

6c Tier 2 Ferries meetings

- Purpose of Report

The purpose of this report is to inform members of recent discussions at the statutory Tier 2 Northern Isles Ferries consultation meetings on which Nestrans sits.

- Background

The Scottish Government has a series of consultation meetings to discuss the lifeline ferry services to the Northern Isles. There are three levels of consultation meetings, with Tier 1 covering local stakeholders, Tier 2 regional interests and national considerations being discussed at Tier 3 meetings. Nestrans sits on the Tier 2 level of consultation to represent the North East's interests in relation to the lifeline services between Aberdeen and Orkney/Shetland.

The last regular meeting of this consultation group was held in Kirkwall on 8 February 2010. Unfortunately this coincided with the Nestrans Board meeting so Nestrans were unable to be represented.

On 9 March 2010 the Scottish Government made an announcement regarding changes to ferry services, including:

Other efficiency measures include a timetable change to NorthLink's Aberdeen to Orkney and Shetland routes to ensure more fuel efficient running. This will mean a revision to the current timetable with precise details to be finalised shortly.

Discussions will continue with NorthLink about further opportunities for efficiencies, particularly during the winter when there is a large amount of unused passenger capacity on the Aberdeen-Lerwick route.

The timetable change to NorthLink's Aberdeen to Orkney and Shetland routes will involve ferries running on two engines instead of four for the length of the journey. This drop in capacity will increase journey times.

Following this announcement, a special meeting of the Tier 2 consultation group was convened in Orkney on 17 March 2010 to discuss the Government's proposals.

- Discussion

The meeting on 8 February 2010 discussed various issues but of most interest to Nestrans was a discussion on the impact of the proposed offshore windfarm at Aberdeen on operation of services from Aberdeen Harbour. The consultation group heard from Bill Davidson of Northlink Ferries about the impact the proposal will have on the Northern Isles Ferries. There was some concern within the group and it was agreed to hold the next meeting in Aberdeen with the agenda focusing on this issue.

This meeting has still to be arranged (possibly 24 June 2010) but Nestrans have proposed that AREG be invited to give a presentation on the proposal and the consultations that are

taking place. This is currently being considered by the secretariat. It is proposed that Nestrans host that meeting, offering to chair the meeting if appropriate and provide hospitality in the form of a buffet lunch for participants, at a cost of no more than £500.

Regarding the Government's proposals to amend the Aberdeen-Kirkwall timetable to reduce fuel and save money, a Meeting was arranged in Kirkwall on 17 March, attended by Richard Hadfield of the Government's ferries division.

Richard explained that the Scottish Government was required to mitigate a £10million projected overspend and to find a further £5million saving with likely further reductions in future years. Difficult decisions therefore have to be made and a political decision had been taken to lengthen journey times rather than increase fares.

The meeting heard concerns from the islands' representatives and from Northlink, that other options should have been considered and that the consultative group should have been asked to provide input before a decision was made. The impact of the proposed reduction of power from four engine operation to two would mean an increase in journey time between Aberdeen and Kirkwall of around 1½ hours (likely earlier departure moved from 5pm to 4pm with arrival in Kirkwall moved from 11:15 to 11:45pm, with onward departure to Lerwick moved from 11:45 to midnight:15) – the services to Lerwick already operate at reduced power as there is no imperative to be in Lerwick before 7:30am.

Northlink and Orkney representatives believed that these timetable changes could impact seriously on the tourist market, much of which is elderly and very susceptible to late night arrivals/departures. Many Orkney hoteliers are also reluctant to allow arrivals after midnight.

After discussion, it was agreed that both Orkney and Shetlands Islands Councils would convene meetings of the Tier 1 stakeholders consultation meetings and that Richard Hadfield would seek the Minister's agreement to defer a final decision until the outcome of these meetings was known.

In addition, a short-life working group has been established to consider the range of options for cost cutting measures both immediately and for the longer term. It is probable that a solution including reducing the number of daily sailings to Lerwick in the winter months from 14 sailings per week to 6, will need to be evaluated – this should be brought forward as one of a range of options for consultation.

- Recommendations

It is recommended that Board agree to:

1. host the summer 2010 meeting of the Tier 2 consultation group; and
2. note the ongoing discussions regarding the cost-cutting measures likely to be imposed on the Northern Isles ferries and instruct officers to keep the board informed of such changes, both in the short-term and for the forthcoming winter timetable.

RD/17 Mar 2010