

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

Date: 10 September 2019

Dear Sir/Madam

You are invited to the following meeting:

**Shetland External Transport Forum**  
**Council Chamber, Town Hall, Lerwick**  
**Wednesday 18 September 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 13 June 2019, 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. National Transport Strategy Consultation

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

## NOTE

**Shetland External Transport Forum**  
**Council Chamber, Town Hall, Lerwick**  
**Thursday, 13 June 2019 at 2.15 p.m.**

**Present:**

R Thomson

R Hunter

**In attendance (Officers):**

M Craigie, Lead Officer

L Malcolmson, Committee Officer, SIC

**Also In attendance:**

P Flynn, Transport Scotland

M Kean, Transport Scotland

F Laidlaw, Transport Scotland

R Bogle, Loganair Limited

B Robertson, Loganair Limited

S Garrett, NorthLink Ferries

K Bevan, NorthLink Ferries

J Fraser, Councillor

S Leask, Councillor

I Scott, Councillor

C Hughson, Voluntary Action Shetland

G Maitland, Harbour Master, Ports and Harbours, SIC

S Mathieson, VisitScotland

N Leslie, Northwards Ltd

C Marsland, NHS

D Neil, JBT Distribution Ltd

M Duncan, Association of Shetland Community Councils

E Miller, Shetland Tourism Association

**Apologies:**

Mr Eunson, NFU

Ms Henderson, Seafood Shetland

Ms Laignel, Shetland Shellfish Management Organisation

Ms Scott, NFU

**Chairperson**

Mr Thomson, Chairperson presided.

**Circular**

The circular calling the meeting was held as read.

## **Minutes**

The minutes of the meeting held on 21 March 2019 were confirmed.

### **08/19     Matters Arising**

None.

### **09/19     Transport Scotland Updates**

#### **NIFS Contract 2018 (Now 2019) – progress update:**

Mr Laidlaw referred to the current position in regard to the tender process for the NIFS Contract and advised that of the three Expressions of Interest only two bids had been submitted.

Mr Laidlaw provided an update on the Judicial Review advising that a decision on the appeal would be made in July 2019. He explained that the procurement process would continue as planned pending the outcome of that appeal which could see an extension of contract depending on the outcome.

#### **RET full rollout update:**

Mr Laidlaw advised that the state aid complaint had delayed the roll out of reduced fares. He said that a response was still awaited from the Commission having provided all the information that had been sought.

In terms of cabin fares, he commented that there were capacity challenges.

#### **Ferry Freight Fares:**

Mr Laidlaw advised that Officers continue to provide information to Ministers but this was a challenging and complex matter. In terms of the North Isles Operation for passengers and livestock, there was now a different timetable and the MV Arrow had been used to address peaks in services during 2018. He said that Serco NorthLink had been asked to source vessels to handle the peaks effectively.

Mr Laidlaw went on to advise that the MV Hildasay and MV Hellier had now been purchased meaning that all 5 North Isles vessels were now owned by C-Mal, a company owned by Ministers, which demonstrated their commitment to investing in the services.

During discussions the Chair expressed his concern at Mr Laidlaw's statement regarding no reduced cabin fares and the present capacity challenges and asked that this be looked at in the longer term. The Chair said that both ZetTrans and the Council had highlighted the significant negative effects that the cost of cabins have on islanders. He went on to advise that before today's meeting he had costed out a trip, through the Northlink website, for a family of 5 on the ferry, with a car, had come to a total of £561.76. The Chair said that this demonstrates the huge problem and that the cost is crippling to families on low income. He pressed Mr Laidlaw on the urgent need for change and said he was disappointed that this matter was not part of the new contract. In responding, Mr Laidlaw said that there was no manifesto from Ministers to do so and that lowering the prices would exacerbate the capacity challenges that already exist. Mr Flynn added that the 20% reduction on fares was the most that could be reduced without impacting on

Orkney and that reduction had been implemented with strong advice on the matter from the Lord Advocate. He said that if Shetland cabins were cheaper than Orkney that could cause more problems with Orkney passengers booking from Shetland. He said that it was not possible to lower cabin prices due to capacity and now there was the legal challenge.

