

# ISLANDS TRANSPORT FORUM

Fifth meeting – 25 October 2018

## Note of meeting

### Attendees

Paul Wheelhouse, Minister for Energy, Connectivity and the Islands  
Cllr Aileen Morton, Argyll and Bute Council – by audio link  
Jim Smith, Argyll & Bute Council – by audio link  
Cllr Uisdean Robertson, Comhairle nan Eilean Siar  
Iain Mackinnon, Comhairle nan Eilean Siar – by audio link  
Cllr Allan Henderson, The Highland Council – by audio link  
Cllr Joe Cullinane, North Ayrshire Council – by audio link  
Louise Kirk, North Ayrshire Council – by audio link  
Cllr Graham Sinclair, Orkney Islands Council  
Gavin Barr, Orkney Islands Council  
Cllr Ryan Thomson, Shetland Islands Council  
Michael Craigie, ZetTrans – by audio link  
Neil MacRae - HiTrans  
Graham Laidlaw – Transport Scotland  
Michael Bratcher – Transport Scotland  
Val Ferguson – Transport Scotland (note taker)

### Apologies

Cllr Robin Currie, Argyll and Bute Council  
Ranald Robertson, HiTrans  
Cllr Margaret Davidson, Highland Council  
Stuart Black, Highland Council  
Malcolm Burr, Comhairle nan Eilean Siar  
Pippa Milne, Argyll and Bute Council  
Gary Cox, Transport Scotland

### Item 1 – Welcome and Introductions

1. Mr Wheelhouse welcomed everyone to the fifth meeting of the Islands Transport Forum and his first as Chair.
2. Mr Wheelhouse noted that his focus at this time was to ensure that we are able to maintain what we are doing and look to ensure that we continue to deliver on our commitments.
3. The Minister noted that this government has invested over £1.2 billion over the last decade in supporting lifeline ferry services on the Clyde and Hebrides network. He indicated that the Scottish Government will continue to invest in our ferry services. The Scottish Government has recently made available £3.5m of additional funding to improve the resilience of the CalMac fleet.

4. The Minister also highlighted that this government also fully recognises the recent concerns which have been raised about the freight capacity needs for the Northern Isles, and recently secured the temporary charter of an additional third vessel - the MV Arrow – which was subsequently extended to offer increased capacity.
5. Mr Wheelhouse noted that we are, of course, approaching the time of year where the UK and Scottish budgets are announced and put to Parliament. In the current financial climate, at a time of unprecedented financial challenge the Minister mentioned that there will be some difficult decisions to be made.

## **Item 2 – Notes of fourth meeting – matters arising**

6. A correction to a participant's designation was noted from the last meeting minutes and this will be corrected prior to publication.
7. The action points were reviewed from the last meeting and were mostly cleared. Work done on block booking by CalMac's new team was welcomed however, Argyll and Bute, North Ayrshire and Highland Councils asked for more information on the block booking issue;
  - the ratio of released space to that booked
  - the proportion of total space used which could be block booked and
  - how much was available to turn up and go.

**Action point – Graham Laidlaw to obtain further details from CalMac and provide it to members**

## **Item 3 – National Transport Strategy (NTS) Review**

8. Mr Wheelhouse noted the paper issued ahead of the meeting and that no one from the NTS team was available today.
9. Iain Mackinnon asked whether the regional groups proposed under STPR had yet been established.

**Action point – update from NTS team on establishment of regional groups to be obtained and provided to members by TS.**

10. Concerns were expressed about regionalisation of transport governance on, for example, roads maintenance. The point was made that the islands councils have no opportunities for co-ordination and collaboration and do not wish to be left on the periphery. There were concerns that these groups will take funding at the expense of islands who will not be part of regionalisation. Islands wish to get engaged with NTS groups to ensure proper governance.

**Action point - Mr Wheelhouse agreed to speak to Cabinet Secretary about difficulties on transport governance.**

11. Cllr Morton queried the vision statement and whether inclusive and fairer in an islands context would be interpreted differently. She noted that Scottish Index of Multiple Deprivation does not reflect true cost in rural areas.

