

# 4 The Key Tasks and Our Approach To Them

## 4.1 Introduction

4.1.1 This entire proposal is for Work Package 2 only. This section sets out our approach which focuses in turn on the issues of:

- fares;
- funding;
- cost and affordability;
- integration;
- services and routes;
- environmental issues;
- co-ordination of all Work Packages; and
- drafting the Ferries Strategy for public consultation.

4.1.2 We propose to carry out the research by disaggregating the work into three separate sub-Work Packages with separate management and staffing teams under the over-arching co-ordination of a single project management team.

4.1.3 The sub-Work Packages are set out in Table 4.1 below.

**Table 4.1 Sub-Work Packages**

Sub-Work Package 2a	Sub-Work Package 2b	Sub-Work Package 2c
Fares	Integration	Co-ordination of all Work Packages
Funding	Services and routes	Drafting the Ferries Strategy
Cost and Affordability	Environmental issues	

4.1.4 The key reason for splitting the work into separate sub-Work Packages is to ensure that the timetable is delivered. Given the tight deadline, we believe that it is necessary for various elements of the work to be carried out in parallel.

4.1.5 The reason for splitting the various elements into these particular sub-packages is, we believe, because there are clear synergies across these areas.

4.1.6 While we propose that Work Package 2 is split into smaller sub-packages to help meet the deadline, it is important to emphasise that, due to the close links between the various elements, there will be strong communication links put in place to ensure effective co-ordination across all the sub-Work Packages. Indeed, our highly experienced Project Director and Project Manager for the Work Package overall will ensure effective coordination

of the three component packages to deliver a successful final product to meet the Scottish Government’s requirements. We will also ensure strong communication across all the elements of Work Packages 1 and 2 and with the Work Packages being carried out by CMAL and HIE. Further details are explained below under sub-Work Package 2c, which will have responsibility for co-ordination.

**4.2 Scope and Methodology - General**

- 4.2.1 The scope and methodology for each of the various elements of the sub-Work Packages is set out below.
- 4.2.2 Before discussing the methodology of the various sub-Work Packages, it is important to set out our proposed approach to the Project Inception and liaising between the various Work Packages. These will clearly be important tasks, given the large number of Work Packages, the tight timescale and the need to be clear about the objectives of the research at the outset. Our approach to the Project Inception and Work Package liaison is common to all three sub-Work Packages. It is therefore discussed separately before considering the detail of the rest of Work Package 2.
- 4.2.3 The aim of the Project Inception is to confirm our understanding of the Study Requirements and to incorporate any possible changes resulting from the tendering process, thereby ensuring the soundest foundation possible for the work. For a project of this importance, we would wish to begin with an Inception Meeting with you as soon after commissioning as possible to set up strong lines of communication that will maintain your satisfaction and confidence through the entire project. This would also ensure immediate lines of communication are set up with CMAL, HIE and the appointed consultants for Work Package 1, which is clearly a key factor in drafting the Ferries Strategy. It is anticipated that the first meeting of the Work Package managers arranged for February 2<sup>nd</sup> 2009 would provide a good opportunity to discuss the inception issues.

**Project Inception**

<b>Task 1a</b>	<b>Project Inception</b>
Objective	To establish your requirements more fully and agree on the methodological approach to Work Package 2. To establish contacts with the other Work Package managers and the Scottish Government Project Manager. Agree work programme and timescales to completion
Inputs	This proposal and Steering Group aspirations for the study.
Processes	Hold an Inception Meeting to agree administrative arrangements and other issues related to proposed methodology. Agree with Project Manager the key targets and aspirations of the Work Package and agree administrative arrangements for contacting other Work Package managers (Work Package 1 and also HIE and CMAL). Request relevant data.
Time Scale	Meeting on 2 February with Inception note completed during w/b 2 February

<b>Task 1a</b>	<b>Project Inception</b>
Key Staff	Paul McCartney, Neill Birch and Scott Leitham
Outputs	Agreed methodology and Inception Note following meeting arranged for 2 February.

#### Links with other Work Packages

<b>Task 1b</b>	<b>Work Package Liaison</b>
Objective	To ensure all Work Package managers, relevant Steering Group and Sub Group members are kept up to speed with issues and progress in Work Package 2. Also, to make sure the Work Package Manager is fully aware of progress in other Work Packages.
Inputs	Details of progress in Work Packages.
Processes	Meetings, e-mails and telephone.
Time Scale	2 February 2009 to 26 June 2009.
Key Staff	Paul McCartney, Neill Birch and Scott Leitham.
Outputs	Successfully delivered Work Package using inputs from other Work Packages.  Fortnightly e-mail bulletin to Steering Group and other relevant Work Package managers, highlighting work completed and planned activities for coming week(s).

- 4.2.4 Work Package 2 has clear linkages with a number of other packages. Not only will the issues considered under this Work Package impact on components of other Work Packages, but the issues being considered and analysed under other Work Packages will have implications for this work stream. For example, the economic Work Package and fares structures are inextricably linked as the fares that users pay can feed through into the economic performance of island communities. The paper outlining the objectives of the review explains that the review will '*...seek to maximise the opportunities for employment, business, leisure and tourism, and promoting social inclusion.*' It is clear that the fares structure, for example, can play an important part in contributing to these goals.
- 4.2.5 In addition, issues of funding and affordability will impact on competition being considered under Work Package 1 and also the future options for vessels and harbour infrastructure being considered by CMAL.
- 4.2.6 To ensure the analysis is robust it will therefore be extremely important to develop and maintain strong communication links between the various Work Package managers, as well as strong links with the Steering Group and Sub Groups. These issues are discussed in more detail later in this section under the 'co-ordination of Work Packages'.

