



## INFORMATION ON YOUR INVITATION TO RESPOND

### CONSULTATION ON THE NORTHERN ISLES FERRY SERVICES

#### Responding to this consultation paper

We are inviting written responses to this consultation paper by **30 September 2010**.

**Please send your response with the completed Respondent Information Form to:**

[nifconsultation@scotland.gsi.gov.uk](mailto:nifconsultation@scotland.gsi.gov.uk)

Or

Scottish Government  
Northern Isles Ferries Consultation  
Ferries Division  
2<sup>nd</sup> Floor North  
Victoria Quay  
Edinburgh  
EH6 6QQ.

If you have any queries contact Colin Grieve on 0131 244 1539.

We would be grateful if you could clearly indicate in your response which questions or parts of the consultation paper you are responding to as this will aid our analysis of the responses received.

This consultation, and all other Scottish Government consultation exercises, can be viewed online on the consultation web pages of the Scottish Government website at <http://www.scotland.gov.uk/consultations>.

The Scottish Government now has an email alert system for consultations ([SEconsult: http://www.scotland.gov.uk/consultations/seconsult.aspx](http://www.scotland.gov.uk/consultations/seconsult.aspx)). This system allows stakeholder individuals and organisations to register and receive a weekly email containing details of all new consultations (including web links). SEconsult complements, but in no way replaces SG distribution lists, and is designed to allow stakeholders to keep up to date with all SG consultation activity, and therefore be alerted at the earliest opportunity to those of most interest. We would encourage you to register.

#### Handling your response

We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. Please complete and return the **Respondent Information Form** which forms part of the consultation questionnaire as this will ensure that we treat your response appropriately. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government are subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

### **Next steps in the process**

Where respondents have given permission for their response to be made public and after we have checked that they contain no potentially defamatory material, responses will be made available to the public in the Scottish Government Library (see the attached Respondent Information Form). Responses will be made available to the public in the Scottish Government Library by 28 October 2010 and on the [Scottish Government consultation](#) web pages by 4 November 2010. You can make arrangements to view responses by contacting the SG Library on 0131 244 4552. Responses can be copied and sent to you, but a charge may be made for this service.

### **What happens next?**

Following the closing date, all responses will be analysed and considered along with any other available evidence. This will assist the Scottish Government in selecting the most appropriate options for supporting the Northern Isles ferry services from 2012-18, and will also inform the development of the tender documents in respect of these services.

### **Comments and complaints**

If you have any comments about how this consultation exercise has been conducted, please send them to:

Scottish Government  
Northern Isles Ferries Consultation  
Ferries Division  
2<sup>nd</sup> Floor North  
Victoria Quay  
Edinburgh  
EH6 6QQ.

E-mail: [nifconsultation@scotland.gsi.gov.uk](mailto:nifconsultation@scotland.gsi.gov.uk)

**RESPONDENT INFORMATION FORM: NORTHERN ISLES FERRY SERVICES**

Please note that this form **must** be completed and returned with your response to ensure that we handle your response appropriately. Thank you for your help.

1. Name/Organisation: Shetland Islands Council
2. Postal Address: Transport Service  
20 Commercial Road  
Lerwick  
Shetland
- Post Code ZE1 0LX
- Phone number 01595 744868

Email address: zettrans@shetland.gov.uk

3. Permissions

I am responding as ...

Individual	Group/Organisation
<input type="checkbox"/>	<input checked="" type="checkbox"/>

<p>3a. Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government Website)?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>3b. Where confidentiality is not requested, we will make your response available to the public on the following basis (please check one of the following boxes)</p> <p>Yes, make my response, name and address all available <input checked="" type="checkbox"/></p> <p>Yes, make my response available, but not my name or address <input type="checkbox"/></p> <p>Yes, make my response and name available, but not my address <input type="checkbox"/></p>	<p>3c. The name and address of your organisation <b>will be</b> made available to the public (in the Scottish Government library and/or on the Scottish Government website). Are you content for your response to be made available?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
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<p>3d. We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
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## THE SCOTTISH GOVERNMENT CONSULTATION PROCESS

Consultation is an essential and important aspect of Scottish Government working methods. Given the wide-ranging areas of work of the Scottish Government, there are many varied types of consultation. However, in general, Scottish Government consultation exercises aim to provide opportunities for all those who wish to express their opinions on a proposed area of work to do so in ways which will inform and enhance that work.

