

Annual Report 2023/24-2024/25

Ze Trans
SHETLAND'S TRANSPORT PARTNERSHIP



Version v1.0

Foreword

ZetTrans exists to fulfil two closely connected roles: to secure public transport services for Shetland where there is a public need, and to provide strategic leadership on transport planning across the islands.

The period covered by this report has been one of significant activity and transition. Alongside the continued delivery of core public transport services, ZetTrans and Shetland Islands Council have progressed major areas of strategic work that will shape transport in Shetland for years to come. These include the development of the new Regional Transport Strategy, the Inter-Island Transport Connectivity programme, continued progress on the Fair Isle ferry and terminal replacement project, and the next phase of work on the future of public and school bus services.

This has taken place against a challenging backdrop. Transport services continue to face pressures linked to cost, infrastructure, decarbonisation, demographic change and the particular realities of island life. At the same time, transport remains essential to tackling inequality, supporting economic activity, sustaining communities and improving health and wellbeing.

During the period, progress has also been made in strengthening delivery partnerships, improving the evidence base for future decision-making, and ensuring that Shetland's needs continue to be represented in national transport discussions.

This report sets out both the operational work undertaken and the wider achievements of the period. Together, these show an organisation continuing to respond to day-to-day service pressures while also building the foundations for longer-term change.

Cllr Moraig Lyall



Cllr Moraig Lyall, Chair of ZetTrans
26 March 2026



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1 Introduction to ZetTrans

ZetTrans Structure, Governance and Operation

ZetTrans was established following the Transport (Scotland) Act 2005 and held its first meeting on 20 December 2005, after Shetland successfully secured recognition as a Regional Transport Partnership in its own right.

ZetTrans is one of seven Regional Transport Partnerships covering the whole of Scotland. Each Regional Transport Partnership is required to prepare a Regional Transport Strategy setting out the transport needs and priorities of its region and the actions required to address them.

The membership of ZetTrans comprises four elected members of Shetland Islands Council together with one member from NHS Shetland and one member from Highlands and Islands Enterprise. The Partnership also invites advisers from a number of organisations including Lerwick Port Authority, Promote Shetland, VisitScotland and the Sumburgh Airport Consultative Committee.

The Partnership normally meets in public at least four times a year.

ZetTrans is an independent statutory body. Its staffing, financial, legal and administrative support arrangements are provided through Shetland Islands Council.

Operational funding for ZetTrans continues to be provided primarily by Shetland Islands Council, with additional support from the Scottish Government. Projects and actions arising from the Regional Transport Strategy are funded through a combination of Council revenue and capital resources, Scottish Government support and other external funding sources.

ZetTrans Responsibilities

Further to the transfer of functions from the local authority to the transport partnership in 2006, ZetTrans has a duty under section 63 of the Transport Act 1985 to secure the provision of such public passenger transport services as is considered appropriate to secure to meet any public transport requirements within their area, which would not in ZetTrans view be met apart from any action taken by them for that purpose

In carrying out its responsibilities, ZetTrans has regard to a range of relevant Scottish and UK legislation, including:

- Transport Act 1985
- Transport (Scotland) Act 2005
- Community Empowerment (Scotland) Act 2015
- Equality Act 2010

- Public Services Reform (Scotland) Act 2010
- Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015
- UK General Data Protection Regulation

ZetTrans is also a statutory partner in Shetland's Community Planning Partnership, alongside Shetland Islands Council, NHS Shetland, Highlands and Islands Enterprise, Police Scotland and the Scottish Fire and Rescue Service.

In support of its wider role, ZetTrans is aligned with a number of key regional strategies and plans, including:

- Shetland's Partnership Plan
- Shetland's Tourism Strategy
- Equality Outcomes and Mainstreaming reports
- Active Shetland Strategy

2 ZetTrans Strategic Framework

As an island region, Shetland's transport system can be understood in two broad parts: internal and inter-island connectivity within Shetland, and external connectivity linking Shetland to the Scottish mainland and beyond.

Reflecting this, ZetTrans delivers its role in three main ways:

- directly, through the specification of certain public transport services
- in partnership, with Shetland Islands Council, Transport Scotland, operators and other stakeholders
- through engagement and influence, particularly in relation to external and national transport policy

Across all of this work, ZetTrans continues to operate in a challenging context shaped by the climate emergency, inequality, demographic change, affordability pressures, and the ongoing need to renew or replace key transport assets and infrastructure.