### 4.3 Work Package 2a – Fares, Funding and Cost and Affordability

- 4.3.1 To simplify details of our approach, we have structured our methodology around a series of tables with brief supporting text where necessary.

### Methodology

- 4.3.2 We have structured our methodology around the details set out in the mini-tender brief. We will begin the project at the Work Package Managers Meeting scheduled for 2 February. This will provide an opportunity to meet with the relevant Steering Group members and other Work Package Project Managers. It will also allow us to confirm your requirements, establish the working relationships and start the process of data gathering and evidence assimilation. It will also be possible to discuss our intended methodological approach to the Work Package, which we set out below.

### Fares

- 4.3.3 A key element of this study will be to understand the aims and objectives of fares policy in the context of Scottish ferries eg sustaining remote communities, supporting economic growth, maintaining or increasing levels of social inclusion, etc. Typically, fares have been tailored to reflect a range of objectives and this Work Package will re-examine the approach to fares policy.

Task a1	Investigate Alternative Fares Structures
Objective	To explore alternative fares structures to existing and distance-based systems.
Inputs	RET Phase 1 Report, International ferry fares systems.
Processes	Desk based research.
Time Scale	2 February to 23 February.
Key Staff	Paul McCartney and Stephen Canning.
Outputs	Report on alternative fare structures.

- 4.3.4 The Brief explains that this element of the Work Package will consider the scope for rationalisation of fare structures and whether, through fare adjustments, the Scottish Government could provide greater support for particularly vulnerable island and remote communities.
- 4.3.5 The Scottish Government is already carrying out a pilot study to analyse the impact of introducing a Road Equivalent Tariff-based fares system on the Scottish ferry network. We are aware that the RET study investigated how the existing fares structure in Scotland evolved and how fares systems are designed in a number of other countries. The findings from this study will provide a useful contribution to this task.
- 4.3.6 The current fares system on the Clyde and Hebrides Ferry Services (CHFS) network in the west of Scotland has evolved from a combination of historic fares and the earlier CFares system that was in place during the 1990s. Under that system, fares on individual routes were set with the aim of meeting three key objectives. These were:

- **National Economic Objective** – to ensure that resources are used efficiently and in a cost-effective manner;

- **Local Economic Objective** – to maintain or improve economic and social conditions in the area; and
- **Financial Objective** – to produce a return to contribute towards resources for capital expenditure.

4.3.7 Since the 1990s however the fares across the network have tended to rise in line with inflation, using the government's official measures of the Retail Price Index and, in recent years, the Consumer Price Index.

4.3.8 The current fares on the routes to the Northern Isles reflect historical factors and the fares structure introduced by the current operator, NorthLink, in 2002. These fares were set to reflect the cost of introducing new vessels and different services after NorthLink replaced P&O as the incumbent operator.

4.3.9 Work Package a1 will begin by exploring alternative fares structures in place on other ferry networks across the world. The early phases of the RET study revealed that different governments have adopted different fares structures based on alternative objectives. For example, fares in some countries, like those on the CHFS and NorthLink networks, reflect historical fares and simply rise in line with inflation. In other countries, such as Sweden, ferry services are regarded as an extension of the road network and are therefore free for the majority of car users. In others, such as Denmark, there are no fares for those services connecting islands to the mainland. In other countries, fares are set to help achieve a range of wider objectives, such as:

- to cover the costs of providing the ferry service;
- promoting economic development in rural or remote areas;
- reversing trends in areas with declining populations;
- encouraging a redistribution of resources, economic growth and wealth;
- increasing levels of accessibility and social inclusion; or
- encouraging greater levels of tourism to generate higher levels of local economic prosperity.

4.3.10 We will therefore revisit the relevant phase of the RET study and explore alternative fares structures. This will be complemented by desk-based research exploring how fares are set in other countries with a ferry network. This will include fares for passengers, cars and larger commercial vehicles. It will also include an investigation of both fares on both public and private sector operated ferries.

4.3.11 The final output will set out the different fare mechanisms that exist and the opportunities for adopting these fare mechanisms on Scotland's ferry networks, including those financially supported by Local Authorities.

<b>Task a2</b>	<b>Impact of Different Fare Structures</b>
Objective	To examine the impact of different fare structures on communities across the network.
Inputs	Price Elasticity Analysis; Output from Task a1.
Processes	Spreadsheet model of demand impacts for various routes across the network.
Stakeholders/ Consultation	Scottish Government, HIE, Local Authorities and CalMac.
Time Scale	23 February 2009 to 17 April 2009
Key Staff	Paul McCartney and Stephen Canning.
Outputs	Report on impacts of different fare structures and impacts on Strategy outcomes.

- 4.3.12 Different fare structures could be adopted to help achieve different outcomes. We will visit the proposed outcomes for the Scottish Ferries Strategy and consider potential fare structures that could help achieve these outcomes over the short, medium and long term ie up to 2022 as the year covered by the Ferries Strategy. These will include the outcomes for the economy, accessibility, environment, safety, integration and the outcomes agreed for the Ferries Review. The aim will be to identify which types of fare structures would best meet the specified outcomes. It is anticipated that this exercise will involve close liaison with HIE and the consultants involved in carrying out the Economics Work Package.
- 4.3.13 One of the key factors required to ensure a robust assessment of the impact of a change in fares on demand, and therefore the objectives, will be figures for 'price elasticity of demand'. The price elasticity of demand measures the change in demand for a particular good in response to marginal changes in the price of that good.
- 4.3.14 The most recent piece of work on price elasticities for ferry fares is now out-of-date and to ensure a reliable examination of the impact of different fares, it will be necessary to carry out further work on how the behaviour of users (and indeed non-users) responds to changes in price. Our experienced Scottish-based Transport Economics team led by Paul McCartney, who is very familiar with the earlier work carried out by the then Scottish Office, will provide the key inputs to this work.

