
Scottish Ferries Plan & Kerrera STAG

1.0 SUMMARY

- 1.1 This paper is to inform the Area Committee of the progress of discussions with Transport Scotland with regard to the ferry services operated by the Council, following the publication of the Ferries Plan in December 2012, and to advise Members of the publication by Transport Scotland on 19 July 2013, of the STAG appraisal report entitled "Identification and Assessment of Long Term Options" for transport links for the island Kerrera.

2.0 RECOMMENDATIONS

- 2.1 The Area Committee is asked to:
- 2.1.1 Note that the Executive Director for Development & Infrastructure (D&I) Services will update the OLI Area Committee in October 2013 with regard to progress of the Ferry Needs Analysis being undertaken in partnership with Transport Scotland; which will inform the future business case for the Lismore, Easdale and Luing ferry services.
 - 2.1.2 Note the publication of the Kerrera STAG appraisal report and Transport Scotland's financial support for the vehicular ferry service for Kerrera until March 2014.
 - 2.1.3 Mandate the Executive Director for D&I Services to develop the scope for a business case which will appraise options for Kerrera, as informed by the STAG, and in light of Transport Scotland's position, for consideration by the OLI Area Committee in October 2013.

3. BACKGROUND

- 3.1 In December 2012, Transport Scotland published the Scottish Ferries Plan. The Council's policy position, which was submitted to Transport Scotland during the consultation process following the publication of the draft Ferries Plan, is to seek to transfer responsibility for the operation of its ferry services to the Scottish Government.
- 3.2 The following extract from the Ferries Plan sets out Transport Scotland's position with regard to the potential transfer of all of the Council's ferry services, and also its position with regard to Kerrera:

93. Our Draft Ferries Plan explained that the Kerrera ferry service is currently commercially run, whilst the Luing and Easdale services are currently provided by the Local Authority. As noted in chapter 5 our intention is to continue our discussions with local authorities about whether they wish to transfer responsibility for routes they are currently responsible for to Scottish Government.

94. We also noted that, for commercially run services, we will consider intervening where there is market failure and the service is considered to be lifeline. It has become clear that the commercially run service for Kerrera does not meet the needs of the community and is not sustainable either now or in a form that would meet the needs of the community. We have therefore been working to plan a package of measures for the continued provision of ferry services on the island. We are pursuing a solution in relation to this with Argyll and Bute Council. In the meantime, we are working with the Kerrera community and current ferry operators to provide short-term grant support for ferry operation and urgent improvements to infrastructure. We anticipate this support will continue for around 18 months to 2 years, until a longer term solution is found.

- 3.3 Transport Scotland provides further guidance with regard to the Principles of Transferring Responsibility for the operation of Council operated ferry services to the Scottish Government within Appendix 5 of the Ferries Plan, which is attached at Appendix 1 to this paper.

4.0 DETAIL

- 4.1 On 19 July 2013, Transport Scotland published a STAG appraisal report entitled "Identification and Assessment of Long Term Options" for transport links for the island Kerrera. The document is at Appendix 2, and can be accessed through the link:- <http://www.transportscotland.gov.uk/strategy-and-research/publications-and-consultations/j279330-00.htm>
- 4.2 On 24 July 2013 officers from Development & Infrastructure Services met with the Ferries Division to establish a timetable and to develop the methodology for the future consideration of the transfer of responsibility for the operation of ferry services from the Council to the Scottish Government.
- 4.3 At that meeting the Ferries Division advised Council officers that Transport Scotland has put in place a grant agreement with the Kerrera Ferry Ltd to support the provision of a vehicular ferry service to Kerrera until March 2013. Transport Scotland further advised that the Scottish Government is in principle willing to extend its support of the vehicular ferry service until October 2016 and to upgrade associated pier infrastructure, within the context of establishing, in partnership with the Council, and in consultation with the Kerrera community and key stakeholders, the following outcomes:
- In the short term, the provision of a scheduled passenger ferry

- service for residents in the north of the island (morning, midday, late afternoon to allow residents to commute to work); and,
- The future vehicular transport solution for residents and businesses in the north and south of the island

Transport Scotland is not willing to fund more than one ferry service to the island.

