

**The Highland Council**  
**Redesign Board Workshop – January 2017**

Agenda Item	
Report No	

**Transport Services**

**Report by Transport Services Redesign Review Group**

**Summary**

This report details the findings of the Transport Services Redesign Review Group, and makes recommendations for the future operation of Local Transport Strategy, Statutory Quality Partnership, Public and Community Transport and Corran Ferry.

**1. Background**

- 1.1 Between November 2016 and January 2017, the Transport Services Redesign Review Group was charged with looking at the following transport services:

TS1 Local Transport Strategy  
TS2 Statutory Quality Partnership  
TS3 Public and Community Transport  
TS4 Corran Ferry

- 1.2 The Review Group has consulted the following:

- Director of Community Services
- Head of Planning and Building Standards
- Transport Planning Manager
- Head of Infrastructure
- Head of Resources
- Policy and Programmes Manager
- Services Finance Manager
- Joint Head of Commercial and Procurement Services (Aberdeen City/Aberdeenshire/Highland)
- Principal Traffic Officer
- Transport Coordination Unit
- Roads Operations Manager – Lochaber, Nairn, Badenoch and Strathspey
- Corran Ferry crew members
- HITRANS
- Community Transport Association
- Badenoch and Strathspey Community Transport Company
- Citizens Panel.

The review group has also received guidance and advice from the five Redesign Champions as well as advice from HR, Health Safety and Wellbeing and the Policy Team. Extensive information has been obtained from committee and budget reports.

## **2. Local Transport Strategy**

2.1 The Local Transport Strategy (LTS) is not a statutory function. Strategic transport issues are covered in the (statutory) Regional Transport Strategy, which HITRANS is responsible for, which in turn reflects national priorities (the National Transport Strategy was refreshed/updated in Jan 2016). LTS is useful for development planning, planning gain etc. and has now been incorporated into the Council's Local Development Plan process.

## **2.2 Meeting the Council's Affordability Challenge**

No specific budget is allocated to the LTS so there is no opportunity to deliver savings.

## **2.3 Recommendations**

TS1 Council continues with the current arrangements, whereby the Local Transport Strategy is incorporated into the Local Development Plan process.

## **3. Statutory Quality Partnership**

3.1 A Statutory Quality Partnership, despite the name, is entirely discretionary. The Council has the power to create an SQP if it chooses to. Statutory refers to the fact that the power to create and enforce an SQP is based on statute, not that every Transport Authority has to create one. The SQP commits bus operators to sign up to Bus Operator Standards of Service. These are set out in the partnership agreement and cover things such as vehicle specifications and service frequency. In return SQP commits HC and HITRANS to deliver infrastructure improvements including:

- Bus stop infrastructure
- Real Time Passenger Information
- Bus priority measures (bus lanes, bus priority junctions etc.)
- Traffic Regulation Orders (bus friendly restrictions on waiting and loading)
- Ongoing maintenance.

This is the only control HC has over commercial bus services. The proposed SQP covers Inverness (where mostly commercial services operate) and does not commit HC to any work additional to that already planned. Additional investment (£700K) has been received from Scottish Government through Bus Improvement Grant, which has been used to invest in the measures outlined above and new buses for Stagecoach. Development of an SQP was included in the Bus Improvement Grant proposal.

### **3.2 Meeting the Council's Affordability Challenge**

No specific budget is allocated to the SQP so there is no opportunity to deliver savings.

### **3.3 Recommendation**

TS2 Council continues with the proposed SQP.

## **4. Public and Community Transport**

Public and community transport are not statutory. School transport, which is closely tied to public transport, is a statutory function. The Redesign Board classified public and community transport as desirable (high).

### **4.1 Public Transport**

The current public transport network is shown on the map in Appendix 1. The network comprises the following:

#### Commercial Services

These are commercially operated and the Council has no control over routes, timings or fares on these services. However the development of a Statutory Quality Partnership, such as that proposed for Inverness, commits operators to maintaining service quality including network frequency and vehicle standards. The commercial network connects Inverness with Thurso, Wick, Nairn (and A96 east), Aviemore (and A9 south), Uig, Dingwall and Ullapool as well as Inverness urban routes. Commercial services also connect Fort William with Glasgow, Oban and Uig.

#### Commercial Services with Limited HC Support

These are commercial services where the Council contracts the operator to provide additional journeys that otherwise would not be commercially viable, typically these are evening and weekend services on otherwise commercially viable routes. Examples include Dingwall – Beaulieu – Inverness, Black Isle to Inverness and Inverness to Fort William.

#### Contracted Services on Non-commercial Routes

HC supports a Highland-wide network by identifying gaps in the commercial network and contracting operators to provide services that would otherwise not operate. This is achieved through a Highland-wide tendering process every 5 years, with the latest round recently completed through the Transport Programme (see below). The contractor keeps the fare income and receives additional payment from HC. The Council specifies service levels and fares in the contract. The majority of these services are closely linked to school services. Also includes dial-a-bus services and subsidised taxis.

### **4.2 Home-to-School Transport**

There is a statutory duty to provide home-to-school transport for entitled

pupils. Entitled pupils are those who live more than 3 miles from the school whose catchment they live in (or more than 2 miles if aged under 8) or over a shorter distance if there is no safe walking route. There are some other provisions, e.g. for Additional Support Needs. Pupils attending schools outwith their catchment or who live nearer the schools are not entitled to transport, but may pay for a "privilege" place if there are spare seats on a suitable route.

There are four types of school transport for entitled pupils:

- Dedicated school transport – this is a bus, taxi or car service that only carries pupils to and from school
- School/ Public bus – a school bus that also allows members of the public to travel on the bus
- Public bus – pupils are given tickets to travel on regular public service buses or other modes (trains, ferries etc.) – most of these are contracted but in a few cases tickets are purchased on commercial services
- Parent transport – Parents are compensated (50p per mile) for taking their children to and from school.

#### **4.3 Interdependency of Public and Home-to-School Transport**

In many cases the Council has combined school and public transport needs into one contract so that operators are enabled to maximise the use of vehicle and driver. This efficiency has evolved over several years and delivers more provision for the available budget than if the two were not linked. However this creates some significant risks to the future redesign of transport services:

- If the Council decides not to contract any non-commercial services, the cost of providing school transport alone is likely to rise, because the operator still has to be pay bus capital costs and fixed running costs (insurance etc.) although there would be savings on wages and fuel.
- Smaller operators may not be able to cover their running costs through school-only contracts and decide to wind up the business, meaning that there is reduced competition for routes or even no operator willing to provide the school services. The impact is two-fold: damage to the local economy and the Council is unable to deliver its statutory duty.
- The complex linkages between school and public transport make redesigning the service network very difficult as there are so many interdependencies. This is compounded by retendering all of Highland at the same time, and although this "big bang" approach is more efficient in terms of officer time, it inhibits development and change in the network.

Some operators have also opened routes tendered as dedicated school transport to the public, and/or have used school transport vehicles to provide off-peak bus services commercially. These approaches have been encouraged by the Council because they increase the total amount of public transport available.

