

Description – Have a pool of cars available to community members that opt in.

Advantages – This would fit with most of the investment objectives and some of the critical success factors.

Disadvantages – It is unlikely to be of great benefit to the network as a whole, particularly in relation to value for money.

Conclusion – Possible.

#### **Option 2.10: Personal subsidy to travel**

Description – Every individual in Shetland is given an annual budget to arrange their own travel

Advantages – This would reduce workload and hence costs within SIC

Disadvantages – Unless people clubbed together to best effect they would not obtain best value for only and may find the subsidy wouldn't come close to covering their needs.

Conclusion – Discounted

#### **3.5.2 Overall conclusion: service solutions options**

The table and narrative below summarises the assessment of each option against the investment objectives and CSFs.

**Table 6: summary assessment of service solutions options**

Reference to:	Option 2.1	Option 2.2	Option 2.3	Option 2.4	Option 2.5	Option 2.6	Option 2.7	Option 2.8	Option 2.9	Option 2.10
<b>Description of option:</b>										
<b>Investment objectives</b>										
OI1	Yes	Yes	Yes	Yes	Yes		Yes		Yes	
OI2	Yes		Yes	Yes			Yes		Yes	
OI3	Yes	Yes	Yes	Yes	Yes		Yes		Yes	
OI4	Yes							Yes		
OI5	Yes							Yes	Yes	
<b>Critical success factors</b>										
CF1	Yes		Yes	Yes			Yes		Yes	
CF2	Yes							Yes		
CF3	Yes	Yes	Yes	Yes	Yes		Yes		Yes	
CF4	Yes	Yes	Yes	Yes	Yes		Yes		Yes	
CF5	Yes									
CF6	Yes									
CF7	Yes		Yes	Yes			Yes	Yes		
CF8	Yes	Yes	Yes	Yes	Yes		Yes			
<b>Summary</b>	<b>Preferred 13/13</b>	<b>Discount 5/13</b>	<b>Possible 8/13</b>	<b>Possible 8/13</b>	<b>Discount 5/13</b>	<b>Discount 0/13</b>	<b>Possible 8/13</b>	<b>Discount 4/13</b>	<b>Possible 7/13</b>	<b>Discount 0/13</b>



### **3.6 Service delivery options**

#### **3.6.2 Introduction**

This range of options considers the options for service delivery in relation to the preferred scope and potential solution.

##### **Option 3.1: Shetland Islands Council**

Description – All services are provided by Shetland Islands Council

Advantages – None

Disadvantages – This would not meet most of the investment objective and critical success factors, most notably it would not be do-able within the preferred timeframe and within existing staff resources.

Conclusion – Discounted

##### **Option 3.2: ZetTrans**

Description - All services are. Provided by ZetTrans

Advantages – None

Disadvantages – This would not meet most of the investment objective and critical success factors, most notably it would not be do-able within the preferred timeframe and within existing staff resources, particularly as ZetTrans does not currently hold an Operator's License.

Conclusion – Discounted

##### **Option 3.3: Private Sector**

Description – All services provided by the private sector with SIC as the operator of last resort.

Advantages – This would meet all the investment objectives and critical success factors.

Disadvantages – None

Conclusion – Preferred

##### **Option 3.4: Community Enterprise**

Description – All services provided by Community organisations

Advantages – This would embed transport provision within the community and could contribute to community empowerment

Disadvantages – It would prove complex and is unlikely to provide value for money. It is also not within the existing capacity of community organisations in Shetland

Conclusion – Discounted

##### **Option 3.5: Voluntary Sector**

Description – All services provided by voluntary organisations

Advantages – This would be inexpensive and could contribute to community empowerment

Disadvantages – It would prove complex and is way beyond the existing capacity of voluntary organisations in Shetland

Conclusion – Discounted

### **Option 3.6: Public/Private Partnership**

Description – Some services are provided by the private sector, and some by SIC

Advantages – This would meet about half of the investment objectives and critical success factors.

Disadvantages – The main disadvantage would be that it would be unlikely to provide best value for money, and would probably end up costing SIC more.

Conclusion – Possible

### **3.6.2 Overall conclusion: service delivery options**

The table below summarises the assessment of each option against the investment objectives and CSFs.

