

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

Date: 2 December 2019

Dear Sir/Madam

You are invited to the following meeting:

**Shetland External Transport Forum
Council Chamber, Town Hall, Lerwick
Wednesday 11 December 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 18 September 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 Serco NorthLink
- 4. Presentation by Loganair
- 5. Agenda items for future meetings.
- 6. AOCB.

7. Date of Next Meeting that will be held at 2.15pm in the Council Chamber, Town Hall, Lerwick
 - Wednesday, 25 March 2020

NOTE

Shetland External Transport Forum
Council Chamber, Town Hall, Lerwick
Wednesday, 18 September 2019 at 2.15 p.m.

Present:

R Thomson

In attendance (Officers):

M Craigie, Lead Officer

L Malcolmson, Committee Officer, SIC

Also In attendance:

P Linhart-McAskill, Transport Scotland

M Garvie, Transport Scotland

J Hinkles, Loganair Limited

S Garrett, NorthLink Ferries

K Bevan, NorthLink Ferries

J Dow, Northlink Ferries

T Smith, Councillor

C Hughson, Voluntary Action Shetland

S Mathieson, VisitScotland

D Neil, JBT Distribution Ltd

G MacDonald, Streamline Shipping Group

S Laidlaw, Streamline Shipping Group

E Miller, Shetland Tourism Association

C Grains, Lerwick Port Authority

V Sandison, Lerwick Port Authority

N Leslie, Northwards Ltd

Ms Scott, NFU

Apologies:

R Henderson, Seafood Shetland

M Duncan, Association of Shetland Community Councils

K Main, Ferries Services, SIC

Chairperson

Mr Thomson, Chairperson presided.

Circular

The circular calling the meeting was held as read.

Minutes

The minutes of the meeting held on 13 June 2019 were confirmed, with the exception of the following:

11/19 “ Presentation by Loganair” - Last paragraph, reference to the reduction in the Winter schedule restricted a day return option to/from Inverness and not Edinburgh or Glasgow as minuted.

09/19 “Transport Scotland Updates – Page 3 paragraph 4, change “grow tourism to £10m” should be changed to read “grow tourism by £10m”

15/19 **Matters Arising**
None.

16/19 **Transport Scotland Updates**

NIFS Contract – progress update:

Mr Linhart-McAskill referred to the current position in regard to the tender process for the NIFS Contract and confirmed that of the three Expressions of Interest only two bids had been submitted and the timeline for implementation on 31 October 2019. He said that the announcement of the contract award would be heard shortly. Mr Linhart-McAskill acknowledged the frustration in regard to the time taken to get to this point but noted the issues that arose during the procurement process, namely the complaint to the EU Commission. He said that this matter was out of Transport Scotland’s control but they had provided all information necessary to ensure that an announcement could be made as quickly as possible.

Judicial Review: Mr Linhart-McAskill also commented on the judicial review lodged by Pentland Ferries and advised that the Appeal had been upheld in favour of the Scottish Government.

Reduced Fares: The Forum were advised that the reduced fares were supported by Transport Scotland and Ministers. He advised that the Ministers were waiting the outcome of final process of the state aid complaint. In regard to capacity issues he assured that work was being done and more information would be available soon.

NIFS £2m Upgrade – progress: Majority of the upgrades were complete in terms of pods and internal restructure on the Aberdeen routes. The Scottish Government are aware of the demands for additional tonnage and sailings and Mr Linhart-McAskill advised he had heard from the Stewart Building Group this morning. He added that the new contract recognises the need for flexibility.

Ferry Freight Fares Review: A comprehensive review has been ongoing for some time. Further analysis is being done. The Impact of charges were being discussed and advice was being given to Ministers. An update would be provided shortly.

During questions Mr Linhart-McAskill was asked if an announcement on the contract would be made in time for the contract start date set, and if not was there a plan B. Mr Linhart-McAskill advised that he was unable to give 100% assurance of that but he said Officers were working robustly to move forward they were

pressing various bodies for speedy decisions. A suggestion was made that to ensure certainty of pricing in the market the charges should be set on a cost neutral basis. Mr Linhart-McAskill said that he understood the frustration and the uncertainty was not ideal. He provided an explanation behind the complex nature of the work and advised that it would be used to inform the Scottish Government and be given to them for consideration. In terms of the CPI (consumer price index) increase Mr Linhart-McAskill said that it was Scottish Ministers decision whether CPI is applied and noted that there had been a freeze on passenger and vehicles rates. He said that he understood that the new rates were eagerly anticipated by the industry.

During further questions Mr Linhart-McAskill was asked if the RET issue and cabins fares issue would be sorted by the time of the new contract. He said however that this was an area that he could not go into and that should anything happen in relation to state aid that would fall to Westminster. He said that Ministers had to wait until the full process from the EU Commission was complete.

