

ISLANDS TRANSPORT FORUM

Third meeting – 21 June 2017

Note of meeting

Attendees

Humza Yousaf, Minister for Transport and the Islands
Cllr Robin Currie, Argyll & Bute Council
Jim Smith, Head of Roads and Amenity Services, Argyll & Bute Council
Cllr Uisdean Robertson, Comhairle nan Eilean Siar
Iain Mackinnon, Director Technical Services, Comhairle nan Eilean Siar
Cllr Joe Cullinane, Leader, North Ayrshire Council – by audio link
Louise Kirk, Active Travel and Transport Manager, North Ayrshire Council – by audio link
Cllr James Stockan, Leader Orkney Islands Council
Michael Craigie, Lead Officer ZetTrans
Cllr Allan Henderson, Community Services Chairman, The Highland Council – by video link
Steve Barron, Chief Executive, The Highland Council – by audio link
Cllr Ryan Thomson, Shetland Islands Council
Ranald Robertson, Partnership Director, HITRANS
John Nicholls – Transport Scotland
Gary Cox - TS
Graham Laidlaw – TS
Daniel Lafferty - TS
Val Ferguson - TS

Item 1 – Welcome and Introductions

1. Mr Yousaf welcomed everyone to the third meeting of the Islands Transport Forum and asked all those present to introduce themselves.

Item 2 – Notes of second meeting

2. Mr Yousaf noted that there had been no comment on the minutes and moved onto matters arising.
3. Iain Mackinnon asked about the air services review by HIAL and was of the view that engagement with stakeholders by HIAL could be improved. **Mr Yousaf indicated he would raise the issue with HIAL and feedback his discussion to the group.**
4. Michael Craigie stressed that it was important that stakeholders understood the remit of the HIAL study.
5. Iain Mackinnon asked for update on the Air Discount Scheme for business travellers. Mr Yousaf noted that significant work had been done to create a compliant case but indicated the costs involved were considered in the spending review and that funding did not allow for the scheme to be extended to business travellers at this time

Item 3 – National Transport Strategy (NTS) Review

6. Daniel Lafferty provided an update on activity to date which has included an early engagement survey on the NTS. 614 responses were received.
7. The analysis of responses to the survey, produced for Transport Scotland, was published on 1st June 2017, and can be found at:
<https://www.transport.gov.scot/publication/national-transport-strategy-early-engagement-consultation-survey/>
8. The NTS Review team launched a Call for Evidence to a wide variety of stakeholders and partnership working groups on Wednesday 5th April. The deadline for submissions is Friday 14th July.
9. Three Functional groups will deliver the fundamental building blocks for the review process i.e. research and evidence, the strategic framework review, and the review of transport roles and responsibilities.
10. Four Thematic groups will address wider facets of the Review such as economic growth, inclusive growth, transport integration, accessibility, resilience and climate change.
11. All chairs and co-chairs have been agreed and finalised. All meetings will be chaired (or co-chaired) by external parties with at least one member of the NTS team listed as a member for each group. The NTS team is in the process of confirming membership across the groups and invitations will be issued in June 2017.
12. The final review will be published in 2019.
13. Cllr Stockan responded that innovation should be one of the Thematic Groups however it was argued that innovation was cross cutting and would be picked up in the partnership working group.
14. Michael Craigie asked if there were any indications why engagement had been so successful and whether any particular groups were under or over represented. Daniel responded that the analysis indicated the under 25s and older people were under represented in the responses while rail users were over represented.
15. Michael wanted to be sure that wider bodies were engaged and it was confirmed the engagement plan would be shared when finalised.
16. **It was agreed that the NTS would be a standing agenda item at future forum meetings.**

Item 4 – Ferries Policy Review - update

17. Mr Yousaf updated the group on the background with reference to the RMT campaign and the applicability of the Teckal exemption. He highlighted the latest advice from the European Commission that the Teckal exemption is applicable to the Maritime Cabotage Regulation potentially opening the way for an in-house operator to provide the services under strict tests.
18. The Minister noted that tendering of the Gourock Dunoon ferry service contract is being paused and the current contract is to be extended by 9 months from June 2017 to March 2018. Consideration is also being given to the implications for the Northern Isles ferry services contract which is due to expire in April 2018.
19. The governance structure for CalMac is being reviewed. The Minister confirmed that State aid is still the main issue still being considered.
20. Mr Yousaf confirmed it would be the government's preference to appoint an in house provider but the final decision will be driven by the communities concerned. The Orkney and Shetland communities were generally agnostic as they have good quality of service under the current arrangements.
21. Cllr Stockan suggested any contract extension must be long enough to fully explore all the issues including integration with internal ferry services, without the need for a further extension.
22. Cllr Robertson added that tendering was costly and he did not want to see money wasted but good management of any in house provider was essential.
23. Iain Mackinnon welcomed the invitation to the meetings with TS and agreed to pass any comments from the council to Alan Malone in the Ferries procurement team. Cllr Stockan added that if the saved costs of tendering were fed back into the service it would be better value but having 2 options was generally better than one and competition had its benefits.
24. Cllr Currie asked for an update on discussions in respect of TS taking over internal ferry services but Cllr Henderson added that the number of available vessels was a constraint. Cllr Cullinane supported services staying in public hands in some form but saw community benefits from tendering and innovation.
25. Mr Yousaf confirmed that different geographical views would all be taken into account and community views would be sought. Any in house provider would have KPIs to maintain efficiency and he noted some resistance to any "imposed" in house operator. Fair funding was still being considered in relation to internal ferry services and he was aware of investment required in infrastructure and vessels approaching end of life. Possible targeted central funding to assist would be considered.