## **4.4 Community Transport**

### **4.4.1 Current Position**

The Council currently supports 25 community transport projects (see Appendix 2) with grants totalling £0.376m per year for the next 3 years (up to and including FY18/19). While these projects are based in communities across Highland there are many communities where, due to lack of community capacity or interest, there is no community transport available. Funded projects are mostly in rural areas, although there are projects in some towns including Inverness, Nairn and Fort William. The projects range from community car schemes to demand-responsive public bus routes. Responses from the Citizen's Panel with regard to community transport were mixed: while 58% agreed that resources should be targeted at community transport, only 16% were themselves willing or able to volunteer or help in other ways, with key barriers being lack of time, work or family commitments and health reasons. 32% stated they were not qualified to drive minibuses – formerly this (Category D1) was an automatic entitlement, but since 1997 new drivers have had to take a separate driving test costing £115 plus typical training costs of £500-£600.

### **4.4.2 Community Transport Case Studies**

#### Glenelg and Arnisdale Bus Users Group

The group co-ordinates a pre-booked, public (i.e. open to all) service providing a subsidised taxi that connects Glenelg with the commercial network (Citylink) at Shiel Bridge. The service only operates in the evening, complementing a Council contracted bus service which runs in daytime only Glenelg – Kyle of Lochalsh (via Shiel Bridge). Tickets (£3) are available from village shop or online and a local taxi firm provides the car which the passenger books direct. The scheme is supported by HC Community Transport Grant (£3,100/yr).

The service offers a connection at Shiel Bridge allowing day return journeys to Inverness or evening arrival to Glenelg. The financial support required for the service is minimal for the connection to the transport network it affords the community. The system is simple and low maintenance.

#### Badenoch and Strathspey Community Transport Company

Badenoch and Strathspey Community Transport Company (B&SCTC) runs a range of community transport services including a community car scheme and "Section 19" services to activities such as day care. These services are open to B&SCTC Members only, of which there are over 1,600. Membership (and services) are aimed at the elderly, disabled and those with no access to transport. B&SCTC also runs a "Section 22" (i.e. open to all) dial-a-bus service throughout Badenoch and Strathspey (Laggan to Tomatin to Grantown) covering different areas on different days. B&SCTC employs 8 people (5FTE), owns and operates 3 wheelchair accessible vehicles and relies on 160 volunteers, including 120 voluntary car drivers. B&SCTC receives a Community Transport Grant of £30K from HC, which represents

approx. 15% of income.

The services offered by the organisation are extensive and require full time coordination – particularly the Community Car scheme which requires the coordination of volunteer drivers and clients. The s22 service is a scheduled bus service registered with the Traffic Commissioner and which must be provided as scheduled. While this attracts Scottish Government funded Bus Service Operator Grants and reimbursement of concessionary fares, it also poses a significant bureaucratic burden. B&SCTC is a long established organisation, but faces challenges including a reliance on volunteers, (which limits capacity to expand regular services) and has faced some opposition from local taxis and bus operators, although B&SCTC is careful to not directly compete with local operators.

B&SCTC is more than a transport company; it also runs a befriending service and offers events/clubs for elderly and disabled which it services with its own transport. It also offers a mobility scooter loan service. These services have developed in response to needs identified by its core target group. It regards transport as an “enabler”; and regards its core purpose as tackling social exclusion and isolation.

#### **4.4.3 Community Transport Challenges**

There are situations where CT is the most appropriate and cost effective transport solution, for example CT is often suited to local trips within the immediate area to local services (health, shopping) or as feeder routes to commercial services (as in Glenelg). However, the two case studies above illustrate some key challenges to CT providing a comprehensive transport solution for Highland:

- CT encompasses a very broad range of activities and coverage
- CT organisations have varying objectives - often extending beyond transport provision, and often focussed on specific groups (e.g. elderly, disabled)
- Transport may be seen as an enabler which supports specific activities such as day care, shopping
- CT organisations often require expert advice and facilitation as well as financial support
- Unlikely to be able to provide a Highland-wide publicly accessible network
- CT groups are unwilling to compete with local operators
- Lack of awareness amongst the general public regarding which CT services they can access.
- Reliance on volunteers, who may be only available or willing on an irregular basis, makes expansion of services difficult.
- CT often relies on volunteers' own vehicles (cars) or local minibuses. These may present access issues for some users, whereas public services vehicles are required to be accessible.
- Reluctance to provide scheduled (s22) services. s22 services are open to the public and attract Bus Service Operator Grants and the

reimbursement of concessionary fares by Scottish Govt. For CT to provide a viable and accessible transport network across Highland would require expansion of s22 routes. However s22 services are regulated by Traffic Commissioner and cannot be withdrawn without 6 weeks' notice. In effect this means that groups need to employ drivers (or have bank of reliable volunteers) and have access to replacement vehicles that meet the required specification to provide cover when the main vehicle is being serviced or breaks down/has an accident etc. This is beyond the resources and aspiration of most CT groups.

- Expanding organisations quickly require essential administration/ back-office posts making them vulnerable if funding reduces.
- Support for community transport at the cost of a local commercial operator may cause legal, procurement and political difficulties.

#### **4.5 Transport Programme**

The Transport Programme was established to procure school and public transport contracts across Highland for 2016-2021 and achieve £2.246m savings (agreed by Council in Dec 2014) from services costing £15.988m. The programme provided additional support for the Transport Coordination Unit from the Corporate Improvement Team.

In 2015 a pilot was completed in Sutherland which along with the renegotiation of selected high cost contracts, yielded £0.296m savings. In 2016, the remainder of the existing school and public transport contracts were put out to tender using the same methodology. The aggregate interim result is a considerable saving of £1.740m. Following the agreement of public bus transport services provision and savings at Community Services Committee on 7 December 2016, there remains a sizeable gap of £0.506m. As reported to the same Committee, a number of options will be explored to help reduce the savings gap, including:

- One-to-one meetings with key contractors to determine whether any changes to forthcoming arrangements could help to plug contract gaps or reduce pricing
- Increase fares to facilitate a reduction in contract costs
- Investigate delivery of transport services in-house
- Community transport participation
- Expansion of parental transport arrangements for home-to-school journeys.

Letting these contracts for another 5 years is required to achieve the savings set by Council in December 2014, and to ensure service continuity particularly for home-to-school transport (which is statutory). While this reduces flexibility for redesigning services or achieving additional savings, there is some flexibility with notice periods built into the contracts allowing the Council to cease or vary services if required. The Council has a responsibility to treat its contractors fairly. The Transport Coordination Unit plans to maintain open and continuing dialogue with operators to attempt to manage the costs of the contracts down where possible and review service requirements during the lifetime of the contract. Clearly there are risks associated with this approach:

- Reputational damage
- Operator refusal to renegotiate prices during the contract
- Linkages with other contracts (separate home-to-school and public transport contracts often use same vehicle and driver).

