

Report to Partnership Meeting 8 February 2013

RESEARCH AND STRATEGY DELIVERY

Scottish Ferries Plan

Purpose of Report

This report provides information on the Ferries Plan which represents the final output from the Scottish Government's Ferries Review that commenced in 2008. The report is designed to summarise key elements of the Plan document. It is not intended as a critique of the Ferries Plan but it may help identify areas where Members would want HITRANS to seek further dialogue with Transport Scotland on the proposals.

Background to Scottish Ferries Review / Ferries Plan

The purpose of the Scottish Ferries Review has been to:

- develop a shared vision and outcomes for lifeline ferry services in Scotland, in the context of the Government's Purpose, Economic Strategy and National Transport Strategy;
- analyse the current lifeline ferry services and network, identifying how well it meets the proposed outcomes and how it links to the rest of Scotland's transport network;
- inform the Scottish Government's long-term plan for lifeline ferry services in Scotland and influence the next round of procurement of ferry services;
- Identify policies to be taken forward to deliver the long-term plan, including the planned investment framework.

The Ferries Plan makes recommendations regarding:

- where investment should be focussed to make connections better for island and remote rural communities;
- improving reliability and journey times;
- seeking to maximise the opportunities for employment, business, leisure and tourism;
- promoting social inclusion.

The Ferries Plan

The Scottish Government / Transport Scotland published the final Scottish Ferry Services: Ferries Plan (2013 – 2022) on 19th December 2012. The document can be accessed on the Transport Scotland website at <http://www.transportscotland.gov.uk/water/ferries/Scottish-Ferries-Review>

The Ferries Plan was finalised after a consultation process was held earlier in 2012 on a Draft Ferries Plan document. This consultation attracted a significant level of responses with a total of 2,051 responses submitted. This included 1,415 separate consultation responses (1,213 from individuals and 202 from organisations) and 636 submissions of a campaign proforma calling for a Lochboisdale-Mallaig ferry service.

HITRANS response to the Draft Ferries Plan Consultation is available to download from the Consultation section of the Partnership's website at - http://www.hitrans.org.uk/Documents/HITRANS_Response_to_Transport_Scotland_Draft_Ferries_Plan_Consultation.pdf

The HITRANS response made strategic comment and recommendations on what HITRANS would like to see included in the Final Ferries Plan in the following areas:

- Funding.
- Responsibility for Providing Ferry Services.
- Contract Length and Bundling.
- Booking Management.
- Fares.
- Integrated Ticketing.
- Modal Integration and Information Systems.
- Accessibility.
- Passenger Rights and a Ferries Regulator.
- Environmental.
- Detailed responses to each route specific proposal.

The final Ferries Plan recognises the challenges faced by the Government in funding ferry services. The document recognises the crucial role ferry services have in enabling our island and peninsular communities to contribute to Scotland's sustainable economic growth. The social and economic benefits that can accrue from investing in our ferry services are significant and it is very reassuring that the Plan recognises that a backlog in investment has developed meaning significant investment is now needed in fleet and infrastructure.

Fares

The Ferries Plan restates the commitment made in the Draft Plan that the Scottish Government will roll out RET to all routes delivered under contract to Transport Scotland and in so doing would provide a single over-arching fares framework instead of route-specific fare setting. This is very welcome and offers an opportunity to see the socio economic benefits extend across the network in the same manner that followed the introduction of the RET pilot scheme in the Western Isles in 2008.

The commitment to roll out RET covers the introduction of RET fares for passengers, cars including small commercial vehicles up to 6 metres, and coaches. This will mean that ferry users will pay the same rate per mile, regardless of where they are travelling from and to by ferry. A further positive aspect of this commitment in the Plan is the reassurance that in rolling out RET to new routes RET single fares will be competitive with any discounts already in place through a multi-journey equivalent ticket scheme.

While the Ferries Plan makes the commitment to roll out RET and to ensure that fares will remain competitive the proposal made in the Draft Ferries Plan to introduce dynamic pricing to manage peak capacity has been retained in the final Plan. Dynamic pricing can be a positive measure and leaves flexibility to offer cheaper fares for quieter sailings although in practice this is likely to result in higher fares on the busier sailings and for short notice travel. The HITRANS response to the Draft Plan consultation flagged up a concern that dynamic pricing can lead to price discrimination without adequate safeguards. Each community served by ferry is a "captive market" and whilst there may be flexibility in when certain journeys are undertaken, the communities must be protected from any operator charging excessive premiums. Therefore HITRANS, along with partners from HIE and the local authorities, should continue to engage

with Transport Scotland to make the case for adequate protection from any excessive cost variation in fares.

A welcome change to commercial vehicle fares is the inclusion of vehicles over 5 metres but less than 6 metres in length within the RET fares structure where the tariff applied is the same as for a car.

