

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 Bute and Cowal area.. 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 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 Bute and Cowal

In the short term the Government proposes to extend the operating day on the Colintraive - Rhubodach service until 2100hrs all year round.

Enhancements to the Wemyss bay Rothesay service have been considered and will be addressed in this paper as will those for the Cowal peninsula and Dunoon service.

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

3.3 Colintraive to Rhubodach

The plan confirmed that although this is a second route to the island of Bute it did fulfil a different function in that it serves tourists in addition to acting as a commuter route for certain sectors of the community. The improvements suggested in the draft plan will not be implemented although it has been agreed that the service should extend its operating day such that the last sailing will be at 2100 hours throughout the year.

3.4 Wemyss bay - Rothesay

The Government has completed a routes and services needs assessment of current services. A model service would see an operating day that extended into the late evening although it has been recognised that this is achieved on Friday, Saturday and Sunday. The costs involved in double crewing one of two vessels that currently operate on the route is not regarded as cost effective, so the service provision will remain as at present. However, further consideration will be given to this route when the specification is drawn up for the next CHFS tender.

3.5 Cowal peninsula and Dunoon

The Government has highlighted in the plan the issues surrounding reliability of the new passenger service and expressed Scottish Minister's disappointment that the vehicle and passenger service could not be continued as a result of the tendering process.

A three point plan for the development of the service is being progressed with the completion of the improvement plan by Argyll Ferries. The operator is continuing to work with Transport Scotland to seek ongoing improvements..

The second strand of the plan is to seek a replacement for the M V Ali Cat, this is ongoing. The third part of the plan is the recent feasibility study undertaken by Arch Henderson. Whilst this concluded that pontoons were feasible, particularly at Dunoon, the decision to progress pontoon feasibility/design works further will be subject, to the outcome of the vehicular ferry feasibility study currently being undertaken on the behalf of Transport Scotland.

The Plan concludes by stating that the Scottish Government's policy position is that they would like to see a vehicle passenger ferry service on the town centre route.

3.6 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.

3.7 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 proposals that will affect Bute and Cowal 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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