#### 4.6 Value of Current Contracts and Grants

<b>New Contracts 2016/17-2021</b>	<b>£m/year</b>
School only	7.222
Mixed school/public contracts	4.771
Public only (non statutory)	1.005
<b>Total contracts 2016/17-2021</b>	<b>12.998</b>
<b>Sutherland Pilot 2015-2021</b>	
Sutherland school only & mixed school/public contracts	0.930
Sutherland public only (non statutory)	0.320
<b>Total Sutherland</b>	<b>1.250</b>
<b>Total Contracts (to 2021)</b>	<b>14.248</b>

Community Transport Grants (to 2019) (non statutory)	0.376
<b>Total non statutory</b>	<b>1.701</b>

Note 1: The £14.248m total is allocated to budgets as follows:

School transport      84%  
Public transport      16%

#### 4.7 Future Support for Public and Community Transport

This section focusses on the opportunities for redesign, although these opportunities are for the medium/long term, given that the majority of contracts have now been let. Options for the future might be best considered as a two stage process comprising a strategic decision whether the Council continues to support public and community transport followed by local decisions on how it should deliver these. Considering the 10 Redesign Options, there is no single option which meets the needs for all of Highland: each area and route has its own circumstances and opportunities which dictate the best option for that area or route.

The Redesign Board classified public and community transport as not statutory but desirable (high), so the Review Group has worked on the basis that some level of support will continue for public and community transport, while recognising that the level of support is largely a matter of affordability. The budget allocated to non statutory transport (public only routes and community transport) is £1.701m, although there is additional public transport budget which contributes to the cost of mixed public and school transport where the costs are shared with Care and Learning.

Withdrawal of support for public and community transport would have a significant impact on rural and remote communities and with the greatest impact on those who are “transport poor” whether for economic, health or other reasons. 85% of Citizens Panel agreed/strongly agreed that support for transport should focus on rural areas. Withdrawal of services would inevitably lead to additional costs to other public services, for example through missed



appointments, patients delaying accessing services then requiring more extensive (and expensive) interventions, as well as reducing access to employment and leisure opportunities and increasing social isolation with its own impacts and costs. Additionally, given the interdependencies, withdrawal of support for public services would be likely to have an impact on the cost of providing statutory home-to-school transport, reducing the level of any savings made.

In the absence of HC contracted services, the capacity (and willingness) of the community transport sector to provide a comprehensive transport network is likely to be limited in many areas and non-existent in others, and certainly would require continued Council support and resourcing. For these reasons community transport can only be regarded as one of several local options for transport provision.

#### **4.8 Future Delivery of Public and Community Transport**

Given that the current contracts for public and school transport run until 2021 and 3 year Community Transport Grants are in place (up to and including 2018/19) there is some time to develop a new approach.

The following outlines a nine point strategy for the next round of procurement of transport services which includes the following elements:

1. Consider transfer of budget and responsibility for Home to School transport from Care and Learning to Transport Coordination Unit (Community Services).
2. Explore the possibility of transferring the management and coordination of HC minibus fleet from establishments to central management.
3. Further analysis of the home-to-school network
4. Review standard contract terms and conditions
5. Phase contracts as opportunities become available
6. Develop strategic/policy criteria to prioritise which non-commercial routes continue to receive support
7. Develop range of options for local transport delivery
8. Continue to support community transport
9. Engage with communities to identify local priorities and develop service provision

The strategy is considered in greater detail in the following sections.

##### **4.8.1 Consider transfer of budget and responsibility for Home to School transport from Care and Learning to Transport Coordination Unit (Community Services).**

The procurement and operation of both education and public transport is already joined up. Benefits of transferring the budget include further incentives for joint school and public transport, and taking a more cost effective approach in remote areas (see below) to release more funding for

mixed or public transport. The risk is that if the statutory home-to-school provision overspends, that will be at the expense of the wider public and community transport, and this pressure will often be beyond the control of the Transport Coordination Unit.

There will need to be continued cooperation between Care and Learning and Transport Coordination Unit around issues such as transport policy e.g. when it is appropriate for young primary children to travel on a mostly secondary bus and supervision between transport arrival/ departure and start/ finish of school. Furthermore the roll-out of the 33 period week to the secondary sector will mean an early finish on Fridays and will present additional challenges. There is also a requirement to agree governance/reporting arrangements and the division of responsibilities between Care and Learning and Community Services. As with any partnership, it is stronger if roles and responsibilities are clear, so it is recommended that relevant Heads of Service meet with Transport Coordination Unit to draw up an agreement or Memo of Understanding to formalise responsibilities, governance and problem resolution arrangements.

#### **4.8.2 Explore the possibility of transferring the management and coordination of HC minibus fleet from establishments to central management.**

This approach does work elsewhere, for example Scottish Borders and East Lothian Councils, and would allow these assets to be used to support the community transport sector, support in-house transport provision, (including home-to-school, school trips and public transport), allow adaptation of vehicle specifications to meet requirements and ensure vehicle use is maximised. It would also formalise and standardise the arrangements for community use of minibuses. The proposal would free HTs from budgetary and management responsibility for school minibuses, thus contributing to the aims of Future Management of Schools programme, as well as providing ready access to those schools and establishments that do not have a dedicated vehicle.

However this proposal is not without challenge: to work effectively it will require a transfer of responsibility for and control of vehicles from management by individual establishments to central management. Some school minibuses have been bought entirely or partly through schools' own fundraising efforts, with parents giving up significant amounts of time and energy to fundraise. Whilst parents are happy to do this where there is a perceived benefit directly to the local school, they are unlikely to do so in future if they feel the benefit will accrue to the wider Council. Previous attempts to make school minibuses available for wider use have met with strong opposition from some Head Teachers who cite issues such as costs, the administrative burden of managing community bookings (keys, checking vehicles etc.); maintaining the vehicle in neat and well looked after condition; and the need for a vehicle that can be used at short notice. They also mention that school trips often require early departure and late return, reducing opportunities to use these vehicles for home-to-school transport. These are real concerns that require to be addressed.

In addition to transferring budgetary and management responsibility for vehicles, there will need to be consideration given to whether the vehicle should be based at existing establishments, and the support that the establishment would give to key holding, handover etc. or whether vehicles should be located at hubs throughout Highland (e.g. a fleet of minibuses used for home-to-school transport and school trips is currently based at Drummie). Evidence is important: analysis of logbooks and/or fitting trackers to vehicles would identify those vehicles and establishments where there is spare capacity. There also needs to be consideration of how vehicles would be centrally managed and what resource that would require as well as who has the final say on whether a vehicle is available for hire or not. It is absolutely essential that central management and booking systems are robust, quick, efficient, customer-focussed and accessible.

Central management should not be considered until these issues have been resolved and a functional booking system in place: an inefficient, slow, bureaucratic system run by overworked and defensive staff will be entirely counterproductive, undermine the benefits of central management and create a large management task to sort it all out. An interim step would be to retain school management of vehicles, guided by an agreed clear and consistently applied policy on community use and access to Council minibuses.

This is a major undertaking, likely to face opposition from some establishments managing their own minibuses, which will require cooperation from schools and Care and Learning management. Implementation will require a planned approach (Business Case), resources and open discussion and communication, culminating in a joint C&L/ Community Services report to Committee. Potential benefits of revising the Council's approach to the use and management of school minibuses could include broadening the support possible for the transport needs of communities and supporting other Highland Council transport needs.

#### **4.8.3 Further analysis of the home-to-school network**

This may deliver savings/ efficiencies that can free resources to support the public transport network. This includes considering the following alternatives for low usage routes:

- Parental contracts
- Shared parental contracts (i.e. group school runs, but these would require parental agreement and cooperation).
- Feeder routes to main routes
- Parental contract to main routes
- Single collection points within 2 and 3 mile limits (where road safety allows).

