

Annual Report 2022-2023

Ze Trans
SHETLAND'S TRANSPORT PARTNERSHIP



Version v1.0

Foreword

ZetTrans' ongoing purpose is to fulfil its statutory functions of securing public transport services and strategic planning. Crucially this involves adapting to new travel patterns, changes that accelerated during the Covid pandemic and continue to evolve; aligning with the new National Transport Strategy published in 2020; and rising to meet the challenge posed by the climate emergency.

Cllr Moraig Lyall



Transport is Scotland's biggest contributor to carbon emissions, producing over a quarter of all of greenhouse gas emissions. Within this, the largest share of transport emissions comes from cars, accounting for 38% of the total. With car ownership in Shetland higher than the national average, we will have a real challenge in meeting Scottish Government targets to reduce car kilometres by 20% by 2030. However, with an Active Travel Strategic Outline Programme approved in March of this year, and increased bus travel among young people thanks to the extension of free bus travel across Scotland to all people aged under twenty-two launched in January 2022 progress is being made towards this.

Work this year has focussed largely on the development of a new Regional Transport Strategy, with a draft strategy made available for public consultation in December 2022. The draft strategy recognises the important role that transport has to play in tackling inequalities, securing inclusive and sustainable economic growth, mitigating against climate change and improving public health. We have also supported Shetland Islands Council in making preliminary steps towards a new Shetland-wide study of our inter island connectivity to ensure the best future service for our communities.

In the coming year we will continue development of active travel infrastructure across Shetland, based on recommendations from sixteen settlement audits that have been completed. We will work to deliver the new Fair Isle Ferry, with support from the UK Government Levelling Up Fund. When we receive ministerial approval for our new Regional Transport Strategy which sets the transport agenda for the next twenty years, we will begin the implementation of its commitments.

Cllr Moraig Lyall, Chair of ZetTrans
09 November 2023



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1 Introduction to ZetTrans

ZetTrans Structure, Governance and Operation

ZetTrans was established and held its first meeting on 20th December 2005, following the introduction of Regional Transport Partnerships under the Transport (Scotland) Act 2005, and a campaign by Shetland to be recognised as a Regional Transport Partnership (RTP) in its own right.

ZetTrans is one of 7 Regional Transport Partnerships (RTPs) which together cover the whole of Scotland. Each RTP is required to produce a Regional Transport Strategy (RTS) detailing its assessment of the transport needs and priorities for its region and how those can be delivered.

ZetTrans Membership consists of four Shetland Islands Councillor members as well as a member each from NHS Shetland and the Local Enterprise Company: Highlands and Islands Enterprise (HIE). The Partnership also invites advisors from Lerwick Port Authority, Promote Shetland, Visit Scotland and the Sumburgh Airport Consultative Committee.

Meetings of the partnership are held, in public, a minimum of once every quarter.

ZetTrans is an independent statutory body and its resources are provided and serviced by Shetland Islands Council (SIC).

Operational funding for ZetTrans continues to be provided in the main by Shetland Islands Council, with support provided by the Scottish Government. Projects and actions arising from the Regional Transport Strategy are predominantly funded through the SIC's capital and revenue funds, from the Scottish Government and through other external funders.

ZetTrans Responsibilities

The functional responsibility for public transport services lies with ZetTrans. Under Sections 63 and 64 of the Transport Act 1985 there is a duty placed upon local authorities "to secure the provision of such public transport services as the council considers it appropriate to secure to meet any public transport requirements within their area which would not in their view be met apart from any action taken by them for that purpose". This duty was transferred from Shetland Islands Council to ZetTrans when the Regional Transport Partnership was established.