4.3.15 It will not be advisable to rely solely on the recorded change in demand as a result of the introduction of the RET pilot to generate figures for price elasticities for a number of reasons:

- price elasticities reflect marginal changes in fares and the changes under RET for the pilot study are not marginal – these can be classed as step changes in fares;
- the routes under the RET pilot study are relatively long and not necessarily representative of the rest of the network; and
- the RET pilot to date will not have captured the vast majority of the tourist market which will occur in the summer months.

4.3.16 Further analysis will therefore be required to gain a better understanding of price elasticities on the various routes across the network. The brief explains that '*Tenders will wish to gather information on 'price elasticity' and this information will be gathered through the Transport Scotland data collection exercise...*'.

4.3.17 This will be an important exercise and one that we understand has not yet been carried out. It is likely that price elasticities will differ for different types of users and routes. For example, changes to fares on short routes (for all carrying types) may have very different impacts from changes in fares on longer routes. The response to a change in fares for business users may be very different to the response of a leisure user. Also, the impact on demand from tourists, due to a change in fares, may be very different to the change in demand from local residents.

4.3.18 These issues will be extremely important for this study and, while the cost has not been included in our tender price, we would be happy to work with the Scottish Government to carry out a reliable stated preference exercise to obtain the price elasticity figures if desired. Although our full staffing proposals are presented later, it should be noted at this stage that our proposed Project Manager for this Work Package, Paul McCartney, is also our Project Manager for Transport Scotland's Data Collection Commission. While he is not directly involved in collecting data, he is well aware of which data are required under each commission and there will be a number of synergies across this Work Package and the Data Collection Commission. In addition, Paul and his team are familiar to the Transport Scotland Project Manager for the Data Collection Commission as well as the appointed consultants themselves. This established relationship would allow us to 'hit the ground running' when specifying data collection requirements.

4.3.19 After the figures for price elasticities have been established, the next stage will be to examine how changes in fares impact on demand on different routes and ultimately the island communities served by the ferries. Using the figures for price elasticities will allow an examination of how different fare structures will impact on communities across the network and how varying fares on routes can help achieve the proposed outcomes of the Scottish Ferries Strategy. In particular, the analysis will consider how different fare structures are likely to impact on different types of users on the various routes and the likely wider impacts for the local communities eg in economic, social and environmental terms.

## Funding

Task a3	Funding Analysis
Objective	To consider options for funding of ferry services in Scotland.
Inputs	Consultation with The Scottish Government, CalMac, NorthLink, CMAL and Local Authorities. Investigation of funding mechanisms abroad.
Processes	Desk based research and consultation.
Time Scale	9 March 2009 to 20 April 2009
Key Staff	Paul McCartney and Stephen Canning.
Outputs	Report on funding opportunities.

- 4.3.20 Under the current arrangements for central government funded ferry services, the Clyde and Hebrides Ferry Services (CHFS) and NorthLink services are put out to tender to comply with European legislation. The operators receive a grant from the Scottish Government to cover the funding deficit after costs and revenues are taken into account.
- 4.3.21 While the funding mechanisms adopted by Local Authorities to support council ferry services, such as those in Shetland, Orkney and Argyll & Bute, are different, the principles are similar in that the public authority covers the operating deficit.
- 4.3.22 As a starting point we will revisit the existing funding mechanisms used by the various public sector authorities in Scotland and prepare a paper for the client on the current mechanism and cost. The paper will include an investigation of the different criteria under which the public sector authorities can fund ferry services.
- 4.3.23 The next step will be to explore alternative options for funding, while remaining within the permitted legislative framework. This will look at alternative funding sources within local and central government, as well as potential opportunities of funding from private sector sources.
- 4.3.24 A key aspect of this task will be liaising with managers of other Work Packages (discussed in more detail below). For example, if certain routes can be provided commercially (Work Package 1) this will have an important bearing on the amount of funding required to support the rest of the network. Also, the opportunities for bundling routes (e.g. by large and small vessels, by geography or by individual routes) may have implications for funding if, say, costs increase due to the loss of economies of scale. All of these issues will be investigated, with a final report submitted outlining the impact of alternative options and whether they are relevant in the Scottish context.

### Cost and Affordability

Task a4	Cost and Affordability
Objective	To examine opportunities to improve the affordability of providing ferry services in Scotland.
Inputs	Financial data provision of ferry services.
Processes	Consultation and desk-based research to populate spreadsheet model considering opportunities to improve resource efficiency.
Stakeholders/ Consultation	CMAL, CalMac, NorthLink and Local Authorities.
Time Scale	20 April 2009 to 26 May 2009.
Key Staff	Paul McCartney, Stuart MacDonald and Stephen Canning.
Outputs	Report on issues affecting the affordability of ferry services and opportunities for improving affordability. Also consideration of affordability within the context of the provision of public transport as a whole.

- 4.3.25 The Brief, under 'exclusions', explains that detailed costing work will not be carried out until the Strategy has been agreed. It is assumed therefore that the aim of this element of the package is to identify, at a high-level, opportunities where savings can be made to some of the costs and therefore improve affordability.
- 4.3.26 The first step in this task will be to identify the various cost elements, what is driving these and how they have changed over time. We will also aim to compare these costs with similar services provided elsewhere, particularly in the UK.
- 4.3.27 We will also compare the affordability of ferry services with that of other transport modes in Scotland. This will consider issues such as the level of subsidy per passenger mile under different modes and how this fits within the wider objectives for transport.
- 4.3.28 Once the various costs have been identified, we will investigate the potential opportunities for reducing costs – leasing versus purchasing vessels, reduced operation in the winter, reducing staff costs, alternative fuels, etc. This will clearly involve close liaison with the other Work Package managers.

