
Draft Ferries Plan – Process for Response

1. Introduction

- 1.1 The Scottish Government have published the Scottish Draft Ferries Plan (SDFP) which sets out the Scottish Government's proposals for the provision and support of Scotland's ferry services to 2022. A summary of the SDFP is enclosed within **Appendix A**.
- 1.2 This report summarises the key issues arising from SDFP and the proposed approach to forming the Council's response to meet the consultation deadline of 30 March 2012.

2. Recommendation

That the Executive approve

- (i) The proposed approach to forming the Council's response
- (ii) The final response is delegated for approval to the Development and Infrastructure Executive Director in consultation with the Roads and Transportation Working Group.

3. Key Issues Arising and Proposed Approach

- 3.1 The key issues arising from SDFP are in relation to the following main subject headings:

- **Funding**
- **Fares**
- **Responsibility**
- **Ferry Service Proposals**

3.2 Funding**Key Issue:-**

The SDFP states that Scottish Government "are keen to explore what would be involved if through CMAL the government were to take responsibility for all ports used for the provision of subsidised ferry services currently owned by Local Authorities".

Proposed Approach:-

Given that there is no pre-determined process or methodology in place to undertake such an options appraisal it is proposed that a Workshop Session involving representatives from Scottish Government Ferries Division, CMAL, Argyll and Bute Council and HITRANS takes place on 14 March 2012 to determine the process which could be used to develop an Options Appraisal and Business Case methodology which could support this analysis.

The Council's response for the 30th March will clearly articulate the need for the Council and our communities not to be disadvantaged by any transfer of assets and that no party will seek to take advantage from the process. The approach would also incorporate consideration of

- Local island/mainland economic development needs
- Local accountability for service quality and delivery

- Financial sustainability of island and mainland piers and harbour assets which do not provide subsidised ferry services, but which are key to the local economy and quality of life of communities within Argyll and Bute.

Key Issue:-

The SFDP also states that “CMAL should over the next 3 years be in a position to start to take forward the construction of the next generation of 2 small hybrid vessels costing over £20M to serve 2 routes Sconser to Raasay and either Tayinloan to Gigha or Tarbert to Portavadie. Introducing new vessels onto the network will require alterations to existing pier and harbour infrastructure. The SFDP does not identify who will be responsible for the cost of necessary alterations and it is therefore assumed that the financial responsibility will fall to the Council for alterations required at Tayinloan and Gigha if these two piers remain under the ownership of Argyll and Bute Council.

Also there is no mention of where the responsibility will lie with the required on shore infrastructure improvements for the proposal to operate a vehicular ferry service to Lismore Island between Port Appin and the Point

Proposed Approach:-

Development and Infrastructure officers will pursue confirmation from the Scottish government Ferries Division of the plans and timetable for the introduction of the new Hybrid Ferry Service and that there is no scope for the provision of grant funding to finance the required works and that the expectation shall be that the Council would fund any upgrade works through Prudential Borrowing – funded directly from an associated increase in berthing charges to be made to the ferry operator.

There is also need for clarification in relation to shore works required to operate a vehicular service to Lismore Island between Port Appin and the Point.

3.3 **Fares**

Key Issue:-

The Scottish Government confirm that they will roll-out RET across the network as the basis for single fares for passengers and cars in a phased manner. It should be noted that whilst RET will form the basis for the fares structure across all sailings, the operator will have the opportunity to bring forward proposals on how they intend to manage demand where there is excess demand. The SFDP states that local ferry committees/user groups/stakeholders must be consulted on demand management plans.

In relation to RET for commercial vehicles the Scottish Government state that in 93% of cases the reduction in ferry fares was absorbed in the supply chain without fully being passed on to customers. The cost of rolling out RET to larger commercial vehicles is an estimated 40% of the total cost of RET. The SFDP therefore proposes in the short term the Scottish Government will continue to support existing discount schemes such as the Traders Rebate Scheme. Given that the main benefit of RET is to the tourism industry the SFDP propose to retain RET for coaches.

Proposed Approach

Argyll and Bute council have already made its views clear to Scottish Government that in the consideration of the future of RET:-

- (i) the Scottish Government considers a 40% discount arrangement for all Argyll and Bute Islands similar to the arrangements for air travel under the Air Discount scheme or
- (ii) that RET be extended to all the Argyll and Islands and peninsula communities served by ferries

Also Argyll and Bute Council believe that the delivery of future ferry services across Scotland should be based around the ambition of sustainable economic development and reflect the government's objectives of promoting solidarity, cohesion and sustainability as promoted within the Scottish Governments own Economic strategy. Many remote island and peninsular communities have fragile economies based on seasonal industries, as such, they are particularly susceptible to fluctuations in the cost of ferry services. Priority should therefore be given to residents and frequent users engaged in economic activity e.g. hauliers.

