

## **Report to Partnership Meeting 25 November 2016**

### **RESEARCH AND STRATEGY DELIVERY**

#### **Local Authority Ferry Services**

#### **PURPOSE OF REPORT**

To update Members on the progress of work to undertake Scottish Transport (STAG) Appraisal of those routes which are currently served by Local Authority ferry services with a view to establishing sustainable funding solutions in the context of Scottish Government commitments within the Scottish Ferries Plan (2013-2022).

#### **Background**

The Scottish Ferries Plan (2013-2022) establishes commitments to strengthening and improving the ferry services provided to Island communities and more generally the aspiration of the Scottish Government that all communities should be treated on an equal basis. HITRANS are working with three of their partner Local Authorities which currently operate ferry services (Orkney Islands, The Highland Council and Argyll & Bute Council) to undertake transport appraisal of these routes.

Plans summarising the ferry routes and responsibility for them within the HITRANS area, together with the principles for transferring responsibility as set out in the Scottish Ferries Plan are attached as an appendix to this report (Scottish Ferries Plan 2012).

#### **Orkney Islands**

In December 2014 OIC, HITRANS, Transport Scotland, SIC and ZetTrans agreed a Joint Statement establishing Partnership commitments to jointly addressing Ferry Replacement issues in Orkney and Shetland. It was recognised that the evidence gathering should follow the established Transport Scotland Routes and Services Methodology and STAG Appraisal approaches to ensure consistency and legitimacy alongside other services in Scotland.

Orkney Islands Council and HITRANS jointly funded a Strategic Transport Appraisal Guidance Part 1- Pre-Appraisal to explore air or ferry service provision to the outlying islands and support the partners consideration of Orkney's future Internal Transportation Infrastructure requirements.

In addition HITRANS, OIC and Transport Scotland undertook further work to apply the Routes and Services Methodology (RSM) process to all of Orkney's islands to identify whether there is any under or over provision of internal ferry services.

#### **Strategic Business Case / STAG Part 2 Options Appraisal**

Orkney Islands Council, HITRANS, Highland and Islands Enterprise and Transport Scotland subsequently agreed to fund a detailed options appraisal which together with the Pre-Appraisal forms the full Strategic Business Case.

The Strategic Business Case covered the entire inter-island transport network and set out:

- the socio-economic problems & opportunities in each of the 13 islands;
- the transport-related problems & opportunities at an island / route / mini-network level, derived from a review of all aspects of transport connectivity;
- a set of network wide transport planning objectives which any future transport investment should seek to deliver;
- a set of appraised ferry, air and fixed link options for each island / route / mini-network, with a rationale for selection or rejection for each option;
- each ferry option was accompanied by a series of high level vessels specifications and outline harbour drawings; and
- high level costs for each option developed.

### **Outline Business Case**

The partners finalised the Strategic Business Case in October 2016 and are now in the process of agreeing the scope and phasing of the Outline Business Case (OBC) as set out in Transport Scotland's guidance on the Development of Business Cases, 2015.

For any option to secure funding, it is necessary to progress that option through an OBC, which confirms the findings of the SBC and subjects the shortlist of options / preferred option to much more rigorous analysis. At the end of the OBC stage, an option should be sufficiently well-developed to proceed to a Final Business Case (FBC), which is the last incremental step made before an investment is made.

The Outline Business Case will consider the shortlisted options in more detail including any technical requirements relating to vessel design and harbours, seek to demonstrate their affordability, and detail the supporting procurement strategy together with management arrangements for future operations.

It is anticipated that this next stage will involve a similar level of funding as the Strategic Business Case but the aim will be to prioritise those areas of the network where a solution is most urgently required.

### **Argyll and Bute Council**

Argyll and Bute Council currently have responsibility for ferry services to Lismore, Luing, Easdale and Jura.

The Council in partnership with HITRANS are currently considering the scope for an appraisal of transport options for; Bute (Colintraive – Rhubodach only), Easdale, Lismore and Luing. To inform this, HITRANS has commissioned Peter Brett Associates (PBA) to scope the parameters of any such study by; undertaking a review of previous STAG studies with relevance to each island (with the exception of Bute) and identify the extent to which the studies meet the requirements of STAG and result in robust recommendations. It also identifies the remedial and additional steps required to undertake a more detailed STAG analysis which will mirror the approach taken in Orkney and Shetland for their respective ongoing inter-island transport studies.

HITRANS and Argyll and Bute Council are now in dialogue with other stakeholders to identify the necessary funding before progress the next stage of appraisal for each of the Argyll routes.