#### **4.8.4 Review standard contract terms and conditions**

This aims to reduce the cost of service provision including:

- Stop specifying maximum fares (current contracts do this) which reduces income from fares (and concessionary fare rebates), thus

requiring greater contribution from HC. The Citizens' Panel agreed 2:1 that they would be prepared to pay higher fares to prevent the withdrawal of a service, although the majority of respondents stated it did not affect them (National Entitlement Card holders (i.e. bus pass) or do not use buses).

- Introduce route development/challenge component and reduce level of Council support over length of contract, although only likely to be appropriate on a limited number of close-to-commercial routes.

#### **4.8.5 Phase contracts as opportunities become available**

- Early termination of contracts no longer required/affordable
- Extension of other contracts
- Area by area approach to early termination and/or extension of contracts.

This will lead to a more predictable and manageable workload compared to a retendering "big bang" every five years, but will create some duplication of tasks. It also creates an opportunity to examine the retendering process which currently falls mainly to the Principal Transport Officer. Spreading the workload, not only through time by phasing contracts, but also by involving more of the team (including area based staff) in the retendering process, will enable more consideration to be given to redesigning how transport is provided in each area and also broaden the expertise base within the team.

#### **4.8.6 Develop strategic/policy criteria to prioritise which non-commercial routes continue to receive support**

The following should be considered:

- Routes that feed into core commercial network
- Routes in Remote Rural Areas
- Absence of transport alternatives (e.g. train)
- Absence of alternative centres where services can be accessed
- Vulnerable areas (SIMD/SEP). NB most are urban areas /small towns where commercial routes operate
- Routes that link service/ employment centres
- Local community transport capacity.

#### **4.8.7 Develop range of options for local transport delivery**

The range of options will include (but not necessarily be limited to):

- Contracted services (school, mixed, public)
- Community transport
- In-house (direct provision or offering access to HC minibus fleet)\*
- Community access to budgets e.g. participatory budgeting, challenge funding
- Cease service

\* NB This will require a re-specification of some HC minibuses as they come up for replacement so they are compatible with s22 requirements, and is dependent on the management arrangements for the HC minibus fleet (see

4.8.2).

#### **4.8.8 Continue to support community transport**

- Continue agreed financial support to 2019
- Continue to provide expert advice, support and facilitation to the CT sector.
- Identify and focus on areas where new projects can be developed.

#### **4.8.9 Engage with communities to identify local priorities and develop service provision**

Local Community Partnerships should be a natural focus for this community engagement activity although there will also be a role for Local Transport Forums (where they exist) and other community engagement including through public workshops, Ward Forums etc.

Using the above strategic/policy criteria and local knowledge, Local Community Partnerships and communities could participate in the development of local services in a number of ways:

- Participation in Council-led engagement resulting in identification and prioritisation of routes and the selection of options for service delivery, using the approach adopted in Sutherland for the 2015 retendering.
- Participation in Local Community Partnerships. These are currently being established across Highland and transport is likely to be a recurring theme. With expert support/advice from the Transport Coordination Unit, Local Community Partnerships could facilitate communities to provide information, ideas, challenge and recommendations on public and community transport options. Each Partnership would decide its own method of community participation, be it representation at meetings, transport sub-groups or hosting transport themed events.
- Local Community Partnerships also offer a forum where contributions from other agencies, whose clients have transport needs (e.g. NHS Highland), can participate and collaborate over service delivery and/or contribute resources.
- An increased transport role for Area Committees, for example disaggregated budgets for local routes, enabling local decision making alongside, and in support of, local consultation.
- Participatory budgeting approach to prioritising services. Already tested in Highland, this approach would give communities the opportunity to prioritise how area transport budgets are used.
- Access to a challenge fund enabling communities to commission and manage their own transport networks built on community transport and/or commercial operators (but will require risk management).

The above list is not exhaustive, but it details interventions in which the Community plays an increasingly important role, from consultation to leading the commissioning of services. Consultation is already used by the Transport Coordination Unit, (as demonstrated by the approach issued in Sutherland)

whereas commissioning will take time to develop and may only apply in a few limited cases, but nonetheless is worth aspiring to.

#### **4.8.10 Resources**

Implementing the above strategy is going to place an additional workload on top of the current Transport Coordination Unit tasks of tendering, managing contracts and monitoring compliance of all school and public transport and supporting community transport, notwithstanding the additional work identifying opportunities to fill the current savings gap of £0.506m, which is a priority for 2017. While there is support from Corporate Improvement Team currently available through the Transport Programme, it will be necessary to ensure that the Transport Coordination Unit is at sufficient strength to implement the strategy. While the detail of what is required is for service management to analyse and justify, additional resources are likely to be required to ensure effective development of the service along the lines outlined above.

### **4.9 Meeting the Council's Affordability Challenge**

#### **4.9.1 Public and Community Transport**

Public and community transport service levels are determined by available budget, with careful design and management of tenders aiming to yield maximum efficiency from that available budget. The process outlined above aims to improve that process through combining budgets, maximising use of Council assets and engaging communities to identify and prioritise which services are delivered, and how they are delivered. Given this, the budget can be reduced to yield savings, but a more efficient tendering process can only achieve so much, and service levels would suffer, for example withdrawal of evening and weekend services and/or withdrawal of low usage routes which would principally impact on the least wealthy/healthy in rural areas, reducing their ability to access local services.

#### **4.9.2 Home-to-School Transport**

This is a statutory function which has to be provided. Considerable savings have already been achieved through the Transport Programme, and although there may be opportunities for further savings through redesigning, on a route by route basis, how home-to-school transport is provided (e.g. more parental contracts, feeder routes etc.) quantifying savings would be difficult at this stage.

#### **4.9.3 Other Transport Services Savings**

*Please note, following further analysis and discussion by the Review Group, the proposed savings against the below budget lines differ from those presented to the Redesign Board on 10 Jan 2017*

The public transport budget also contains the following budgets:

#### Contracted Ferries (£0.2m)

Route	Current cost £m	Proposed cost £m	
Fort William – Camusnagaul	£0.070	£0.050	Retender due April 2018 – savings from increased fares & reduced winter service Competitively priced; 7 yr contract to 2022 Lifeline route
Nigg – Cromarty	£0.048	£0.048	
Mallaig – Inverie	£0.075	£0.075	
Total	£0.193	£0.168	£0.020m saving

- The Mallaig to Inverie ferry is a life-line route as it is the only access to Inverie (no road). The Council contract specifies maximum fares (£6 one way, £8 return) for local residents, but otherwise does not control fares (£10 each way for a foot passenger). While there may be an opportunity to review the fare structure, it is already relatively costly. Consideration should be given to exempting this service from savings to preserve affordable fares for residents.
- The Fort William to Camusnagaul route is part of the National Cycle Network Route 78. Cyclists are diverted from the busy and narrow A82 by crossing from Fort William to Camusnagaul, (costs £1.50 for adult and £1.50 for bike) cycling down the A861 then crossing back on the Corran Ferry (no charge for foot passengers or bicycles) to join a cycle path that runs south on the Nether Lochaber side. The passenger profile has a large peak in the summer suggesting a predominantly tourist based use. The contract is due to be retendered in April 2018. If the new contract is based on increased fares and a reduced winter timetable an estimated £0.020m can be saved on contract costs from 18/19.
- Nigg to Cromarty is a summer only service and is not a lifeline service, although it does save a long journey around the Cromarty Firth if travelling from Cromarty to Nigg. It also part of an optional diversion of National Cycle Route 1. The 7 year contract runs until 2022 and was priced very competitively at the last round. A break clause is built into the contract, but the operator has invested in a new vessel on the basis of the 7 year contract.