As detailed with **Appendix B** Process for Response – Community Engagement - officers within Development and Infrastructure shall seek feedback from Argyll Timber Transport Group, business bodies and a spectrum of hauliers across Argyll for consideration within Argyll and Bute Council's final response to the SDFP.

3.4 **Responsibility**

Key Issue:-

The Scottish Government has stated that it is willing to discuss with the relevant Local Authority future responsibility of the routes they currently operate. The Scottish Government will only become involved if the Local Authority wish them to do so. The SDFP states that "if the Scottish Government were to take on responsibility for particular routes it would be on the understanding that the appropriate amount of funding came back to the Scottish Government".

Proposed Approach

Argyll and Bute Council have already made its views clear to Scottish Government that lifeline services are so critically important and expensive to retain that it is inappropriate for Argyll and Bute Council to have the responsibility for the provision of any ferry services which operate to islands which are located within the Argyll and Bute geographical area. It is the preferred position of the Council not to operate any ferry services.

The historical evolution of ferries has resulted in some ferries being subsidised and provided by local authorities. Argyll and Bute Council currently subsidise ferry services to Jura, Luing, Lismore and Easdale and the costs associated with operating these ferries ultimately affects the other services the Council can deliver across Argyll and Bute within budget. This is especially significant during the current climate of economic difficulties where services are subject to reduction.

The Scottish Government is best placed to provide a consistent delivery to ferry provision. This approach would allow an over arching service standard and offer economies of scale. Similarly to 3.2 officers within Development and Infrastructure will utilise the workshop on 14 March with officials from Scottish Government to determine the process which could be used to develop an Options Appraisal and Business Case methodology which could support such an analysis for transfer of ferry services. The approach would

also incorporate consideration of local island/mainland economic development needs

- Local accountability for service quality and delivery
- No party will seek to take advantage from the process

3.5 Ferry Service Proposals

Key Issue:-

Appendix A summarises the SDFP proposals for individual ferry services in relation to each community. It should be noted that the SDFP states that “Scottish Government have made it clear that options for routes and services are being presented as proposals only and that the timing and funding of any changes is yet to be agreed. The Scottish Government is facing significant pressures on its ferries budget following the UK Governments Spending Review, consequently the exact timing of the proposals will be subject to these financial constraints”.

Proposed Approach

Argyll and Bute Council have already made its views clear to Scottish Government that

- (i) future services that are to be delivered must be promoted on the basis that they are affordable, reliable and sustainable and offer a high quality service that integrates with other transport links. These services must be flexible and the services must be able to respond to future demand and not only current demand e.g. changes in economy related to renewable energy and tourism etc and also meet the demands of changing demographic and socio-economic profile
- (ii) Although ferry services must adhere to EC Regulations and guidelines on State Aid, there needs to be recognition of the limitations that this can impose and the need for greater flexibility pursued. Domestic routes play a key role in ensuring a sustainable mobility and meeting other key objectives such as alleviating congestion and environmental pressure.

Appendix B Proposed Approach to Community Engagement details the process where by officers within Development and Infrastructure will pursue community feedback in relation to specific proposals within the SDFP for individual ferry services. This feedback will be considered within Argyll and Bute Council’s final response to the Scottish Government on the SDFP.

4. Delegation for approval

4.1 The deadline for responses to the Draft Ferries Plan is 30th March 2012.

Prior to formulating final response consideration will be given to aligning Argyll and Bute Council’s response in relation to the regional transport partnerships response from Strathclyde Partnership for Transport and HITRANS to ensure a common voice. Consideration will also be given to the views expressed at the presentation given by Scottish Government officers to Argyll and Bute Council on 28 February 2012.

4.2 To meet the SDFP deadline it is therefore sought that approval of Argyll and Bute Council’s final response be delegated to the Executive Director of Development and Infrastructure Services with the input of the Roads and Transportation Working Group on 20 March 2012.