**Table 7: summary assessment of service delivery options**

Reference to:	Option 3.1	Option 3.2	Option 3.3	Option 3.4	Option 3.5	Option 3.6
Description of option:	SIC	ZetTrans	Private Sector	Community Enterprise	Voluntary Sector	Public/Private Partnership
Investment objectives						
OI1	Yes	Yes	Yes			Yes
OI2			Yes			Yes
OI3	Yes	Yes	Yes			Yes
OI4			Yes			
OI5			Yes			
Critical success factors						
CF1			Yes			Yes
CF2			Yes			

CF3	Yes	Yes	Yes			Yes
CF4	Yes	Yes	Yes	Yes	Yes	Yes
CF5			Yes			
CF6			Yes			
CF7			Yes			Yes
CF8	Yes	Yes	Yes	Yes	Yes	Yes
<b>Summary</b>	<b>5/13 Discounted</b>	<b>5/13 Discounted</b>	<b>13/13 Preferred</b>	<b>2/13 Discounted</b>	<b>2/13 Discounted</b>	<b>8/13 Possible</b>

### 3.7 Implementation options

#### 3.7.1 Introduction

This range of options considers the choices for implementation in relation to the preferred scope, solution and method of service delivery.

#### **Option 4.1: Immediate**

Description – Implement new services from 19<sup>th</sup> August 2019

Advantages – This would meet all investment objectives and critical success factors.

Disadvantages – None

**Conclusion – Preferred**

#### **Option 4.2: Short delay**

Description - Extend current contracts for an agreed period based on the next suitable date to introduce new service after 19<sup>th</sup> August 2019

Advantages – This would meet all investment objectives and critical success factors.

Disadvantages – It would require an extension of existing contracts and services would not begin in-line with the school year.

**Conclusion – Possible**

#### **Option 4.3: Delay 1 year**

Description - Extend current contracts and aim to introduce new service in August 2020

Advantages – This would meet most investment objectives and about half of the critical success factors.

Disadvantages – It would significantly delay implementation of the service that will best meet the strategic aspirations set out in the Shetland Transport Strategy and Shetland Partnership Plan.

**Conclusion – Possible**

#### **Option 4.4: Delay 2 – 5 years**

Description – Extend current contracts and aim to introduce new service in August of 2021, 2022, 2023 or 2024

Advantages – This would give plenty of time to analyse service provision to secure the best possible service/value for money in the long term.

Disadvantages – It would very significantly delay implementation of the service that will best meet the strategic aspirations set out in the Shetland Transport Strategy and Shetland Partnership Plan, since the new services would not be in place until more than half way through the lifecycle of the SPP.

**Conclusion – Discounted**

#### **Option 4.5: Phased**

Description – Extend some contracts and introduce new service by stages

Advantages – This would meet about half the investment objectives and some critical success factor.

Disadvantages – A phased approach would reduce the opportunities for cost-saving through packaging.

**Conclusion – Discounted.**

### **3.7.2 Overall conclusion: implementation options**

The table below summarises the assessment of each option against the investment objectives and critical success factors.

**Table 8: summary assessment of implementation options**

Reference to:	Option 4.1	Option 4.2	Option 4.3	Option 4.4	Option 4.5
Description of option:	Immediate	Short delay	Delay 1 yr	Delay 2-5 yrs	Phased
Investment objectives					
OI1	Yes	Yes	Yes	Yes	Yes
OI2	Yes	Yes	Yes	Yes	Yes
OI3	Yes	Yes			Yes
OI4	Yes	Yes	Yes	Yes	

OI5	Yes	Yes	Yes	Yes	
<b>Critical success factors</b>					
CF1	Yes	Yes			Yes
CF2	Yes	Yes	Yes	Yes	
CF3	Yes	Yes			Yes
CF4	Yes	Yes			Yes
CF5	Yes	Yes			
CF6	Yes	Yes	Yes	Yes	
CF7	Yes	Yes	Yes	Yes	
CF8	Yes	Yes	Yes	Yes	
<b>Summary</b>	<b>Preferred 13/13</b>	<b>Possible 13/13</b>	<b>Possible 8/13</b>	<b>Possible 8/13</b>	<b>Discount 6/13</b>

### 3.8 Funding options (For Finance Use Only)

It is agreed that the scheme will be funded by Shetland Islands Council. No alternative methods of finance have been explored.

### 3.9 The long list: inclusions and exclusions

The long list has appraised a wide range of possible options.