National transport policy has also continued to evolve in recent years. ZetTrans has therefore needed both to respond to local transport pressures and to engage actively with wider Scottish Government policy development.

That combination of local delivery and wider strategic influence remains central to the Partnership's role.



Shetland's Partnership Plan (2018-2028)

As a statutory community planning partner, ZetTrans contributes to the delivery of Shetland's Partnership Plan. The Plan is focused on improving outcomes for communities and reducing inequality across Shetland, in line with the Community Empowerment (Scotland) Act 2015. Transport has an important role in supporting these aims by improving access to employment, education, services and social participation.

Shetland Regional Transport Strategy 2008 (Refreshed 2018)

The Partnership continued to operate during the period against the framework of the 2008 Regional Transport Strategy, refreshed in 2018, while work progressed on development of a new Strategy.

The refreshed Strategy set the following vision:

To develop travel and transport solutions for Shetland which underpin our economy, support our communities and conserve our environment.

Its three objectives were:

- to underpin Shetland's economy
- to support Shetland's communities
- to conserve and enhance Shetland's natural environment through healthier, more sustainable and lower-carbon travel choices

These objectives continued to provide a useful reference point during the reporting period, while work on the new Regional Transport Strategy advanced.

Other key strategic influences

The work of ZetTrans during the period was also informed by a range of wider regional and national strategies, including:

- **Shetland Islands Council's Our Ambition (2021–2026)**, which identifies transport as a key enabler of climate action, public health, social and economic wellbeing, and long-term affordability
- **The 10 Year Plan to Attract People to Live and Work in Shetland**, which highlights the importance of transport in supporting population sustainability
- **Place Standard work in Shetland**, which identified public transport as a significant local priority
- **On Da Level**, which highlighted transport affordability and accessibility as important dimensions of inequality
- **National Transport Strategy 2**, which provides the national policy framework through its four priorities of reducing inequalities, taking climate action, delivering inclusive economic growth, and improving health and wellbeing

Together, these strategic influences help frame the context within which ZetTrans delivers services, develops policy and contributes to wider transport planning across Shetland.

3 Operational Update

Public Bus Services

The specification and procurement of the current generation of public and school bus contracts was informed by the Public, School and Adult Social Care Transport Business Case completed in February 2020. Additional consultancy support for that work was provided by Peter Brett Associates, now Stantec.

The current contracts commenced in August 2020 for an initial period of five years, with provision for extension. Where practical, public network contracts are packaged with statutory school transport requirements in order to secure operational and financial efficiencies.

The public bus network in Shetland comprises a mix of mainline, feeder and demand responsive services, alongside public transport arrangements that support entitled school transport. Lerwick remains the principal service centre, with other key centres including Brae, Scalloway and Sandwick. The network is designed to support access to employment, education, shopping and services, including links between Sumburgh Airport and other parts of Shetland.

2023/24 Activity

Legislation – Bus Service Powers

The Transfer of Functions to the Shetland Transport Partnership Order 2006 transferred relevant public transport functions from Shetland Islands Council to ZetTrans.

Subsequent legislation, including the Transport (Scotland) Act 2019, introduced additional powers in relation to bus services. During the reporting period, Ministers confirmed the intention to extend the transfer arrangements so that relevant powers would sit concurrently with both ZetTrans and Shetland Islands Council, providing flexibility in how any future in-house or alternative service arrangements might be delivered.

The Transport Partnerships (Transfer of Functions) (Scotland) Order 2024 came into force on 5 June 2024 and established that concurrent arrangement.

Public and School Bus Business Case

During 2023/24, ticketing infrastructure across the bus network was modernised through the rollout of new handheld ticket machines capable of taking contactless payments in remote and rural areas. These devices are able to process payments when back in signal range, ensuring that passengers across the network have access to up-to-date ticketing arrangements. Existing fixed ticket machines were also upgraded to include QR code readers.

QR ticketing was trialled successfully during the Tall Ships visit to Shetland, when a QR code included in the Crew Handbook enabled crew members to use Service 6 for travel to and from Sumburgh Airport. This demonstrated the potential for QR-based ticketing to support future initiatives.

