

**GOUROCK-DUNOON FERRY SERVICE FUTURE CONTRACT**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 This report provides an update on the Gourock to Dunoon Town Centre ferry contract which is currently operated by Argyll Ferries through a publically subsidised Transport Scotland contract.
- 1.2 A ferry service between Dunoon and Gourock town centres / railway station, a distance of about six kilometres, has operated since at least the nineteenth century. The Gourock-Dunoon route is the busiest ferry crossing in Scotland and the two existing ferry services (Argyll Ferries passenger service and Western Ferries' passenger and vehicle service (commercial service)) provide a key link between Cowal / Dunoon and the central belt.
- 1.3 The stated Scottish Government policy objective is 'that there shall be a safe, reliable, frequent, commuter ferry service between Dunoon town centre and the rail terminal at Gourock. The service must be able to operate reliably throughout the year in the weather and sea conditions experienced on the Firth of Clyde and provide an acceptable level of comfort to meet the reasonable expectations of users including commuters, the elderly and disabled and tourists. It is the wish of Scottish Ministers that the ferry service shall carry both vehicles and passengers.' The Cowal community however consider that the current passenger town centre service is unreliable.

**2.0 RECOMMENDATIONS**

- 2.1 That the Council notes the report and approves that the preferred position of the Council is to re-instate a regular passenger/vehicle ferry service between Dunoon and Gourock Town Centres
- 2.2 That authority be delegated to the Council's Executive Director of the Development and Infrastructure Department, in consultation with the Council Leader, Depute Leader and Policy Lead for Transportation to develop a response to Transport Scotland in relation to the options for procurement that maximises the chance of a passenger/vehicle town centre ferry service.

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**1.0 INTRODUCTION**

- 1.1 This report provides an update on the Gourock to Dunoon Town Centre contract and asks members to approve the recommendations as contained within the report to call for the reinstatement of a passenger/vehicle ferry to service this route.

**2.0 RECOMMENDATIONS**

- 2.1 That the Council notes the report and approves that the preferred position of the Council is to re-instate a regular passenger/vehicle ferry service between Dunoon and Gourock Town Centres and
- 2.2. That authority be delegated to the Council's Executive Director of the council's Development and Infrastructure Department, in consultation with the Council Leader, Depute Leader and Policy Lead for Transportation, to develop a response to Transport Scotland in relation to options for procurement that maximises the chances for a passenger/vehicle town centre ferry service.

**3.0 BACKGROUND**

- 3.1 A ferry service between Dunoon town centre and Gourock town centre / railway station, a distance of about six kilometres, has operated since at least the nineteenth century. The Gourock-Dunoon route is the busiest ferry crossing in Scotland and the two existing ferry services (Argyll Ferries (subsidised and managed by Transport Scotland) and Western Ferries' passenger and vehicle service (commercial)) provide a key link between Cowal / Dunoon and the central belt.
- 3.2 Since the 1940s this service was operated by a Government owned company (CalMac Ferries Ltd) with increasing dependence on subsidy. The Gourock – Dunoon town centre route was put out to tender as a free-standing route in 2005. Although three companies were invited to tender for the route, no bids were received in the end. In the aftermath of this tendering process, Cowal Ferries (a subsidiary of the David MacBrayne Group Ltd) took over running of the route, and the service continued as before.

- 3.3 Following several complaints about Scottish ferry subsidies, including those paid to Cowal Ferries Ltd, the European Commission decided to undertake a formal and in-depth State aid investigation in April 2008. In November 2009, the European Commission published its Decision which accepted the justification for the continuation of subsidy to the Gourock-Dunoon town centre route (noting the sound economic and social justification for public support for a town centre passenger service) but required that this was (a) tendered by June 2011 and (b) subsidy was provided for passengers only. Following a further open tendering process in 2011 that provided no subsidy for vehicular traffic Argyll Ferries, (a David MacBrayne Ltd subsidiary) has carried foot-passengers only on the Dunoon to Gourock town centre route, the service being provided by two passenger ferries.
- 3.4 The weather related reliability record delivered by the current foot-passenger service provided by Argyll Ferries is considered to be inferior to the level of weather related reliability achieved by the previous Cowal Ferries 'Streaker' vessels and this has been a continued matter of concern locally. In particular, the Dunoon Gourock Ferry Action group consider that the current service is not fit for purpose and the deployment of a larger vessel with the ability to take passenger and vehicles could improve reliability of this important economic route.
- 3.5 The stated Scottish Government policy objective is 'that there shall be a safe, reliable, frequent, commuter ferry service between Dunoon town centre and the rail terminal at Gourock. The service must be able to operate reliably throughout the year in the weather and sea conditions experienced on the Firth of Clyde and provide an acceptable level of comfort to meet the reasonable expectations of users including commuters, the elderly and disabled and tourists. It is the continued wish of Scottish Ministers that the ferry service shall carry both vehicles and passengers.
- 3.6 MVA Consultancy in association with The Maritime Group (International) Limited was appointed by Transport Scotland in November 2012 to undertake a feasibility study into the operation of a passenger and vehicle carrying ferry service between Dunoon and Gourock town centres. The study was led by a steering group which comprised the council, Dunoon Gourock Ferry Action Group (DFAG), Inverclyde Council and Transport Scotland. The study demonstrated that a passenger and vehicle ferry service is feasible.
- 3.7 The European Commission confirmed position is that it considers it is possible in principle to legitimately define a service of general economic interest for passenger transport on the route, including the possibility to carry out commercial activities (SGEI) on the basis of a combined passenger/vehicle vessel. Any commercial bidder will be allowed to provide an unrestricted commercial transport service, subject to appropriate accountancy measures and audit monitoring to prevent any cross subsidisation from passenger service to commercial vehicle service.
- 3.8 Transport Scotland are now seeking views from Argyll and Bute Council, Inverclyde Council and, the Dunoon Gourock Ferry Action Group on a number of procurement approach variables that include:-
- A. Service requirements for the town centre to town centre ferry route
  - B. Service specifications
  - C. Provision and supply of appropriate vessels

- D. Approach to apportionment of public subsidy
- E. Harbour charges in Dunoon and Gourock

#### 4.0 CONCLUSION

4.1 The Gourock to Dunoon ferry crossing is the busiest in Scotland with two ferry services currently operating. A commercial passenger/vehicle service operated by Western Ferries and a Transport Scotland subsidised passenger ferry service currently operated by Argyll Ferries that links Dunoon and Gourock's town centres. The council and the majority of people in Cowal consider that this town centre passenger ferry service is unreliable and needs to be enhanced to improve the local economy. The process to re tender this service is due to commence shortly and Transport Scotland is consulting with stakeholders on tender procurement variables. This report seeks approval to reassert the council's preferred position to reinstate a passenger/vehicle town centre to town centre ferry service; and delegate to the Executive Director of Development and Infrastructure, in consultation with the Council Leader, Depute Leader and Policy Lead for Transportation, authority to develop a response to Transport Scotland to maximise the chance of a passenger/vehicle town centre ferry service being successfully procured and put into operation.

#### 5.0 IMPLICATIONS

5.1	Policy	The provision of a reliable vehicle and passenger service between Dunoon and Gourock would support the objectives of the SOA, in particular improving transport connectivity.
6.2	Financial	No adverse financial impact.
6.3	Legal	None
6.4	HR	None.
6.5	Equalities	None.
6.6	Risk	The provision of future ferries do not meet the expectations of the local population
6.7	Customer Services	Transport Scotland's decision to tender for a passenger/vehicle town centre ferry service could positively impact on the Cowal community.

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