**Tables 10a and b: summary of inclusions, exclusions and possible options**

Option	1	2	3	4	5	6	7	8	9	10
Scope	Discount	Possible	Preferred	Possible	Discount					
Service Solution	Preferred	Discount	Possible	Possible	Discount	Discount	Possible	Discount	Possible	Discount
Service Delivery	Discount	Discount	Preferred	Discount	Discount	Possible				
Implementation	Preferred	Possible	Possible	Possible	Discount					

**Table 10b**

	Preferred	Possible
Scope	Do Minimum B	Do Minimum A Intermediate
Service Solution	Only Tendered	Tenders & Direct Tendered & Community Tendered, Direct & Community Private Sector Car Blub
Service Delivery	Private Operators	Public/Private Partnership
Implementation	Immediate	Short Delay 1 Year Delay

### 3.10 Short-listed options

#### 3.10.1 Overview

The 'preferred' and 'possible' options identified in table 6 above have been carried forward into the short list for further appraisal and evaluation. All the options that were discounted as impracticable have been excluded at this stage.

On the basis of this analysis, the recommended short list for further appraisal within the OBC is as follows:

- Option 1 – Do nothing – extend current contracts for 5 years
- Option 2 – Implement the 'Do Minimum B' scope (i.e. the current network of public and school service provision). Tender all services to private operators (with SIC as the operator of last resort), trying to obtain savings through the procurement process, with contracts beginning on 19<sup>th</sup> August 2019
- Option 3 – Implement the 'Intermediate scope (i.e. the current network of service provision with gaps in service being addressed in the longer term). Tender all services to a combination of private and community operators, trying to obtain savings through the procurement process, with contracts beginning on 19<sup>th</sup> August 2020 (to allow time for engagement with potential community operators).
- Option 4 – Implement the 'Do Minimum A' scope (i.e. the current network of public service provision with the legal minimum of school service provision). Tender all contracts to private operators, trying to obtain savings through the procurement process, with contracts beginning as soon as possible after 19<sup>th</sup> August 2019 (to allow time to revise the school service requirements in-line with the legal minimum).

## **4. The Commercial Case**

### **4.1 Introduction**

This section covers the procurement exercise in relation to the preferred option of tendering public bus services at the current level of provision and school transport services in line with the current SIC School Transport Policy. The Framework Agreement was a joint tendering exercise between ZetTrans and the Shetland Islands Council and allows for Call-offs for implementation on 19 August 2019.

### **4.2 Required services**

The level of public bus services to be tendered matches the level of public bus services currently in operation across Shetland and the level of school transport services to be tendered is in line with provision under the current SIC School Transport Policy. The Framework Agreement with a number of services providers is designed to cater for all requirements considered in the OBC. The Call-off contracts under the Framework Agreement will be in implementation of the chosen option further to the Full Business Case analysis.

### **4.3 Potential for risk transfer**

The potential for risk transfer was fully explored when the initial procurement strategy was established for the procurement of passenger transport. This strategy has subsequently been reviewed in preparation for this exercise and no alterations are proposed. The strategy transfers the risks as follows:

*See Next Page*

**Table 11: risk transfer matrix**

Risk Category	Potential allocation		
	Client	Contractor	Shared
1. Design risk	Y		
2. Construction and development risk	Y		
3. Transition and implementation risk			Y
4. Availability and performance risk			Y
5. Operating risk		Y	
6. Variability of revenue risks	Y		
7. Termination risks	Y		
8. Technology and obsolescence risks	Y		
9. Control risks	Y		
10. Residual value risks	Y		
11. Financing risks	Y		
12. Legislative risks			Y
13. Other project risks	Y		

#### **4.4 Proposed charging mechanisms**

ZetTrans and Shetland Islands Council will make payments for the contracts awarded in line with the Conditions of Contract as established under the Framework Agreement currently in place.

Where the contract is for the provision of a public bus service, this contract will be established on a minimum cost basis and in line with section 10.3 of the Conditions of Contract, the invoice presented “shall show the total revenue taken during the performance of the Service as a net reduction in the total payment due to the Contractor”.

The specific section (10.6) of the Conditions of Contracts states, “The Client will endeavour to pay to the Contractor the due amount within 30 days of receipt of a correctly completed invoice. A



separate invoice must be issued by the Contractor for each calendar month (or other period specified by the Client.”

In cases where, under section 10.5, the Client provides “more than 48 hours notice of the fact that the Contractor shall not be required to provide transport on any day, then the Contractor shall not be entitled to any payment whatsoever”.