5.0 CONCLUSION

- 5.1 This paper is to inform the Area Committee of the progress of discussions with Transport Scotland with regard to the ferry services operated by the Council, following the publication of the Ferries Plan in December 2012, and to advise Members of the publication by Transport Scotland on 19 July 2013, of the STAG report entitled “Identification and Assessment of Long Term Options” for transport links for the island Kerrera.

6.0 IMPLICATIONS

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| 6.1 | Policy | The Council’s policy with regard to the future operation of its ferry services is that these ferry services should be the responsibility of the Scottish Government. The Council does not have a fixed policy position with regard to transport links for the island of Kerrera. The proposed development of the scope for a business case for transportation links for Kerrera, as set out within the Recommendations, will allow the Council to consider policy options in due course. |
| 6.2 | Financial | The proposed business case approach will identify financial implications. |
| 6.3 | Legal | The proposed business case approach will identify relevant legal implications. |
| 6.4 | HR | The proposed business case approach will identify any HR implications. |
| 6.5 | Equalities | The proposed business case approach will identify the scope of any required Equalities Impact Assessment. |

7.0 APPENDICES

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| Appendix 1 | Scottish Ferries Plan – Appendix 5 – Principles for Transferring Responsibility |
| Appendix 2 | Island of Kerrera – STAG appraisal report July 2013 |

Sandy Mactaggart,
Executive Director, Development and Infrastructure Services
August 2013

Extract from Ferries Plan

Appendix 5: Principles for Transferring Responsibility

Introduction

19. The Draft Ferries Plan published on 21 December 2011, for a fourteen week period of consultation included the following commitments:

“The Scottish Government is willing to be responsible for all ‘lifeline’ ferry services in Scotland.” And, “The Scottish Government is also willing to work with the relevant Local Authorities to discuss the possibility of the Scottish Government taking over responsibility for services currently provided by them.”

20. This paper sets out the principles the Scottish Government will take into account when considering such a transfer of responsibility

PRINCIPLES

The Scottish Government will only become involved if the Local Authority wishes us to do so;

The Scottish Government will have to be satisfied that the routes in question are in fact ‘lifeline’ services;

The Local Authority wishing to transfer responsibility for a lifeline ferry service to the Scottish Government must also be prepared (where necessary) to transfer ownership of the ports and harbour infrastructure used.

Decisions on the way forward for RET on these routes has still to be taken, a transfer of responsibility does not alter this position – in other words transferring a service will not automatically mean that the Scottish Government will implement RET fares.

Linked to the previous principle, the Scottish Government will only fund services at a level considered necessary after applying the RSM. Any over provision in services would need to be addressed by the Local Authority ahead of a transfer or else continue to be funded by the Local Authority afterwards;

Agreement will have to be reached about the levels of capital and revenue funding to be transferred to Scottish Government. In terms of capital funding, consideration of the current age and condition of the vessel(s) and harbours/piers will be required, and agreement reached on the correct level of funding to be transferred. Revenue funding to be transferred will represent the ‘true’ cost of providing the service. In other words, funding to be transferred will include funding for the particular ferry service(s) made available by the Scottish Government, via the local government block grant, and the additional contribution made by the Local Authority itself

Agreement must be reached about the correct split of responsibility. The Scottish Government is keen to discuss shared responsibility. Where the Local Authority retains a level of responsibility for defining services, the Scottish Government will be looking for them to also retain a degree of funding responsibility;

The Scottish Government will need to be satisfied that the Routes and Services Methodology (RSM) has been applied to the routes in question. Where the Scottish Government have not already carried out the RSM on the route, they will be prepared to work with the LA to achieve this. It will however be for the LA to ensure that robust data is made available for this purpose;

Island of Kerrera – STAG Appraisal Report

<http://www.transportscotland.gov.uk/strategy-and-research/publications-and-consultations/j279330-00.htm>