

## **Report to Partnership Meeting 14 September 2018**

### **RESEARCH AND STRATEGY DELIVERY**

#### **Orkney Connectivity (Internal / External)**

#### **PURPOSE OF REPORT**

To update Members on the progress of the work to undertake an Outline Business Case STAG Part 2 Appraisal of transport connectivity to the outlying islands of Orkney and updates on the implementation of Road Equivalent Tariff on services to/from the Scottish Mainland and Orkney and Shetland and the procurement of the next Northern Isles Ferry Services (NIFS) Contract.

#### **Orkney Inter-Island Transport Study: Outline Business Case (OBC)**

Since the HITRANS Partnership Meeting in April, Officers have been working with colleagues in OIC and Transport Scotland to procure a consultant to undertake capital Outline Business Cases in relation to inter-island transport to the following island groups of the Orkney Islands:

- Outer North Isles
- Rousay / Egilsay / Wyre

The scope also includes the undertaking of an Outline Business Case for the revenue budget for the Orkney Network as a whole.

Following the assessment of tenders, Transport consultants Peter Brett Associates have been appointed with an initial meeting scheduled in September. The work is scheduled to be completed by March 2019. The project will be overseen by a project Client Working Group consisting of HITRANS, Orkney Islands Council, HIE and Transport Scotland who are co-financing this OBC. The Client Group will be chaired by Orkney Islands Council.

ZetTrans are undertaking a separate Outline Business Cases for inter-island transport within the Shetland Island Council area. The OBC's will contribute to the remit of a Working Group established by Scottish Ministers to develop a mutually agreed way forward between Scottish Government and Orkney Islands Council in relation to funding and responsibility for inter-island transport services.

#### **Road Equivalent Tariff**

In August 2017, the Transport Minister announced that Road Equivalent Tariff (RET) would be introduced on the Pentland Firth routes in the first half of 2018, whilst a variant of the RET scheme will be brought in on the routes from Aberdeen to Kirkwall and Lerwick. This would have seen foot passenger fares cut by an average of more than 40%, whilst car fares will be reduced by an average of more than 30%.

In June 2018, the Minister announced that they would be unable to implement the cut in fares on the routes to and from Orkney without the risk of a legal challenge. However, the Scottish

Government indicated that it still wants to negotiate a better deal and that fares were to be reduced by 20 per cent on the Aberdeen-Lerwick and Kirkwall-Lerwick route from 30th June as a first step for both passengers and cars.

### **Northern Isles Ferry Services (NIFS) Contract**

A policy review into future tendering for Scottish Government ferry contracts was launched by the Minister for Transport and the Islands on 2nd February 2017. To enable the review to progress the tendering processes for two contracts was paused. These being Gourock – Dunoon town centre to town centre services and the Northern Isles Ferry Services contract.

In May, the Transport Minister announced that the next contract to operate the Northern Isles ferry Services network would again be awarded via a public procurement process.

The decision to put the contract out to tender was taken following extensive consultation with key local stakeholders, consideration of value for money issues and further correspondence from the European Commission on the possibility of making a direct contract award to an in-house provider.

The procurement process commenced in June, with a view to making the award in Summer 2019.

The Minister stated that the decision to tender the Northern Isles contract did not change the Government's position on the future approach to be taken for the next Clyde and Hebrides contract and remain minded to make direct award to CalMac if all the necessary criteria can be satisfied.

### **Recommendation**

Members are invited to:

1. Note this report.
2. Recommend that HITRANS Director write to the new Transport Minister highlighting the urgency in finding a resolution to enable the implementation of Road Equivalent Tariff (RET) fares on the Pentland Firth so that the Orkney Islands can benefit from the reduced ferry fares which every other island group on the CHFS and Northlink networks currently experience.

### **RISK REGISTER**

#### RTS Delivery

Impact - Positive

Comment – This work supports RTS Strategic priority to enhance intra-regional connectivity between island and peripheral communities and regional centres and national gateways.

#### Policy

Impact - Positive

Comment - This work supports development of the Aviation and Ferry policies set out in the RTS

#### Financial

Impact –

Budget line and value – An allocation of funding for the development of STAG Appraisals has been identified in the 2017 / 2018 Business Plans. Under Regionally Significant Project Development

Equality

Impact – Positive

Comment – This work supports the Scottish Ferries Plan's commitment that communities are treated in a way consistent with other communities for whom Transport Scotland already has responsibility for ferries provision.

**Report by:** Neil MacRae  
**Designation:** Partnership Manager  
**Date:** 4<sup>th</sup> September 2018

