

SCOTTISH FERRIES REVIEW – OBJECTIVES OF THE REVIEW

Current policy

1. Enhancing Scotland's ferry services and related infrastructure are key to supporting business and employment opportunities in pursuit of a wealthier and fairer Scotland. Achieving change in travel patterns and mode is one of the greatest challenges in securing sustainable economic growth and is integral to securing a greener Scotland. Connectivity also plays a key role in building safer and stronger communities. Safer and stronger communities are fundamental to the attractiveness of Scotland as a place to live and work.

2. The current policy for delivering lifeline ferry services in Scotland is detailed in Delivering Lifeline Ferry Services: A consultation paper on meeting European Union requirements (2000). The policy objectives are to ensure “the maintenance of affordable sea links to Scotland’s island communities” and to improve “the level, quality and cost-effectiveness of services to remote island and rural communities.” The specific aims are to:

- “Ensure the provision of a suitable standard of transport connection in terms of quality, frequency and capacity, to island (or in some cases remote peninsula) communities which would otherwise suffer social and economic disadvantage;
- Ensure ferry fares and freight charges are not excessive;
- Ensure that ferry services are delivered efficiently; and
- Ensure that the necessary level of service is provided for the minimal amount of public subsidy.”

3. In the years since this policy statement, the policy has been re-confirmed and no significant changes have been made to this policy position. However, it is clearly essential that Scottish Government action to deliver these aims should comply with the relevant EU legislation on State aid for maritime transport services. The ferries review will therefore reflect the outcome of the current EC investigation into subsidies to CalMac and NorthLink for maritime transport services in Scotland. Accordingly, and within the constraints of the relevant EU legislation that we expect will be clarified by that investigation, the ferries review is a chance to provide a ferry service that will achieve more balanced growth across Scotland, to give the most remote areas of Scotland the chance to contribute to, and benefit from, sustainable economic growth and therefore give them the chance to succeed.

Reason for the review

4. In Scotland’s National Transport Strategy (2006) a commitment was made to conduct a comprehensive review of lifeline ferry services, “to develop a long-term strategy for lifeline services to 2025. The review will include a detailed appraisal of routes to determine whether a better configuration could be developed in response to calls for new and faster connections serving those isolated communities and a

review of fares structures as part of a broader review of the affordability of public transport.”

5. This commitment was reinforced in the Clyde & Hebrides Ferry Services: Draft Service Specification: Consultation Response (2006). The response stated that views offered during the consultation exercise would be considered in shaping the final remit of the review of lifeline ferry services. The issues identified for possible inclusion were timetables, services, fares, integrated transport, parking problems, enhancing tourism, economic impacts, overland routes and vessels. All of these issues have been considered for the proposed scope.

6. The Transport Infrastructure and Climate Change Committee (TICCC) during their inquiry into ferry services in Scotland made specific recommendations regarding the review and during his appearance before the TICCC on 3 June 2008 the Minister for Transport, Infrastructure and Climate Change made various commitments in relation to the review.

Purpose of the review

7. The purpose of the review is:

- 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.
- To analyse the current lifeline ferry services and network, identifying how well it meets the proposed outcomes and how it links to other modal networks.
- To inform the Scottish Government’s long term strategy for lifeline ferry services in Scotland in time to feed in to the next spending review, and influence the next round of procurement of ferry services and supporting infrastructure.
- To identify policies to be taken forward to deliver the long term strategy, including the planned investment framework.

Proposed high level scope

General requirements

8. The review will be conducted within the context of what is technically, financially and legally possible.

9. Although it has been stated that the ferries strategy will be written to 2025, the Strategic Transport Projects Review is written to 2022. We therefore propose to write the ferries strategy to 2022 to keep the timing of the transport strategies aligned.

10. We propose to include all publically funded ferry services in the review. This includes those services funded by the Scottish Government and those funded by Local Authorities. We will engage with COSLA and with the appropriate Local

Authorities. The review will also take cognisance of the commercial services provided.

11. The review will consider the current position as well as considering what changes need to be made to meet needs into the future. The needs of passengers, cars, commercial vehicles and freight will all be considered.

12. The review will define our objectives in providing support to ferry services and clarify the criteria under which Scottish Government may fund particular services.

Methods of Delivery and Operation

13. In light of the National Conversation, we will consider the structures and powers required to help us deliver ferry services more effectively. We will consider the correct split of responsibilities between Scottish Government, Local Authorities, operators and CMAL.

Economic impacts

14. The review will identify where changes and improvements to ferry services can enable the creation of dynamic and growing economies for our island and remote rural communities.