#### Concessionary Fares (£0.21m)

Concession	Current cost £m	Proposed cost £m	
Rail*	£0.125	£0.005	Retain blind concession
Ferries (NB all ferries inc. Calmac)	£0.075	£0.075	No bus alternative
Subsidised Taxis	£0.010	£0.010	No bus alternative
Total	£0.210	£0.090	£0.120m saving.

\*NB this saving has already been put forward by the service for 17/18 savings

- National Entitlement Cards (i.e. bus passes) entitle holders to free travel on buses and are funded by the Scottish Government. In Highland this provision is extended to include ferries and subsidised taxis (contracted services) and half price travel on trains.

- In the case of trains there is often a bus alternative or passengers would be able to use the ScotRail funded Highland Rail Card which entitles half priced travel on the Inverness to Wick/Thurso, Inverness to Kyle, and Mallaig and Fort William to Oban and Glasgow lines, all for a cost of £9/year.
- For ferries, the Scottish Government does not fund concessionary fares for ferries as it does for buses. As there is no transport alternative the Council funds concessionary ferry travel for Highland residents on the basis that there is no bus on which to use the National Entitlement Card (bus pass). This applies to all ferries in Highland area including Calmac routes. This concession matches a similar provision in the SPT (Strathclyde Partnership for Transport) area which covers most of the rest of the Calmac network (i.e. the Clyde and Argyll and Bute). It is recommended this concession is retained due to the lack of alternative for passengers.
- Subsidised taxis (which the Council contracts for local transport provision where bus services are not viable) are not eligible for Scottish Government concessionary bus fares, so the Council covers these costs. As with ferries it is recommended to retain this concession as there is no bus alternative.

#### **4.10 Conclusions**

- Commercial operators are unable to provide a Highland-wide transport network
- School and public transport are interdependent, with school transport accounting for 84% of total budget
- Community transport services vary widely across Highland
- Community transport poses a number of challenges as a comprehensive replacement for contracted transport services. Development of the sector will require resources and expert advice and support.
- The Transport Programme has delivered extensive savings (£1.74m) and will seek to deliver the remainder to achieve target of £2.246m (14% of total)
- School and public transport contracts have recently been let for 5 years to 2021. While this was necessary to ensure service continuity, it creates an opportunity to develop the approach to network design and community and operator engagement for tendering in 2021.
- Transport is a vital service on which many people rely to reach employment, services and leisure activities
- There are savings that can be made from the contracted ferries and concessionary fares budgets, but lifeline services should be exempt and passengers without access to buses should receive equivalent concessions on ferries and subsidised taxis.

#### **4.11 Recommendations**

TS3.1 Council continues to provide financial support for contracted (non-



commercial) services and for community transport

In time for the next round of tenders (2021), develop and implement a strategy for school, public and community transport including:

- TS3.2 Transfer School Transport budget to Transport Coordination Unit including agreement between services of governance and responsibilities.
- TS3.3 Develop joint Care and Learning/ Community Services Business Case for Committee decision on the transfer of HC minibuses from managing establishment to central management
- TS3.4 Analyse and adapt home-to-school network
- TS3.5 Review contract terms and conditions
- TS3.6 Phase contracts
- TS3.7 Develop criteria for the prioritisation of non-commercial contracts
- TS3.8 Develop range of options available to deliver local transport services
- TS3.9 Continue to support and facilitate community transport
- TS3.10 Ensure community engagement in public transport network analysis, prioritisation of routes to support and selection of options for service provision.
- TS3.11 Review contracted ferries (excludes Corran Ferry) and concessionary fares to achieve savings.

## **5 Corran Ferry**

### **5.1 Introduction**

Corran Ferry is not a statutory service, and the Redesign Board did not classify it as essential or desirable. The Redesign Board queried why the Council, and not another provider, is running this service.

The Council has examined the Corran Ferry operation in some detail over the past two or three years including the following reports to Committee:

- Nov 2014 Community Services It. 9 "Corran Ferry"
- [http://www.highland.gov.uk/download/meetings/id/66832/9\\_corran\\_ferry](http://www.highland.gov.uk/download/meetings/id/66832/9_corran_ferry)
- Feb 2015 Community Services It. 14 "Corran Ferry"  
[http://www.highland.gov.uk/download/meetings/id/67373/item\\_14\\_corran\\_ferry](http://www.highland.gov.uk/download/meetings/id/67373/item_14_corran_ferry)
- March 2015 Highland Council Notice of Amendment  
[http://www.highland.gov.uk/download/meetings/id/67674/item\\_6\\_notice\\_of\\_amendment\\_-\\_corran\\_ferry\\_additional\\_papers](http://www.highland.gov.uk/download/meetings/id/67674/item_6_notice_of_amendment_-_corran_ferry_additional_papers)
- Feb 2016 Community Services It 11 "Corran Ferry"  
[http://www.highland.gov.uk/download/meetings/id/69677/item\\_11\\_corran\\_ferry](http://www.highland.gov.uk/download/meetings/id/69677/item_11_corran_ferry)

The main conclusions and ongoing actions arising from these reports are as follows:

- The Council should not transfer the service to Transport Scotland

- The Council should pursue a change of policy from Transport Scotland regarding RET, so that it is not applied uniformly on all routes
- Detailed financial forecasts for the next 5 years should be compiled
- The STAG appraisal for a fixed crossing should be completed
- A long-term view should be taken comparing the whole life cost of a fixed crossing with the capital and revenue costs of ferry operations
- Acknowledgement that capital charges for the cost of a replacement ferry have not been included “above the line” in the Capital Programme
- The option for smart ticketing needs to be further explored
- Fares should increase by 2% in 2016/17 to continue position of covering running costs, but otherwise there should be no changes to the fare structure
- The timetable should not be changed.

## **5.2 Background**

The Corran Ferry provides a vehicle and passenger ferry at the Corran Narrows south of Fort William providing access to Ardgour, Morvern and Ardnamurchan (estimated population 1,750) and onwards to Mull via Kilchoan and Lochaline. It reduces the journey to Fort William by over 20 miles and reduces a southward journey on A82 by 40 miles, compared with the road route. The road route (A861) is single track and passes under a railway bridge with a height restriction of 3.6m (12'0”) before joining the A830 (Fort William to Mallaig).

