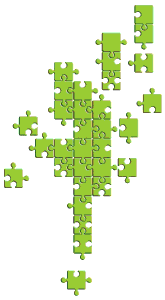
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### **ANNUAL REPORT**

### **2015 - 2016**

# Foreword – Councillor M Stout – Chairman of ZetTrans

ZetTrans has faced some tough challenges in recent years, principally due to a lack of sufficient staff resources which has created some difficulties in conducting our affairs.

Having said that, we’ve managed to keep up with our statutory functions of delivering public bus services and strategic planning which has been an accomplishment in itself. Since the last Annual Report officers have undertaken a fundamental redesign of the bus network and services as well as identifying opportunities for integration with Shetland Islands Council’s School Transport Services to yield a comprehensive network of services at significantly less cost. This has protected public transport services during a period of significant pressures on Shetland Islands Council budgets.

Looking to the future we face further pressures on public sector funding at a time when the transport needs within Shetland and to and from Shetland are possibly higher than in the past as we try and support a prosperous economy and a healthy and vibrant society.

For inter-island transport we will conclude the Shetland Inter-Island Transport Study which will set the transport scene for the next 30 years through establishing a range of Strategic Business Cases for each island link covering air services, ferry services and fixed links.

Fixed links are perhaps the key challenge as we try and reconcile high capital costs with the importance communities place on these as the only viable next step in sustaining island communities and economies (and by extension Shetland’s economy). It is likely that this will need a policy discussion with Scottish Government to establish an approach to this that fits with the realities of public sector funding.

As we grapple with the these realities the coming year and beyond will need to focus on where we can work out further efficiencies within our services but that is unlikely to be sufficient on its own. We will need to find additional opportunities for collaboration with colleagues and services across the public sector and with communities themselves to develop initiatives such as community transport to augment conventional public transport. To support this we will need to develop very clear and focussed policies and planning objectives driven by shared outcomes that are developed and supported by Shetland Partnership members.

We have over the course for the last 18 months built a very good working relationship with Scottish Government and Transport Scotland and I feel this gives us a strong footing for continued joint working. We have shared resources and knowledge with colleagues in Orkney Islands Council, HITRANS and Highlands and Island Enterprise to undertake very complex work and this has shown what can be achieved when working beyond our own boundaries.

In short, I see collaboration with others as the way ahead and in the next year and I look forward to continuing the work we have started over the past year.

Cllr Michael Stout – Chairman of ZetTrans

**Introduction**

The last annual report presented to the Partnership covered the 2011/12 financial year. Where relevant, this report includes summary information on the principle interventions over the past 10 years. The main focus of this report though, is to present detail for the 2015/16 financial year.

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

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

As a statutory body, ZetTrans has responsibility for the development and delivery of the Regional Transport Strategy and currently holds functional responsibility for the delivery of the local bus services.

When planning its activity, ZetTrans engages actively with the public, stakeholders, its partners and transport operators.

Operational funding for ZetTrans continues to be secured from Shetland Islands Council, with support provided by the Scottish Government. The majority of projects and actions arising from the Regional Transport Strategy are funded either through the SIC’s capital and revenue funds, or from the Scottish Government. Past interventions have also included grant funding from the EU.

ZetTrans is one of 7 Regional Transport Partnerships (RTPs) covering the whole of Scotland. Each RTP is required to produce a Regional Transport Strategy (RTS) detailing its assessment of local transport needs and proposed measures to address gaps in provision and/or improvements to the existing position.

# Shetland’s Regional Transport Strategy (RTS)

The Shetland Transport Strategy is the RTS for ZetTrans and is the key document which informs and guides our activities.

ZetTrans, in consultation with Shetland Islands Council, approved Shetland’s current RTS before it was submitted to the Scottish Executive Ministers for approval on the 30 March 2007. At the request of the then newly-elected Scottish Government the RTS was resubmitted in May 2008. The Minister for Transport, Infrastructure and Climate Change, approved the current strategy on behalf of the Scottish Government on 28 July 2008.

The RTS vision and objectives were developed following an extensive period of community and stakeholder consultation, analysis of constraints and drivers, and a detailed assessment of key problems and opportunities.

