

If calling please ask for  
**Leisel Malcolmson**  
Direct Dial: 01595 744599

Date: 8 March 2019

Dear Sir/Madam

You are invited to the following meeting:

**Shetland External Transport Forum**  
**Room 12, Islesburgh Community Centre, Lerwick**  
**Thursday 21 March 2019 at 2.15pm**

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

Yours faithfully

Secretary to ZetTrans

Chairperson: R Thomson  
Deputy Chairperson: R McGregor

#### **AGENDA**

- (a) Hold circular calling the meeting as read.
  - (b) Apologies for absence, if any.
  - (c) Confirm note of meeting held on 29 November 2018, enclosed.
- 1. Matters arising
  - 2. Transport Scotland Update
    - a. NIFS Contract 2018 (Now 2019) – progress update
    - b. RET full rollout update
    - c. Freight Fares Review
  - 3. Presentation by Loganair
  - 4. Presentation by Serco NorthLink

5. Agenda items for future meetings.
6. AOCB.
7. Date of Next Meeting and future meetings:  
All meetings will be held at 2.15pm in the Council Chamber, Town Hall, Lerwick
  - Thursday, 13 June 2019
  - Wednesday, 18 September 2019
  - Wednesday, 11 December 2019
  - Wednesday, 25 March 2020

## NOTE

**Shetland External Transport Forum**  
**Council Chamber, Town Hall, Lerwick**  
**Thursday, 29 November 2018 at 2.15 p.m.**

**Present:**

R McGregor  
R Roberts  
D Sandison  
R Thomson

**In attendance (Officers):**

M Craigie, Lead Officer  
R Barton, Transport Policy and Projects Officer, SIC  
L Malcolmson, Committee Officer, SIC

**Also In attendance:**

P Linhart-MacAskill Transport Scotland  
S Garrett, NorthLink Ferries  
K Bevan, NorthLink Ferries  
M Boyle, Loganair Ltd  
T Burns, Loganair Ltd  
Councillor T Smith  
G Maitland, Harbour Master, Ports and Harbours, SIC  
J Smith, Sumburgh Airport Consultative Committee  
S Mathieson, VisitScotland  
E Miller, Shetland Tourism Association  
V Sandison, Lerwick Port Authority  
N Leslie, Northwards Ltd  
C Eunson, Northern Farmers Union

**Apologies:**

R Henderson, Seafood Shetland  
C Hughson, Voluntary Action Shetland  
R Hunter, HIE Shetland  
C Laignel, Shetland Shellfish Management Organisation  
D Neil, JBT

**Chairperson**

Mr Thomson, Chairperson presided.

**Circular**

The circular calling the meeting was held as read.

## **Minutes**

The minutes of the meeting held on 12 September 2018 were confirmed, with the exception of the following:

Min. Ref.: 18/18 "Presentation by Serco NorthLink" – Paragraph 2, line 2 change "can feed" to read "is feeding".

### 23/18 **Matters Arising**

None.

### 24/18 **Transport Scotland Updates**

Mr Linhart-MacAskill provided an update on ongoing issues as follows:

Investment into North Isles Service: The Forum were advised that a press released had been issued today to inform that the Scottish Government had made a £2m investment to on-board facilities and freight operations. He said that there would be 66 new pods provided with a new configuration on-board the vessels, but confirmed that there would be a cinema within that plan. He also explained that additional fin stabilisers would be fitted for both vessels and freight customers would be provided with 9 new port tractors.

North Isles Ferry Procurement: The Forum were informed that Transport Scotland had received expressions of interest and that it was expected the award of contract would be made in the summer of 2019.

Mr Linhart-MacAskill was asked how flexible the next contract would be and what was meant by "flexible". He advised that the current provision would be used as a baseline and if needed in the future, and if demand was evidenced and finances available there would be an opportunity to vary the timetables. Over the longer term it would be possible to look at new vessel options to cater for Shetland and Orkney's needs.

A further question was asked about what would be done in the short term where evidence is in place that proves the current level of service is inadequate. Mr Linhart-MacAskill advised that the freight vessel had been added to alleviate demand at certain pinch points. He said that there was now feedback on how the three vessels had operated and at what cost and there had been detailed discussion on forecasting demand and the upward trend in freight transport. Mr Linhart-MacAskill advised that accurate forecasting would allow Transport Scotland to forward plan and manage the peaks and troughs in the service.