### Reporting

- 4.3.29 Each of the sub-Work Packages will conclude with a written report which will meet the deadlines set out in the tender brief. All of the reports will be written by the senior sub-Work Package Leaders, all of whom have strong written communication skills. The reports will be written to meet Scottish Government publication standards and will detail the range of options and supporting evidence used to arrive at the conclusions.

4.4 Work Package 2b – Integration, Services and Routes and Environmental Issues

- 4.4.1 This section sets out our approach to carrying out Work Package 2b. This covers, in particular, integration and services and routes. However, we also include details of how we will cover the environmental issues needed under this Work Package.
- 4.4.2 The methodology and approach is summarised diagrammatically in Figure 3.1 below and then discussed in more detail throughout this section.

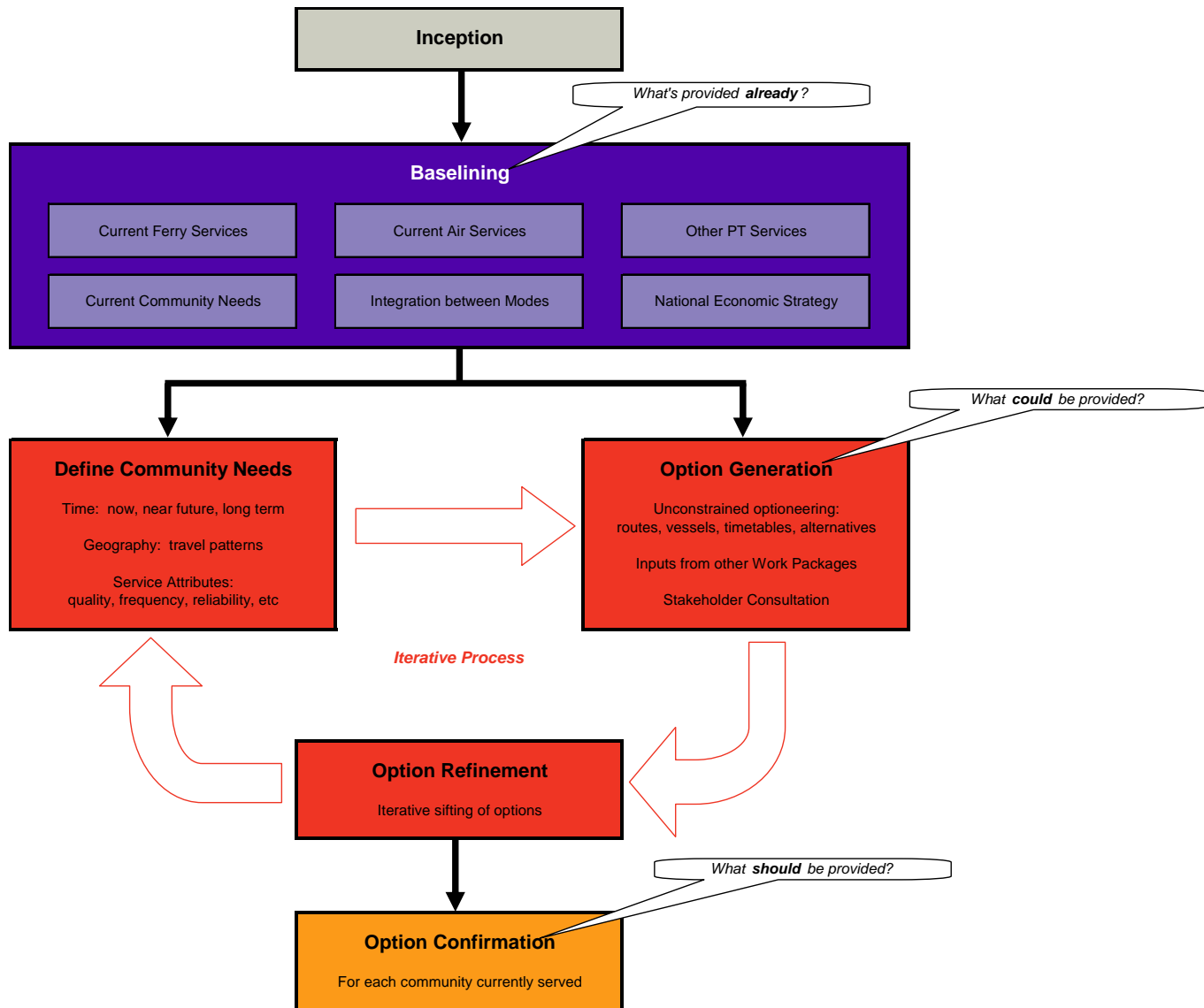


Figure 4.1 Approach and Methodology for sub-Work Package 2b

Baselineing

- 4.4.3 It is important that all team members rapidly gain a full picture of the issues, opportunities and challenges faced in this sub-Work Package. For this reason we will deploy a consistent team from start to finish, and the collection of baseline data will be undertaken by the same people who will then undertake its analysis, the optioneering / sifting, the identification of emerging options, and final reporting. This will all be co-ordinated by our sub-Work Package Leader **Neill Birch**, ably supported by the key staff identified later in this proposal.

4.4.4 Local community engagement is the key foundation on which this element of the Review must be based, and a particular challenge is posed by the geographically dispersed nature of the study area. For this reason we anticipate structuring our approach around a number (probably four) of **Community Engagement Leaders**. They will be allocated specific communities on a geographical basis so that they can become thoroughly familiar with all the local issues and stakeholders – they will see the development of a community-led solution through from baselining to final reporting, under the close supervision of the sub-Work Package Leader and his assistant.