**Action Point – specific item to be added to next agenda to reflect island dimension in the discussions – NTS team to present.**

#### **Item 4 – Brexit**

12. Mr Wheelhouse noted that this was a standing item and that Mr Russell was unable to attend today. He added that Mr Russell would be making a statement to parliament later in the day which would also update members of the forum on the latest position.
13. Cllr Sinclair asked about passenger checks for border control from cruise ships and whether there could be delays in visitors coming ashore.

**Action point – TS to confirm engagement on cruise passengers' passport checks to enter UK and whether Border Force have manpower to cope post Brexit.**

#### **Item 5 – Update on Northern Isles Ferry Tendering.**

14. The tender for the next Northern Isles Ferry Services contract commenced on 25 September with the Contract Notice and European Single Procurement Document (ESPD) being sent for publication on the Official Journal of the European Union and Public Contracts Scotland website.
15. The tender for the next Northern Isles Ferry Services contract, worth an estimated £370m, will run for eight years (6 + 2) with all routes tendered as a single bundle.
16. The Scottish Government's continued commitment will ensure that both Orkney and the Shetland islands will continue to benefit from safe, reliable and efficient ferry services in the future.
17. All existing vessels will be made available to the successful bidder. The Minister restated that SG had concluded the purchase of the three passenger / freight vessels from the Royal Bank of Scotland earlier this year. The purchase of these vessels allows TS to make significant savings on the previous lease arrangements and reinvest those savings in the ferry services.
18. There will also be the opportunity for bidders to propose utilising their own vessels or vessels chartered from third parties, subject to the requirements of the Invitation to Tender.
19. The next contract will have increased flexibility to ensure that additional vessels and sailings can be deployed to meet higher demand for the ferry services, particularly from the vital seafood, agriculture and tourism sectors.
20. Scottish Ministers will retain control of all important issues such as routes, timetables and fares under the terms of the Public Service Contract.
21. Transport Scotland will continue to engage with community representatives and key stakeholders on the development of the service specification to be included in the Invitation to Tender when it is issued to bidders early in the New Year, with a view to awarding the contract in summer 2019.

22. Cllr Sinclair asked for clarity on the possible re-introduction of more lunchtime sailings on the Scrabster- Stromness route.

**Action point - Transport Scotland agreed to come back to the councillor on this point**

23. Members of the group supported the aim to engage fully with the island communities in finalising the detail of the specification for the service over the coming weeks and months.

**Item 6 – Update on Ferry Service Investment planning**

24. Graham Laidlaw summarised the presentation issued to members ahead of the meeting.
25. Gavin Barr asked about the level of spend by TS on ferries and aviation relative to the Islands as a proportion of whole TS spend on all travel modes. He suggested that, in considering spending levels, there should be a value placed on the 'lifeline' nature of a service. For example, a ferry may be the only option for an island whereas there are alternatives for the mainland.

**Action point – TS to provide breakdown of figures for relative spend**

26. Mr Wheelhouse indicated a national infrastructure commission is to be established and it would look at investment across Scotland and take account of lifeline aspects. There was support for recognising the economic value of ferry spend and Graham Laidlaw confirmed work was being done on that internally including impacts of RET as well socio economic impacts. An initiation meeting on the RET study is scheduled with the appointed consultants on 26 October. Mr Wheelhouse indicated that this should also look at where demand is not being satisfied.

**Item 7 - Air Discount Scheme review**

27. Michael Bratcher summarised the purpose of the review as the scheme expires in March 2019. A proposal for the continuation scheme is being developed and this will include student eligibility (where students are studying but not permanently resident in the eligible area) and also the geographical extent of the scheme around Wick Airport. There will be full engagement with Chamber of Commerce and other stakeholders.
28. This was welcomed and the length of the next scheme was queried. The state aid issues are complicated by Brexit but the intention is to notify the Commission under the current GBER exemption. As the GBER will expire at the end of 2020 it is proposed that the new scheme will run until then. By then it is hoped that there will be clarity on the post Brexit state aid requirements. It is not planned for new cards to be issued. Rather, TS will write to all scheme members explaining what is happening. There will be no gap when there is no active scheme.