## **The Highland Council**

Similarly, the Highland Council support a number of ferry services within their area including;

- Corran Ferry – Nether Lochaber to Ardgour.
- Camusnagaul Ferry
- Knoydart Ferry

The Corran Ferry has been identified as a priority for a robust appraisal of the transport options and officials in HITRANS, The Highland Council and Highlands and Islands Enterprise are currently agreeing the scope for an initial STAG Pre-appraisal / Part 1 Appraisal report.

### **Recommendation**

Members are invited to note this report and support HITRANS further engagement with its partner Local Authorities, Transport Scotland and Highlands and Islands Enterprise to establish sustainable transport solutions for those routes currently served by lifeline ferry services.

### **RISK REGISTER**

#### RTS Delivery

Impact - Positive

Comment – This work supports RTS Strategic priority to enhance intra-regional connectivity between island and peripheral communities and regional centres and national gateways.

#### Policy

Impact - Positive

Comment - This work supports development of the Aviation and Ferry policies set out in the RTS

#### Financial

Impact –

Budget line and value – An allocation of funding for the development of STAG Appraisals has been identified in the 2015/16 and 2016/17 Business Plans..

#### Equality

Impact – Positive

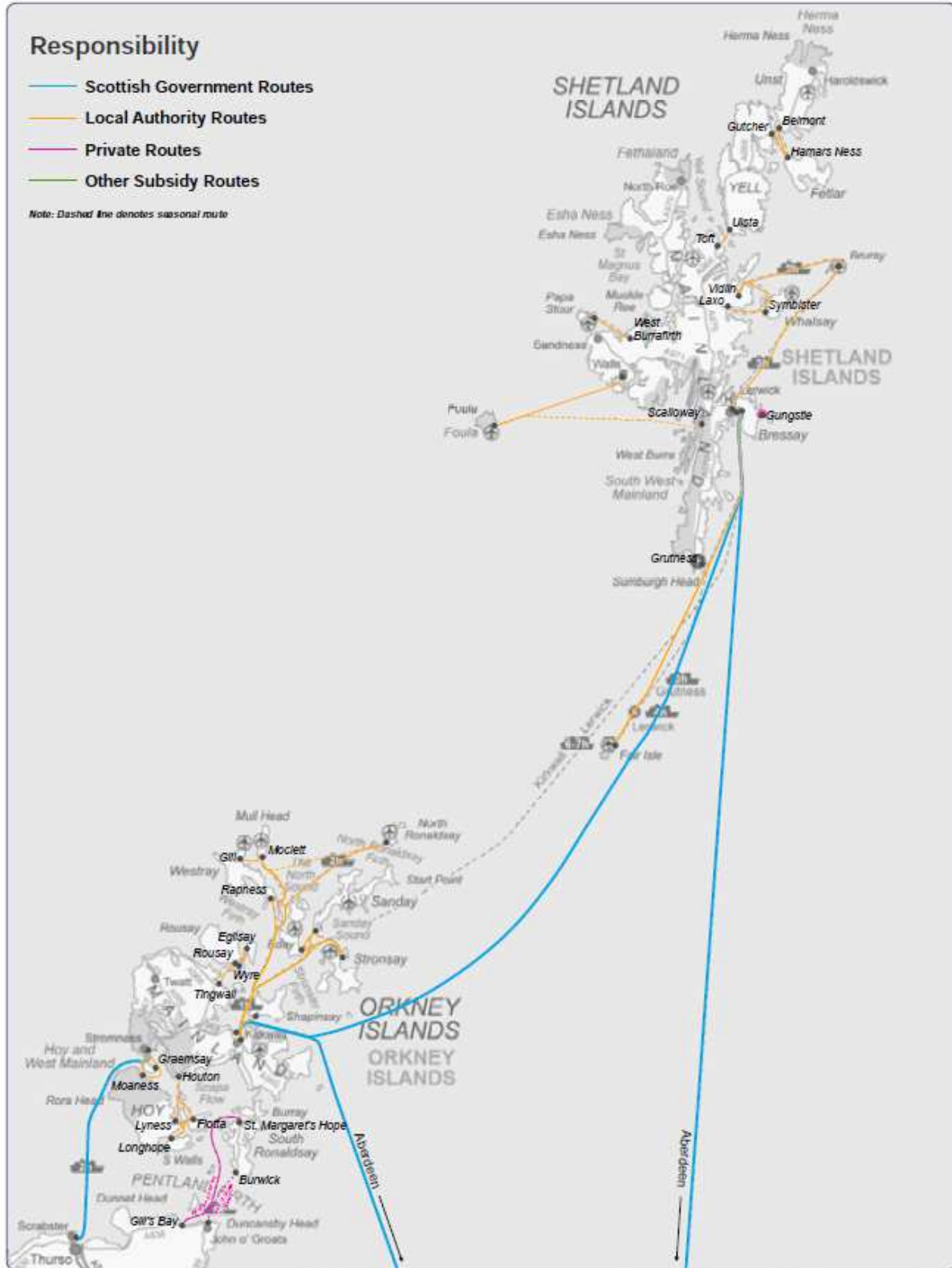
Comment – This work supports the Scottish Ferries Plan's commitment that communities are treated in a way consistent with other communities for whom Transport Scotland already has responsibility for ferries provision.