In response to another comment, Mr Linhart-MacAskill confirmed that the possibility of reducing cabin prices had been considered and he explained how that option also had state aid implications, so there was no plans to reduce the cost of a cabin below the 20% already applied.

The Lead Officer stated that any fare setting mechanism adopting distance as the basis for establishing a ferry fare is intrinsically inadequate insofar as it does not take any account of wider policy objectives such as inclusive economic growth which is highly influenced by transport costs. An effective fare setting mechanism

must take account of National and Local economic and social policy outcomes and set fares to support the achievement of these.

During further discussion it was questioned whether the company's history would be taken into account when assessing the tenders received. The Lead Officer stated that Officers can only take account of content of the tender bid as it is presented and that the Company history is not taken into account. Concern was expressed in light of that response.

Reduced Fares: Reference was made to the Manifesto pledge by the Minister for Transport and the Islands in 2016 that was reiterated in 2017 for there to be a roll out of reduced fares for the North Isles during 2018. The Forum were advised however that although this remained a top priority and a key commitment it was not possible to proceed to full implementation until the state aid complaint had been concluded. It was noted that Transport Scotland Officers are in dialogue with the EU Commission on this matter.

Freight Ferry Fares Review: The Forum heard that the existing fares structure is complex and that there was no timeline available for the conclusion of this review but an update would be provided when possible. From 1 January 2019 there would be an uplift of 2.4% CPI on passenger and freight fares, and this included services on the West Coast, which would contribute to the subsidising of the ferry services across Scotland.

Dry Dock 2019: Dates were provided for the 2019 Dry Dockings for the Orkney and Shetland vessels which also included essential maintenance works. It was noted that there would be no reduction of sailings on the Lerwick route with the exception of 16 January 2019 from Aberdeen which had been cancelled.

## 25/18 **Presentation by Serco NorthLink**

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

- Volumes PCP – All Routes – increase in freight utilisation following the withdrawal of the Daroja. Freight deck utilisation year to date 55% based on an average 7 days.
- Cabin Usage
- Booking Questionnaire responses
- Operations Update
- Reliability and Punctuality
- Promotions
- Land bridge
- Customer Services Questionnaire
- Community engagement and sponsorship
- Dry-docking – 2-17 February Hjaltsland/ 9-24 March Hrossey
  - Shore power support to be fitted which will reduce noise and pollution from the diesel engines.
  - New sleeping pods, cinema and necessary alterations to be installed

During questions and answer session the Forum discussed the implementation of cabins and use of pods versus couchettes and were informed that these options

were investigated however the UK MCA Safety regulations and the Lloyds Classifications Society would not allow more than 4 extra berths. He advised that couchettes would not be approved by the UK MCA as safety standards have to be maintained. The relocation of the cinema was discussed and it was noted that this would provide 25 seats that would be made available for sleeping when the cinema is closed, as it currently does on a no charge basis.

Reference was made to a recent visit by an MSP whereby a member of the public reported a poor experience in terms of customer service for an NHS passenger. This was followed by an indication of a positive experience but the Managing Director advised that he would need more information on this matter.

The Chair thanked the NorthLink representatives for their attendance.

## 26/18 **Presentation by Loganair**

Mr Boyle, Chief Operations Officer, offered Mr Hinkles apologies, provided a slide presentation, and reported on a number of matters including:

- The detail around a bird strike and the action taken by the Pilot. The Forum were advised that the aircraft landed on both engines and following an inspection the plane departed the next day. The Forum were informed that Loganair have worked with HIAL on technology at Sumburgh and explained that the bird radar makes it possible to see bird formation in real time from the ground. There is also bird management arrangement on the ground to mitigate such strikes.
- Flight completion/reliability to and from Shetland
- On time performance
- End of Year performance
- Introduction of iPad Technology/Electronic Flight Bag – provides pilots and flight attendants with information instantly reducing the weight of manuals on each aircraft
- Delays over three hours
- How Loganair compares with other domestic airlines – Loganair currently in third place and continue to strive to remain in the top ten.
- Passenger volumes – statistics explained in detail.
- Codeshare agents – links to global network on one ticket, more protection for passengers.
- Summer 2019
  - Extend Manchester route May to September
  - Bergen route will use SAAB 2000 providing more capacity
  - Guernsey and Stavanger use the Embraer aircraft
  - Additional Sunday flight to Glasgow
- Aviramps to be used more widely
- Loganair App – will be easier to use with better online ticketing facilities
- Loganair received the ERA (European Regions Airline Association) Gold Award – primarily for how quickly they set up their call centre and continued to serve the public under challenging conditions.