The vision in 2007 was:

***“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 RTS is used to:

* Represent accurately the vision for Shetland’s transport
* Provide authoritative, ongoing, assessment of Shetland’s transport
* Guide and co-ordinate improvements to Shetland’s transport
* Underpin sound business cases for appropriate capital investment
* Underpin sound business cases for revenue support
* Underpin an annual delivery programme of specific, targeted activities, projects and interventions
* Underpin appropriate funding applications for specific projects

**Shetland Transport Strategy Refresh**

The Shetland RTS was approved nearly 8 years ago, and in line with other RTPs, ZetTrans Partnership has agreed that an RTS refresh is needed.

It is not envisaged that the rationale for the RTS will be fundamentally altered by the refresh process. The objectives and desired outcomes are likely to remain substantially the same. It is however both prudent and timely to:

* Review the current RTS in line with relevant policy changes and developments since 2006
* Review the ongoing relevance and accuracy of all elements of the RTS
* Refresh the structure and presentation of the information contained in the RTS

The refresh comprises 2 stages:

1. A review process
2. Recommendations on the form and content of the new document

Stage 1 was completed in May 2015 and sought an external audit and evaluation of the RTS with a view to highlighting elements that need to be revisited. To achieve this, Stage 1 comprised:

* A review of changes in relevant policies to highlight how these changes impact on the RTS and its context
* Initial consultation with relevant individuals and stakeholders
* Recommendations for the structure of Stage 2

Now that additional staff resource has been secured, Stage 2 will comprise a report on the main issues facing transport in Shetland. This Main Issues Report will be guided and overseen by a specially formed, short-life, working group comprising key stakeholders.

A final refreshed RTS will be presented to ZetTrans for approval by March 2017.

**Implementation of the Shetland Transport Strategy**

ZetTrans works in partnership with SIC to provide its office accommodation, staff and administrative resources.

In 2015, it was agreed that the SIC Transport Planning Service should have an increased staff resource. The new staffing resource was completed in March 2016 and now stands as follows:

**FTE Role**

1.0 Lead Officer

1.0 Transport Contracts and Operations Officer

1.0 Transport Policy and Projects Officer

1.0 Transport Assistant - Operations

0.38 Transport Assistant - Finance

0.62 Transport Assistant - Monitoring

0.38 Transport Assistant - Monitoring

1.0 Administration Assistant

These staff, along with other SIC personnel connected to the provision of transport services and infrastructure, work jointly on SIC and ZetTrans tasks as appropriate.

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 third parties

Necessarily, internal transport fits more easily with 1 and 2 and external transport more easily with 2 and 3.

**Internal Transport Overview**

Since 2005, ZetTrans has operated against the ongoing background issues of:

* Pressures to reduce costs
* Changing regulatory requirements
* Infrastructure renewal and replacement needs

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 vulnerable communities, the need to connect them with the rest of Shetland becomes even more vital.

**Internal Bus Services**

In 2014, in order to improve efficiency and quality, ZetTrans, in partnership with Shetland Islands Council (SIC), instituted a new framework agreement for passenger transport contracts. In order to be eligible to bid for these contracts, individuals and companies were required to pre-qualify for the tendering process by applying to be on this framework. The framework covers 4 types of passenger transport:

1. Short notice and urgent services
2. Supported public local and community bus services
3. Mainstream school services
4. Additional special needs (ASN), social care, healthcare and other services

There were 34 successful tenders to be included in the framework. These ranged from established local bus companies to individual taxi drivers.

During the 2014 re-contracting exercise no acceptably priced bids to run the West Mainland service were received. As a result, ZetTrans decided to operate this service itself through a Memorandum of Agreement with Shetland Islands Council.

Prior to August 2014, all bus ticket revenue was retained by the bus service operators. Since that date, all revenue from public transport bus contracts has been retained by ZetTrans. As there are no commercial public bus services in Shetland and as SIC owns all the bus ticket machines, this gives ZetTrans executive control over bus fares and bus fare products.

A consultation exercise was undertaken in 2012 with a view to redesigning transport provision. The principle objectives of this redesign were to address identified gaps in provision and to provide equitable service levels across Shetland. The key elements of the new provision were to provide improved commuting, shopping, access to health services and leisure connections for the whole population and to regularise bus fares. This has been achieved through a combination of mainline services coupled with connecting feeder, shopping and dial-a-ride services.