Alongside this, planning began for the next business case for future passenger transport services. This reflected changes in the operational and procurement environment arising from the pandemic, Brexit, cost pressures, climate obligations and equalities considerations.

2024/25 Activity

Public and School Bus Business Case

In 2024/25, consultancy support from Stantec was commissioned and the initial stages of the business case were progressed, including background research, strategic context development and review of operational delivery.

Separately, the ZetTrans Board approved a trial of an additional weekday and Saturday evening departure on Service 6 from Lerwick to Sumburgh, departing at around 19:00. The trial commenced in August 2024, with findings to be incorporated into the wider business case. A detailed programme of stakeholder engagement was undertaken, including an online story map portal, Area Transport Forums, Community Council meetings, direct operator engagement, Youth Voice sessions and work with schools. This generated almost 1,000 responses and provided a substantial evidence base for the next stage of appraisal.

Given the scale and value of the feedback received, additional time was built into the programme to allow wider issues and more radical alternatives to be properly considered. The Strategic Business Case was presented to ZetTrans on 30 October 2024 and the Board agreed that existing contracts should be extended by 12 months, to 16 August 2026, to support completion of the work.

The final quarter of the reporting period focused on mapping potential future delivery models, including hub-and-spoke and demand responsive approaches, and on preparing supporting financial analysis for the Outline Business Case.

Electric Bus Trial

Staff also supported Shetland Islands Council's Innovate UK-funded trial of a Sigma 8 electric bus. The trial tested the vehicle across a range of current public bus service conditions, with local operators and drivers participating in route testing.

The trial began in February 2025 and continued into 2025/26. Early findings indicated that, while electric bus operation in Shetland is potentially viable in principle, significant barriers remain, including vehicle cost, grid constraints and the limited availability of charging infrastructure.

The work also indicated that transition to electric vehicles would not be achievable within the forthcoming 2026–2031 contract period. Further consideration will be taken forward through wider decarbonisation planning linked to the Regional Transport Strategy Delivery Plan.

Inter-island Ferry Service

Inter-island ferry services are specified by ZetTrans and operated 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 vessels connects mainland Shetland with Bressay, Fair Isle, Papa Stour, Foula, Whalsay, Skerries, Unst, Yell and Fetlar through a network of 17 terminals. Lerwick Harbour also provides facilities for the Skerries and Fair Isle services. Services vary in character across the network, from regular Ro-Ro links to the larger outer isles to more constrained and weather-sensitive lifeline services to smaller islands. Collectively, the ferry network provides essential connectivity for around 3,500 island residents and plays a vital role in supporting Shetland's economy and communities.

Revenue support for the inter-island ferry service is currently provided by the Scottish Government.

However, rising capital investment requirements, wider cost pressures and constraints on public funding mean that the long-term future of the network requires strategic consideration. During the period, that strategic direction has increasingly been taken forward through the Inter-Island Transport Connectivity Business Case being led by Shetland Islands Council, with reporting to ZetTrans at key stages.

Inter-island Air Service

Inter-island air services are specified by ZetTrans and are currently operated by Airtask under a Public Service Obligation. Services are delivered using two Britten-Norman Islander aircraft owned by Shetland Islands Council and leased to Airtask.

The service operates from Tingwall Airport, approximately six miles from Lerwick, to Fair Isle and Foula. Grant support for the airstrips serving these islands is administered through the Council's Transport Planning Service. Funding for the air service itself is provided by ZetTrans, with support from Shetland Islands Council.

The current pattern of service reflects the conclusions of the Inter-Island Air Services Business Case completed in February 2020. That work supported an increase in rotations to Fair Isle and Foula, while previously suspended services to Out Skerries and Papa Stour were formally discontinued.

2023/24 Activity

During 2023/24, the next contract for the air service was specified and procured. This included detailed engagement with residents of both Fair Isle and Foula. Both communities indicated that the existing level of service broadly met their needs, particularly when balanced against local fire cover capacity for aircraft operations.

The contract was successfully awarded and Airtask was reappointed to operate the service for a further four-year period from 1 April 2024.

2024/25 Activity

The new contract for the air service to Fair Isle and Foula commenced on 1 April 2024.