Task b1	Baselining
Objective	To understand what is already being provided and why.
Inputs	Data assembled during inception and as a result of emerging data requirements.
Processes	<p>Assemble data on existing ferry services, current air services within Scotland and develop data base of other public transport services providing links to / from ferry ports.</p> <p>Identify existing integration between modes at ferry ports – either formal (ie advertised connections) or <i>de facto</i>.</p> <p>Review Government Economic Strategy and associated policies, to provide a clear picture of future needs and aspirations if ferries are to contribute to delivering economic growth.</p> <p>Carry out baselining exercise to identify potential environmental issues as highlighted in the brief, and as relevant to this Work Package.</p> <p>Initiate stakeholder consultation – to help identify data sources, provide understanding of current situation, and discuss future aspirations/plans.</p>
Stakeholders/ Consultation	Consultation with key stakeholders and individual members of Steering Group.
Time Scale	Completed by 23 February 2009.
Key Staff	Andrew Bagnall, Simon Cartwright, Kate Skellington Orr, community engagement leaders and appropriate support.
Outputs	<p>Complete dataset relating to ferry services and public transport connections.</p> <p>Targeted review of Government Economic Strategy.</p> <p>Meeting Notes from stakeholder consultation.</p>

### Generating and Sifting Options

4.4.5 This task centres around a definition of community needs, so that we ensure lifeline services are clearly aligned to those requirements which will support and enhance connectivity in such a way that remote rural areas can flourish. As we explain below, this will essentially be an iterative process, with a need for feedback of emerging options to continually “test” them against the established needs.

## 4 The Key Tasks and Our Approach To Them

- 4.4.6 It will be necessary to approach this process largely on a community-by-community basis (whilst recognising that in a few instances a “community” may be served by more than one existing ferry service and / or by a variety of different future possible options). To achieve this we have provided for sufficient staff time to allow this process to proceed in parallel for a number of geographical areas, whilst our sub-Work Package Leader will ensure that synergies and interactions are identified and realised.
- 4.4.7 As we have already highlighted, transport is a derived demand – few people travel for its own sake, in most cases transport is required simply to get from A to B to carry out a particular function. Where ferries are involved there is likely to be an element of trip-chaining (eg a resident of Arran wishing to travel to Glasgow will have a minimum of three “legs” to their journey, only one of which involves a ferry). **Hence the analysis and understanding of potential integration between modes will be an intrinsic part of this group of tasks.**

Task b2	Define Community Needs
Objective	To identify the transport requirements of specific communities.
Inputs	Outputs from Task b1.
Processes	<p>Initiate community consultation and associated research.</p> <p>Use data collected and consultation responses to define “typical” travel patterns for each community – with an indication of volumes, frequencies, seasonality, etc.</p> <p>Consider medium and long term influences which may impact on these travel patterns (eg changes to education policies or health care provision), or other aspirations (eg from the Government’s Economic Strategy).</p> <p>Identify the important demand drivers for key user groups – focused on aspirations for quality, the impact of frequency <i>vis-à-vis</i> reliability, the needs of different user groups, etc.</p> <p>Identify key requirements relating to integration.</p> <p>SWOT analysis on a community-by-community basis.</p> <p>Analysis of problems, opportunities, issues and constraints.</p>
Stakeholders/ Consultation	A community engagement programme will be agreed which allows all interested communities to have an opportunity input to their SWOT analysis and to highlight particular unmet needs or aspirations.
Time Scale	16 February 2009 to 20 March 2009.
Key Staff	Neill Birch, Andrew Bagnall, Kate Skellington Orr and teams of consulting staff – with specific community focus.
Outputs	Clear articulation of community needs – both directly expressed (through consultation) and indirectly identified (through analysis of travel patterns).

<b>Task b3</b>	<b>Option Generation</b>
Objective	To identify what ferry services could be provided.
Inputs	<p>Community Needs (Task b2).</p> <p>Potential methods of delivery / procurement (Work Package 1).</p> <p>The impact of fares and affordability (sub-Work Package 2a).</p> <p>The needs of freight (Work Package 1).</p> <p>Potential availability of vessels, alternative designs, etc.</p> <p>Current/future infrastructure constraints.</p> <p>Other concurrent work (eg Ullapool - Stornoway STAG study, Orkney Ferry Review).</p>
Processes	<p>Undertake an initial unconstrained optioneering exercise to identify all potential solutions to the community needs identified in Task b2.</p> <p>Review suitable alternatives to ferry travel (eg air travel, bridges / causeways).</p> <p>Review alternative ferry routes.</p> <p>Identify potential benefits of altering vessel types, timetables, etc.</p> <p>Use STAG principles or Ferries Review Outcomes to undertake initial sift informed by emerging work from other Work Packages and advice from Steering Group members (where appropriate).</p> <p>Sift based on (amongst other factors): feasibility, affordability, timescale for delivery, public acceptability.</p>
Stakeholders/ Consultation	<p>Feed in results from community engagement programme.</p> <p>Undertake ongoing dialogue with stakeholders (Steering Group, existing / potential operators, local councils, Transport Scotland, etc).</p>
Time Scale	9 March to 3 April 2009.
Key Staff	Neill Birch, Stuart MacDonald, Jon Crockett.
Outputs	Sifted list of possible options for further consideration.