The Scottish Government encourages consultation that is thorough, effective and appropriate to the issue under consideration and the nature of the target audience. Consultation exercises take account of a wide range of factors, and no two exercises are likely to be the same.

Typically Scottish Government consultations involve a written paper inviting answers to specific questions or more general views about the material presented. Written papers are distributed to organisations and individuals with an interest in the issue, and they are also placed on the Scottish Government web site enabling a wider audience to access the paper and submit their responses<sup>1</sup>. Consultation exercises may also involve seeking views in a number of different ways, such as through public meetings, focus groups or questionnaire exercises. Copies of all the written responses received to a consultation exercise (except those where the individual or organisation requested confidentiality) are placed in the Scottish Government library at Saughton House, Edinburgh (K Spur, Saughton House, Broomhouse Drive, Edinburgh, EH11 3XD, telephone 0131 244 4565).

All Scottish Government consultation papers and related publications (eg, analysis of response reports) can be accessed at: [Scottish Government consultations](http://www.scotland.gov.uk/consultations) (<http://www.scotland.gov.uk/consultations>)

The views and suggestions detailed in consultation responses are analysed and used as part of the decision making process, along with a range of other available information and evidence. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

Final decisions on the issues under consideration will also take account of a range of other factors, including other available information and research evidence.

**While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.**

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<sup>1</sup> <http://www.scotland.gov.uk/consultations>



**The Scottish Government**  
Riaghaltas na h-Alba

## The Northern Isles Ferry Services

### Questionnaire

The consultation document and this questionnaire can also be downloaded from the Scottish Government website at:

<http://www.scotland.gov.uk/Consultations/Current>

You can respond to this consultation by completing this Questionnaire. The questionnaire can then be e-mailed to **nifconsultation@scotland.gsi.gov.uk**

Alternatively you can post a hardcopy to the following address:

Scottish Government  
Northern Isles Ferries Consultation  
Ferries Division  
Victoria Quay  
Edinburgh  
EH6 6QQ

If you require more information or have any questions about this consultation or the questionnaire, then please telephone 0131-244-1539.

Please note that the deadline for responses is **Thursday 30 September 2010**.

**Consultation Question 1:**

**a) Should the ferry services be retained broadly as they are?**

Yes  No

“Broadly” is interpreted as the current general configuration of ropax and freight vessels but acknowledging that the current constraints the service places on development of future opportunities needs to be addressed.

**b) Would you be willing to pay more for these services in order to retain them as they are?**

Yes  No  (N.B. Inflationary increases are expected)

The service to Shetland is already failing to meet needs for significant and increasing periods of the year. The costs to travel are already higher than for any island group and therefore paying higher charges for an already inadequate service.

**c) Given the difficult financial situation, where should we be looking to save money within the delivery of our ferry services?**

**Comments:**

The starting point should be that the contract from 2012 onwards will provide at least the same level of service as the existing operation.

First consideration should be given to savings that will not affect the service provided such as increasing revenue through increasing volumes of passengers and freight as well as other measures to reduce the operator’s costs including manning levels and cost of manning (for example making best use of staff who necessarily need to be on board in order to comply with manning levels for evacuation procedures)

**Consultation Question 2: What is your preferred option in terms of setting fares in the future? If you think that another option should apply, then please specify?**

**Comments:**

The fares system must ensure that it does not disadvantage those who rely on the services and access to opportunities (employment, commercial and social) to live on the islands.

On overnight services operators should be encouraged to find a fares structure that maximises the utilisation of the available bunks.

Revenue Management techniques such as used in the hotel industry (e.g. early booking discounts, non-flexible discounts, etc) should be explored to generate additional traffic and better match supply and demand.

The contract must prevent the operator from charging alteration or cancellation fees.

Operators should consider restricting the use of concession tickets for cabins at peak times.

Fare structures should recognise that distance travelled is not necessarily a fair basis for charging in the case of lifeline services where the need to travel is not affected by distance alone if at all. In Shetland the need to travel is determined by the location of essential services and social/ economic opportunities that happen to be at the other end of a long stretch of water. The need to travel would be the same if it was a short (or even longer) stretch of water. These circumstances are outwith the control or influence of communities or businesses. Similarly when looking at inward migration and inward investment and development it is the absolute cost and reliability to the traveler/ developer/ industry that has the biggest influence on the decision to locate on an island and not distance alone.