The service currently operates two quarter loading vessels which are required for the slipway alignment and the strength of the tidal stream through Corran Narrows. The second vessel, MV Maid of Glencoul, provides emergency cover when the main vessel MV Corran is away for refit. Operating the more common Roll On Roll Off (RO-RO) ferries, used elsewhere in Scotland, would require realignment of the slipways – the cost of doing this is not known at this stage. The Council employs two full time crews operating on 5 days-on 5 days-off basis. Crew Members are qualified/experienced to complete different tasks to ensure time limits are not exceeded. There is little spare capacity to cover for leave, which has to be carefully scheduled, and for sickness cover.

The ferry service is the second busiest in Scotland. It brings considerable economic and social benefits to Morvern, Ardgour and Ardnamurchan, including to those who use the service as part of their work (40%) or for commuting (17%) (AECOM Survey 2014) and is an important service for a Remote Rural Area.

## **5.3 Costs and Income**

Income and costs for the past three complete financial years are presented in the table below. In 2015/16 the operation made a surplus of £0.191m. However refit costs were significantly less than in previous years and fuel costs were lower reflecting a reduction of fuel prices, which are now rising again. Income has risen in the past year following fare increase of 2%. The

long term position, (reflecting Council stated policy) is that the income from fares should cover the ferry's running (i.e. revenue) costs, rather than generating a surplus. As the vessels get older, on-board systems and plant will become obsolete and maintenance and refit costs will rise.

	2013/14	2014/15	2015/16
<b>Expenditure</b>			
Employee Costs	675,217	658,120	686,884
Property Costs	27,231	26,037	26,780
Fuel Costs	188,534	169,843	119,230
Transport Costs	7,576	4,904	4,363
Insurance	64,614	48,576	60,361
Refit Costs	213,396	270,502	161,019
Engine Repairs & Maintenance	167,382	55,656	52,425
Other Costs	52,666	50,437	43,570
Total Expenditure	1,396,616	1,284,075	1,154,632
<b>Income</b>			
Ferry Dues	(1,141,596)	(1,260,048)	(1,312,793)
Other	(33,346)	(34,442)	(33,455)
Total Income	(1,174,942)	(1,294,490)	(1,346,248)
(Surplus)/Deficit	221,674	(10,415)	(191,616)

In terms of capital, the current Capital Programme includes £8m "below the line" allocated in 2022/23 for a replacement vessel. This reflects an indicative requirement rather than a firm commitment to necessary investment in the service.

## 5.4 Options for the Future of the Crossing at Corran Narrows

Notwithstanding the decisions made by the Council as outlined above (see Section 5.1), the Redesign Review Group considered the options for the future of Corran Ferry afresh.

The first consideration is to assess the options for crossing the Corran Narrows.

### 5.4.1 No Crossing

As stated above the crossing is of significant socio-economic importance to Ardgor, Morvern and Ardnamurchan, It reduces the journey distance of journeys to Fort William and by approx. 20 miles and by approximately 40 miles to journeys south on the A82. Furthermore it is the only access for HGVs to those communities and onward to Mull (without a diversion via Oban-Craignure ferry) due to the low bridge (3.6m 12'0") on the road route (A861). The ferry route also forms part of National Cycle Route 78 which diverts cyclists from the A82 between Corran Ferry and Fort William where there is no cycle path. There is a strong case for the retention of the crossing in one form or another.

### 5.4.2 Fixed Crossing

HITRANS have included an option for a fixed crossing at Corran Narrows in

their proposed STAG for West Highland. This is a necessary first step to assess the viability and benefits of the project, and would offer a costed comparison with other options. A favourable STAG would be required if any funding was subsequently sought from Scottish Government. At present there are no indications of the outcome of this study however, given that a bridge or tunnel at Corran Narrows would be likely to cost several tens of millions of pounds, and given competing priorities (e.g. Stromeferry), a fixed crossing can only be regarded as an option in the long term, if at all.

#### **5.4.3 Ferry**

This is the only option for maintaining a crossing in the short and medium term. However there are different approaches that can be taken to providing the ferry crossing, outlined in the next section.

### **5.5 Options for the Ferry Service**

#### **5.5.1 Highland Council**

Highland Council, as current operator, is in a position to continue and improve the service; however it currently runs the service on the basis of covering revenue costs only, which has limited available funds for continuing investment in improvements. The service now requires significant investment in the following areas:

##### Replacement Vessel

MV Maid of Glencoul (which was built in 1975) requires replacement as many of the on-board systems and plant are now obsolete, requiring the manufacture of spare parts no longer available off-the-shelf. MV Maid of Glencoul is the back-up vessel and would be replaced with another quarter loading vessel and the current main vessel, MV Corran, would become the back-up vessel. Previously, consideration was given to running one vessel only, and this included discussions with Calmac about them providing a vessel for emergency and refit cover as required. However, it emerged during trials that the Calmac RO-RO vessels were incompatible in the slipways at Corran Ferry at certain states of the tide, which could only be resolved by realigning the slipways (no costing for this work has been done, but the investment has been described as “significant”). If the slipways were realigned the current quarter loading vessels could no longer operate and would need to be replaced by a RO-RO vessel. Replacement with a RO-RO vessel would allow the sale/scrapping of both vessels yielding a reduction in running costs (although it would be necessary to pay for the refit cover) and potentially a capital receipt from the disposal of the two vessels.

The replacement of the MV Maid of Glencoul is the opportunity to convert the operation to RO-RO. The Capital Programme only contains a “below the line” provision of £8m for 2022/23, indicating that a replacement ferry is not an investment priority for the Council. The report to Community Services Committee in February 2015 estimated the cost of replacement to be £12m for a RO-RO vessel, based on recent Calmac acquisitions. A replacement for

a similar capacity vessel for the crossing at Strangford Lough cost approximately £6m (NB detailed spec. for full comparison was not available). It would also be worth investigating whether alternative financing options exist, including contract-hire arrangements.

#### Infrastructure Investment.

Work is required to the Ardgour slipway in the medium term, and the current MV Maid of Glencoul mooring would require upgrading if it was used to moor the larger MV Corran if it became the cover vessel. As stated above, "significant" investment would be required to realign the slipways to accommodate RO-RO vessels.

#### Equipment

There are various pieces of equipment which require to be upgraded, in particular the ticketing system, to enable a move to a smart ticketing systems and the replacement of the hand-held ticket machines.

#### Staffing

The majority of the staff are in their 50's and 60's which means that there needs to be investment in recruitment and training, for example apprentices, who can replace the older members of staff as they retire. The Council is vulnerable to the loss of skilled staff through sickness or moving to other employment, for example each shift has an engineer.

#### Management

The operation is currently supervised by two Foremen who report to the Roads Operations Manager – Lochaber, Nairn, Badenoch & Strathspey, who has a broad remit, and despite having an understanding of the ferry operation and requirements, only has limited marine-specific experience and knowledge, including the changing regulatory and training requirements – for example Marine and Coastguard Agency (MCA) is introducing a new set of qualifications and a requirement for the renewal of licences, previously held for life.

#### Potential Service Improvements and Changes

If the Council were to commit to the above investments there would be opportunities to alter the service to generate a sustainable surplus. Measures could include:

- Review of fare structure, in particular: the discount given for 30 ticket books; the fact that car and foot passengers and bicycles are not charged for; and differential charging for residents and visitors (only 15% of Citizen's Panel disagreed/strongly disagreed with this approach). One approach may be to base future fare structures on RET which is now established across the Calmac network and provides a useful benchmark for HC operations, while retaining a discount for residents who regularly use the service, such as season tickets or discounts for multiple trips through smart ticketing. NB previous attempts to change fare structure have faced strong community opposition.
- Reviewing the timetable including reducing the winter timetable,

reflecting lower demand.