4 Key Achievements

2023/24

The year was characterised by continued progress on long-term strategic planning, sustained partnership working at both local and national level, and the maintenance of essential transport services during periods of operational pressure and disruption.

1. Strengthening strategic partnerships and active travel delivery

During 2023/24, ZetTrans continued to strengthen its role in active and sustainable travel through closer engagement with delivery partners. Work during the year helped align local priorities with emerging national funding and policy expectations, while also supporting development of proposals for further delivery activity, grant administration, and monitoring and evaluation arrangements. Together, these steps helped improve the foundations for more effective active travel delivery across Shetland.

2. Supporting national islands connectivity work and longer-term ferry planning

Significant progress was made during the year in relation to longer-term strategic planning for island connectivity. ZetTrans contributed to the developing evidence base and strategic thinking around the Islands Connectivity Plan and related national work on vessels and ports. In parallel, local work progressed to strengthen understanding of future transport needs, including the relationship between passenger and freight demand on the Northern Isles routes. This helped improve the evidence available to support future investment and service planning.

3. Contributing to national discussions on RTP funding and behaviour change investment

ZetTrans played an active role in discussions with other Regional Transport Partnerships and national stakeholders on the future distribution of RTP funding, including behaviour change funding. In doing so, officers sought to ensure that the needs of smaller, rural and island areas were properly understood within national allocation models. This work helped support a more balanced and transparent discussion of how funding frameworks can reflect both geography and population.

4. Strengthening governance, accountability and risk management

During the year, continued work took place to strengthen governance and risk management arrangements across ZetTrans-related activity. This included reviewing long-standing risk issues, clarifying responsibilities across ZetTrans and Shetland Islands Council, and improving visibility of operational and asset-related risks. While this work remained ongoing, it helped lay firmer foundations for future assurance and resilience.

5. Coordinated response to severe weather and transport disruption

Significant weather events during late 2023, including Storm Gerrit, tested the resilience of Shetland's transport system. ZetTrans and Council officers contributed to coordinated communication and response arrangements that helped communities stay informed during

periods of disruption affecting travel and infrastructure. This joint response supported continuity across lifeline services and demonstrated the importance of strong operational coordination in challenging conditions.

Overall assessment

Overall, 2023/24 was a year of meaningful progress in long-term strategic planning, effective partnership working, and sustained support for essential transport operations. The work undertaken strengthened the evidence base for future decisions while maintaining focus on the needs of Shetland's communities.

2024/25

During 2024/25, ZetTrans and Shetland Islands Council moved a number of major transport workstreams from planning into more visible delivery and decision-making phases. This included major progress on inter-island connectivity, bus policy development, active travel delivery arrangements and project governance.

1. Inter-Island Transport Connectivity Programme: moving into live engagement

During 2024/25, the Inter-Island Transport Connectivity Programme moved from initial development into a more public-facing phase. This included online surveys, drop-in events across the islands, and targeted engagement with businesses and communities to inform the Strategic and Outline Business Cases.

The ZetTrans Chair and Lead Officer continued to contribute through programme governance arrangements, helping ensure that strategic oversight remained connected to community engagement, business case development and wider policy context.

Alongside this, ZetTrans and Shetland Islands Council continued to engage with national Islands Connectivity Plan work, helping to ensure that Shetland's priorities were visible within wider Scottish Government analysis and decision-making.

2. Fair Isle ferry and terminal replacement: progress on funding and business case development

Important progress was made during the year on the Fair Isle ferry and terminal replacement project. Shetland Islands Council agreed a local financial contribution towards the project, while the Full Business Case was advanced for submission to the Department for Transport.

Governance arrangements, approvals sequencing and supporting communications were actively managed during the year. This reflected a maturing project structure and helped strengthen the basis for future funding and delivery decisions.

3. Public and school bus: evidence-based policy and service options development

Work progressed during the year to modernise the evidence base for future bus policy and service decisions. This included analytical support, data development, and options work to inform future decisions on fares, service models and overall affordability.

An important feature of this work was that policy interest and public debate were channelled into a single structured evidence programme, rather than being taken forward through disconnected or parallel proposals. This helped maintain focus on a coherent and evidence-based approach to future service planning.

