

SCOTTISH FERRIES PLAN

1.0 SUMMARY

- 1.1 This report provides a review of the recently published Ferries Plan and how it impinges on the Oban Lorn and Isles area. There are proposals to increase the level of service to both inner Hebridean islands and the Western isles served from Oban. The commitment is apparent that the Government will engage with the Council in respect of the transfer of responsibilities for ferry services and details of how Road Equivalent Tariff will be implemented.

2.0 RECOMMENDATIONS

2.1

- 2.1 That Members note the contents of this report and that;
- 2.2 A further report will be presented to the Council in March which will set out the Council's proposed position with regard to the Ferries Plan and associated actions.

3.0 DETAIL

3.1 Ferries plan

The plan for the period 2013 – 2022 was published by Transport Scotland prior to Christmas 2012. The purpose of the document is to provide communities with a clear view of the intended way forward. The Review has enabled the Scottish Government to develop a shared vision for lifeline ferry services in the context of the National Transport Strategy and inform their long term plan.

3.2 Proposals affecting Oban Lorn and the Isles

In the short term the Government proposes to improve the winter service between Oban, Coll and Tiree; similarly between Oban, Barra/South Uist.

During the interim Clyde Hebrides Ferry Services (CHFS) contract the intention is to provide a dedicated vessel for Mull during the winter period.

As part of the next CHFS contract which is envisaged to commence in 2016, their plan is to provide a second vessel for Mull, allowing for increased frequency all year and to continue the

improvements listed above in respect of Coll, Tiree and Barra. The programme for vessel replacement indicates that the Isle of Mull is due by 2019 and the Lord of the Isles by 2025.

What should be noted is that all of the proposals are subject to future Spending Review commitments.

3.3 Mull

The plan confirms that as a result of the consultation the option to introduce a two vessel service was broadly welcomed by the community and that this will form the basis of future provision for the Oban Craignure service. The impact of this on the Passenger Access System (PAS) is significant in that the existing proposals will require to be re-designed. It is anticipated that the new vessels will be smaller than the M V Isle of Mull, probably more akin to the M V Argyle and M V Bute that operate between Wemyss bay and Rothesay. Once confirmation of this is received and a timeline for the introduction of these new vessels is published then work can commence on designing a purpose built solution for the PAS and associated improvements to the port infrastructure (e.g. vehicular marshalling, passenger waiting facilities, pier strengthening /upgrade).

3.4 Iona

The Government have undertaken a Routes and Services needs assessment and concluded that a model service profile would require later evening sailings than are currently provided. In addition to this, the infrastructure at Fionnphort was considered and the response from the consultees was that if a berthing facility was constructed this would permit additional sailings to operate until 2000hours. This will be considered as a long term initiative.

3.5 Lismore

The conclusion of the consultation is that the passenger service model operated by the Council is satisfactory in respect of frequency although it would be desirable to extend the operating day during the summer timetable period. It also confirms that any future proposal to replace the two vessel service with a single vehicular service would be located at the north end of the island. The rationale for this is that it represents the shortest crossing but it would permit an enhancement to the frequency of sailing and length of operating day. In conclusion the Government recognise that there remain a number of issues to be resolved before this can be implemented, not least that the infrastructure on either side of Port Appin, Lismore Point requires major investment to upgrade it to accommodate a vehicular ferry.

3.6 Coll and Tiree

The short term future service provision for the winter of 2013/14 is to deploy the Isle of Arran to ensure a two vessel service during the winter period. This will provide an additional sailing day during most of the winter timetable. It will only revert to the current timetable when the Isle of Arran has her annual 4 week refit.

3.7 Kerrera, Luing and Easdale

The ferry routes to Luing and Easdale are subject to further discussion with the Government in respect of the potential for a transfer of responsibility. Kerrera is a commercial operation which is presently subject to intervention by the Government. There is a demand to resolve the long standing issues regarding the sustainability of the ferry service to the island and the Council is working in partnership with the Government to achieve a long term solution.