ZetTrans takes close account of its duties under the following Scottish and UK legislation:

- Transport Act 1985
- Transport (Scotland) Act 2005
- Community Empowerment (Scotland) Act 2015
- Equalities Act 2010
- Public Services Reform (Scotland) Act 2010
- Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015
- General Data Protection Regulation

ZetTrans is a statutory member of Shetland’s Community Planning Partnership, alongside Shetland Islands Council, NHS Shetland, Highlands and Islands Enterprise, Police Scotland and the Scottish Fire and Rescue Service. It is a signatory to the following key regional documents

- Shetland’s Partnership Plan
- Shetland’s Tourism Strategy
- Shetland’s Equality Outcomes Progress and Mainstreaming Report 2017-2021.
- Active Shetland Strategy

2 ZetTrans Strategic Framework

As an island community, Shetland can divide its transport needs clearly between internal / inter-island and external. Recognising this clear division, ZetTrans can make an equally clear division between the activities and projects it is able to deliver:

1. In its own right
2. By working in partnership
3. By consulting and influencing

Internal/ inter island transport is addressed within 1 and 2 and external transport is addressed mainly through 3.

Increasingly ZetTrans is operating against the ongoing background issues of:

- The climate emergency
- Tackling inequalities
- Diminishing budgets
- Infrastructure renewal and replacement needs

As well as this, in the last few years there has been an increasingly complex environment of policy review at the National level which the Partnership has had to engage in and contribute to.

In addition, there is a general background of declining populations in the more remote parts of the islands which has an inevitable impact on the passenger numbers on connecting bus, ferry and air services. At the same time, in order to support these more vulnerable communities, the need to connect them with the rest of Shetland is ever more vital.

Shetland’s Partnership Plan (2018-2028)

ZetTrans has committed fully to its statutory role in Community Planning and has taken a great deal of care to ensure it undertakes its duties fully and effectively in this process.

Shetland Partnership is made up of a wide range of partners and community bodies who work together to deliver our collective ambitions for the future. It is the Community Planning Partnership for Shetland. The Partnership and key partners within it have a statutory duty to both produce a plan and ensure it is delivered and resourced. This duty is laid out in Part 2 of

the Community Empowerment (Scotland) Act 2015. The key focus of the Plan is to reduce inequality of outcome in Shetland.

Shetland Regional Transport Strategy 2008 (Refreshed 2018)

In 2021, work commenced on the development of a new Regional Transport Strategy in response to changing needs resulting from the climate agenda, the COVID-19 pandemic and economic downturn.

The current strategy was developed in 2008, with the following vision:

“To develop an effective, efficient safe and reliable transport system for Shetland. The transport system will comprise an integrated network of accessible, and affordable internal, inter-island and external links, which will contribute to the development of a safe, healthy, vibrant and inclusive society; a diverse, successful and self-sufficient economy; and enhanced environmental quality.”

The 2008 strategy adopted the five overarching objectives set out in Scotland’s Transport Future (2004) which were:

- *Economy*
- *Social Inclusion and Accessibility*
- *Safety*
- *Environmental Protection*
- *Integration*

In 2018, the Regional Transport Strategy was refreshed, allowing for a more succinct expression of the original strategic aspirations, resulting in the following revised vision and objectives:

Vision: To develop travel and transport solutions for Shetland which underpin our Economy, support our Communities and conserve our Environment

- *Objective 1: To underpin Shetland’s economy by enabling residents to access employment, training and leisure, businesses to access labour markets, customers and suppliers, and non-residents to visit*

This strategic objective broadly aligns with the Money priority of Shetland’s Partnership Plan – “All households can afford to have a good standard of living”

- *Objective 2: To support Shetland’s communities by enabling individuals, families and localities to thrive socially, physically and economically*

This strategic objective broadly aligns with the People priority of Shetland’s Partnership Plan – “Individuals and families can thrive and reach their full potential”

- *Objective 3: To conserve and enhance Shetland’s unique natural environment by developing and promoting healthy, sustainable and low-carbon travel choices*

This strategic objective broadly aligns with the Place priority of Shetland’s Partnership Plan

– “Shetland is an attractive place to live, work, study and invest”

Shetland Islands Council’s Our Ambition – 2021-2026

“Our Ambition” is the core corporate plan for the Shetland Islands Council and it is regularly reviewed to provide a strategic direction for all Council services. The transport element is built around 5 key drivers for change: Climate change • COVID-19 recovery and renewal • Public health • Social and economic wellbeing • Affordability and sustainability within available council resources. It highlights the necessary development of a new Regional Transport Strategy and focuses on the need to decarbonise public transport services and improve inter-island connectivity.