In 2007, new Smart Card ticket machines were introduced on public bus services in Shetland. Prior to that date, more traditional paper tickets had been used. The new system provides for a 20% discount when paying by Smart Card and also accepts National Entitlement cards. All data produced by the ticket machines is processed by SIC’s Transport Planning Service. It remains the intention of ZetTrans to develop further the Smart Card system currently used on its buses to include inter-island ferries and inter-island air services.

By improving the local bus network and taking control of revenue and ticketing, ZetTrans has laid the foundations for encouraging increased bus use.

**Internal Ferry Services**

Historically, the inter-island ferry services sat alongside buses and air transport entirely within SIC’s Transport Service in the Infrastructure Services Department. Since the re-organisation in 2011 this arrangement has changed.

Inter-island ferry service operations now sit within SIC’s Transport Infrastructure Service. The service specifications and timetables however, remain the responsibility of Transport Planning and are developed in co-ordination with ZetTrans bus timetables.

Funding for the inter-island ferry services is currently provided by SIC and the Scottish Government. The funding regime and the fundamentals of responsibility and delivery are currently under review and ZetTrans is involved as a partner in that process.

Inevitably, the ferries and harbour infrastructure are ageing and revisions in regulations mean that it will not be possible to replace the vessels like-for-like. Larger vessels will be needed in the future with knock-on implications for harbour infrastructure improvements.

**Internal Air Services**

Historically, the inter-island air services sat alongside buses and air transport entirely within SIC’s Transport Service. Since the re-organisation in 2011 however, this arrangement has changed.

Currently, inter-island air services continue to be based at SIC’s Tingwall Airport, 6 miles from Lerwick. The airport is managed and financed by SIC’s Infrastructure Services Department. Air service specification, schedules and fares are specified by SIC’s Transport Planning Service with the revenue being kept by the contracted service operator.

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.

Funding for the inter-island air services originates from SIC with a grant from the Scottish Government.

The unpredictable provision of fire cover at the smaller airstrips continues to cause problems. This is unfortunately a function of the small populations on these islands. As a result, there are currently no regular inter-island air services to/from Out Skerries because the community cannot provide sufficient numbers of personnel to undertake the necessary training and attend each scheduled flight. The situation at the other principle air strips on Foula and Fair Isle continue to be monitored closely.

**Sustainable Travel**

In March 2016, the Annual Cycling Monitoring Report cited Shetland, at 15.1%, as having the second lowest number of households without access to a car for private use. A figure second only to Aberdeenshire at 15%.

The reliance on, and preference for, travelling by car does not alter the fact that those without access to cars continue to be the most vulnerable groups in society, namely: the young, the old, the less well-off and people with disabilities. Nor does high car use negate the need to address the Climate Change agenda by ensuring alternative means of transport are available.

In line with the above, the need to encourage sustainable travel therefore features strongly in the ZetTrans vision for transport in Shetland. Our vision is linked closely to the Health, Active Travel and Climate Change agendas all of which are priorities for the Scottish Government.

Even in a mainly rural county such as Shetland, there are many opportunities to walk, cycle or car share and actions to foster and encourage these modes of transport are included in the RTS.

A practical measure was the launch of the car share website [www.ifyouCar*eS*hare.co.uk](http://www.ifyouCareShare.co.uk) which was jointly developed with HITRANS in 2014.

Over the past decade, ZetTrans has also been involved as a partner in several projects aimed at increasing and promoting walking as a healthy lifestyle choice, a leisure activity and as a way of accessing services within Lerwick. Projects include:

* Walks to Health
* WalkShetland
* WalkLerwick

ZetTrans has taken the same partnership approach to developing and promoting cycling as it has to walking. From a leisure and health perspective, Shetland has a network of cycle routes which are included in both the UK National Cycle Network and the European North Sea Cycle Route. The principle responsibility for promotion and development of these routes continues to lie with Sustrans.