3.8 Links to the Western Isles

The routes and services needs assessment has concluded that the sailings to Barra from Oban should be increased to at least five sailing days. The proposal is that the Isle of Arran is deployed on this route during the winter period except when she is scheduled for her annual refit. In the long term the Isle of Arran will not be available during the winter period but one of the two vessels on the Oban Craignure route will be deployed instead.

The Lochboisdale to Oban service is considered an important link for the residents of South Uist and on this basis it is to be retained. The proposal to operate a ferry service between Mallaig Lochboisdale will be given further consideration by the Government when drafting the specification for the next CHFS tender.

3.9 Council operated services

Officers have met with officials from Transport Scotland and articulated the view that we would wish to progress the proposed transfer of responsibility. This would be subject to a routes and services needs assessment methodology (RSM), Options Appraisal and Business Case for each of the four routes which will be undertaken by the Council with assistance and guidance from Transport Scotland, this is anticipated to be completed within the next eighteen months. The routes will have to be lifeline and if transfer of the routes is realised then the port infrastructure associated with the ferry service would have to be transferred too. It is clear that the Government will only fund services at a level considered necessary after applying the RSM. Any provision above this will have to be funded by the Council. It is also clear that there would have to be an agreement about the levels of capital and revenue funding to be transferred to the Government. This would take account of the age and condition of the vessel

being transferred and the revenue funding would represent the true cost of providing the service. In regard to the application of RET, no decision has yet been taken for the routes operated by the Council. Even if the routes are transferred it does not mean that RET will automatically be introduced. Finally, there is no guarantee that the Government will accept responsibility for the transfer of ferry services.

3.10 RET

The Government has committed to rolling out a Road Equivalent Tariff (RET) across the entire network. This will include fares for passengers, cars and small commercial vehicles up to 6m in length and coaches.

The intention is for RET to become a permanent feature on routes to the Western Isles, Coll and Tiree. The impact of this will be that instead of having to purchase multi journey tickets the RET single ticket will be competitive with the single journey equivalent of a multi journey ticket. There is concern that the application of RET will create an issue for demand. The operator will have the opportunity to bring forward proposals for managing this demand in consultation with the community it is serving. It is important to note that there will be no distinction made between residents and non-residents.

Commercial RET

The Government has confirmed that the additional revenue generated by applying the updated RET formula for passengers, cars and small commercial vehicles will be reinvested in commercial vehicle fares in order to reduce the impact of the removal of RET for commercial vehicles. The government will also provide additional funding for this sector such that no fare will rise above 10% in 2013. The long term aim is to provide an overarching policy for freight fares taking account of the need to balance the wellbeing of the communities against public sector cost. Initially the findings of the study on the Western isles, Coll and Tiree economies will be reviewed and a further working group established that will consult with all key stakeholders. The study by MVA consultancy on the impact of the removal of RET from commercial vehicles on the Western isles, Coll and Tiree was published in January 2013.

4.0 CONCLUSION

- 4.1 The plan contains several significant proposals that will affect Oban Lorn and the Isles both in the short and longer term. There remains a considerable amount of work to be progressed if the Council is to achieve its aim of transferring responsibility for its ferry services and this would also require Council approval of the

Business Case prior to transfer. RET is a contentious issue, particularly for the commercial operators. The prospect of the introduction of RET causing over demand especially through the summer season will create the potential for demand management.

5.0 IMPLICATIONS

- 5.1 Policy: If the ferries are transferred to the Government then the Council will be required to approve the transfer of both vessel and associated port assets associated with the routes.
- 5.2 Financial: If the ferries transfer then there will be an adjustment to Government funding for the council. The council should be no better nor worse off financially on completion of transfer.
- 5.3 Legal: There may be a requirement to formally transfer council owned assets
- 5.4 HR: There is the potential TUPE of staff and employees
- 5.5 Equalities None
- 5.6 Risk: That the Council retains the ferry services and continues to bear the risk on what is considered as a non-core activity.
- 5.7 Customer Service: The routes and services needs assessment may demonstrate a service profile model which is in excess of what is considered necessary and unless the Council fund the additional services then it will result in a curtailment of service.

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