During discussion Mr Boyle was questioned around the reduced services to Orkney, Inverness, Edinburgh and Aberdeen that means a reduced working day

for business travellers who could previously depart and return to Shetland in one day. Concerned stakeholders commented that the changes to the timetable had taken business travel back ten years with reports of overnight stays and multiple modes of transport being used to return from different airports, as well as longer journeys for block release students who now have to travel from Inverness to Aberdeen by train to get home at the end of the week. Mr Boyle responded to these concerns by explaining the financial loss incurred last year and the need to take advantage of the reduction in passengers to carry out heavy maintenance over the winter. He advised that unfortunately in financial terms it did not make sense to lease another aircraft to cover the maintenance period. In addition stakeholders acknowledged the commercial costs for the airline but reported that some routes were booked up well in advance which suggested that there were not enough seats and this was an impediment to the Shetland community as a whole, and that there could be a greater effect on the airline in the longer term. It was suggested that this was a matter that required closer scrutiny on the impact to the Islands and Community. Following further discussion Mr Boyle advised it was important to Loganair to provide the greatest good to the greatest number and that he would report back to his colleagues on these matter.

Mr Boyle went on to explained the work undertaken to track demand and advised on fleet upgrades that will take place from the Autumn of 2019 onwards that will see the introduction of the ATR42 onto the Shetland routes. He reported that these were larger aircraft with suitable crosswind capability that would provide a bigger cabin and better on-board facilities whilst reducing costs equivalent to 16 free seats. He said that a detailed programme would be provided at a future meeting but in the meantime he assured that Loganair would put on extra capacity where it makes sense to do so whilst trying to optimise every flight.

The Lead Officer advised that ten years ago work was undertaken when faced with a scenario whereby the air links did not meet the needs of the Islands. He advised that when the balance drops the lifeline users of the service and businesses bring these issues to key officer's attention and it is now becoming clear from the feedback received that the connections needed are not provided therefore it was important to determine what could be done in response. The Lead Officer acknowledged that the Ferry service is subsidised but the Air service is a commercial operation. He said that a Public Service Obligation (PSO) does not mean subsidy but a license to operate to demand.

In response Mr Boyle advised that Loganair make money in the summer but lose money in the winter so it is necessary to manage that and continue to serve the community. He said that to retain an aircraft in the winter it has to be paid for and who does that is open to debate.

A request was made for a full timetable to be provided on the Loganair website to aid the planning of journeys without having to enter the booking system to check each option. Mr Boyle said that would be useful for everyone and that he would bring that back to his team.

In regard to the Loganair App, Mr Boyle advised that customers would be able to book flights using the app and would improve communication with the airline. He

said that there had been a challenge in terms of functionality for the ADS scheme which had delayed the release of the app.

The Chair thanked the Loganair representatives for their attendance.

27/18 **Agenda Items for Future Meeting 2018/19**

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

28/18 **AOCB**

None.

29/18 **Date of Next Meeting:**

The Committee Officer advised that the next meeting would not be 14 March as previously advised. She explained that the lead operator at the next meeting would be Loganair and Mr Hinkles had indicated that he would wish to attend in person but he was not available on that date. The Committee Officer said that the Forum would be advised of a new date as soon as possible following the meeting.

30/18 **Provisional Dates for 2019/20:**

The forum noted the proposed meeting dates for 2019/20. All meetings to be held at 2.15pm. Venues to be confirmed.

- Wednesday, 12 June 2019
- Wednesday, 18 September 2019
- Wednesday, 11 December 2019
- Wednesday, 25 March 2020

The meeting concluded at 4pm.

Chairperson