**Consultation Question 3: Should the invitation to tender continue to specify these ports?**

Yes

No

**Comments:**

Main tender should be for existing ports, or at least Lerwick and Aberdeen. However, operators could be encouraged to suggest alternatives provided they detail all the consequences for the users of alternatives.

The attention of prospective tenderers must be drawn to the ZetTrans Origin & Destination study which determined that for most the port of Aberdeen is the landfall that best meets the social and economic needs of Shetland.

**Consultation Question 4: Should the invitation to tender continue to specify the routes?**

Yes

No

**Comments**

The contract should specify the routes that are known to meet the economic and social needs of the islands. This will provide confidence that fundamental socio-economic imperatives are met.

The invitation to tender could invite submission of alternatives but it must be shown through evaluation process that alternatives can meet the needs of the communities served.

**Consultation Question 5: Should the invitation to tender allow bidders to nominate other ports/routes?**Yes No **Comments: See answer to Q3 & Q4 above.**

It is acknowledged that innovation has the potential to add value to the service delivered. In principle, alternatives should not be discouraged. However, consideration of alternatives must ensure that performance against economic and social needs is properly evaluated in any award process.

**Consultation Question 6: a) should the current policy of sharing ferry resources across the two Island groups be retained or b) is there a need for each Island Group to have its own dedicated services? Please tell us why.**a) b) **Comments:**

The cost implications of the 2 alternatives need to be understood. If there are economies of scale to a) then these should be encouraged. If not, then consider b).

Operational implications also need to be understood. The practice allowed in the existing contract of taking vessels off one route to relieve on another should not be accepted for scheduled maintenance.

Not clear whether this would allow current Kirkwall calls for the Shetland service. There are benefits to Shetland and Orkney of the inter island connection and the consequences of any reduction of this inter island capability must be clearly understood in terms of the impacts on each island group before an informed opinion can be offered.

**Consultation Question 7: What do you think would be an appropriate food and drink provision on board the services?**

**Comments:**

The level of onboard services should be able to be delivered without any crew over and above the safe manning level unless the revenue generated by having the extra staff more than meets the cost of them.

Reflecting on the existing contract feedback suggests that a future contract should ensure that any onboard services are marketed effectively to increase revenue review of performance financially may be useful in the performance monitoring regime.

The facilities must be at least adequate for the length of time passengers have to spend on board the vessels in terms of berths and catering.

**Consultation Question 8: Do the current timetables meet your needs? If not, please outline what changes you would like to see introduced in the comments box.**

Yes

No

**Comments:**

The current timetable and frequency (both in summer and winter) is the minimum which would meet Shetland's requirements. Any changes must improve the service rather than reducing it.

There are growing capacity constraints throughout the year and with the objectives to increase economic activity through developing Renewables, Oil and Gas and Decommissioning opportunities it is anticipated that demand will grow significantly (recognised by the Minister for Transport, Infrastructure and Climate Change in his statements on Radio Shetland on 7 September 2010 when he announced that due to initiatives such as the Total project demand and therefore revenues are likely to increase).

The 1900 departures from Aberdeen and Lerwick are good. Any earlier times restrict time on mainland and time to travel to port.

The 0700 / 0730 arrivals are ideal for onward travel. Later arrivals should be resisted.

Calls at Kirkwall should not arrive after 2300.

The current ability to check in and board 2 hours before sailing should be protected as should the ability to remain onboard after arrival.

**Consultation Question 9: a) should the Northern Isles ferry services be retained as one single bundle or b) should prospective operators be able to bid for each route separately?**

a)

b)

**Comments:**

See comments to Q6 above.

If bundle split then the tenders must be run concurrently to allow prospective operators to reflect economies of scale in their tender price.

How would each route defined? Scrabster / Stromness and Aberdeen / Kirkwall / Lerwick

**or**

Scrabster / Stromness, Aberdeen / Lerwick, Kirkwall / Lerwick and Aberdeen / Kirkwall?

**Consultation Question 10: a) should the Northern Isles freight services remain integrated within the current bundle or b) should freight be tendered for separately?**

a)

b)

**Comments:**

Freight should be included in the tender.

Consideration needs to be given to the desirability of SG subsidising 2 separate freight operations to the Northern Isles.

From Shetland's point of view, the question would be whether the current Streamline service would be included in a specification for the bundle. If it is not, then consideration should be given to ensuring that the tender for the lift - on / lift - off service is aligned with the Northern Isles tender for 2012 to generate greater potential for economies of scale to be realized.

