

Briefing Note Template

Elected Member Briefing – Project update: Fair Isle Ferry and Infrastructure Replacement Project

Elected Member Briefing Note Ref. No. 2026-24

About this Briefing Note

Briefing by: *Lee Coutts, Project Manager: Fair Isle Ferry and Infrastructure Replacement Project*

Date: *26/05/2026*

Subject: *Project update: Fair Isle Ferry and Infrastructure Replacement Project*

Public / ~~Exempt~~ / Confidential

if exempt or confidential explain risks and consequences.

Purpose

This briefing note provides an update on the Fair Isle Ferry and Infrastructure Replacement Project, covering:

1. Progress on Grutness Terminal works
2. Progress of Season 2 works at North Haven, Fair Isle
3. Progress on MV Good Shepherd V - vessel build
4. Update on alignment of activities
5. Significant weather disruption impacts to risk allowance budget

Background

The Fair Isle Ferry and Infrastructure Replacement Project entered the delivery phase after the Council approved its Full Business Case in December 2024. This was followed by approval from the Department for Transport and confirmation of funding: £26.7 million from the UK Government, in addition to £18.3 million from the Council.

Key points

1. Grutness Terminal works are nearing completion, expected by the end of May 2026, with handover following.

2. Fair Isle infrastructure works are progressing but are now expected to complete in November 2026 due to weather delays.
3. Construction of MV Good Shepherd V is well advanced and is expected to complete in November 2026.
4. Work is ongoing to align completion of the harbour works and the new ferry to support a smooth start to service.
5. Significant weather disruption has continued to affect progress and increase costs but these currently remain within the overall project budget.

Overview

February 2026 – May 2026

1. Since the last update in February 2026, works at Grutness Ferry Terminal have made good progress and are now approaching completion, despite continued challenging weather conditions.

Over the period, all major construction activities have been completed. This includes piling, dredging, concreting works and installation of rock armour (end February 2026).

From March onwards the project has transitioned from core construction into finishing works, with quay furniture, fenders, ladders walkway to the navigation light and navigation light installation and services being the main focus. Surfacing, kerbing and lining works within the site and operational areas have also been completed.

Currently the remaining works centre on completion of permanent fender installation, final set up of the navigation light and general finishing and snagging activities.

Concerns regarding Good Shepherd IV operations, due to new fenders, are being progressed with interim solutions identified and due to be implemented as soon as practicably possible. These issues are related to the operation of Good Shepherd IV and not expected to remain for the new ferry, Good Shepherd V.

Inspections have taken place in May to identify any final issues/snagging items, with a number being identified and informed to the Main Contractor, with the main issue identified relating to remedial works required to the rock armour.

Completion is expected by the end of May with handover about a month later, although resolution of snagging items may be completed later.



Credit: Brian Gray Photography (22nd April 2026)

2. At Fair Isle, Season 2 works commenced in February 2026 and have progressed significantly over the period covered by this briefing note, although progress has been impacted by adverse weather conditions.

Initial activities included mobilisation to Fair Isle, demolition of the existing winch house, and completion of excavation works at the Noust, with all material reused on the South Haven beach to protect the access road to North Haven.

Rock netting installation around the Noust has been completed, with additional replacement of deteriorated securing cables on the existing rock netting, along the quayside, required to address safety concerns.

Pocket dredging between the existing slipway rails and along the line of the new North slipway rail has progressed to completion, following mobilisation of the jack-up barge. Mobilisation of the jack-up barge to Fair

Isle from Lerwick was delayed by approximately three weeks due to sea state conditions.

Piling works for the new slipway rails foundation has commenced with the first two piles completed at the time of writing this note. The commencement of this piling work is ahead of schedule.



(22 April 2026)



(13 May 2026)

The new winch, boat cradle and slipway rails fabrication is underway and progressing off-site.

The main contractor's temporary accommodation facilities at the Puffin site (at the south end of Fair Isle) have been established, with 24 no bunkabins now in place and occupied, enabling sustained delivery of works during the season.



(April 2026)

Due to the cumulative effects of weather delays and pressures on marine operations, the overall completion of Fair Isle infrastructure works is now forecast for November 2026. The project team, consulting engineers and contractor are continuing to implement mitigation measures to minimise further delay where possible.

3. Construction of MV Good Shepherd V has continued throughout the period and remains in an advanced stage of build.

Since February, the vessel has progressed from primary structural fabrication into the early stages of outfitting. The steel hull, forecastle and associated superstructure are now largely complete, with the wheelhouse installed and welding works ongoing.

Outfitting activities have commenced, including installation of pipework, valve chests and preparation for machinery installation. Major long-lead items, including engines and propulsion equipment, have been delivered, with procurement of remaining systems progressing.

Procurement of major long-lead items is on track, with main engines, gearboxes, shafts and propellers, doors and hatches already delivered and other outfitting items progressing.

Completion and handover of Good Shepherd V has been revised from end October 2026 to End November 2026, due to scheduling considerations for the shipyard, including delivery of the accessible gangway system expected in mid to late October 2026.



(15 April 2026)

The shipyard publishes photographic updates weekly on their website and on social media. The project team have received positive feedback from the Fair Isle community regarding this as they can follow build progress in 'real time'.

<https://parkol.co.uk/vessels/new-build-yard-no-6/>

4. Preceding the period and throughout the period, the primary challenge to delivery has continued to be a significant amount of weather-related disruption, particularly affecting marine operations. As a result this has impacted both the completion of Grutness and the current Fair Isle works. The result of which is the Fair Isle works and vessel delivery now forecast to complete within a similar timeframe.

Therefore, alignment between the Fair Isle infrastructure works and vessel delivery has become an increasingly important focus over the reporting period - coordination of commissioning, testing and entry into service is critical. An initial workshop has been undertaken and with Ferry Operations and future workshops and programme reviews are planned with the operations team and project partners to ensure risks are understood and managed.

The importance of maintaining the ferry service during the upcoming busy period and change of weather, as work moves into the Autumn period, is a priority for the project team.

5. The aforementioned, and previously reported weather impacts, have contributed to programme delay and increased costs but these currently remain within the overall project budget. Weather-related contractual compensation events account for approximately 50% of project risk allowance costs to date. The project's risk allowance budget has reduced accordingly, with ongoing monitoring and analysis being undertaken to manage remaining risks.

Alongside weather impacts, ground conditions encountered during dredging works and the conditions of existing infrastructure have also contributed to expenditure from the risk allowance budget. The position of the risk allowance budget continues to be reported monthly to the Project Board, supported by ongoing quantitative cost risk analysis to monitor trends and inform forward forecasting.

Despite these challenges, the project continues to make steady and measurable progress, and all partners remain focused on successful delivery for the Fair Isle community.

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