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Alan Reid
Chair Cowal Transport Forum
By email: Alan.Reid@argyll-bute.gov.uk

12 December 2018

Dear Mr Reid,

Gourock Dunoon Ferry Service

Earlier today, I answered a Government Initiated Question (S5W-20531) confirming cancellation of the Gourock Dunoon Ferry Service tender. I also confirmed that responsibility for the ferry service will transfer to CalMac from 21 January 2019, when the current Argyll Ferries contract comes to an end. Thereafter, CalMac will provide a passenger-only service under the terms of the Clyde and Hebrides Ferry Services contract. This will not include the transport of vehicles, in line with the State aid rules and the European Commission's Decision of 28 October 2009 on Subsidies to CalMac and NorthLink for maritime transport services in Scotland.

My decision to cancel the tender reflects the findings of Audit Scotland's Report on Transport Scotland's Ferry Services published on 19 October 2017. Audit Scotland recommended that, while the tender exercise is paused, Transport Scotland should consider the value for money of providing financial support for the route. The full text of Audit Scotland's recommendation is enclosed for your reference, as is a copy of my press release.

Having given full and careful consideration to the value for money implications associated with the future provision of the ferry service, I reached the conclusion that the most appropriate course of action would be to cancel the tender and transfer responsibility for a passenger-only ferry service to CalMac. This will ensure the continued provision of the ferry service, under provisions set out in the current Clyde and Hebrides contract, whilst providing reassurance to the staff and crew of Argyll Ferries about security of employment and associated terms and conditions.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

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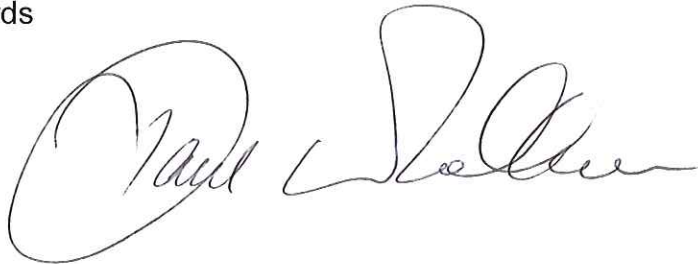


The decision was also taken in light of recent policy developments encouraging the use of public transport, the promotion of active travel and reduction in carbon emissions. In line with these developments, the ferry service will continue to provide a direct passenger link to the Gourock railhead for onward travel to Glasgow city centre. Harbour infrastructure will also, in due course, be upgraded to provide improved passenger facilities. Transport Scotland will also engage with the Argyll and Bute and Inverclyde Councils with a view to introducing a car-share scheme served by a fleet of e-vehicles and e-bicycles in both Gourock and Dunoon. I believe that these initiatives, complemented by the nearby commercial ferry service operated by Western Ferries (Clyde) Limited, which carries cars, buses and commercial vehicles, will provide a range of transport options that meet the needs of the local community, whilst providing best value for money to the taxpayer.

Following the transfer of responsibility to CalMac, further consideration will be given to future vessel and service requirements. This will ensure that the ferry service is best placed to deliver a safe, reliable, efficient and sustainable passenger service into the future.

I would be grateful if you could circulate this letter to members of the Cowal Transport Forum. I would, of course, be pleased to discuss the issues raised in this letter with you, if that would be helpful.

Kind Regards



PAUL WHEELHOUSE

FUTURE ARRANGEMENTS FOR THE GOUROCK DUNOON FERRY SERVICE

EXTRACT FROM AUDIT SCOTLAND REPORT (PAGE 50)

The specification for the new Gourock-Dunoon contract requires the operator to use its own 40-metre vessels, to help improve reliability on the route. If the contract is awarded to David MacBrayne Ltd (DML), this will require public sector investment in new vessels. While the tender exercise is currently paused, it is important that Transport Scotland considers the value for money of providing financial support for this route, in the context of:

- the cost of the new vessels. In 2013, Transport Scotland commissioned consultants to estimate the cost, which ranged from £3.0 million per passenger vessel to £6.0 million per passenger/vehicle vessel. In January 2017, DML estimated this could cost in the region of £25 million to £30 million per vessel
- falling passenger numbers since 2007
- increasing subsidies since 2011 (which are estimated to increase further to £4.2 million a year at the start of the new contract)
- the required £13 million investment in Gourock harbour (as estimated in the Ferries Plan)
- the presence of a successful commercial operator on an adjacent route.

News release

12 December 2019

Gourock-Dunoon ferry link

Service transfers to CalMac with plans for electric vehicle hubs

The Gourock-Dunoon ferry service will transfer to CalMac when the current contract ends next month, becoming part of the Clyde and Hebrides Ferry Services network.

From the 21st January 2019, CalMac will provide a passenger-only service, in line with the current timetable arrangements, and consideration will be given to improved harbour facilities for passengers.

Discussions will also be held with key stakeholders on the introduction of electric vehicle hubs at both ferry terminals, as well as developing the ferry service to encourage active travel users.

Minister for Energy, Connectivity and the Islands, Paul Wheelhouse, said:

“The decision on the future of this ferry service has not been taken lightly but, having given it full and careful consideration, I believe transferring it to CalMac is the most appropriate course of action.

“This will secure the employment of staff, crew and the future of the service itself. It also reflects the value for money issues around the service raised by Audit Scotland.

“We want to encourage greater use of public transport and sustainable travel options. The ferry service will continue to link up with the Gourock railhead and we will consider upgrading passenger facilities at the harbours in the future.

“Officials at Transport Scotland will hold talks with Argyll & Bute and Inverclyde Councils on the potential introduction of an electric vehicle scheme, served by e-vehicles and e-bicycles, in both Gourock and Dunoon. We will also look to develop the ferry service for active travel purposes, to encourage more foot passengers and cyclists to use the crossing and benefit the local area.

“Following the transfer, further consideration will be given to future vessel and service requirements to ensure we are best placed to deliver a safe, reliable, efficient and sustainable ferry service into the future.”