#### **4.5 Proposed contract lengths**

The proposed contract lengths for inclusion in the tendering exercise will be five and seven years (five years being the current contract length). Bidders will have the opportunity to put forward tenders for both contract lengths.

#### **4.6 Proposed key contractual clauses**

Tenders shall be sought from Operators on the current Passenger Transport Framework.

This Framework Agreement has a suite of established documents which would apply to all contracts tendered under it. These documents include:

- Passenger Transport Conditions of Contract
- Passenger Transport Service Performance Specification

The documents cover all contractual clauses applicable to this exercise.

#### **4.7 Personnel implications (including TUPE)**

It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations 1981 – will not apply to this investment as outlined above.

Section 18 of the Passenger Transport Conditions of Contract notes that Contractors recognise “his/her responsibilities under the Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended and will provide relevant information on staff employed on the Contract as may be required”. It also notes that “at no time shall the Contractor’s employees be or become employees of the Client either in terms of any Contract or the Framework Agreement or otherwise”.

#### **4.8 Procurement strategy and implementation timescales**

It is anticipated that the procurement strategy will match that which was successfully utilised when tendering the existing services.

It is anticipated that, subject to the approval of the SOC, the implementation be conducted to the following timescale:

September 2018 – Tender Documents Drafted

October 2018 – Tender Documents Finalised (following completion and approval of the OBC)

22 October 2018 – Issued Tender Documents

19 November 2018 – Tender Submission Deadline

November – December 2018 – Analysis of Submissions

January 2019 – Report to ZetTrans and Shetland Islands Council

February 2019 – Award Contracts

19 August 2019 – New Contracts Begin

#### **4.9 FRS 5 accountancy treatment (*Finance Use Only*)**

It is envisaged that the assets underpinning the delivery of service will/will not be on the balance sheet of the organisation.....

#### **5.0 The Financial Case (to be completed in conjunction with Finance Services)**

The Financial Case will be completed with colleagues in Finance Services following the procurement exercise as will be set out in the Outline Business Case and presented to Shetland Islands Council and ZetTrans in October 2018.

The procurement exercise will provide accurate financial information with which to cost each option.

Due to the changing landscape of passenger transport service provision in Shetland over the past few years, it is not possible to provide costed options ahead of the tender exercise as all contract information held is four years out of date. The necessary detailed knowledge of the specific circumstances, strategies and financial models of each member of the Framework Agreement that would be required to produce accurately costed models of each option are not held by the Council.

### **6. The Management Case**

#### **6.1 Introduction**

This section of the SOC addresses the ‘achievability’ of the scheme. Its purpose is to set out the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.

#### **6.2 Programme management arrangements**

The project is an integral part of the portfolio of projects currently being undertaken to ensure a sustainable network of public transport services within Shetland and to/from Shetland.

The project is overseen by the Shetland Transport Programme Board.

The programme management arrangements are consistent with the Managing Successful Programmes methodology.

### 6.3 Project management arrangements

The project will be managed in accordance with PRINCE 2 methodology.

#### 6.3.1 Outline project reporting structure

The project is overseen by the Shetland Transport Programme Board

The project sits within a programme of transport projects and initiatives and the Programme Manager is the Executive Manager Transport Planning.

#### 6.3.2 Outline project roles and responsibilities

The Shetland Transport Programme Board comprises: -

Chief Executive Shetland Islands Council

Director Infrastructure Services Shetland Islands Council (Senior Responsible Owner and Chair)

Director Development Services Shetland Islands Council (Senior Executive)

Executive Manager Finance Shetland Islands Council (Senior Business Owner)

Executive Manager Community Planning and Development Shetland Islands Council (Senior Adviser)

Programme Manager – Executive Manager Transport Planning/ Lead Officer ZetTrans

#### 6.3.3 Outline project plan

Table 12: milestones

Date	Activity	Who
By 13 <sup>th</sup> Aug 2018	Prepare SOC	Michael/Elaine/Robina
22 <sup>nd</sup> Aug 2018	Present SOC and timeline to Council and ZetTrans for approval	Michael
23 <sup>rd</sup> Aug 2018 – 8 <sup>th</sup> Oct 2018	Develop OBC	Michael/Robina/Elaine
September 2018	Consultation: <ul style="list-style-type: none"> <li>• Verification/ refinement of Investment Objectives and Critical Success Factors</li> <li>• Verification/ refinement of Benefits and Risks</li> <li>• Verification/ refinement of methodology to obtain shortlist</li> <li>• Verification/ refinement of Hier-</li> </ul>	Michael/Robina/Elaine

