

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 Mid Argyll Kintyre and Islay area. There are proposals to introduce a pilot service to the Ayrshire coast via Arran and to modify the service provision to Islay and Jura. 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 Mid Argyll Kintyre and Islay

In the short term the Government proposes to implement a new two year summer only (May to September) pilot ferry service between Campbeltown and Ayrshire via Arran 3 days per week.. As a temporary step they will introduce a summer months service on a Saturday from Colonsay, via Islay to Kennacraig. In addition, subject to the transfer of responsibility to the Scottish Government, the proposal is to offer zero fares between Jura and Islay when that journey is part of an onward journey to the mainland.

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

3.3 Tarbert - Portavadie

The plan confirms that as a result of the consultation this route provides a vital link for the local community and will be retained.

3.4 Claonaig- Lochranza

The Government have questioned the validity of the provision of this service given that it is a second route to Arran. However, it does fulfil a strategic role in providing support to local tourism and carries dangerous goods which cannot be carried on the principal route. On this basis the route will be retained.

3.5 Campbeltown – Ardrossan via Arran

The Government has committed to provide a pilot summer service operating from Campbeltown to Ardrossan via Arran running three times per week. The vessel will be the Isle of Arran and is designed to offer a reasonable day trip, an overnight and weekend stays on the west coast. Subject to an evaluation of the pilot the Government could link the new service to the longer term proposals for Arran leading to the possibility of a winter service between Campbeltown and Ardrossan.

The implications for the port of Campbeltown are that, dependent upon the timetable, it may impact on the ability to provide the same level of service for the export of timber. The ferry berth would need to be safe for passengers to ensure that there was no risk to them from other operations. Preliminary discussions with staff from Calmac Ferry Ltd confirm that they are willing to modify their initial timetable proposals to mitigate the impact it may have on the port. In respect of the tower shipments, these are intended to utilise the inner berth and provided satisfactory levels of pedestrian and vehicular segregation can be achieved in compliance with our obligations under Port security, this element of our business should not be affected.

3.6 Jura

The Islay Jura ferry service is currently operated by the Council. If this route is transferred to the Government along with the associated infrastructure then the intention is to offer zero fares on this part of the route when it is part of an onward journey to Kennacraig.

The initial draft plan proposed rebalancing the service in favour of port Askaig but following the final consultation phase it was concluded that just one service per week would be shifted to Port Askaig on a Saturday. This will impact on the summer service to Colonsay by providing an additional sailing day and marginally improves the accessibility for Jura.

The community operated summer only service between Craighouse and Tayvallich is presently supported by both the Government and the Council. The Government has stated their intention to cease contributing funding once the other changes that affect Jura have been implemented. They have also made it clear that their contribution remains dependent upon the Council continuing to contribute.

3.7 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.

3.8 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 significant proposals that will affect Mid Argyll Kintyre and Islay 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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