

Report to Partnership Meeting 2 February 2024

RESEARCH AND STRATEGY DELIVERY

CHFS 3

Purpose of Report

To update Members on the proposal by Ministers to make a direct award for the third Clyde and Hebrides Ferry Service Contract and the live Consultation on this proposal.

Clyde and Hebrides Ferry Service Contract (CHFS 3)

The Minister for Transport provided a statement to Parliament on 16 November 2023 regarding the Clyde and Hebrides Ferry Services contract. The current contract expires on 30th September 2024 and, as part of a range of measures designed to improve our ferry services, an exploration of a direct award via a Teckal exemption in accordance with the Public Contracts (Scotland) Regulations 2015 to CalMac Ferries Ltd is the Scottish Ministers' preferred direction for the new contract.

This is one of the most significant contracts the Government will enter into, both in terms of its importance in supporting our island and remote communities, and in terms of value. A final decision on the procurement route would therefore be subject to the outcome of a due diligence exercise to confirm that it is a feasible approach from a financial, operational and legal perspective. Scottish Government / Transport Scotland aim to have a final decision on the contract award procurement route by Summer 2024.

If the procurement route ultimately is a direct award, then the Minister reassured Parliament this would not simply be a case of business as usual. Instead, this would be viewed as a catalyst for change which would provide a more flexible model of contract, enabling the introduction of service improvements and ensuring the ferry services are fully focussed on delivering for island communities and other users.

Stakeholder Engagement

Stakeholders will have an opportunity to contribute their views to the development of the new contract as Transport Scotland officials have commenced a series of stakeholder events, with further public engagement sessions being planned.

A formal public consultation launched in December providing a further opportunity for communities and stakeholders to contribute their views. The consultation period will run until 8 March 2024 and it is proposed that HITRANS officers prepare our response and seek approval by email from Board Members and Advisors. The Consultation is supported by a consultation document that is enclosed as the Appendix to this report. The document presents questions on the following areas of service and contract delivery:

- Reliability and Resilience
- Capacity and Demand
- Community Voice, Transparency and Accountability
- Carbon Reduction and Environmental Impact

- Onward and Connecting Travel
- Accessibility
- Freight Services
- Monitoring and Review

Officers will lead a discussion with Members to capture views in each area of the Consultation to support them in drafting the HITRANS response.

Transport Scotland have also launched a dedicated webpage to provide regular updates.

Risk Register

RTS Delivery

Impact - Positive

Comment – The CHFS 3 process and Consultation offer an opportunity to shape ferry services to help deliver better outcomes for lifeline transport links.

Policy

Impact - Positive

Comment – Ferry services are a critically important part of the Highlands and Islands transport system and the opportunity to improve their delivery is important.

Financial

Impact – Neutral

Equality

Impact – Positive

Comment – Improving ferry service accessibility is an important part of the Consultation.

Recommendation

1. Members are asked to note the report.
2. Members are asked to approve the proposal that officers draft the Consultation response and seek approval from Members by email.

Report by:	Ranald Robertson
Designation:	Partnership Director
Date:	24 th January 2024
Background Paper:	Appendix – CHFS Consultation Document