Prior to publication of the Draft Ferries Plan at the completion of the RET Pilot Study on the Western Isles, Coll and Tiree, a decision was taken to withdraw RET fares for commercial vehicles. After significant concerns were raised at the implications an increase in commercial vehicle fares would have a transitional protection scheme was established for commercial traffic on the Western Isles, Coll and Tiree. Concessions available elsewhere on the CHFS network were introduced covering the carriage of hay, livestock and live shellfish. Future fares policy in relation to large commercial vehicles will be informed by the work of a study being undertaken on behalf of Transport Scotland by MVA Consultancy with input from stakeholders including HITRANS, HIE, Comhairle nan Eilean Siar and Argyll and Bute Council. The Plan goes on to suggest that a further Working Group shall be established to carry out a larger-scale review of commercial vehicle fares. HITRANS officers hope that stakeholder input to the original and future study will help shape a fares policy that meets the needs and aspirations of our island and peninsular communities.

Ferries Regulator

The Draft Ferries Plan consulted on the value of establishing an independent Ferry Regulator. In legislative terms it would be challenging to create a Ferry Regulator as it would likely require primary legislation in the Scottish Parliament and possibly also at Westminster. The final Ferries Plan concludes that there is no strong favour for the creation of a Ferries Regulator. Indeed it is unclear that the creation of a Regulator could deliver any more than existing structures and organisations can on behalf of passengers.

Responsibility for Providing Ferry Services

The Ferries Plan does a good job of summarising the lack of consistency across Scotland with regard to the split of responsibilities for the provision of ferry services. The Draft Ferries Plan had already made clear that the Scottish Government is willing to take responsibility for any 'lifeline' ferry service. In considering any request to take over a ferry service Scottish Government will assess need on a case-by-case basis. In doing so they will take into account factors including: the lifeline nature of the route; the community served including its population; alternative routes; and historic carryings. In the 12 months since the publication of the Draft Plan Government has made some progress in this area as detailed below:

- Kerrera - The commercially run service for Kerrera is considered to be lifeline and does not, at present, meet the needs of the community. Transport Scotland is working to plan a package of measures for the continued provision of ferry services on the island. This will in the short term mean grant support is provided for ferry operation and urgent improvements to infrastructure. This support is expected to continue for approximately 18 months to 2 years, until a longer term solution is found.
- Jura - In March 2012 Transport Scotland announced short-term funding to support a community-operated summer only ferry service between Jura and the mainland (Craighouse – Tayvallich). The service is operated by the Jura Development Trust and the funding has been provided jointly by the Scottish Government and Argyll & Bute Council. This support may be a short term measure as the Plan restates the Government's interest in offering zero fares on the Jura – Islay for travel on to the mainland subject to agreeing with Argyll & Bute Council that they will transfer responsibility for this route.

Transport Scotland are engaging with local authorities on the terms under which responsibility for ferry services might transfer from local authority operation to Scottish Government. Transport Scotland has provided local authorities with a set of principles that will apply should they wish to go ahead with a transfer of responsibility. Transport Scotland aim to conclude this exercise late 2013/early 2014 in order that any services which require to be included within the next tender for the Clyde and Hebrides Ferry Services can be further considered and specified as required. Discussions are progressing with both Argyll and Bute Council and Orkney Islands Council on the possible implications of transferring responsibility.

Contract Length and Bundling

The Ferries Plan makes clear the need to adhere to the current rules which involve tendering ferry services every 6 years. Since the Draft Ferries Plan was published the Government has this matter with the European Commissioners for Transport and Competition. It is hoped that these representations will help secure permission for longer contract periods. In our response to the draft Plan HITRANS stated our support for longer contract periods. Longer contract periods than six years will help achieve best value and give operators greater certainty to invest in service development and staff.

In our response to the Draft Plan Consultation HITRANS stated our belief that the bundling of ferry services within the Clyde and Hebrides Ferry Services (CHFS) and Northern Isles Ferry Service contract currently in place is correct.

The Ferries Plan sets out Government's planned approach to future ferry tendering and procurement. Government believe that in procuring the latest Northern Isles ferry service contract they were able to strike a balance between the aspirations of the market for a less prescriptive tender specification and other stakeholders desire to know in advance of the tender process commencing what the details of the service would be in terms of the service specification - timetables, frequency of sailings, fares etc. The approach taken was considered to be a reasonable compromise, allowing for some innovation in the way in which the Northern Isles ferry services could be delivered while maintaining a basic level of fixed standards which offered comfort to the communities who might have had anxieties about too much change being introduced at one time. It is Government's intention to adopt a similar approach, to that taken during the Northern Isles tender for future Northern Isles and CHFS tenders.

HITRANS would hope to work with our partners and Government to ensure that tender specifications meet the needs of the communities they serve.

Routes and Services

A number of very positive developments are proposed within the Ferries Plan would significantly enhance accessibility to a number of island communities. These are set out within the Plan in the Short and Medium Term.

In addition to those enhancements that are scoped out within the Ferries Plan there is also cause to welcome the commitment to continue to support without change the following routes that the Draft Ferries Plan suggested could be altered:

- Tobermory to Kilchoan vehicle and passenger service.
- Lochaline to Fishnish vehicle and passenger service.
- Mallaig to Armadale vehicle and passenger service.