4. Active travel and People and Place: strengthening delivery capacity

Delivery arrangements with active travel partners continued to strengthen during the year. This included work on claims, monitoring and programme development, together with recruitment of a Walking Workplaces Development Officer and ongoing coordination of scheme development activity.

These steps helped improve local delivery capacity and kept momentum in the wider active and sustainable travel programme.

5. Customer service and day-to-day operational responsiveness

Alongside major strategic work, significant effort continued to go into day-to-day operational coordination. This included ongoing liaison with NorthLink Ferries in relation to travel voucher administration and resident entitlement issues, as well as handling concessionary travel and individual journey issues to minimise disruption for service users.

The year also saw development of the electric bus trial work that formed part of Shetland Islands Council's Innovate UK activity.

6. Governance, risk and assurance

During the year, work continued to improve governance, risk management and assurance across transport activity. This included clearer ownership of key actions, better visibility of interdependencies across major programmes, and more structured follow-through on audit and improvement matters.

This was important in ensuring that growing delivery activity was supported by stronger internal discipline and oversight.

7. External partnerships and policy influence

ZetTrans maintained an active presence in a range of national and regional forums during the year, including RTP networks, islands-focused groups and bus policy discussions. This helped ensure that Shetland's rural and island perspective remained visible in wider conversations on funding, connectivity and future transport policy.

8. People and organisational capability



During the year, the Transport Planning Service progressed a ground-up service redesign intended to strengthen long-term capacity and capability. This included attention to the resources required to support ZetTrans functions, Regional Transport Strategy delivery, and future performance reporting.

This work is intended to strengthen workforce sustainability, clearer role definition and organisational resilience over time.

9. Community focus and responsiveness

A range of locally raised transport issues continued to be addressed during the year, including matters brought forward by Community Councils and service users. These were considered through practical service and policy channels, often in partnership with Marine and Air Operations and other Council teams, with the aim of balancing operational realities against community expectations.

Overall assessment

Overall, 2024/25 was a year in which strategic work began to translate into more visible delivery momentum. Inter-island connectivity work moved into active engagement, the Fair Isle programme passed important milestones, bus policy development became more evidence-led, and active travel partnerships strengthened delivery capacity. At the same time, essential day-to-day transport functions continued to be managed under close public scrutiny. Taken together, these developments leave ZetTrans better placed for the next phase of delivery and decision-making.

5 Financial Performance

This report covers activity over the period 2023/24 to 2024/25. Detailed financial information for ZetTrans is set out separately in the Partnership's Annual Accounts.

The financial affairs of ZetTrans are the responsibility of the Proper Officer for Finance, being the Executive Manager – Finance of Shetland Islands Council. Day-to-day financial administration is undertaken by the Council's Finance Service on behalf of ZetTrans, including budget monitoring, financial reporting and preparation of the Annual Accounts in accordance with the relevant accounting framework.

Through these arrangements, ZetTrans' finances are also subject to external audit scrutiny.

Financial Performance 2023/24 and 2024/25

The full financial cost of providing ZetTrans functions and services was £5,843,870 in 2024/25 and £5,804,226 in 2023/24, compared with £5,082,039 in 2022/23. The expenditure was met through public bus fare income and grant income from the Scottish Government and the Shetland Islands Council.



Audit Scotland, as the appointed external auditor, assessed the accounting processes and the annual accounts and gave the 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 remains challenging. This reflects the cost of operating lifeline transport services, wider inflationary pressures, and the capital requirements associated with asset replacement and infrastructure renewal.

The approved gross revenue budget for ZetTrans in 2025-26 is £6.313m of which £1.009m is for core running costs and £5.304m is for scheduled passenger transport services in Shetland.

6 Statutory Reporting

ZetTrans' legal and financial functions are supported through Shetland Islands Council's governance, legal, finance and internal audit arrangements. Relevant statutory and financial reporting is made available through the Partnership's public reporting processes and website. The following reports can be accessed via the ZetTrans website through the links below:

[Audited Accounts 2023-24](#)

[Audit Report 2023-24](#)

[Climate Change Report 2023-24](#)

[Audited Accounts 2024-25](#)

[Audit Report 2024-25](#)

[Climate Change Report 2024-25](#)

7 Appendices

[Appendix A - ZetTrans 2023-24 KPI Tables](#)

[Appendix b - ZetTrans 2024-25 KPI Tables](#)