The Lead Officer disagreed with the comments from Transport Scotland, advising that to use capacity as a reason not to lower prices was a red herring as capacity was already an issue so lowering prices would not create a problem that already existed. He said that their rationale was not robust and that capacity was a separate issue from services and cost. In responding Mr Laidlaw said that consideration had been given to provide additional cabins but this was not possible therefore additional sleeping pods had been provided which offered a lower cost option for those travelling on a budget. The Chair commented that anyone that had used a sleeping pod would agree that they are not a viable solution, particularly if you need to drive the next day, which could be quite dangerous, and he stated that with an overnight journey a cabin was essential. The Chair said that following overwhelming feedback on capacity and cost of cabins the previous Transport Minister had sought that the implementation of RET and 50% reduction on fares and vehicles. He said that 20% had been put in place because of losing the islander discount and it was a welcomed first step, however two years on and comment is made that capacity and cost of cabins was a matter for the longer term. The Chair stated that Transport Scotland needed to prioritise this matter. Mr Laidlaw said that he would take back today's comments to Ministers.

During further discussion Mr Fraser, Councillor, asked Transport Scotland Officers to invite Ministers to a meeting to present a definitive time frame. It was stressed that Shetland residents are unable to use the lifeline ferry services because of financial constraints. It was suggested that using capacity as a reason was not right and that it was important to stop delaying matters and to think of the local people.

Mr Mathieson, Visit Shetland, advised that the New Tourism Strategy for 2018-23 had an ambition to grow the tourist industry to £10m in 10 years and he said that the only way to achieve that was to increase capacity.

In responding to a question on the freight tender process and the need to be ready for pinch points, Mr Laidlaw advised that Transport Scotland was working with the agriculture and aquaculture industry. It was hoped that vessels would be identified going forward but that the capacity in peak periods was challenging but needed to be taken forward in the timetable considerations but there was little that could be done under the existing timetable. He said that in the longer term it would be possible to replace the tonnage going forward. Mr Laidlaw added that Transport Scotland were aware of the issues through the Stewart Building Group meetings.

Ms Hunter, HIE Shetland, said that the review of cabin fares was not a Ministerial Commitment but now that the National Islands Act is in place all parties should comply with that legislation and there is Ministerial Commitment to fares through the Island Plan and Island Proofing. She said that this was a critical issue and Ministers should be asked for an impact assessment as a priority on transport.

Mr Scott, Councillor said that assurances had been given at the last meeting that matters would move ahead but this is now June and nothing more has been done. He said that it was disappointing that the new contract has not addressed the issues that the Islands have been crying out for, for years. He suggested that the people making decisions on the contracts should use the boat to see how their decisions actually affect users. Mr Scott said that there are improvements to the boat but capacity is not addressed and he said that pods were not an opportunity for anyone as they were not fit for purpose. He went on to say that patients requiring hospital appointments often cannot get a cabin on the boat, are therefore unable to travel at short notice and the cabins are hugely expensive. He said that Shetland was being short changed and that was not good enough. Mr Scott said that passengers need a decent standard of travel and now that the new contract shows now increase in capacity it was going to be difficult to tell constituents that these issues have not been addressed. Mr Scott added that he had no criticism of the operator but it was the way that Islanders have been treated for far too long.

In supporting the comments made, Mrs Hughson, Voluntary Action Shetland, said that there are differences between Orkney and Shetland that should be taken into account. She said that Orkney has easier access and more choice of travel to the mainland but Shetland has only two options. She said that this was a disservice to those who stay in Shetland and that to include Orkney as part of Shetland's needs was unfair. Mr Laidlaw commented on the fare levels across the Pentland Firth and said that there are legal arguments in process which was frustrating. He said that attempts were being made to get a deal with the commercial operator but that had not yet been achieved.

The Chair said that comments had been taken back to ZetTrans through the Stakeholders Groups during the last 12 months and Transport Scotland had been given a lot of information from all parties, in terms of the new contract. He said that Transport Scotland had assured that the contract would come with flexibility. The Chair went on to say that there could be some low cost solutions ie. 7pm sailings, less sailings to Orkney, cabin fare reductions for Islanders. He said that it was a "kick in the teeth" that these changes had not been implemented into the new contract and this was work that had been going on for the last 8 years. Mr Laidlaw said that there would be more flexibility in the new contract so changes could easily be implemented, for additional tonnage and sailings where possible. He said that the Scottish Government has a challenge to address tonnage, crew and fuel, as these all come with a large price list.

The Chair said that the lifeline services, and in terms of financial input, the amount of seafood etc that goes through the service would contribute more, which would pay for the extra tonnage.

A final plea was made for Transport Scotland to return to Shetland with the Ministers for Transport, Islands and Finance, to travel on the pods, to address the Council and the Forum and provide a detailed presentation by key decision makers to key stakeholders.