### **5.5.2 Arm's Length External Organisation (ALEO)**

Some consideration has been given to the possibility of setting up an ALEO to operate the ferry service. Operating an ALEO would provide a number of advantages including:

- Flexibility to vary fares and operations
- Freedom to operate more commercially than the Council (in the face of community opposition/scrutiny)
- Opportunity for community involvement (e.g. on the ALEO Board)
- Potential to attract private investment (e.g. investment in infrastructure)
- Transparent stand-alone operation that would be required to cover its costs.

However the service would still require the investment outlined above, much of which would in all likelihood have to come from the Council. Furthermore there would need to be investment in specialist management and back office support and systems and the transfer (TUPE) of existing staff to the ALEO. The relatively small scale of the operation may not justify the required investment in management, overheads and support costs.

This option would require further investigation, if the Council agrees this is an option worth pursuing.

### **5.5.3 Transfer to Another Operator**

As outlined above, the service requires capital investment, however the ferry is not a statutory or core Council service so such investment may be difficult to justify in a competitive capital environment. Transferring to another operator would enable the Council to avoid the significant investment required (although there may be a need for some investment so that the operation is fit for transfer). It would also mean the Council would transfer the risk of running the operation to an organisation whose core business was operating ferries, bringing advantages including specialist engineering, safety and training which the Council is unable provide. Any transfer would involve the transfer of 18 (17.5FTE) Council staff, who would be protected by TUPE, and who may also benefit from opportunities for promotion, working other routes, specialist support during refit, and additional staff cover.

#### Transport Scotland

As reported to Community Services Committee on 5 Feb 2015, initial discussions were held with Transport Scotland regarding the transfer of the service as outlined in the Scottish Government Ferries Plan. These discussions identified matters to resolve or consider before the Scottish Government would make a decision about running the ferry themselves including the following:

- Understanding by the community of the impact of RET
- The need to justify the "lifeline" status of the Ardnamurchan peninsula
- Use of the standard Transport Scotland "Routes and Services

Methodology” to identify dependencies on the ferry and therefore the minimum service required

- A business case for operating the ferry that shows it covering its costs
- The transfer of all infrastructure to TS – for control of the assets required. It is possible that some investment in assets and infrastructure would be required to facilitate the transfer.

The continuing openness of Transport Scotland to consider a transfer was most recently confirmed in letter from the Transport Minister to Council Convener received January 2017. It is assumed that following the transfer, Transport Scotland would contract Calmac to operate the route as part of the Clyde and Hebrides contract.

As outlined in the same report, transfer to Transport Scotland would lead to the introduction of RET fares. While introduction of RET would reduce the cost of a single car crossing, the discounted fares would be likely to disappear and car and foot passenger would start to be charged. Overall, this was estimated in the report to yield an additional £224K in fare income, but was rejected as an option in the face of community opposition. However, there are instances where multi trip discounts and/or season tickets have been retained on short routes operated by Calmac following the introduction of RET, for example Largs/Cumbræ, Wemyss Bay/Rothesay, Colinton/ Rhubodach, and Oban/Carignure. Following this up is an outstanding action, and would address the main community objection to transferring the service to Transport Scotland.

#### Transfer to Another Commercial Operator

A further possibility would be to transfer the service to a private operator rather than Transport Scotland. There are various contractual/commercial arrangements that could apply such as selling the operation and assets to the highest bidder or agreeing a joint venture/ profit share arrangement, although it is unclear whether there are any operators who would be willing to enter into such an arrangement, particularly given the investment requirements; and the Council would come under community criticism it was seen to make profit from the service. Equally, any attempt by the Council to control fares or specify service levels would be likely to lead to a contracted service arrangement with the Council paying for the service to be delivered, similar to other contracted bus and ferry services. This option would require further investigation, if the Redesign Board felt that it was merited.

## **5.6 Meeting the Council’s Affordability Challenge**

- There are no savings or income earning opportunities as the service aims to run at break-even (revenue only). This is stated policy agreed in response to community concerns.
- While there are no savings opportunities, there is significant capital investment required (including the impact on the revenue budget of servicing that capital requirement) if the Council retains the service, or establishes an ALEO to operate the service in its behalf. Transferring the service to another operator would avoid the need for most of that

capital investment – it is anticipated (subject to negotiation) that some capital may be required to ensure the service is fit for transfer.

## **5.7 Conclusion**

- Corran Ferry presents no significant savings or income earning opportunities if it continues to be operated as at present
- The community has had a strong influence over the political decision making regarding fares, which has affected the ability for the Council to cover the costs of running the service, leading to a lack of investment
- Changing the fare structure (e.g. different fares for residents and visitors; charging for foot passengers) could raise additional income
- The service now requires significant investment (estimated up to £12m for a new vessel). Failure to invest will lead to increased maintenance costs, and eventually the vessels no longer being fit to operate (i.e. failing routine MCA inspections). Conversely the Council is likely to receive little financial return for that (scarce) capital investment given the current fare structure and community opposition.
- The Council has not prioritised capital investment in the operation and there is no provision in the Capital Programme for a replacement vessel
- A fixed crossing, whether bridge or tunnel, is only a possibility in the long term (if at all), and a crossing of some sort (i.e. ferry) needs to be maintained in the meantime.
- Transport Scotland remains willing to enter into discussions about assuming responsibility for the ferry.
- The service is currently operating at a surplus, but this is susceptible to increasing fuel and maintenance costs, so the window of opportunity to transfer to another operator may be limited.

## **5.8 Recommendations**

TS4.1 Develop Business Case for future operation of Corran Ferry including the following options:

- HC continues to operate
- HC transfers service to an ALEO
- HC transfers service to another operator

TS4.2 The Council decides future operation of Corran Ferry based on Business Case

## **6 Implications**

### **6.1 Resource Implications**

The key resource implications are:

#### LTS/SQP

- No savings



### Public and Community Transport

- Transport Programme has already achieved £1.74m of savings compared with the previous round of contracts, and now seeks to fill the outstanding savings gap of £0.506m in 2017.
- Further savings can be made by reducing the budget available for public transport once the current contracts expire in 2021 although some contracts could be terminated early if required. Similarly Community Transport grants have been agreed until 2019.
- Public and community transport are managed to maximise the use of resources, so any savings made will lead to service reductions, and these would need to be considered on a route-by-route basis, considering issues such as usage, transport alternatives, rurality, poverty and equalities impacts.
- Community transport is part of the solution to Highland transport needs, but coverage is not Highland wide and capacity is limited in many communities, meaning it is not a viable alternative in many cases.