In addition, no scheme exists within SIC to provide loans for cycle purchase but, ZetTrans is aware that promoting cycling as a feasible transport option within the Lerwick area (and perhaps beyond) needs to be addressed.

**Fixed Links**

The island communities of Bressay, Yell, Unst and Whalsay hold serious concerns about the capacity and capabilities of the current ferry network as well as the year on year costs of ferry services in an environment of reduced public sector funding.

Engagement with these communities tells us that they believe that uncertainty surrounding inter island transport and the growing difficulty in affording travel at a personal level are leading to serious population decline, particularly in the younger segment of the islands’ populations.

Over the past 15 years, a great deal of work has been undertaken on whether fixed links are a viable way of connecting the Shetland mainland with the islands of Bressay, Yell, Unst and Whalsay.

The principle impetus for these studies has been to explore what fixed links can achieve and to establish the nature of the technical and financial challenges that would exist in providing fixed links as an alternative to ferries.

It is clear from consultation with the island communities that they believe fixed links are the key to a more reliable and sustainable future. At the same time, the need for ongoing spending on ferry and air transport and its infrastructure could be removed from the budget.

In summary, the key findings from these studies have recognised the long-term viability and benefits of fixed links but have highlighted the difficulty of securing funding for such major interventions.

**Relationships with other RTPs**

Joint meetings of the Regional Transport Partnerships (RTPs) take place quarterly with the Chair and Lead Officers from the other regions around Scotland invited to attend. These meetings are a means of discussing wider transport issues within Scotland, comparing and learning from best practice.

These meetings also allow ZetTrans to:

* Provide a more strategic approach to planning and delivery
* Build on existing joint working relationships
* Work in partnership with Transport Scotland and the Scottish Government
* Bring together local authorities and principal stakeholders

**External Transport Overview**

Sea and air transport to and from Shetland provide lifeline services connecting the islands with the rest of Scotland and beyond. These services are provided with both commercial and Scottish Government money so this is an area where ZetTrans works in partnership with other organisations both locally and external to Shetland and where it uses its good offices to influence and effect change.

# External Ferry Services

The lifeline Northern Isles ferry service between Shetland, Orkney and mainland Scotland is funded by the Scottish Government and is currently operated under contract by SERCO NorthLink Ferries.

In May of 2012, the contract to operate the Northern Isles service was passed from Northlink to SERCO Northlink. The contract will run until 2018. A Scottish Government review of the Northern Isles Ferry services was commenced in September 2015 with a view to informing the new 2018 contract service provision.

Currently, residents of Shetland are entitled to a discount of 30% on vehicle and passenger fares, but not for accommodation. Residents can also nominate friends and family to receive the same discounts outside of the peak summer months.

Issues regarding fare levels and the availability of passenger accommodation continue to be raised within the local community and ZetTrans will continue to work in partnership with SIC to ensure that these issues are to the forefront when designing ferry services post 2018.

# External Air Services

External air services operate from Sumburgh airport in the south of mainland Shetland, 25 miles from Lerwick. Routes are currently operated to Kirkwall, Aberdeen, Inverness, Glasgow and Edinburgh. There is an additional, seasonal service to Bergen.

The airport is operated by Highland and Islands Airports Limited (HIAL). Flights are currently operated by Loganair under a FlyBe franchise.

The Air Discount Scheme, funded by the Scottish Government, was extended to include charities and volunteers in July 2012. The Scottish Government announced an increase in the Air Discount Scheme from 40% to 50% in late 2015 and implemented this increase in January 2016.

# External Transport Forum

The External Transport Forum meets quarterly with members, officers, external transport providers, SERCO Northlink, Loganair and other invited interested parties. This forum continues to act as a valuable opportunity for ZetTrans to maintain contact with the key bodies involved in connecting Shetland to the rest of the UK and beyond.