Task b4	Option Refinement
Objective	To move towards a preferred option (or options) for each community.
Inputs	Sifted list of possible options for further consideration (Task b3). Continuing feedback from other Work Packages. Continuing feedback from stakeholders. Outputs from other concurrent work. Environmental issues.
Processes	There will be an iterative process to refine the “long list” of possible options for each community.  This will be undertaken by feeding back possible options to test against the established needs of each community (Task b2) and the Review’s Outcomes.  Review the identified community needs to ensure that they remain tenable and realistic in the face of emerging deliverable solutions – eg that improved frequency can be justified by tangible community benefits.  Continue to review options relating to vessels, crewing, timetables and the continuing parallel work, to further inform the sifting process.  Identify “synergy” benefits – eg the potential advantages to be gained by establishing a series of hubs at which resources can be concentrated.  Investigate and confirm the benefits from integration of modes – and the potential costs of delivery.  Investigate impact on community accessibility to key destinations (such as health care and education facilities, work opportunities, etc).  Continue iterating round feedback loop until suitable option(s) emerge for each community.
Stakeholders/ Consultation	Appropriate discussions with stakeholders to inform the sifting process and ensure buy-in as options are discarded.
Time Scale	30 March to 24 April 2009.
Key Staff	Neill Birch leading appropriate community-focused teams; connectivity analysis led by Lucy Barker.
Outputs	Option Development Note for each community, setting out initial options identified, sifting undertaken, and emerging solution(s).

- 4.4.8 As we highlighted at the start of this section, consideration of integration will be integral to our whole approach – as part of the iterative process we will consider the specific impacts on existing and potential future arrangements for **integration**. Because we are being led firmly by a robust understanding of actual travel patterns, then we can ensure that we target integration arrangements accordingly, making sure that they are of genuine benefit to the communities the ferry network serves. As part of the option confirmation process described below, we would therefore undertake a final specific exercise to “reassess” future proposals against current integration levels and ensure that there have been no adverse impacts on existing arrangements.

**Option Confirmation, Integration Assessment, Reporting**

<b>Task b5</b>	<b>Integration Assessment</b>
Objective	To reassess integration arrangements relating to the likely preferred option(s).
Inputs	Possible option(s) for each community.
Processes	We will review the emerging ferry network in a wider public transport context, and "test" the option(s) for each community against existing integration arrangements to check that useful facilities will still be offered. Where necessary we will either review the emerging option to enhance integration, or at the least highlight any potential issues/failings which would need to be taken into account during the detailed work on each option (eg aligning scheduled arrival/departure times between ferry and connecting mode).
Stakeholders/ Consultation	By this stage it would be prudent to restrict discussions to the Steering Group given the previous consultations with stakeholders and the tight timetable.
Time Scale	27 April to 7 May 2009.
Key Staff	Neill Birch and Andrew Bagnall.
Outputs	Input to final Option Confirmation process (Task b6).

<b>Task b6</b>	<b>Option Confirmation</b>
Objective	To recommend what should be provided.
Inputs	Possible option(s) for each community.
Processes	<p>We will review the outcome of the final sifting and carry out a final sense check looking at:</p> <p>Deliverability/feasibility;</p> <p>Fit with Community Needs;</p> <p>Synergy across the whole network; and</p> <p>Environmental impacts.</p> <p>We will also develop a “joined up” plan which sets out the principal identified travel needs for each community and how these can be delivered through the recommended option(s) – where appropriate integrated with other modes such as rail or bus.</p> <p>Where emerging options pose identified “difficulties” (eg public acceptability, new infrastructure requirements, etc) then we will identify a suitable “fall back” option.</p> <p>We will prepare suitable inputs to the draft Ferry Strategy as well as documentation/presentations as agreed with the Steering Group.</p>
Stakeholders/ Consultation	By this stage it would be prudent to restrict discussions to the Steering Group.
Time Scale	27 April to 28 May 2009.
Key Staff	Neill Birch, Andrew Bagnall and Kate Skellington Orr.
Outputs	Appropriate documentation to sub-Work Package 2c (co-ordination of Work Packages) and Steering Group.

### Reporting

- 4.4.9 A final report covering sub-Work Package 2b will be delivered to meet the Scottish Government’s deadline of end May 2009. Reports will be submitted to the Scottish Government and other relevant Work Package Managers throughout the research period covering all the separate tasks and looking at the analysis of the options under each task. These reports will be compiled into a single final report in May 2009 having taken on board the comments on the interim reports from The Scottish Government, Steering Group members, other sub-Work Package Managers, etc. The final report will be written by senior members of the study Management Team and will be to the Government’s quality standards.

### Environmental Issues

- 4.4.10 The impact on the environment from all Government decisions on policies, programmes and projects is clearly extremely important. The Scottish Government has made a number of serious commitments to tackling climate change and other environmental impacts. The impact on the environment from transport is of particular importance and identifying and estimating how the delivery of ferry services contributes to environmental objectives and outcomes will be a crucial part of this research exercise.

- 4.4.11 Our environmental sub-consultants, Natural Capital, led by Annie Say (see Project Team below in Chapter 9) will provide expert advice to all our sub-Work Package teams throughout the process. Advice will be provided on how the various options considered impact across a range of environmental criteria. For example, different fares structures would have different impacts on demand and people's travel behaviour more generally which in turn will have different impacts on emissions e.g. a reduction in fares could lead to a rise in car trips as people holiday in Scotland more, but this could be at the expense of foreign holidays when people tend to fly.
- 4.4.12 We propose to adopt a similar approach to that outlined in the STAG guidance where Appraisal Summary Tables set out the impact of options across a range of sub-criteria, such as local air quality (PM<sub>10</sub>), global air quality (CO<sub>2</sub>), noise and vibration, habitats, etc. In this way, an indication of the environmental impact of the various options considered in each sub-Work Package would be presented to the Scottish Government to ensure awareness of the overall impact of the Ferries Strategy.
- 4.4.13 Our environmental sub-consultants are very aware of potential environmental impacts generated by ferry services having already worked on a range of ferry studies. They are also currently working with us on the Campbeltown – Balycastle appraisal for the Scottish Government and the Lismore and Ullapool – Stornoway STAG studies for CMAL.