10 Year Plan to Attract People to Live and Work in Shetland (2017)

As part of the Partnership Plan specific work was undertaken to understand and address key demographic issues which, if successful in delivering population growth, will have specific transport impacts such as increased demand for both internal and external transport links.

Shetland – Our Place - Place Standard Final Report (2017)

The Place Standard consultation and reporting methodology is identified as the best way of achieving an understanding of attitudes by inviting people to rank the place they live against 14 different themes. Overall the Shetland community rated Public Transport as their No.1 priority.

On Da Level (Shetland’s Commission on Tackling Inequalities) (2016)

The Shetland Partnership Board identified inequalities as key issue to address in its community planning initiatives and therefore established Shetland’s Commission on Tackling Inequalities. “On Da Level” is the main report of the findings of the commission and transport inequalities are identified to be addressed in further work – in particular the prohibitive cost of transport for those on low incomes.

National Transport Strategy 2

The National Transport Strategy 2, published in 2020 sets a framework for transport in Scotland sets out an ambitious vision for Scotland’s transport system for the next 20 years. The vision is underpinned by four priorities: each with three associated outcomes.

Reduces Inequalities

- Will provide fair access to the services we need
- Will be easy to use for all
- Will be affordable for all

Takes Climate Action

- Will help deliver our net-zero target
- Will adapt to the effects of climate change
- Will promote greener, cleaner choices

Helps Deliver Inclusive Economic Growth

- Will get people and goods where they need to get to
- Will be reliable, efficient and high quality
- Will use beneficial innovation

Improves our Health and Wellbeing

- Will be safe and secure for all
- Will enable us to make healthy travel choices
- Will help make our communities great places to live

3 Operational Update

Public Bus Services

The specification and procurement of a new generation of public and school bus contracts was informed by a Public, School and Adult Social Care Transport Business Case that concluded in February 2020. Peter Brett Associates (now Stantec) provided the additional resources required to support the Business Case Development. New Bus Contracts came into force in August 2020 for a period of 5 years, with an option to extend for up to 5 more years. Public Network contracts are packaged with statutory Local Authority School transport provision where possible to create financial and operational efficiencies.

The network of contracts awarded totalled 174 individual contracts, of which 63 were public bus services. A reduction in costs of public and school transport of almost £500,000 was made.

The public bus service contracts cover:

- A network of public bus services based on the previous network optimised to take advantage of opportunities for efficiency and improvements (identified through analysis of usage data and community consultation). The network is made up of mainline and feeder services, with dial-a-ride services providing additional demand responsive provision.
- A network of dedicated services and public transport based services that provides transport to entitled pupils in compliance with the Council's prevailing policy criteria described in the Council's School Transport Policy. School Transport is provided by a mix of dedicated services, taxis and use of public services where compatible.

Lerwick is the main service centre in Shetland. It is possible to commute to Lerwick by bus for a 9-5 work-day, 6 days a week from most parts of Shetland, including the Northern Isles. Outwith Lerwick, the main service centres are Brae, Scalloway and Sandwick. It is possible to commute locally to these centres by bus for a 9-5 work-day 6 days a week. It is also possible to commute to Lerwick, Brae, Scalloway and Sandwick at lunchtimes 6 days a week, which facilitates part-time working. Most outlying rural areas have a local, sometimes demand-responsive, shopping

service 1 or 2 days a week. In addition, there is a regular bus service between the airport at Sumburgh and Lerwick which connects with services to other areas of Shetland.