**Report by:** Neil MacRae  
**Designation:** Partnership Manager, HITRANS  
**Date:** 17<sup>th</sup> November 2016

## Responsibility

- Scottish Government Routes
- Local Authority Routes
- Private Routes
- Other Subsidy Routes

Note: Dashed line denotes seasonal route



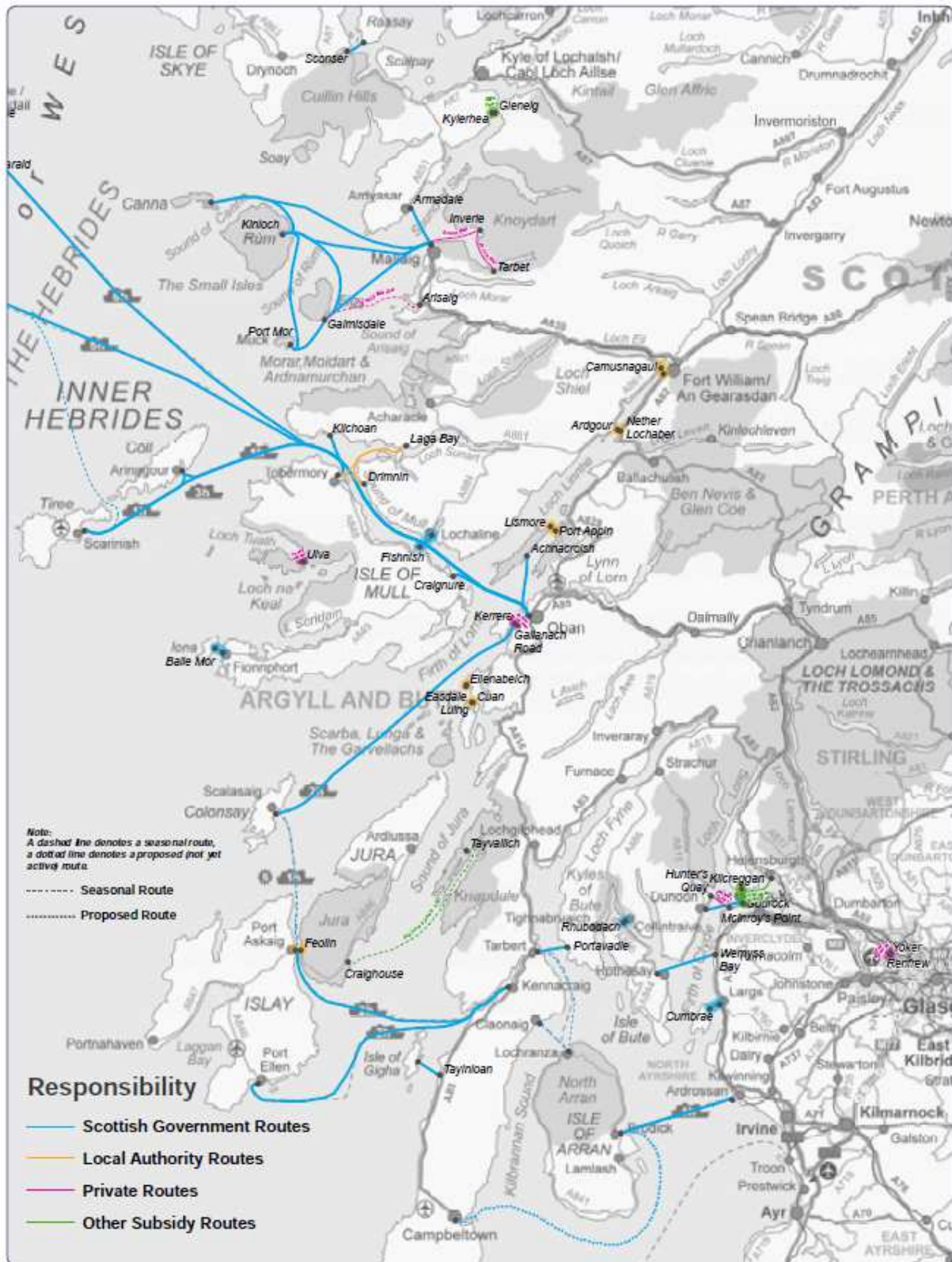
# Scottish Ferry Routes

## Orkney & Shetland Isles

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# Scottish Ferry Routes