### **4.5 Work Package 2c - Co-ordination of all Work Packages and Drafting the Ferries Strategy for Public Consultation**

- 4.5.1 This Chapter sets out our approach to carrying out Work Package 2c on Co-ordination of Work Package Managers and Drafting the Ferry Strategy for Public Consultation.

#### **Management and Staffing**

- 4.5.2 The key to Work Package 2c is strong project management, the ability to work with a wide range of interested parties with a light, but nonetheless persuasive touch. We have thought carefully about how best to deliver this sub-Work Package and believe it needs a senior and experienced Project Management team with experience of working with a number of groups providing different inputs and strong written communication skills.
- 4.5.3 Given the importance of this Work Package we propose Scott Leitham leads this task. Scott previously project managed the development of the well-received SEStran Regional Transport Strategy. This work involved the co-ordination of a wide stakeholder group and was successfully delivered in a very short timescale.
- 4.5.4 Crucially, Scott will work very closely with Paul McCartney (our proposed Project Manager for Work Package 2 as a whole and sub-Work Package 2a) and Neill Birch (our proposed sub-Work Package manager for Work Package 2b). Between the three we have the ability to cover, at a senior level, all possible meetings and ensure the closest possible relationship on this crucial sub-Work Package. We also include Dougie McDonald as Project Director to provide further senior resource and management expertise. Full staffing details are provided later in the proposal.

### General Approach

- 4.5.5 Sub-Work Package 2c can be considered to comprise two main elements:
- Co-ordination of Work Package Managers; and
  - Drafting the Strategy for Public Consultation.
- 4.5.6 We discuss our intended approach to both of these below. We have developed our approach with consideration of the complex inter-relationships which have to be managed and the timescales available for the drafting of the strategy for public consultation.
- 4.5.7 The timeline outlined in Annex B to the Brief suggests that drafting of the strategy should take place during June 2009 with the document being available for consultation thereafter. This will be a complex project and leaving drafting to such a short timeframe presents clear risks. We fully expect significant comment and consideration of the draft strategy document as it emerges – from the Steering Group, from Scottish Government and from Ministers. Our experience suggests this will not be quick and it will not be easy. We therefore suggest an approach which, from the outset, has the aim of directing and informing the various Work Package activities with at least one eye on the intended outcome – a strategy suitable for public consultation.
- 4.5.8 We aim to be fully conversant with the work ongoing on all Work Packages at all times, maximising our opportunities to direct effort on each towards the end goal. To achieve this, we will attend all Work Package progress meetings and provide a reliable secretariat to the project.

### Co-ordination of Work Package Managers

- 4.5.9 Managing a range of different work streams always provides a challenge and it requires strong and pro-active management to ensure a successful delivery. The challenge increases when a wide range of technical disciplines are involved and when different work streams are working to different timetables. It increases further when several organisations are involved and further still when those organisations are located in different parts of the country.
- 4.5.10 The effort to co-ordinate the various activities cannot be underestimated which is why we propose Scott Leitham, one of our most highly experienced consultants with the appropriate skills to carry out this task.
- 4.5.11 From the outset, we want to gain a full understanding of the Plan for each Work Package and its timetable and how the inter-relationships will work. Normally when putting together a multi-work package project ourselves we would develop an over-arching work programme in MS Project and ensure that all the inter-relationships are planned from the outset. Given that the various Work Packages are being procured separately for this Study, we see it as vital that we immediately draw together the work programmes and discuss and resolve any potential issues.

<b>Task c1</b>	<b>Co-ordinate Work Packages Timetables</b>
Objective	To ensure we fully understand the approach and timescales of each Work Package and develop a linked work programme.
Inputs	Methodology statements and timetables for each Work Package.
Processes	Collate work programmes into a single MS Project file. Review methodology statements to ensure an understanding of the processes proposed. Discuss and resolve any conflicts or ambiguities.
Stakeholders/ Consultation	All Work Package Managers, Client and Steering Group.
Time Scale	2nd to 23 <sup>rd</sup> February.
Key Staff	Scott Leitham.
Outputs	A Co-ordinated Work Programme for all to work to. A list of inter-relationships for dissemination to all parties.

- 4.5.12 An additional benefit of Task c1 will be the ability to ensure no duplication of effort. Where we see the potential for this, we will draw the matter to the attention of relevant parties and seek a solution. The aim will be to ensure that the work is carried out by the most appropriate party at all times. This will bring cost economies and a better co-ordinated final product.
- 4.5.13 The co-ordinated work programme will be the key study management tool and driver of activities and milestones. Given the challenging timescales for the work, we suggest regular fortnightly meetings of the Work Package Managers and a weekly progress report circulation to that timetable.

<b>Task c2</b>	<b>Regular Progress Co-ordination</b>
Objective	To ensure all Work Package Managers are aware of progress on other Work Packages. To ensure client and Steering Group are aware of progress and issues arising.
Inputs	Fortnightly progress reports from Work Package Managers.
Processes	Collation and circulation of progress reports with an over-arching commentary on emerging issues.
Stakeholders/ Consultation	All Work Package Managers, Client and Steering Group.
Time Scale	Fortnightly throughout study.
Key Staff	Paul McCartney, Scott Leitham and Neill Birch.
Outputs	Fortnightly progress and issues reports.