During the period of the COVID-19 pandemic, public bus services continued to operate to the full schedule, with the exception of late evening buses during the lockdown period. During this time there was a significant decrease in passenger numbers, as was to be expected during periods of restriction. Mitigations including increased cleaning, ventilation and the introduction of face coverings on board services were all introduced in line with Scottish Government and Public Health directions.

During the recovery period, passenger numbers have increased towards pre-COVID levels, aided by the introduction of the Scottish Government's initiative to provide free bus travel for all Under 22s from January 2022. Emerging figures have pointed towards a shift in the patronage groups with 2022-23 seeing the full removal of travel restrictions in addition to the increasing number of young people using their free bus passes. Visitors to Shetland have also utilised the public bus services to a greater degree, although this cannot be quantified through the ticketing information and is noted as observation alone.

Cost pressures on local bus operators have seen some of the contracts which began in August 2020 being terminated, by operators, in line with the conditions of contract in place. These contracts have subsequently been re-tendered and awarded at an increased price. These cost pressures have been across a combination of factors including but not limited to shortage of drivers, supply chain issues and variations in the cost of fuel.

Inter-island Ferry Service

Inter-island ferry services are specified by ZetTrans and provided by Shetland Islands Council, with the exception of the Foula Service, which is currently provided under contract with a private operator.

A fleet of 12 SIC ferries connects mainland Shetland with the islands of Bressay, Fair Isle, Papa Stour, Foula, Whalsay, Skerries, Unst, Yell and Fetlar. Services run between 17 terminals with Lerwick harbour providing facilities for the Skerries and Fair Isle services. In total, the ferry network provides a vital link for nearly 3,500 island residents as well as crucial cohesion to the overall Shetland economy and society.

Roll on / roll off (Ro-Ro) services, carrying passengers and all types of vehicles, operate every day to the islands of Yell, Unst, Fetlar, Whalsay and Bressay. Vehicle places can be booked on all these routes except to Bressay. Freight and passenger services operate to Foula, Skerries, Fair Isle, and Papa Stour. Frequencies for these services vary across the year and in winter can be as low as a single weekly weather dependent connection to Fair Isle and two to Foula. Papa Stour receives 7 return connections per week year round and Skerries receives 12. Papa Stour and Skerries are Ro-Ro services whilst Fair Isle and Foula are lift on – lift off with vehicle capacity limited to vehicles up to 1.5 tonnes (i.e. a small van or average family car). All passengers and vehicles must be booked.

Funding for the inter-island ferry services is currently provided entirely by the Scottish Government.

Capital investment requirements, escalating costs and a reduction in the funding available at the local authority level has led to a need to consider the future of the inter-island transport network at the strategic level.

In 2016 ZetTrans published the Shetland Inter-Island Transport Study, strategic business case, with a purpose of undertaking a proportionate Scottish Transport Appraisal Guidance (STAG) options appraisal process across the internal Shetland Air and Ferry networks. This approach allowed an analysis of each island considering current and future connectivity needs and current provision of vessels, harbours, services, aircraft, airstrips and human resources. This analysis was set within a network-wide context to ensure a consistency of approach across the Shetland Islands.

Building on this study, in March 2022 Shetland Islands Council, working in partnership with ZetTrans, agreed to undertake an inter-island connectivity business case covering ferries and fixed links to establish a prioritised programme of capital investment covering short, medium and long term horizons. The business case is anticipated to take 18 to 24 months.

Inter-island Air Service

Inter-island air services are specified by ZetTrans and are currently provided by Airtask under a Public Service Obligation, using two Britten Norman Islander aircraft owned by Shetland Islands Council and leased to Airtask for delivery of these services.