APPENDIX A - Summary of Scottish Draft Ferries Plan

Funding and Procurement

The following options are set out in the SDFP in relation to future funding and procurement of ferry services in Scotland:-

- The Scottish Government will require to consider what services will be provided in the future to better understand the level of spending required over the period to 2022. The Final Ferries Plan will provide details of the level of investment required.
- The Scottish Government will continue to work with CMAL to consider alternative financing options.
- The Scottish Government will revisit in 2013, through CMAL, the future level of pier and harbour dues with the intention that the level of income generated wholly covers the cost of the ongoing maintenance and repair of their piers and harbours.
- The Scottish Government will explore what would be involved if they, through CMAL, were to take responsibility for ports currently owned by Local Authorities.
- The service specifications for the next Northern Isles and Clyde and Hebridean Ferry Services (CHFS) tenders will be less specific, only specifying what is deemed to be a minimum requirement. The final contracts will fully specify details of the agreed proposal

Fares

The Scottish Government recognise that the current fares system is complicated and no longer fit for purpose and they should work towards achieving an overarching fares policy for ferry services. As such, the following options are set out within the SDFP;-

- Replace the route-specific nature of fare-setting with one single overarching framework.
- Roll-out RET across the network as the basis for single fares for passengers and cars.
- Work with operators to better manage demand where necessary, consulting key stakeholders.
- Replace RET for commercial vehicles with pre RET discount schemes (2.5% - 15% based on turnover and proposed number of journeys). In the longer term develop an overarching freight fares policy.
- RET will replace multi-journey discount tickets.
- RET will be rolled out further during the term of this Parliament.
- A new system of annual fares reviews will be implemented in line with the cost of travel.
- In the current Northern Isles tender and the next CHFS tender, it will be a requirement for ferry operators to work with other transport providers to encourage integrated ticketing and better timetabling.

Route Proposals

A needs based assessment was undertaken and an evidence based routes and services methodology was developed to determine a model ferry service for each community on the network. The Scottish Government have made a commitment to repeat the methodology in line with tendering timetables to ensure that the needs of communities are always reflected in their ferry services.

Claonaig to Lochranza

It is proposed to upgrade the Ardrossan to Brodick service to a two-vessel operation with a more frequent shuttle service and extended operating hours and services from Claonaig would be reviewed following these changes.

Bute

Extend the operating hours of the Colintrave to Rhubodach service to midnight as part of the next tender for the CHFS in 2013.

Cowal Peninsula and Dunoon

The Scottish Government expressed their disappointment at not being able to continue a town centre to town centre vehicle and passenger service and they have set out their commitment to look at more options to improve the overall service and facilities.

Mull

Upgrade the Craignure to Oban service to a two-vessel shuttle service and extend the operating hours.

Following the upgrade of the Craignure to Oban service review operations of the Fishnish to Lochaline service.

Replace the current passenger and vehicle service on Tobermory to Kilchoan with a passenger only service.

Iona

Provide an additional 90 minutes of services in the evening, so the last service is around 8pm. An additional berthing facility could be provided to achieve this.

Lismore

Replace the two existing services with a single passenger and vehicle shuttle service operating from Port Appin and Point from 7am to 10/11pm. It is anticipated that this could be achieved during the next CHFS contract (2013 – 2019).

Coll and Tiree

Improve the winter service to Coll and Tiree that operates for at least six days per week. This could be achieved during the next CHFS contract and proposals to procure new vessels for other routes could provide opportunities for existing vessels to be made available to increase service provisions to Coll/Tiree.

Kerrera, Luing and Easdale Island

Current services are fit for purpose and meet most of the community's needs.

Islay and Jura

Offer residents of Jura no cost fares on the current service between Islay and Jura, when this journey is part of an onward journey to the mainland. These proposals would be implemented during the tender for the CHFS and in the meantime the Scottish Government will provide financial support for the summer-only service between Craighouse and Tayvallich. The financial support would cease following the 2013 CHFS tender.

Run more services from Port Askaig and fewer from Port Ellen than was the case prior to the suspension of services from Port Ellen.

Colonsay

An additional sailing day in the summer.

At least one day per week where there is a return sailing between Colonsay and Oban.

A commitment in the longer term to work towards more sailing days during the winter if (and when) other vessels are released during the next CHFS contract in 2013.

Gigha

Construct a berthing facility at Ardmish which would enable the operating day to be extended.

Kintyre

Retain the Kintyre to Portavadie service as is. Possibility of introducing a vehicle service between Campbeltown and Ayrshire via Arran.

Western Isles

The principal route for Harris and Lewis is the Ullapool to Stornoway route. Tarbert to Uig is the secondary route. The principal route for the Uists and Benbecula is Lochmaddy to Uig. Lochboisdale to Oban is the secondary route. Barra has only one direct route to the mainland, Castlebay to Oban; There is a need for all principal and secondary routes to be retained because of the distance between the ports; the population around the secondary routes and the need to ensure adequate exit ports for resilience purposes; Barra is the only landmass in the Western Isles which does not currently receive a service that meets the community's needs in terms of service profile. (Their current winter service is 3 days per week and ideally this should be at least 5 days); The secondary route (Lochboisdale to Oban) for the Uists and Benbecula should also be retained for the reasons given above; The Scottish Government have considered options for improving the service to Barra. However, there are no viable cost effective options available without affecting the other Western Isles services. Within the Western Isles the Barra service will be given priority for funding in the future.