26. Cllr Robertson raised the issue of a ferry regulator to review performance. It was however unclear what a regulator's role would be as current engagement was perceived as effective.
27. Mr Yousaf confirmed there were no plans to introduce a regulator but checks and balances would be maintained.

Item 5 – Freight Fares Review

28. Mr Yousaf noted the paper that was issued ahead of the meeting and added that he was disappointed with the time the review was taking. The cost neutral prism meant there would be winners and losers and he confirmed he has had advice that he was currently considering. He expects to be able to take a view over the summer. Cllr Stockan confirmed they were working incrementally to it but keen for a decision.
29. Randal Robertson added that there would be an impact on internal ferry fares most likely upwards and the work that has been done on that would be shared with the group.
30. Block freight bookings were raised by Cllr Currie as these prevent car bookings and a solution is needed and a small trailer for goods on board the vessel, to serve local island shops, would be cheaper than a less frequent truck load.
31. Cllr Henderson raised issues with smaller islands and transport of frozen goods. He suggested smaller loads options were needed as the RET increase in traffic has impacted on freight movement.
32. Michael Craigie added that in Shetland the higher frequency of travel has different impacts and all these geographic variants need to be taken into account. Cllr Stockan added that the double hop needs to be accounted for.
33. Iain MacKinnon commented that the cost neutral prism was unfortunate and we could move away from that and view additional costs as an investment. The trader rebate may have to be considered again and consider issues such as minibuses currently being treated as a commercial vehicle and the impact this has, particularly on the 3rd sector.
34. Mr Yousaf confirmed that the cancellation of block bookings issue had been raised and changes were being made. **A note of actions being taken by CalMac would be issued to the group and the minibus issue looked at – Action points – Graham Laidlaw**

Item 6 - NIFS – update

35. Mr Yousaf note the paper issued ahead of the meeting and confirmed a mechanism to reduce fares had been decided. This is a variant of RET and the intention is to involve the private operator on the Pentland Firth route as part of the solution. Consultants have been tasked to consider capacity

issues with the new fares regime and he invited views on how cabins should be considered.

36. Discussion on finance with Mr Mackay would be needed and the outcome of these discussions could not yet be anticipated.
37. Cllrs Thomson and Stockan welcomed the conclusion on this matter. Cllr Stockan confirmed that travellers to Orkney would not wish to take cabins that would disadvantage travellers to Shetland and appreciated the challenge of finding a solution. It may be that a Pentland Firth Fare is developed. Links with rail connection also need to be considered and he would work with TS and Shetland Islands Council on this.
38. Michael Craigie added that short, medium and long term solutions are needed addressing capacity, cabins issues, frequency and weather delays. A long term investment plan is needed and this needs to grow and be sustainable.
39. Mr Yousaf confirmed that consultants PBA were looking at all these issues and welcomed the agreement to work collectively to find solutions.
40. Cllr Henderson added that rail integration and Sleeper services also needed to be looked at.

Item 7 – Brexit

41. Mr Yousaf provided an update. The Queens speech may provide more details but as yet the type of Brexit we can expect is not known. The Scottish Government maintains its position that we must get the best deal for Scotland, access to the single market and freedom of movement. We want to be represented at the negotiating table.
42. Cllr Stockan added that the territorial cohesion principle must be maintained as it is relied upon more by the islands than on the mainland.
43. The UK government's priorities after Brexit remained to be seen and it was possible we would be outside the EU but still bound by its regulations.
44. Cllr Robertson raised fishing as an issue and also crofting support. To be included in any discussion. Mr Yousaf noted these issues.

Item 8 – AOB

45. Ranald Robertson summarised the HiTrans papers he had submitted ahead of the meeting highlighting the good work on reducing car travel on ferries, connectivity with rail, options for regular travellers, car clubs, smart ticketing focus on the periphery and work into central belt, hydrogen fuel generation, bus fleet ownership etc.

46. Cllr Stockan added that innovation was needed to keep young people on the islands. Mr Yousaf agreed that timetable tweaks could do a lot but rail network changes were complex.
47. As the video link ended unexpectedly, Mr Yousaf agreed to speak directly with Cllr Cullinane about any issues he was not able to raise.
48. Cllr Stockan raised Skye Airport but Mr Yousaf confirmed that the government was not able to fund this. The cost of infrastructure and providing air services would need to be met locally. Ranald Robertson confirmed the business case was being reviewed with HIAL and HIE consultants.
49. Cllr Robertson raised harbour infrastructure on the Uig triangle and confirmed Alasdair Allan, MSP has written to the Minister on this. Mr Yousaf confirmed he was aware of the issues and the need for harbours to be fit for purpose. A working group has been established to look at the needs of all the harbours on the route.
50. Iain MacKinnon asked about the HIAL review of airport traffic management, highlighting the negative impact if even a small number of jobs are lost in the islands. Mr Yousaf confirmed safety was paramount and would feed concerns back to HIAL.
51. Ranald Robertson raised the Flybe fares reductions to compete with Loganair and the need to be cautious if the market was to work. Flybe's timetable was similar to the current Loganair one so gaps still exist. Cllr Stockan added that they could be seen as "cherry picking" but they must remain sustainable. Gary Cox had been in touch with both airlines and they were both keen to continue services. Significant extra capacity on the air services combined with lower ticket prices may help alleviate some capacity issues on the ferries.

Summary of actions

- **Mr Yousaf to send a note to HIAL chairman on their review, follow up with a phone call and feedback his discussion to the group - Minister**
- **NTS to be a standing agenda item at future forum meetings - TS**
- **A note of improvement actions being taken by CalMac to be issued to the group**
- **The minibus issue to be looked at in relation to fares review - TS**
- **Date for next meeting to be agreed - TS**