Inter-island air services are based at SIC's Tingwall Airport, 6 miles from Lerwick. The airstrips on each of the islands served by inter-island air services are supported by grant funding administered from the Council's Transport Planning Service. Shetland Islands Council provides grant funding for the inter-island air services.

Flights are currently operated to/from Tingwall Airport on the Shetland Mainland and the islands of Fair Isle and Foula. The level of flights was adjusted to see additional rotations to both islands following the Business Case for Inter-Island Air Services, which was concluded in February 2020, with the current contract in place from April 2020 to March 2024 inclusive.

Previously suspended flights to Out Skerries and Papa Stour were discontinued formally during the business case process.

During 2022-23, air passenger numbers continued to recover following the pandemic, during which Airtask worked alongside ZetTrans, the Council and the communities to deliver a pragmatic service level to both enable and protect their populations.



4 Key Achievements

Strategic developments

ZetTrans has contributed either directly or through consultation to the following local and national activity: -

Local Developments

- Shetland Net Zero Routemap
- Shetland Islands Council Climate Strategy
- Shetland Way Feasibility Study

National Developments:

- National Transport Strategy Review
- Islands Connectivity Plan
- Scottish Government Energy Strategy
- Scottish Biodiversity Strategy

ZetTrans Projects

ZetTrans has completed or is in the process of undertaking the following activity: -

- Regional Transport Strategy development
- Active Travel Strategic Outline Programme and Settlement Audits
- Demand Responsive Transport Feasibility Study
- Public Transport Fare Policy Review
- Traveline Real Time Information Project

External Transport issues

ZetTrans has engaged, continues to engage with key stakeholders and the public as required in relation to external transport issues that impact on the local community through the External Transport Forum and direct communication.

5 Financial Performance

The scope of this plan covers the financial cycle from 1 April 2022 to 31 March 2023 and ZetTrans financial overview can be seen in greater detail within the publications of its Annual Accounts for 2022/23

The finances of the Partnership are the responsibility of the Proper Officer for Finance, being the Executive Manager – Finance for the Shetland Islands Council and all financial activity is handled by the SIC's Finance team on behalf of ZetTrans. This team oversees the day-to-day activity, reports on its performance to members and delivers the Annual Accounts in line with appropriate generally accepted accounting principles.

Through the SIC's administration of the finances, they are subject to scrutiny of an external auditor in order to verify the quality of its financial management and reporting. From 2016/17 to 2021/22 this was carried out by Deloitte. The 2022/23 audit has been carried out by Audit Scotland.

Financial Performance 2022-23

The full financial cost of providing ZetTrans functions and services in 2022-23 was £5.082m compared to £4.426m in 2021-22. The expenditure was met through public bus fare income and grant income from the Scottish Government (includes HIE), Sustrans and the Shetland Islands Council.

The change in cost between 2021-22 and 2022-23 is attributed to:

Policy, Strategy and Projects - £0.226m – Increased project support and service delivery costs.

Transport Services Bus - £0.350m – Increased public bus contract costs.

Transport Services Air - £0.080m – Increased contract cost.

Audit Scotland, as the appointed external auditor, assessed the accounting processes and the annual accounts and gave an unmodified opinion that:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the applicable requirements

The Future

The financial climate for the delivery of ZetTrans functions is challenging due to the nature of the service, revenue and capital costs associated with funding operations and replacement costs of the required infrastructure.

The approved gross revenue budget for ZetTrans in 2023-24 is £5.195m of which £0.337m is for core running costs and £4.858m is for scheduled passenger transport services in Shetland.

6 Statutory Reporting

ZetTrans' legal and financial functions are administered, reported and internally audited by Shetland Islands Council. Details are made available via its regular public reporting. The following reports can be accessed via the ZetTrans website:



[Audited Accounts 2022-23](#)

[Audit Report 2022-23](#)

[Climate Change Report 2022-23](#)

5 Appendices

[ZetTrans 2022-23 KPI Master Sheet](#)