# Key Performance Indicators for 2015-2016

The RTS uses Key Performance Indicators (KPIs) to benchmark, assess and record developments in transport. The KPIs used for the first ten years until April 2016 recorded information on the following:

* Reliability of Shetland’s Transport
* Standards of Road Maintenance
* Fuel Consumption Levels
* Market Growth on Shetland’s Transport Network
* Public Transport Accessibility
* Sustainable Transport Usage
* Road Safety Levels
* Transport Integration Opportunities

Using these KPIs progress has been monitored both year-on-year and with regard to the measurements in Scotland as a whole where possible. For 2015/16, the KPIs were as follows:

Reliability of Shetland’s Transport

Inter-island air services are operated using small Norman-Bitten Islander aircraft between Tingwall and small island airstrips. There are many legitimate reasons for delays and cancellations. The principle reasons for variations in the published timetable are weather, lack of passenger bookings and runway capacity when emergency aircraft are present. Tingwall airport is not required to record cancellation and delay information electronically but the operator, Airtask, started recording and categorising cancellation data in June 2015. For the 12 months starting June 2015 no flights were cancelled for technical reasons but 14 were cancelled for operational reasons. In addition, 165 flights were cancelled because there were no passengers and the weather caused a total of 564 cancellations.

Inter-island ferry vessels are designed to operate year-round in Shetland weather conditions resulting in an extremely good reliability record.

Externally, Northlink ferry sailings were delayed 37 (5.1%) times and cancelled 23 (3.2%) times during 2015/16. In the same period, a total of 102 flights to or from Sumburgh Airport were cancelled due to weather conditions.

Standards of Road Maintenance

The latest figures from Transport Scotland are for 2014/15 and show that 11% of Shetland’s roads were in a red condition and 31% are in amber condition. This compares with Scottish averages of 7.4% and 28.9% respectively and represents an increase from 2013/14 from 8% and 29% respectively. These figures are produced annually, usually in October, and so are not available at the time of publishing the annual report.

Fuel Consumption Levels

Under normal circumstances, fuel consumption for an entire district would be difficult to measure. For Shetland though, courtesy of Scottish Fuels, we are now able to obtain figures for the importation of vehicle fuels. Scottish Fuels is the sole importer. Excluding heating and agricultural fuels, the figures for 2015 calendar year were: 3,900 tonnes of petrol and 12,500 tonnes of diesel. Scottish Fuels report that there is little seasonal variation in import figures. We are investigating whether historical information might be available that would help us identify trends in fuels consumption and if the data can be made available on a financial year basis.

Market Growth on Shetland’s Transport Network

The table below details changes in passenger numbers over the past two years. As can be seen, passenger numbers have grown on all modes with the exception of internal ferry services.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014-2015** | **2015-2016** | **Change** |
| **Bus Passengers** | 364,482 | 372,432 | +2.2% |
| **Internal Ferry Passengers** | 766,949 | 741,902 | -3.3% |
| **Tingwall Passengers** | 3,739 | 4,175 | +1.2% |
| **Northlink Passengers** | 119,918 | 121,990 | +1.7% |
| **Sumburgh Passengers** | 264,521 | 276,126 | +4.4% |

Public Transport Accessibility

All mainline bus services are wheelchair accessible but there are variations in the accessibility of feeder services. External ferry and air services are wheelchair accessible, the latter with assistance from airport and airline staff. Ferries between the mainland and Yell are wheelchair accessible but other internal ferry services are only accessible if the passenger remains in their vehicle during the crossing. This is practical for services to Whalsay, Fetlar and Unst but more difficult for services to Fair Isle, Papa Stour and Foula. Accessibility on internal flights is limited by safety requirements and the layout of the small aircraft. No disabled passenger would be refused but they would have to travel in, and therefore be transferable to, an aircraft seat.

Sustainable Transport Usage

According to Cycling Scotland’s annual Cycle Monitoring Report 2016, the number of adult Shetlanders cycling to work usually or regularly stood at 2.7% in 2014 as compared to 6.1% for Scotland as a whole. The 3 wards which have the highest percentage of adults travelling to work were Lerwick North and South plus South Mainland. The same report finds that Shetland has the second lowest number of households without access to a car for private use in Scotland. The number of cars registered in Shetland rose from 14,234 in 2014/15 to 14,761 in 2015/16.

ZetTrans is investigating the suitability of using the Scottish Household Survey travel diaries to assess modal split and journey purpose with a view to analysing sustainable transport use in Shetland.