	archy of Transport Need and priorities	
1 <sup>st</sup> Oct 2018 – 8 <sup>th</sup> Oct 2018	Finalise preferred option based on consultation feedback and each of the five components of the business case	Michael/ Elaine
15 <sup>th</sup> Oct 2018 (Special Meeting)	Present OBC (which will include procurement strategy) to Council and ZetTrans for approval to go to Final Business Case	Michael
16 <sup>th</sup> Oct 2018 - 31 <sup>st</sup> Dec 2018	Complete FBC: <ul style="list-style-type: none"> <li>Stakeholder Engagement</li> <li>Procurement or VFM solution</li> <li>Recommended service provider and solution</li> <li>Finalise methodology for awarding call off contracts under the Framework Agreement</li> </ul>	Michael/Elaine/Robina
22 <sup>nd</sup> Oct	Issue tender docs in accordance with Framework Agreement	Elaine
16 <sup>th</sup> Nov	Tender submission deadline	
19 <sup>th</sup> Nov – 5 <sup>th</sup> Dec (or 10 <sup>th</sup> Dec if necessary – depends on availability of finance/legal staff)	Assess tender docs	Elaine/Michael
First half of Jan 2019	Report FBC to Council and ZetTrans for decision on final set of contracts to be awarded	Michael/Elaine
Feb 2019	Award contracts with 6 month lead in time	Elaine

## 6.4 Use of special advisers

Special advisers have been used in a timely and cost-effective manner.

Details are set out in the table below:

Table 13: special advisers

Specialist Area	Adviser
Financial	N/A to date
Technical	TAS Partnership
Procurement and legal	N/A to date
Business assurance	N/A to date
Other	N/A to date

## **6.5 Gateway review arrangements**

The impacts/risks associated with the project will be developed in full detail in the preparation of the OBC.

The presentation to Shetland Islands Council and ZetTrans on 22 August will confirm that the project fits with the strategic aims of the two organisations which is consistent with Gate 0 of the assurance process.

Further reviews will be developed as part of the OBC process and reported the Programme Board, Shetland Islands Council and ZetTrans as required.



## ZTP-23-18 Appendix 2

Date	Activity	Who
By 13 August 2018	Prepare SOC	Executive Manager Transport Planning Transport Contracts and Operations Officer Transport Policy and Projects Officer
22 August 2018	Present SOC and timeline to Council and ZetTrans for approval	Executive Manager Transport Planning
23 August 2018 – 8 October 2018	Develop OBC	Executive Manager Transport Planning Transport Policy and Projects Officer Transport Contracts and Operations Officer
27 August 2018 – 30 September 2018	Consultation: <ul style="list-style-type: none"> <li>• Verification/ refinement of Investment Objectives and Critical Success Factors</li> <li>• Verification/ refinement of Benefits and Risks</li> <li>• Verification/ refinement of methodology to obtain shortlist</li> <li>• Verification/ refinement of Hierarchy of Transport Need and priorities</li> </ul>	Executive Manager Transport Planning Transport Policy and Projects Officer Transport Contracts and Operations Officer
1 October 2018 – 8 October 2018	Finalise preferred option based on consultation feedback and each of the five components of the business case	Executive Manager Transport Planning Transport Contracts and Operations Officer
15 October 2018 (Special Meeting)	Present OBC (which will include procurement strategy) to Council and ZetTrans for approval to go to Final Business Case	Executive Manager Transport Planning
16 October 2018 – 31 December 2018	Complete FBC: <ul style="list-style-type: none"> <li>• Stakeholder Engagement</li> <li>• Procurement or VFM solution</li> <li>• Recommended service provider and solution</li> <li>• Finalise methodology for awarding call off contracts under the Framework Agreement</li> </ul>	Executive Manager Transport Planning Transport Contracts and Operations Officer Transport Policy and Projects Officer
22 October 2018	Issue tender documents in accordance with Framework Agreement	Transport Contracts and Operations Officer
16 November 2018	Tender submission deadline	
19 November – 5 December 2018	Assess tender documents	Transport Contracts and Operations Officer Executive Manager Transport Planning
21 January 2019	Report FBC to Council and ZetTrans for decision on final set of contracts to be awarded	Executive Manager Transport Planning Transport Contracts and Operations Officer
15 February 2019	Award contracts with 6 month lead in time	Transport Contracts and Operations Officer