Separating freight would reduce operational flexibility.

**Consultation Question 11: Should additional uses for the vessels be explored?**

Yes

No

**Comments:**

As long as the lifeline requirements of the service are always a priority and the implications of taking the vessel off these are understood.

The points made in section 15.2 of the consultation document are a generalization relating to overall passengers numbers and does not acknowledge that there are several times during the winter months when the current full cabin capacity is inadequate to accommodate all travelers needing to get to and from Shetland including during holiday periods, significant local events such as music festivals and Up Helly Aa which contribute significantly to Shetland's reputation and hence tourism activity and future potential.

Furthermore, the paragraph limits itself to commentary on the present and takes no account of Shetland's objectives to develop new commercial activity and grow its population which will place additional demand on the services.

It is essential to retain a two passenger vessel service to provide a reliable service during the winter period especially when the sea keeping capabilities of the "new" freighter(s) is still to be proven.

**Consultation Question 12: Would you be prepared to consider changes to the current timetables to allow this to happen?**

Yes

No

**Comments:**

Would need to know the extent of these. E.g. Minor timing changes may be acceptable whereas reduction in the frequency or capacity of the existing service would not.

**Consultation Question 13: a) should the current contract duration of six years be retained or b) should the Scottish Government explore the possibility of extending the contract duration?**

a)

b)

**Comments:**

Scottish Government must explore the implications of a longer contract duration to encourage operators to invest in improved facilities. However, if the duration is extended, there must be effective control of the quality of the service delivered.

There needs to be the ability built into the contract to alter the specification mid term (say 5 years into a contract and at other times) if it is failing to meet social and economic needs or in response to changing circumstances.

Bear in mind that the Aberdeen / Lerwick service is the only ferry route to and from Shetland (unlike other major island groups in Scotland which have multiple links). If the service is inadequate and cannot be addressed due to a longer term inflexible contract the sustainability of the islands could be jeopardised.

This question is different to the one in the consultation document which ends “- please specify?” We should suggest 12 years (or 10 years with an option to extend for 2 years based on performance).

**Consultation Question 14: Are you satisfied with the current performance monitoring? If not, please outline what changes you would like to see introduced.**

Yes

No

**Comments:**

There is little evidence of the current monitoring in the public domain.

Would help to agree Key Performance Indicators with the Scottish Government and operator for use in the ZetTrans reporting framework.

Monitoring should be more than just performance data and must be able to demonstrate that the service provided is meeting the social and economic needs of the communities served. Therefore the communities served should be involved in developing meaningful KPIs that can be used to monitor contractual performance and also performance in terms of the service’s ability to support economic growth in the communities served.

There needs to be an effective mechanism to capture the unsatisfied demand and especially when passengers cannot get cabin accommodation and/ or a vehicle space on the sailing of their choice.

General Points

It is disappointing that there is no opportunity to comment on future vessel utilization such as options for daytime running, dual purpose freighters, etc.

It is felt that the consultation takes a short term view and does not take sufficient account of the objective in Shetland to grow the population, build on existing industries such as fishing, aquaculture, oil and gas, events promotion and develop new industries in the fields of renewables and decommissioning. For these opportunities to be realized the capacity and reliability of the transport link must be in place before the investment and development can take place.

A lot of the constraints of the current services could be addressed by procuring a replacement freight vessel that has dual passenger carrying capability when required. This would also give the opportunity for a sustainable ferry connection between Shetland and Scandinavia and perhaps enable one of the ropax vessels to be redeployed in the winter months (although more work would be required to establish whether needs could still be met).

Many of the existing constraints could also be addressed by providing a third passenger vessel to operate Lerwick / Kirkwall / Aberdeen sailings. This would free the existing 2 passenger ships to operate direct sailings between Aberdeen and Lerwick each night.

Other general points:

- The successful operator must be required to continue to participate in the existing consultation structure.
- Public information and reservation facilities must be maintained at least at existing levels.
- The Scottish Ferries Review reports suggest that RTPs, LAs should have a greater involvement in the tendering process. This would be welcomed. Consideration should be given to a similar arrangement to the current cost saving Working Group.
- Protect existing arrangements for shipment of livestock.
- Operators must be asked in the tender documents to propose how they will increase the availability of sleeping accommodation on the routes.