15. The long-term strategy for lifeline ferry services will seek to reduce the disparity between the regions of Scotland, providing choices, opportunities and prosperity for businesses and individuals within our island and remote rural communities.

16. Enhancing Scotland's ferry services and related infrastructure are key to supporting business and employment opportunities in pursuit of a wealthier and fairer Scotland. Achieving change in travel patterns and mode is one of the greatest challenges in securing sustainable economic growth and is integral to securing a greener Scotland. Connectivity also plays a key role in building safer and stronger communities. Safer and stronger communities are fundamental to the attractiveness of Scotland as a place to live and work.

17. The ferries review is a chance to provide a ferry service that will achieve more balanced growth across Scotland, to give the most remote areas of Scotland the chance to contribute to, and benefit from, economic growth and therefore give them the chance to succeed.

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

Safety

19. Improve safety of journeys by reducing accidents and enhancing the personal safety of pedestrians, drivers, passengers and staff.

Funding, Cost and Affordability

20. The review will consider different funding mechanisms for ferries and will consider how affordable lifeline ferry services are to the Scottish Government and the public in the context of affordability of public transport more generally.

21. The review will consider the cost of ferries with the preliminary findings on high cost items such as ports and vessels being fed in to the spending review anticipated in Spring 2009. The detailed costing work will be carried out once the review has concluded and the strategy has been agreed.

Procurement

22. The review will include how lifeline ferry services should be procured. It will consider among other things; appropriate legislation and regulations, the use of PSOs and PSCs, how the routes should be bundled together, the need for a tendering system in future and flexibility in contracts.

Services and routes

23. Generally, the review will seek to improve reliability, journey times and connections. The review will consider the configuration of lifeline ferry routes that is needed in the future. This will include consideration of new routes and reconfiguration of existing routes. It will consider new and faster connections to serve the isolated communities.

24. The level of service required on the proposed routes will be considered. We will consider proposals such as extending sailing to the early morning and later evening, more frequent sailings and improved sailing times in winter. As part of this, we will consider the impact of alternative arrangements for crewing ferries.

25. Alternatives to ferry crossings such as tunnels, bridges and causeways will be identified. Detailed work to consider whether an alternative on any particular route is appropriate will be done after the initial review, once the overall strategy has been agreed.

Specific routes

26. As a general principle, no potential routes will be excluded from the review.

27. A shorter route from Jura to the mainland will be specifically considered as the Minister for Transport, Infrastructure and Climate Change committed the review to including this at his TICCC appearance on 3rd June 2008.

Competition

28. The review will consider opening routes up to competition from commercial providers. It will test whether the continued bundling of routes is the correct way forward.

Fares

29. The review will consider the scope for rationalisation of fares structures and whether through fares adjustments we could provide greater support for particularly vulnerable island communities. We will take into account the early information available from the RET pilot.

Vessels

30. The review will consider what vessels would be required to support the routes and services recommended by the review, what vessel replacement is required and future investment requirements more generally.

31. The review will consider the potential for introducing new vessels, including proposals such as:

- faster and more fuel-efficient vessels
- the use of catamarans
- replacing one large ferry with two or more smaller ferries
- leasing vessels rather than constructing them
- streamlining the process for procuring and constructing new vessels

Ports and Harbours

32. We will harness the opportunities that our geography provides through investment in our ports and harbours, enabling sustainable economic growth for our island and remote rural communities.

33. The review will consider what investment is required in port infrastructure to bring it up to the required standard. This will be in the context of supporting the routes and services recommended by the review and will include how ports and harbours should be funded and run.

Accessibility

34. We will involve the PTUC or MACS in our steering group, to provide the views of disabled users of ferry services. We will identify scope for bringing existing ferries and infrastructure up to modern standards wherever possible.

35. We will conduct an Equality Impact Assessment on the long-term strategy for life line ferry services in Scotland.

Environmental issues

36. Issues such as global carbon emissions, local emissions, global warming and fuel (availability, costs and alternative types) will be included in the review.

37. We will consider the need for a Strategic Environmental Assessment.

Integration

38. The principle of integration of routes with other modes of transport will be supported as part of the review.

Lifeline air routes

39. The interaction between lifeline ferry services and lifeline air services will be included as part of the review.

Freight

40. We will take account of the action in the Freight Action Plan 2006 which states that:

“In its review of lifeline ferry services in the Highlands and Islands, the Scottish Government - in partnership with Regional Transport Partnerships - will take full account of the freight requirements of businesses and communities. This will lead to targeted service enhancements and revised fare structures within the next tender period.”

