

Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

Customer Services
Executive Director: Douglas Hendry



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1 June 2011

SUPPLEMENTARY AGENDA PACK 2

EXECUTIVE – THURSDAY 2 JUNE 2011 AT 10.30 AM IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD

I enclose herewith item 13 (**JURA FAST FERRY SERVICE**) which was marked to follow on the above agenda.

Douglas Hendry
Executive Director - Customer Services

TO FOLLOW ITEM

13. JURA FAST FERRY SERVICE

Report by Executive Director – Development and Infrastructure Services (Pages 1 - 4)

EXECUTIVE

Maureen Arthur
Councillor Robin Currie
Councillor Vivien Dance
Councillor Duncan MacIntyre
Councillor Neil Mackay
Councillor Donald MacMillan
David McEwan
Councillor Ellen Morton
Councillor Andrew Nisbet
Councillor Elaine Robertson
Councillor Dick Walsh

Councillor Rory Colville
William Dalby
Councillor Alison Hay
Councillor Robert Macintyre
Douglas Mackie
Councillor Bruce Marshall
Councillor Donald McIntosh
Councillor Gary Mulvaney
Alison Palmer
Councillor Len Scoullar

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ARGYLL & BUTE COUNCIL**EXECUTIVE****DEVELOPMENT AND INFRASTRUCTURE SERVICES****2 June 2011**

Jura Fast Ferry Service

1.0 SUMMARY

Following the Executive of the 21 April 2011, it was agreed that a meeting would be held with the Jura Development Trust. This paper gives a summary of the meeting that was held on 12 May 2011 and makes recommendations to assist with exceptional "one off" funding for the fast passenger ferry service between Jura to Tayvallich, for the duration of the 2011 Summer Service, until the findings of the Scottish Ferries Review are known.

2.0 RECOMMENDATIONS

It is recommended that the Executive approve the following:-

- The Business Gateway team shall support and assist development of a business model with the Jura Development Trust
- Argyll and Bute Council support the Jura Development Trust in their request for financial support from Scottish Government and will incorporate this within their response to the next stage of the Scottish Government's Ferries Review
- £24,000 grant funding is allocated to the Jura Development Trust from the General Fund unallocated reserve for 2011-12 only, to keep the service operational until the findings of the Scottish Government's Ferries Review are known
- That the Head of Economic Development establish what plans HIE has to support the Jura Development Trust in their request for financial support from the Scottish Government, and in light of the current local economic concerns expressed by the Jura Development Trust as set out at Section 4.0, confirm what plans HIE has to support the JDT beyond 2012.

3.0 BACKGROUND

After a short "service trial period" in late summer 2007, a full timetable was operated for the Jura to Tayvallich fast passenger ferry service over the summer of 2008. The period of operation was expanded in 2009 however the financial performance of the service fell short of the targets set in the business plan; resulting in the Council having to find additional funding to assist the operators, Jura Development Trust, maintain the service for the advertised period.

The Trust has previously been successful in securing funding from sources other

than the Council; the Council has only supported transport projects in the past where it is not the sole funder.

The Jura Development Trust have secured the following financial grant support from the Council:-

2008/09 - £41,112.50

2009/10 - £62,254

2010/11 - £32,457.92

The numbers of passenger carried were as follows

2008 - 1,751

2009 – 2,634 (extended timetable)

The subsidy per passenger from the Council was £23.48 per passenger in 2008 and £23.63 per passenger in 2009.

In addition to these sums the Council has also assisted (financially and in kind) with publicity and marketing.

As a result of the School and Public Transport Service Review, and the subsequent agreement reached during the Council budget setting process, the discretionary funding currently awarded to community and rural transport initiatives has been reduced from £726,035 to £275,000. A request was received by the Jura Development Trust for £24,000 of discretionary grant funding for 2011-2012. The subsequently Executive paper of 21 April 2011 advised that: - *“the Jura fast ferry service had been evaluated with low priority as it does not specifically serve vulnerable groups. Alternative transport links are also available to the island and having run on an experimental basis over the past three years the project has requested additional top up funding beyond the initial allocation in each year”*.