Road Safety Levels

The number of people seriously injured on Shetland’s roads went up from 2 in 2014/15 to 3 in 2015/16. In the same period, the number of fatalities rose from 1 to 3. Shetlands statistics are low and it is difficult to discern any pattern using only the annual figures. Over time however, the average number of serious injuries and fatalities appears to be falling. Between 2004/08 there was an average of 2 serious injuries and 6 deaths per year as compared to 1 and 4 respectively for the 2011/15 time period.

Transport Integration Opportunities

Integration between ferry, air and bus services is vital to making public transport more usable and more appealing to the public. There is currently some ticketing integration between buses and between ferries but no ticketing integration between modes.

Bus services to and from Sumburgh airport link to all flight arrivals and departures but waiting times can be up to 2 hours. All inter-island flights in and out of Tingwall are served by a dedicated pre-bookable dial-a-ride bus service to and from Lerwick.

It is possible to connect with NorthLink ferries at the Holmsgarth Ferry Terminal to and from most of Shetland but waiting times are sometimes in excess of 2 hours. These delays can be mitigated by the facility to remain on the ferry or board early. Inter-island ferries link to connecting bus services at key times of day with those to the outer isles having dedicated, pre-bookable bus connections.

ZetTrans is working to specify the acceptable waiting times between the different modes of transport so that a meaningful statistical analysis of current integration opportunities can be undertaken.

# Additional Activity in 2015-2016

The following key areas of additional activity were commenced during 2015-16. Each activity is reported to the Partnership on a regular basis as it progresses.

Shetland Inter-Island Transport Study

A study of Shetland’s inter-island transport is in progress. This study will detail the current provision of inter-island transport and examine options for improving and enhancing services.

Shetland Inter-Island Air Services Review

A study of Shetland’s inter-island air services is underway. This study will detail the current provision of inter-island air services and examine options for protecting, improving and enhancing services.

Lifeline Ferry Service Re-contracting

Engagement with Transport Scotland continues with a view to securing an equitable fare structure and reviewing service levels for the proposed new lifeline ferry link contract from April 2018.

ZetTrans Governance Review

An internal review of ZetTrans governance is underway.

# Planned Activity for 2016-2017

The staffing resource was addressed during 2015/2016 and ZetTrans moves into the 2016/2017 financial year at full strength.

In order to continue to promote a fully integrated public transport system, ZetTrans will continue to explore opportunities to upgrade the ferry ticketing machines to accept Smart Card technology.

ZetTrans has been identified by the Scottish Government as a “Major Player” in the effort to tackle climate change. As such, ZetTrans will be required to submit an annual Climate Change report from November 2016.

Having made the decision to retain the revenue from the new bus network, ZetTrans will continue to closely monitor passenger numbers and explore options for new ticket types and further integration measures. It will also be necessary to keep under review the replacement of the existing ticketing system which is reaching the end of its serviceable life.

ZetTrans will work with Scottish Government and Transport Scotland to explore and develop a policy of fixed links as alternatives to ferries recognising the step change in the security and sustainability of island communities that could be achieved.

The RTP will continue to make representations to the Scottish Government to extend ADS eligibility to include business and tourist travel.

Given the very close links between ZetTrans and SIC, the RTP will complete the revision and clarification of its governance so as to present a clearer identity to the public of Shetland.

# The ZetTrans website will be refreshed and updated. It will continue to hold information on a variety of topics concerning transport within and to and from Shetland, it also provides reports, publications, news and information about ZetTrans and the Transport Strategy.

The new set of 10 Key Performance Indicators (KPIs) agreed in February 2015 will be used to measure future performance. The main change to the KPIs has been to add two indicators – one each to measure the costs of providing and using Shetland’s public transport network. The systematic recording of activity against these revised Key Performance Indicators will enable us to streamline the production of annual reports. In addition we will ascertain the suitability of reporting some of the KPIs on a quarterly basis.