**Item 8 – Regional Air Service Scoping Study and ATC modernisation**

29. Michael Bratcher confirmed that HIAL was progressing the work on what air services in the Highlands and Islands could and should look like in the future.

HIAL's proposed consultation on its strategy has been delayed as new Cabinet Secretary is looking at a wider Aviation Strategy and consideration will be given to how HIAL's work fits with this. The wider Aviation Strategy aims to be more ambitious in terms of improving the customer experience and employ best practice from elsewhere. For example consideration could be given to how passengers on long haul flights to the central belt can access the rest of Scotland in order to share the benefits of these routes across the country.

30. While this was welcomed CNES stated that there was slow progress and still poor engagement by HIAL. Their review was not seen as dynamic enough to take on board changes and a request was made for the Minister to again raise this with HIAL.

**Action point – Mr Wheelhouse to raise the issue of stakeholder engagement with HIAL at his meeting with them on 27 November.**

#### **Item 9 – Decentralisation of key transport posts to Islands**

31. As time was becoming short it was agreed that this item would be covered on its own at a telephone conference with Mr Wheelhouse to be arranged shortly after today's meeting.

**Action Point - TS to arrange telephone conference on decentralisation of key posts**

#### **Item 10 – Skye Air Service**

32. Neil MacRae highlighted that the paper on a Skye air service had identified reduced cost options for reintroducing an air service and the capital costs associated with upgrading the local airport. NM welcomed TS and HIAL input to the updated business case. The Working Group will now identify how the recommended next steps set out in Aviation Consultants report will be taken forward.

Mr Wheelhouse left at this point and the final items were chaired by Graham Laidlaw

#### **Item 11 – Northern Isles Internal Ferry Service Funding and Delivery**

33. Michael Craigie noted that long term planning and funding was needed. SG was committed in principle and aware of the need to look long term at investment strategy. TS have similar issues on spending review but Graham Laidlaw will pick up the ask for 2019/20 with Ministers. Michael emphasised that service cuts were possible without funding.
34. Gavin Barr added that this was also an issue for aviation funding where a financial package was not set up yet with work carrying on for another year. Budget decisions would be made over the next few months following the UK budget but the position was challenging and the Councils were proceeding on the basis that the 2019/20 budget "Ask" that has been submitted to the Scottish Government will be delivered. It was also noted that work had commenced on the Outline Business Case work and that there is an expectation of Scottish Government contribution to

this funding for both the Shetland and Orkney studies for 2018/19, and also for Orkney ongoing work in 2019/20. Graham Laidlaw confirmed the proposal is with the Ministers for decision.

**Action Point - TS confirm funding for Outline Business Case work for 2018/19 and 2019/20 with Ministers.**

35. Cllr Morton commented that all West of Scotland ferries are not funded by TS as indicated in the paper and the paper was to be amended to reflect that Argyll & Bute and Highland councils fund their own services.

**Action point – Michael Craigie to amend paper with correct ferry operators.**

## **Item 12 – Islands Passport**

36. Neil MacRae introduced the Islands Passport paper which seeks to develop a marketing initiative to promote Scotland's Islands in a similar way to schemes that have been successful in other countries. SG commitment in the Programme for Government was welcomed. Among the aspirations for the scheme was for it to be developed by staff based on one of the Islands and for it to support less well known island destinations.

### **Summary of actions**

**Action point – Graham Laidlaw to obtain further details from CalMac and provide it to members**

**Action point – update from NTS team on establishment of regional groups to be obtained and provided to members by TS**

**Action Point - Mr Wheelhouse agreed to speak to Cabinet Secretary about difficulties on transport governance**

**Action Point – specific item to be added to next agenda to reflect island dimension in the discussions – NTS team to present.**

**Action point – TS to confirm engagement on cruise passengers' passport checks to enter UK and whether border force have manpower to cope post Brexit**

**Action point – figures for relative spend to be provided – by TS**

**Action point – Mr Wheelhouse to raise the issue of stakeholder engagement with HIAL at his meeting with them on 27 November.**

**Action Point - TS to arrange telephone conference on decentralisation of key posts**

**Action Point - TS to discuss out line funding for internal ferries for 2019/20 with Ministers**

**Action point – Michael Craigie to amend paper with correct ferry operators**