4. DETAIL

A meeting was held on the 12 May 2011 with the Jura Development Trust, the Depute Leader, the Spokesperson for Transportation and Infrastructure, the Spokesperson for the Third Sector, the Spokesperson for Rural and Island Affairs, Housing and Gaelic and appropriate Officers.

Short Term Position

The Jura Development Trust made clear representation that they require financial assistance now if the service is to continue this year. They suggested that financial assistance could be spread over the year on a monthly basis. They expressed concerns that if the service did not proceed then it may prove even more difficult to resurrect the service in future years.

Council officers confirmed the current funding position that there was no funding forthcoming from HIE, Hitrans or any European funding available. They also confirmed that a key issue was the sustainability of the service and that the present business model required on-going subsidy.

The Trust confirmed at the meeting that they considered that the future funding of the Jura – Tayvallich was a Scottish Government responsibility, and that their request for “one off” funding for the Summer of 2011, was to ensure the continuity of the service,

which they would assist with their lobbying of the Scottish Government for long term sustainable funding for the service.

At the meeting it was agreed that:

- The Business Gateway team could potentially support and assist development of a more sustainable business model with the Jura Development Trust

Medium Term Position

The Jura Development Trust requested the Council's support in lobbying the Scottish Government and Transport Scotland to support the Jura fast ferry service.

At the meeting, the Council confirmed that it had stated its view within its submission to the Scottish Government's Ferries Review that it is inappropriate for Argyll and Bute Council to have the responsibility to the provision of any ferry services which operate a lifeline to islands within Argyll and Bute.

It was agreed that a paper would go forward to the Executive to seek:

- Argyll and Bute Council support for the Jura Development Trust in their request for financial support from Scottish Government and incorporate this within their response to the next stage of the Scottish Government's Ferries Review

Current Economic Concerns

The Jura Development Trust confirmed that although they welcomed the two proposed actions, they have grave concerns that the island of Jura is in a downward economic spiral and cited recent examples which underlined their concerns. The importance of the fast ferry to the island's community and economy was affirmed by the Trust.

Highlands & Islands Enterprise

Highlands & Islands Enterprise (HIE) has worked with the Jura Development Trust (JDT) since 1999, funding a variety of projects and providing support for development of the Trust. Projects funding by HIE during this period include:

I@the Edge Devt Plan funding	£10,000	Sept 2005
The Antlers community asset	£44,508	Jul 2007
Moorings and Pontoons Project	£140,510	Mar 2008

Since 2009 JDT has been an account managed social enterprise and is being supported to plan and implement future developments, although this relationship is due to end within the next year and at this point it is likely that HIE will reduce the level of support provided to JDT directly.

HIE is currently funding the Local Development Officer to develop and implement a community plan. This post is employed by JDT on behalf of the community for two years until October 2012, with a total funding package of £64,500 (including Leader match funding).

£25,560 HIE funding has been provided towards the creation of a music recording studio for a growing recording business on Jura, as a small business in a fragile area. The building is being constructed during summer 2011, to be completed and available for hire in the Autumn.

Proposed “One Off” Funding

The Council and the Jura Development Trust consider that future financial support for the Jura-Tayvallich service should be a Scottish Government responsibility.

Based on the meeting of 12 May and the evident requirement to maintain the continuity of the Jura passenger ferry operational until the findings of the Scottish Ferries Review are known, it is proposed that the Council provide “one off” exceptional funding of £24,000 from the General fund unallocated reserve for 2011-12 only; on the understanding that the Jura Development Trust will continue to lobby the Scottish Government, with support from the Council, for sustainable future funding for this service.

5. IMPLICATIONS

POLICY	Policy on Scottish Ferries Review to include position statement in relation to Jura fast passenger ferry.
FINANCIAL	£24,000 grant funding to be awarded to Jura Trust for the operation of the fast ferry 2011-12.
EQUAL OPPORTUNITIES	Improvements to public transport services will increase opportunities for social and economic development.
LEGAL	None.

For further information contact Sandy Mactaggart, Executive Director, 01546 604141.