#### 10/19 **Presentation by Serco Northlink**

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

- Volumes PCP – All Routes and Lerwick specific information
- Cabin Usage and Cabin Utilisation
- Weekly Group Tours, Passengers and cabins on all routes
- Pod Usage
- Magnus Lounge
- Promotions
- Forward bookings
- Operations Update including number of sailings, cancellations and delays
- Performance, Reliability and Punctuality
- Customer Services Questionnaire – noting the rating for poor was zero.
- Community engagement and sponsorship
- Marketing

During the questions and answer session, it was confirmed that the exclusive use of 4 berth cabins does exacerbate the situation. It was noted that it was cheaper to buy exclusive use of a 4 berth than a 2 berth and this should be addressed. Mr Garrett said that the secret was to be creative with cabins that interconnect etc and that all options would be considered.

Ms Hunter, HIE, referred to the aim in the Shetland Partnership Delivery Plan is to tackle the high cost of living in Shetland. She said that supporting community groups for travel was important and therefore there was a need to look out for money proofing policies.

Mr Garret commented on the new disabled facilities on the vessels and advised that there had been good feedback and this has opened up surface travel for individuals who otherwise would not be able to travel.

In concluding, the Chair advised that up to 60% of the Shetland population do not live well in Shetland, which highlights the point that the perception that everyone is oil rich is not the case and he reiterated that £568 for a family of 5 to get off Island is not affordable.

#### 11/19 **Presentation by Loganair**

Mr Bogle, Director of Revenue, Loganair, gave a slide presentation, and reported on a number of matters including:

- Passenger volumes
- Punctuality
- Reliability
- Schedule update
  - Reduced Services to Sumburgh, Kirkwall and Inverness – down to one flight per day
  - Bergen – Sumburgh direct during UHA
  - Resilience put into Air Traffic Control work to rule situation
- Loganair App
- Online timetable now on website
- London Connection – Ambraer to London Southend Airport

During discussions the Chair asked if the Air Traffic Control strikes had contributed to the reduction in passenger numbers and an introduction of capacity changes. He also commented that since the introduction of the HIAL airport charges and Loganair's "non plus" opinion to those charges, he now used the boat more often. Mr Bogle advised that there was currently a 6% drop, and recovery was slow, but he said that there was no one single factor that could be attributed to the decline in passenger numbers.

It was suggested that the changes in timings to Edinburgh and Glasgow was causing problems for business travel as it was no longer possible for return travel in a day. It was also noted that a recent non-stop flight from Glasgow had stopped in Aberdeen. Mr Bogle advised that this would have been an operational issue and this would be checked out by Loganair staff.

The Chair also referred to the change in timetable and said that it was clear to see that there is a direct impact on residents and business travel and Loganair had now increased fares to compensate for losses creating a further impact on holiday travel.

Reference was made to the Stornoway to London model, and Mr Bogle was asked if that was to be replicated in Shetland. Mr Bogle said that the Stornoway to London flight, via Glasgow does not disembark passengers and that would not be possible for Shetland passengers due to the aircraft type - Sumburgh and Stornoway have different aircraft. In responding to a question on the Southend Shuttle service Mr Bogle said that the railway is directly outside the terminal and it takes only 53 minutes to get into the city. He said that the infrastructure and facilities are not as congested.

Comment was made that changing flight times had been done to keep reliability high, but it was suggested that more consideration should be given to what is best for the customer and that the impact of changing flights at short notice would have more impact on customers. Mr Bogle said that Loganair were looking at operations, and reliability and frequency of flights was part of that as well as the less well used services. He said that steering away from busy flights and being mindful of customer demand was important. The Chair said that the Forum had been advised last year that the change to the winter service was for one year only, but Mr Bogle confirmed that it would also be for 2019/20 and confirmed that there were no options for full day meetings in Edinburgh or Glasgow during the winter. The Forum expressed concern that these changes had been highlighted as a significant problem last year and that issue had not been respected.

12/19 **Agenda Items for Future Meeting 2019/20**

Invite the Transport, Islands and Finance Ministers to next meeting.

13/19 **AOCB**

A workshop covering all areas of transport will be held in Lerwick on 24 June 2019, from 1pm to 4pm and invitations will be sent out. Once the workshop has taken place the Lead Officer will consult with Transport Scotland to ensure all matters are covered.



14/19 **Date of Next Meeting and Future Meetings:**

All meetings to be held at 2.15pm in the Council Chamber, Town Hall, Lerwick

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

The meeting concluded at 4.15pm.

Chairperson