Responsibility for Providing Ferry Services

It is considered that there is currently no consistency in the provision of ferry services in Scotland. During the consultation exercise it was generally felt that the Scottish Government would be best placed to provide ferry services and Local Authorities and Regional Transport Partnerships should not be given overall responsibility for ferry service provision. As such, the Scottish Government have expressed a willingness to take responsibility for all 'lifeline' ferry services and in Argyll and Bute this would include:-

- Jura – Islay
- Seil – Easdale
- Seil – Luing
- Lismore Ferry service

Any transfer of responsibility would potentially require an adjustment to the local government block grant for ferry services currently provided to the Council to operate ferry services or a transfer of capital funding.

Other proposals set out regarding the responsibility for Ferry Services are as follows:-

- The Scottish Government will become responsible for ensuring the continuation of any lifeline ferry service currently provided by the private sector;
- The Final Ferries Plan will represent the national framework for the provision of all subsidised ferry services in Scotland. It will however be up to those responsible for delivering these services to consider whether they wish to adopt this strategy;
- The Final Ferries Plan will provide details of the good practice procurement guidance followed by Transport Scotland. The Scottish Government will provide advice to any provider of ferry services who wishes to discuss how ferry services are procured by Transport Scotland;
- The requirement for a Scottish Ferries Regulator is under review and further details will be made available in the Final Ferries Plan.

Accessibility

The Scottish Governments proposals with regards to accessibility are set out below:

- In the next Northern Isles and CHFS tenders we will specify a number of requirements and also seek to encourage operators to adopt as many of the 'Accessibility' report's recommendations as

possible. (This will include putting 'Accessibility Information System' in place);

- The Scottish Government intend to set up an 'Accessibility Improvement Fund' and will develop this further for the Final Ferries Plan;
- The Scottish Government will write to all Local Authorities, Independent Trust Ports and private owners of vessels and ports and harbour facilities to ensure they are aware of their obligations under the current legislation and encourage them to make progress, in terms of improving accessibility;
- The Scottish Government will ensure the owners of all infrastructure (vessels, ports and harbours) used for subsidised ferry services continue to be aware of the need to make progress in improving accessibility.

Environmental Issues

A Strategic Environmental Assessment (SEA) was undertaken on the SDFP and this focused on options for reducing greenhouse gas emissions from ferries. The rollout of RET is considered likely to increase emissions of greenhouse gases due to increased levels of vehicular traffic however, some of this could potentially be offset by introducing new, more fuel efficient vessels.

Other potential environmental impacts include:-

- Potential for increased collisions with marine mammals.
- Potential increase in introduction of invasive species;
- Increased erosion due to vessel wake – increased journeys and speeds.
- Decreased air quality at ports;
- Increased risk of collision between vessels leading to detrimental effects on water quality;
- Increased litter;

The Scottish Government intend to mitigate negative environmental effects over both the short and long term by introducing the requirement for better data collection and reporting which will be specified during the tender process and by introducing more fuel efficient vessels.

The Scottish Government will not however, impose emission reductions through reducing vessel speeds as the majority of those who responded to the initial consultation would not be supportive of such measures.

Appendix B – Process for Response – Community Engagement

The response to the SDFP will include the feedback received from the following community engagement:

- All the Community Councils and Ferry User Groups across Argyll and Bute have been contacted in relation to providing their responses to the SDFP for consideration within Argyll and Bute Council's final response to Scottish Government.
- Officers attended the HITRANS workshop on 2nd February followed by Board meeting on 3rd February to discuss the Review and its response.
- In addition officers within Development and Infrastructure have attended the following community engagement events to gather opinions and views:-
 - Meeting with Luing Community Council 8 February 2012
 - Meeting with Lismore Community Council 10 February 2012
 - Meeting with Appin Community council 10 February 2012
 - Meeting with Kintyre Initiative Working Group 24 February 2012
- Meetings are also being scheduled with other community groups. Where meetings cannot be arranged, there will be an attempt to undertake telephone interviews.
- Meetings have also taken place with the Argyll Timber Transport Liaison Officer to ascertain views from the timber industry across Argyll.
- Feedback has also been given and is being sought from representatives of local businesses including a number of hauliers across Argyll.

For further information and clarification contact Moya Ingram, Strategic Transportation Manager, Manse Brae 01546 604190 or Jonathan Welch, Transport Planner, Manse Brae 01546 604329.