- 4.5.14 It is essential that the manager of this element of Work Package 2 has close links to the Client and the Steering Group and has the drive and enthusiasm to deliver this challenging project. We are very confident in our ability to do so. In fact, the approach we suggest to this element of the Work Package provides what amounts to a secretariat function to the Steering Group and Client and we would be pleased to extend the role to meet such requirements.
- 4.5.15 One other aspect of co-ordination which we have considered is sharing of information. We believe this will be vital on this project and whilst it can be managed to some extent by e-mail circulation we would wish to discuss with you the use of web-based hosting and use of our Workspace document management system, both of which could provide additional benefits in terms of accessibility and document control and ensure an efficient process and successful delivery of the draft Strategy.
- 4.5.16 In addition to the proposed meetings of the Work Package Managers, as set out in the brief, we aim to:
- send out regular weekly progress reports to all Work Package Managers and relevant representatives on the sub groups;
  - distribute more detailed progress reports and discuss common issues, in depth via face-to-face, telephone or e-mail, with Work Package Managers who have a strong interest in issues considered under Work Package 2;
  - as above, with interested representatives on the Steering Groups and Sub Groups;
  - seek regular updates from Work Package Managers considering and analysing issues affecting Work Package 2; and
  - seek agreement with other Work Package Managers on common assumptions to ensure consistency across work packages.

### Drafting the Strategy for Public Consultation

- 4.5.17 As indicated earlier, we believe there is considerable merit in defining the style and shape of the Strategy document early in the Review process. The Strategy document is the key output. Focussing on it from the beginning will ensure that all of the work, undertaken in a challenging timeframe, will have the correct focus.
- 4.5.18 Although Annex B to the Brief provides a summary of the key issues to be covered by the Strategy and the Brief itself defines the questions to which answers are ultimately sought, the presentation of the material to elicit an appropriate response will be key.
- 4.5.19 We therefore propose to produce an early draft structure for the Strategy in terms of style and content for discussion amongst the Steering Group and the Client. This will assist in understanding where and how technical background material is presented and the level of detail of the Strategy document itself. It will also assist in defining those responsible for ensuring that inter-relationships are managed effectively.
- 4.5.20 We are committed to producing a Strategy which is presented as clearly and as concisely as possible. However, the wide range of topics defined in Annex B of the mini-tender brief will generate a lot of important information and we have to consider whether and how to make that accessible.
- 4.5.21 The Strategy itself has to cover the period to 2022 but there may be intermediate time horizons which are important. These may influence how the document is structured. The Strategy has to take account of emerging EU competition requirements and other over-arching constraints (eg vessels) and they too could influence how the Strategy is structured. Other important dimensions are the technical, legal and financial framework. In other words, there are many issues to be covered and many ways in which the document could deal with them. Considering this from the outset could mitigate potentially problematic issues.
- 4.5.22 We envisage that, no matter the structure chosen, the Strategy document will initially be a large document requiring editing down. The inputs will come from many sources and will contain a range of writing styles. Our job will be to produce a single author document concise enough for dissemination to the general public but supported with appropriate technical rigour for the Client and Steering Group.
- 4.5.23 We further envisage that the document will be similar in style to other recent Scottish Government consultations such as the National Planning Framework, the National Transport Strategy and the Road Safety Strategy but that will depend on how the consultation will be undertaken. It is therefore worth considering, as the document is being prepared, how it will be used. We would therefore wish to discuss use of web versions and hard copies, how maps are handled and a number of other important issues.

Task c3	Strategy Drafting
Objective	To prepare a draft Ferries Strategy for public consultation.
Inputs	The main deliverables from all other Work Packages.
Processes	Define and consult with Client on possible Strategy structures. Ensure all Work Package managers are aware of the defined Strategy structure and what is expected from them in terms of inputs to the Strategy.
Stakeholders/ Consultation	Work Package managers, the Client and Steering Group.
Time Scale	Prepare draft structure for Client discussion Complete Strategy drafting by end of June 2009.
Key Staff	Scott Leitham, Alan Shirley and consultant support.
Outputs	A Strategy for public consultation.

#### 4.6 Work Programme

4.6.1 Our proposed Work Programme is provided at the end of this chapter. The key points to note are:

- we expect to have a co-ordinated work programme three weeks after commissioning;
- we expect to have a full appreciation of all background issues one week after that;
- all Work Packages are programmed to feed into Strategy drafting by the end of May 2009; and
- a draft Strategy will be completed by end of June 2009.

4.6.2 Maintaining this timetable will ensure public consultation can commence from June 2009.

4.6.3 A summary of the key dates is provided below.

##### Work Package 2

- Task 1a: Project Inception: **Week Beginning 2 February 2009**
- Task 1b: Work Package liaison: **February 2009 to June 26 2009**

##### Sub-Work Package 2a: Fares, Funding, Cost and Affordability

- Task a1 – Investigate Alternative Fare Structures: **23 February 2009**
- Task a2 – Impact of Different Fare Structures: **17 April 2009**
- Task a3 – Funding Analysis: **20 April 2009**
- Task a4 – Cost and Affordability: **26 May 2009**

##### Sub Work Package 2b: Integration, Services and Routes

- Task b1 – Baselineing: **23 February 2009**
- Task b2 – Define Community Needs: **20 March 2009**
- Task b3 – Option Generation: **3 April 2009**
- Task b4 – Option Refinement: **24 April 2009**
- Task b5 – Integration Assessment: **7 May 2009**
- Task b6 – Option Confirmation: **28 May 2009**

**Sub Work Package 2c: Coordination of all Work Packages and Drafting the Ferries Strategy for Public Consultation**

- Task c1 – Co-ordinate Work Package Timetables: **23 February 2009**
- Task c2 - Regular Progress co-ordination: **Fortnightly**
- Task c3 – Completed Draft Strategy for Public Consultation: **end June 2009**