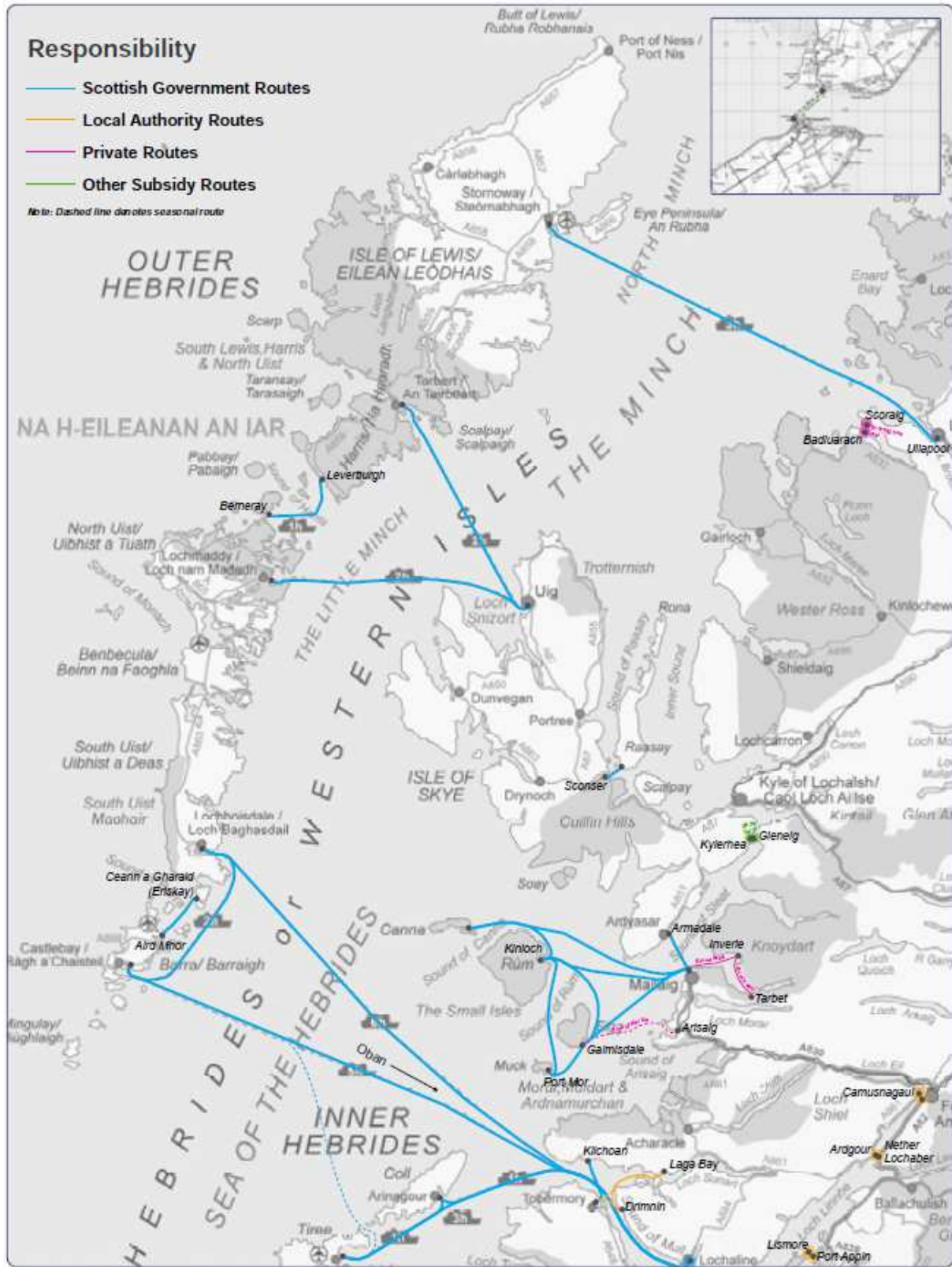
## South Western Scotland

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# Scottish Ferry Routes

## Western Isles

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## 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.
- 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;
- 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.;