41. The recently awarded Northern Isles lo-lo freight contract will be included as part of the review.

Exclusions

42. As well as detailing what we will include within the scope of the review, it is important to be clear about what will not be included. The issues to be excluded until the review has concluded and the strategy has been agreed are laid out below.

- The detailed work on timetabling.
- The detailed costing work.
- The detailed work to consider alternatives to ferry services.
- Detailed working on improving integration by making journey planning and ticketing easier and working to ensure smooth connection between different forms of transport.
- The Clyde & Hebrides Ferry Services: Draft Service Specification: Consultation Response (2006) identified parking problems for possible inclusion in the ferries review. Issues such as parking problems will be picked up when the policies being taken forward as part of the long term strategy have been agreed.
- The issue of whether there should be a Ferry Regulator. As previously discussed with the Minister, we would like to consider this in the context of the agreed ferries strategy so will consider the need for a Ferry Regulator after the review has concluded.

Consultation

43. We will liaise and consult with operators, users, local communities and local authorities. This will be done via:

- the groups set up as part of the project management structure
- on board surveys with passengers. These will be conducted during the Summer season in order to capture the tourist users.
- workshops with island and peninsular communities
- surveys of island residents

44. After the review is concluded and the proposed strategy has been agreed by Ministers, we will publish the proposal in the form of a public consultation document. It is envisaged that the public consultation will be web based and will be carried out between June and August 2009.

45. All recommendations made by the TICCC report will be included in the published document and it will clearly state what assessment was carried out, what conclusions were reached and why.

Review of existing material

46. We propose to undertake a comprehensive literature review. There are a number of existing and planned studies being undertaken which relate to lifeline ferry services in Scotland. In addition there are a large number of research papers that have already been published which give particular perspectives on aspects of lifeline ferry services.

47. We will take into account the substantial body of evidence that was received as part of the Transport, Infrastructure and Climate Change Committee's inquiry into Ferry Services in Scotland.

48. We are aware of studies currently being undertaken on the Mallaig – Lochboisdale route and through the Oban hub. We will ensure that any information available as a result of these studies is fed into the review.

Project Management

49. We propose to set up a Project Group, Project Board and Steering Group. The Project Group will be tasked with delivering the different pieces of work that make up the review. The Project Board will be made up of senior internal representatives and will oversee the project. The Steering Group will include internal and external representatives and will advise Ferries Division on key aspects of the review. The Stakeholder Group will consist of all those with an interest in the review. We will seek to build on the new ferry consultation arrangements led by Hitrans.

50. There will also be a stakeholder group, consisting of all those with an interest in the review, who will be kept informed of progress and be consulted as required.

51. There are a number of policy areas within the Scottish Government which will have an interest in the ferry review. These include other transport policies, rural policy development, initiative on the edge, enterprise and industry policy, tourism policy and climate change. Engagement will need to be throughout the review to ensure consistency with Scottish Government's priorities and outcomes, to align policy levers and to ensure shared ownership of the outcomes of the review for when the review is discussed at Cabinet level.

52. We propose to engage consultants to carry out the data collection required for the review. This will include on-board surveys and consultation with island residents and businesses. The data will then be analysed and modelled to let us understand the possible implications of different proposed routes. Data collection is anticipated to start within the next couple of weeks.

Long term strategy

53. Following the public consultation and completion of the review, a document will be published clearly articulating the decision on the way forward for ferry services in Scotland. The document will contain full information on how any proposals will be funded, the timescale for implementing change and the body or bodies to be charged with delivering change. Finally, the document should state how its proposals will take account of any decision reached by the European Union following its investigation into subsidies to CalMac Ferries and NorthLink Ferries.

Timeline

54. A full project plan will need to be developed for the review. At this early stage however, it is possible to identify some potential dates to take the process forward.

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| August 08 | Ministerial sign off of the high level scope and methodology for the review. |
| September 08 | Establishment of the project management arrangements for the review including setting up the required working groups. |
| October 08 | Agree detailed scope and methodology |
| August 08 to April 09 | Research undertaken |
| September 08 to April 09 | Other review tasks undertaken |
| April 09 | Feed preliminary feedback on large cost items such as ports and vessels into the spending review |
| April 09 - May 09 | Analyse reports, write draft strategy and public consultation paper |
| June 09 – August 09 | Public consultation |
| September 09 | Analyse results of public consultation, produce report and write final strategy |

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| September 09 | Submission to Ministers for approval |
| October 09 | Review and Strategy for lifeline ferry services published |
| October 09 – February 2010 | Further detailed analysis of recommended strategy, including STAGs. |
| Autumn 09 | Commence tendering for new Northern Isles service(s) |
| Autumn 2010 | Commence tendering for new Clyde & Hebrides service(s) |