The Chair thanked Mr Linhart-McAskill for attending the meeting.

17/19 **Presentation by Loganair**

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

- Operational Performance & Mitigating measures
 - Weather Disruption
 - Industrial Action
- Customer Numbers
- Manchester and Bergen routes on hold until work to rule has ended. Not scheduled 2020
- Three extra weekly Glasgow flights
- Loganair App – good customer feedback
- Increased Customer Contact Centre
- Seat Selection changes
- Fly fare to reduce baggage allowance to 15kg
- Connections
 - Norwich and Newcastle
 - Aberdeen to Hovgesund & East Midlands
 - New United connections to USA
 - Wideroe partnership to Norway.

During discussions Mr Hinkles was asked for an update on aircraft upgrades. Mr Hinkles said that crews were on training for the ATR aircraft and detailed planning was going on. He said that these aircraft upgrades would begin in the Summer next year and there would be a soft roll out in the first quarter. He said that more would be known regarding exact dates after the raining was complete. He said that the plan was on track and progress would be seen in the next few weeks.

In terms of the reduced weight per checked bags on Fly fares Mr Hinkles advised that the average weight is 9kg, but the decrease is only being reduced to to 15kg. He said that the Fly Flex and Fly Flex+ options had higher baggage allowances of

23kg and 30kg respectively, however if the 15kg allowance under a Fly fare is exceeded a flat fee of £10 would be charged.

Reference was made to the ongoing dispute between HIAL and Air Traffic Control and it was noted that there had been significant impacts to residents, visitors and business travellers as well as Loganair as an operator. It was noted that Mr Hinkles had indicated that the removal of the Manchester and Bergen routes was as a result of the uncertainty caused by the dispute and the Chair urged that all parties seek a resolution as soon as possible.

The Chair thanked Mr Hinkles for attending the meeting.

18/19 **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
- Magnus Lounge
- Promotions
- Forward bookings
- Booking Questionnaire
- 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
- Sponsored Events
- Marketing Activity – a video was played
- Our People – apprentices

During the questions and answer session, it was noted that the ferry timetable was not open for 2020 until October 2019 therefore no information was available yet on forward bookings.

Mr Garrett was asked what options were in place to ease congestion at the busy livestock season. Mr Garrett advised that the MV Arrow was on charter to another operator and he had so far received no offers to requests made for an alternative vessel. He said however he was working with the industry to mitigate any impact, but nothing could be done immediately to alter the current timetable.

The Lead Officer acknowledged that this was the last meeting before the outcome of the contract tendering exercise is known. He said that Serco had done a good job of responding to the needs of the community and were good at recognising and growing the market and had made good use of the ferries. The Lead Officer said that it was important to acknowledge the performance and good work of Serco over the course of the current contract.

The Chair added that the evidence was clear to see at each presentation, that Serco NorthLink had done a good job, with the continuous growth of cabins, pods and peaks in freight volumes. He echoed the comments made by the Lead Officer.

In further tributes to Serco NorthLink, comment was made on Serco's commitment and opportunities created through sponsorship, assisting young people to compete more easily in events on the mainland. Serco NorthLink were also commended for their partnership working in regard to marketing with Visit Shetland and Promote Shetland creating a regular flow of visitors to Shetland.

19/19 **National Transport Strategy Consultation**

The Lead Officer advised on the National Transport Strategy (NTS) Consultation and circulated presentation slides by Transport Scotland which provided an overview of the current NTS Consultation process and principles out for consultation.

The Lead Officer said that this was now the time to contribute to the consultation and more details were available through the links provided on the slides. He explained that NTS would set out the Government's Policy position for the next 20 years and would be the long term view for the future of transport. The Lead Officer said that the NTS needs to reflect all transport for Scotland and asked that stakeholders take time to contribute and urged that they share the slides with colleagues and any other interested party. He said that if contributions are not made then there can be no argument if Shetland do not get the outcomes needed.

Stakeholders were advised that the Lead Officer and his team could be contacted to discuss the approach further. He also advised that Transport Scotland has set a firm deadline of 23 October 2019 in order that the NTS could be published by the end of the year.

In responding to a request the Lead Officer confirmed that the slides would be provided upon request and he would be happy to present to any group or have contact by email.

20/19 **Agenda Items for future meetings:**

Stakeholders were reminded that they could contact the Chair, Lead Officer or Committee Officer with any items to be added to the agenda.

21/19 **AOCB**

None.

22/19 **Date of Next Meeting and Future Meetings:**

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

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

The meeting concluded at 3.45pm.

Chairperson