From 2016/17 the 10 new KPIs, together with the statistical elements of each, will be:

* Reliability of Shetland’s Transport
  + Percentage of cancellations for inter island air services
  + Percentage of cancellations for inter island ferry services
  + Percentage of cancellations for external air services
  + Percentage of external ferry services that vary from timetabled departure by 30 minutes or more
* Standards of Road Maintenance
  + Percentage of local road network classed as red or amber
* Fuel Consumption Levels
  + Petrol and diesel consumption in Shetland
  + Fuel consumption on inter island ferries
  + Fuel consumption on inter island air services
  + Fuel consumption on public bus services
  + Fuel consumption on school transport services
* Market Growth on Shetland’s Transport Network
  + Road traffic levels in Shetland
  + Bus passenger numbers
  + Passenger and vehicle numbers on inter island ferries
  + Inter island air service passenger numbers
  + External ferry passenger and vehicle numbers
  + External air service passenger numbers
* Public Transport Accessibility
  + Percentage of households within one mile of daily public bus service
  + Percentage of households within one mile of weekly public bus service
  + Percentage of public bus service vehicles that are wheelchair accessible
* Sustainable Transport Usage
  + Modal share of Shetland residents for trips to work
  + Modal share of Shetland Islands Council employees for trips to work
* Road Safety Levels
  + Number of people killed or seriously injured on Shetland’s roads
  + Number of child casualties on Shetland’s roads
  + Number of slight casualties on Shetland’s roads
* Transport Integration Opportunities
  + Percentage of arriving inter island ferries that connect with public bus services
  + Percentage of departing inter island ferries that connect with public bus services
  + Percentage of arriving external flights that connect with public bus services
  + Percentage of departing external flights that connect with public bus services
  + Percentage of arriving external ferries that connect with public bus services
  + Percentage of departing external ferries that connect with public bus services
* Cost of the Provision of Shetland’s Public Transport Network
  + Subsidy on Northern Isles Ferry Contract
  + Air Discount Scheme Subsidy
  + Gross cost of internal ferry services
  + Fare income from internal ferry services
  + Internal air services grant
  + Gross cost of public bus services
  + Fare income from public bus services
* Cost to the User on Shetland’s Public Transport Network
  + Standard single adult public bus fares by route
  + External ferry fares by season (islander and non-islander)
  + Average external air fares (islander and non-islander)
  + Internal ferry fares (ro-ro and outer isles)
  + Internal air fares (island resident and visitor)
  + Taxi fares

### 2015/16 Outturn Position

The Comprehensive Income and Expenditure Statement (CIES) shows that the full economic cost of providing ZetTrans services in the 2015/16 was £2.154m. This expenditure was met through grant income from the Scottish Government and Shetland Islands Council, and the interest received on its balances held with the bank.

This can be summarised as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2014/15  Actual  £000 | Revenue | 2015/16  Budget  £000 | 2015/16  Actual  £000 | 2015/16  Variance  £000 |
| 267  1,970 | Policy, Strategy & Projects  Bus Operations | 138  1,889 | 138  2,016 | 0  (127) |
| 2,237 | Total Expenditure | 2,027 | 2,154 | (127) |
| (132)  (2,015) | Scottish Government Grant  SIC Grant | (132)  (1,895) | (132)  (2,022) | 0  127 |
| (2,237) | Total Income | (2,027) | (2,154) | 127 |
| 0 | Net (Surplus) Deficit for Year | 0 | 0 | 0 |

Expenditure is categorised into two main areas:

Policy, Strategy & Projects (£0.138m) which is a £0.129m (48%) reduction when compared to expenditure in 2014/15 (£0.267m). The main reasons for this is a £0.096m reduction in consultancy costs and a £0.041m reduction in the Service Level Agreement between ZetTrans and the Council in 2015/16 due to less input being required from external consultants and staff following the implementation of the new bus contracts in 2014/15.

Bus Operations (£2.016m) which is a £0.046m (2%) increase when compared to expenditure in 2014/15 (£1.970m). This was mainly due to contract inflation for 2015/16 and a number of one off costs additional costs.

Comparison of Outturn against Budget

Policy Strategy and Projects is largely in line with the budgets set for 2015/16, however, there is a £0.127m overspend in Bus operations, mainly due to fare income being £0.117m less than budgeted. The main reason for this is that the original 2015/16 budgets were drawn up during autumn 2014, when the new contracts commenced, so there was very little income data available to use in setting the budget.

The shortfall was met by additional grant income from Shetland Islands Council which is ultimately responsible for providing ZetTrans funding.