

LISMORE FERRY REPLACEMENT

1.0 EXECUTIVE SUMMARY

- 1.1 The Isle of Lismore is served by two ferries; a vehicular service from Oban and a passenger service from Port Appin. The passenger service from Port Appin is operated currently by MV The Lismore which has been in place since 1988.
- 1.2 Due to the age of the vessel, the annual refit costs are gradually increasing which may impact on service reliability issues. In addition to this, new regulations which are due to come into force during January 2020 will mean that from January 2022 this vessel will no longer meet the requirements of The Maritime and Coastguard Agency (MCA).
- 1.3 Discussions are ongoing with Transport Scotland regarding the ferry transfer, however, work will need to progress in the meantime to replace the MV Lismore.
- 1.4 It is recommended that Environment, Development and Infrastructure Committee:
- Note that discussions with Transport Scotland regarding the ferry transfer are the ongoing
 - Note that officers are taking steps to procure a replacement vessel should it become necessary, estimated to cost around £500k
 - Agree to recommend that Policy and Resources Committee and Council, through the budget process, considers the capital resourcing required to replace the MV The Lismore should the transfer of ferries not be finalised before the 2020/2021 budget is agreed.

LISMORE FERRY REPLACEMENT

2.0 INTRODUCTION

2.1 This report provides an update on the required vessel replacement for the passenger ferry which operates from Port Appin to the Isle of Lismore.

3.0 RECOMMENDATIONS

3.1 It is recommended that Environment, Development and Infrastructure Committee:

- Note that discussions with Transport Scotland regarding the ferry transfer are the ongoing
- Note that officers are taking steps to procure a replacement vessel should it become necessary, estimated to cost around £500k
- Agree to recommend that Policy and Resources Committee and Council, as part of the budget process, considers the capital resourcing required to replace the MV The Lismore should the transfer of ferries not be finalised before the 2020/2021 budget is agreed.

4.0 DETAIL

4.1 A replacement vessel will be required to operate between Port Appin and Lismore Point no later than January 2022. This date is key due to removal of “Grandfather” exemptions which are due to be introduced by the Maritime Coastguard Agency (MCA) in January 2020 with a two year implementation period.

4.2 Grandfather exemptions are referenced by The Maritime and Coastguard Agency (MCA), an Executive Agency of the Department for Transport (DfT), who carried out a second public consultation, which ran from 29 May 2019 to 10 July 2019, on proposals resulting from a review of the standards relating to older domestic passenger vessels, which are currently less stringent in some areas than those which are applied to new build vessels.

- 4.3 The review seeks to bring the standards applied to existing vessels into line, wherever possible, with those which apply to new vessels in key safety areas. One of the key safety areas which applies to MV The Lismore is 'Damage Stability' where the vessel will soon not be compliant with new regulations.
- 4.4 The option to modify the current vessel to comply with new regulations would involve significant costs with no guarantee of compliance to all new regulations. On this basis, modification is not considered to be a viable option and has been ruled out.
- 4.5 The council has been seeking to transfer its ferry services to Transport Scotland for a number of years due to the significant subsidy required and the liability of vessel replacement. Formal negotiations have now commenced with Transport Scotland and the Scottish Government minister with responsibility for ferries has indicated a desire to agree a transfer this financial year. Should the ferry transfer not take place within the first half of 2020 work would need to commence on procuring a replacement for the MV The Lismore to ensure continuity of service. Capital funding would be required (circa £200k in 2020/21) prior to commencing the tendering process to procure the services of a Naval Architect to produce detailed drawings and specifications prior to submitting a build tender to ship building yards. Assuming a transfer was to go ahead but had not been completed, it would be preferable for any funding to come directly from Transport Scotland rather than the Council having to be reimbursed as part of the transfer process and officers will pursue this avenue during negotiations if it becomes necessary. Discussions are ongoing with both Transport Scotland and CMAL regarding the design, procurement and replacement of the vessel.
- 4.6 It is proposed that the new vessel will be based on the general outline of the current vessel which has operated successfully since 1988. Retaining the general outline of the current vessel will minimise any additional spend on the existing pier infrastructure at Port Appin and Lismore Point. Consideration will be given to the use of hybrid technology for propulsion and the new vessel will meet all required regulations including passenger mobility which is not possible on the current vessel.
- 4.7 A timeline of key decisions including timing of estimated spend is attached at Appendix 1.
- 4.8 Discussions regarding the potential transfer of ferries from Argyll and Bute Council to Transport Scotland are ongoing, however, the process to replace the vessel should commence as soon as possible to enable continuity of service.

5.0 CONCLUSION

- 5.1 The existing passenger ferry MV The Lismore will not comply with new regulations due to be released January 2020. It is not economically viable to attempt modifications to current vessel due to its age and construction therefore a replacement vessel is required to be in service no later than the end of January 2022.

6.0 IMPLICATIONS

- 6.1 Policy – The Council's policy position is to transfer the ferries to Transport Scotland at no financial detriment to the council.
- 6.2 Financial – Estimated cost for replacement £500,000 with approx spend £200,000 during 2020/21 financial year and balance of £300,000 during 2021/22 financial year
- 6.3 Legal – None
- 6.4 HR – Transfer would have TUPE implications.
- 6.5 Fairer Scotland Duty:– None
 - 6.5.1 Equalities - protected characteristics – None
 - 6.5.2 Socio-economic Duty – One of two ferry services to Lismore Island
 - 6.5.3 Islands – One of two ferry services to Lismore Island
- 6.6 Risk – no passenger only service available if current vessel is not replaced
- 6.7 Customer Service – no passenger only service if current vessel is not replaced

**Executive Director with responsibility for Roads and Infrastructure Services
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APPENDICES

Appendix 1 – Timeline of Events