The planned service enhancements are caveated by the financial reality that all proposals outlined with the Ferries Plan are subject to future Spending Review commitments.

Before consideration is given to the individual route and service enhancements proposed within the Ferries Plan a general observation that could be made is that the Plan does not consider the opportunity and benefits that fixed links could bring to communities if bridges and causeways were to replace ferry services. Strategic fixed links make a wider contribution beyond replacing the ferry service to a single island. They can act as catalysts for improvements to other transport services in an area. Several of the crossings may be candidates for comprehensive project appraisals to assess if replacement of ferry services with fixed links is feasible.

Immediate (Short-Term)

The Ferries Plan identifies a number of significant improvement to services operated within the Clyde and Hebrides Ferry Service Contract (CHFS) from 2013. Those with a bearing on the HITRANS area are listed below:

- To provide two vessels for Arran all summer (May-September) resulting in an increased number of sailings;
- To introduce a new two year summer only (May-September) pilot ferry service between Campbeltown and Ayrshire, via Arran – 3 days per week;
- Improve the winter service between Oban and Coll and Tiree;
- Improve the winter service between Oban and Barra/South Uist;
- Provide a significantly improved service to the Small Isles;
- Extend the operating day on the Colintraive-Rhubodach service until 9 pm all year round; and
- As a temporary step will for the summer months introduce a service on a Saturday from Colonsay, via Islay, to Kennacraig.

HITRANS officers intend to engage with Transport Scotland and Calmac Ferries Ltd to fully understand the implications of these proposals for the routes listed above and the rest of the network. It is hoped to focus discussion at the Spring 2013 round of Ferry User Group meetings on this issue.

The extra measures detailed for 2013 are estimated to be costing Government an additional £4.3M. The new pilot route linking Kintyre with North Ayrshire will require cooperation between the operator, Government, communities and stakeholders to help it succeed.

Interim CHFS contract

By purchasing a second small passenger only vessel during the course of the CHFS contract period the Government intend to deliver the following enhancements:

- Provide an increased level of service to the Small Isles, supplementing regular ro-ro services with passenger only services. We will ensure that the ro-ro service continues to provide the Small Isles with a fully adequate freight service;
- Subject to a transfer of responsibility to Scottish Government it is proposed to offer zero fares between Jura and Islay when that journey is part of an onward journey to the mainland
- Provide a dedicated vessel to Colonsay – increasing the number of sailing days in both the summer and winter; and
- Provide a dedicated vessel for Mull during the winter period – offering an increased frequency of sailings.

The Interim measures detailed will require additional funding to meet the capital cost of a new vessel and the additional revenue operating costs. There will need to be a strong focus on

community consultation. HITRANS has already received representations in our role as secretariat to the ferry user consultation meetings concerning the proposed changes to the Colonsay and Small Isles services. Our own discussions with the operator have also confirmed that the passenger vessel for the Small Isles route would not be a Rigid Inflatable Boat (RIB) as indicated by one table in the document and would instead be a larger conventional passenger vessel better equipped for the sea conditions that would need to be crossed.

Next tendered CHFS Contract

During the course of the next tendered CHFS contract period the Scottish Government plan is to secure an additional vehicle and passenger vessel for the network. This will allow the following enhancements to services:

- Provide a second vessel for Mull allowing for increased frequency all year;
- Continue to provide an improved winter service between Oban and Coll and Tiree;
- Continue to provide an improved winter service between Oban and Barra/South Uist;
- Provide an additional vessel on the Ardrossan-Brodick route during the winter which can also provide the Campbeltown-Ayrshire service during the winter (subject to the outcome of the pilot).

Next Steps

Clearly there is a great deal of positive action proposed in the Ferries Plan and should finance permit there will be some real improvements to the connectivity of our island and peninsular communities. As with any large document that covers such a complex range of issues there are a number of areas where clarification will be needed as to what the principles set out in the document will mean in practical delivery terms. HITRANS will aim to work proactively and positively with Government, ferry operators, local authorities and other stakeholders to support the development of the proposals set out in the Ferries Plan.

As a short term action it is proposed that a representative of the Transport Scotland Ferries Division comes to the next HITRANS Partnership meeting to discuss the Ferries Plan and update Members on the measures being taken to advance the proposals set out in the document.

Recommendation

1. Members are asked to note the report.
2. Members are asked to approve the proposal to invite a representative of the Ferries Division within Transport Scotland to attend the next HITRANS Partnership meeting to discuss the implications of the Ferries Plan with Members.

| Risk | Impact | Comment |
|--------------|--------|--|
| RTS delivery | √ | The provision of effective ferry services is a key requirement for delivery of the RTS and fits well with a number of RTS Horizontal themes. |
| Policy | - | |
| Financial | - | |
| Equality | - | |

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Designation: Partnership Director
Date: 31st January 2013