### Other Public Transport - Ferries and Concessionary Fares

Proposed savings are as follows:

	£m
Rail Concession Fares	£0.120
Ft William - Camusnagaul Ferry contract	£0.020
Total	£0.140

Please note these savings differ from those presented to the Redesign Board on 10 Jan 2017 following further analysis and discussion (see Section 4.9.3)

### Corran Ferry

- There are opportunities to increase income if fare structure is changed and community opposition to fare increases could be managed by introducing different fares for residents and visitors
- The operation requires substantial capital investment (up to £12m for new vessel) plus investment to realign slipways and introduce smart ticketing.
- The saving available to the Council is to avoid most of this investment requirement by transferring the service to another operator (who may require some investment contribution from the Council).
- The service is currently operating at a slight surplus, but this is susceptible to increasing fuel and maintenance costs so the window of opportunity for transfer may be limited.
- Ferry Staff – should a transfer to another operator be agreed it will be necessary to transfer 18 (17.5FTE) Council staff who would be protected under TUPE regulations.
- The Transport Services Redesign Review Group staff side representative was fully engaged and briefed on the findings and recommendations of the Review at regular Review Group meetings. Unfortunately he was not available to attend the Corran Ferry crew meeting although the outcomes of that meeting were subsequently reported to the Review Group.

## **6.2 Legal**

There are a number of detailed legal implications arising from the reports, however the main legal issues are:

- Contractual issues relating to early termination of transport contracts
- Legal and procurement issues regarding transfer of Corran Ferry to another operator (if implemented)
- Transfer of ferry staff to other operator (TUPE) if implemented

## **6.3 Equalities**

Equalities screenings have been carried out for the following:

TS3.3 Develop joint Care and Learning/ Community Services Business Case for Committee decision on the transfer of HC minibuses from managing establishment to central management

TS3.4 Analyse and adapt home-to-school network

TS3.5 Review contract terms and conditions

TS3.8 Develop range of options available to deliver local transport services

TS3.10 Ensure community engagement in public transport network analysis, prioritisation of routes to support and selection of options for service provision.

TS3.11 Review contracted ferries (excludes Corran Ferry) and concessionary fares to achieve savings – Rail Concessions

TS3.11 Review contracted ferries (excludes Corran Ferry) and concessionary fares to achieve savings – Fort William-Camusnagaul Ferry

The major issues identified are:

- Potential impacts on disabled and elderly from withdrawn or reduced bus services.
- National Entitlement Card (bus pass) holders (elderly and disabled) are not affected by any fare rises as their fares are covered by Scottish Government concessionary fares scheme
- Increased community access to Council minibuses presents a potential positive impact if more services are provided, particularly in areas where transport services are light or non-existent. Access for disabled passengers will improve as vehicle specifications improve.

An Equalities Impact Assessment will require to be completed as part of the proposed Business Plan for Corran Ferry (see TS4.1)

## **6.4 Climate Change/Carbon Clever**

There are no specific Climate Change or Carbon Clever implications arising from this report.

## **6.5 Risk**

There are a number of detailed risks associated with the actions proposed in the report. However the main risks are as follows:

#### Home-to-school transport not provided

This statutory service must be provided. The risk is managed by prioritising provision of home-to-school transport. Withdrawing support from other public transport may have an unintended impact of forcing operators to withdraw from home-to-school contracts, so it is necessary to maintain open dialogue with contractors.

#### Reputational damage to the Council

This may arise from early termination of contracts. It is important that the Council treats its contractors fairly. The risk is managed by maintaining an open dialogue with contractors.

#### Outstanding budget gap of (£0.506m) not filled

This is a priority for the transport programme in 2017. Failure to fill the gap will lead to a budget pressure and/or need to reduce agreed services and grants.

#### Corran Ferry out of service

This risk will be caused by a delayed decision whether to invest or transfer the service to another operator. The risk is managed by timely decision making informed by Business Case.

### **6.6 Gaelic**

There are no implications for Gaelic arising from the report.

### **6.7 Rural**

Rural and poverty initial screenings impacts have been carried out for the following:

- TS3.3 Develop joint Care and Learning/ Community Services Business Case for Committee decision on the transfer of HC minibuses from managing establishment to central management customer friendly booking system
- TS3.4 Analyse and adapt home-to-school network
- TS3.5 Review contract terms and conditions
- TS3.8 Develop range of options available to deliver local transport services
- TS3.10 Ensure community engagement in public transport network analysis, prioritisation of routes to support and selection of options for service provision.
- TS3.11 Review contracted ferries (excludes Corran Ferry) and concessionary fares to achieve savings – Rail Concessions
- TS3.11 Review contracted ferries (excludes Corran Ferry) and concessionary fares to achieve savings – Fort William-Camusnagaul Ferry

The major issues identified are:

- The negative impact of increased fares and /or withdrawn services on households in rural areas and/or affected by poverty. This would particularly apply to households without access to a car, or where the only car is taken to work leaving parent/carer/partner at home without

transport.

- An impact assessment would be required on a route-by-route basis for any services withdrawn.
- Any change to home-to-school transport will be within policy and will ensure this statutory service continues to be provided. There may be a negative impact in some households, for example, reducing the number of pick-up points and requiring pupils to get to those pick-up points by their own means, where road safety allows.
- Increased community access to Council minibuses presents a potential positive impact if more services are provided, particularly in rural areas where transport services are light or non-existent.

Rural and Poverty Impact Assessments will require to be completed as part of the proposed Business Plan for Corran Ferry (see TS4.1)

## **7 Transport Services Recommendations**

### **7.1 Recommendations that need further Review Team work**

None

### **7.2 Recommendations that can be taken forward as an operational matter within the service**

#### LTS/SQP

TS1 Council continues with the current arrangements, whereby the Local Transport Strategy is incorporated into the Local Development Plan process.

TS2 Council continues with the proposed SQP

#### Public and Community Transport

In time for the next round of tenders, develop and implement a strategy for School, public and community transport including:

TS3.4 Analyse and adapt home-to-school network

TS3.5 Review contract terms and conditions

TS3.6 Phase contracts

TS3.7 Develop criteria for the prioritisation of non-commercial contracts

TS3.8 Agree range of options available for local transport services

TS3.9 Continue to support and facilitate community transport

TS3.10 Ensure community engagement in public transport network analysis, prioritisation of routes to support and selection of option for service provision.

### **7.3 Recommendations that can be taken forward as an operational matter and the service needs support from others to do that**

#### Public and Community Transport

*With support from Care and Learning:*

In time for the next round of tenders, develop and implement a strategy for School, public and community transport including:

- TS3.2 Transfer School Transport budget to Transport Coordination Unit including agreement between services of governance and responsibilities.
- TS3.3 Develop joint Care and Learning/ Community Services Business Case for Committee decision on the transfer of HC minibuses from managing establishment to central management

Corran Ferry

*With support from outwith the service (secondment/ external consultancy):*

- TS4.1 Develop Business Case for future operation of Corran Ferry including the following options:
- HC continues to operate
  - HC transfers service to an ALEO
  - HC transfers service to another operator

**7.4 Recommendations that need Member consideration before any implementation**

Public and Community Transport

- TS3.1 Council continues to provide financial support for contracted (non-commercial) services and for community transport
- TS3.11 Review Contracted Ferries and Concessionary fares to achieve savings

Corran Ferry

- TS4.2 The Council decides future operation of Corran Ferry based on Business Case (TS4.1)

Designation: Transport Services Redesign Review Group

Date: January 2017

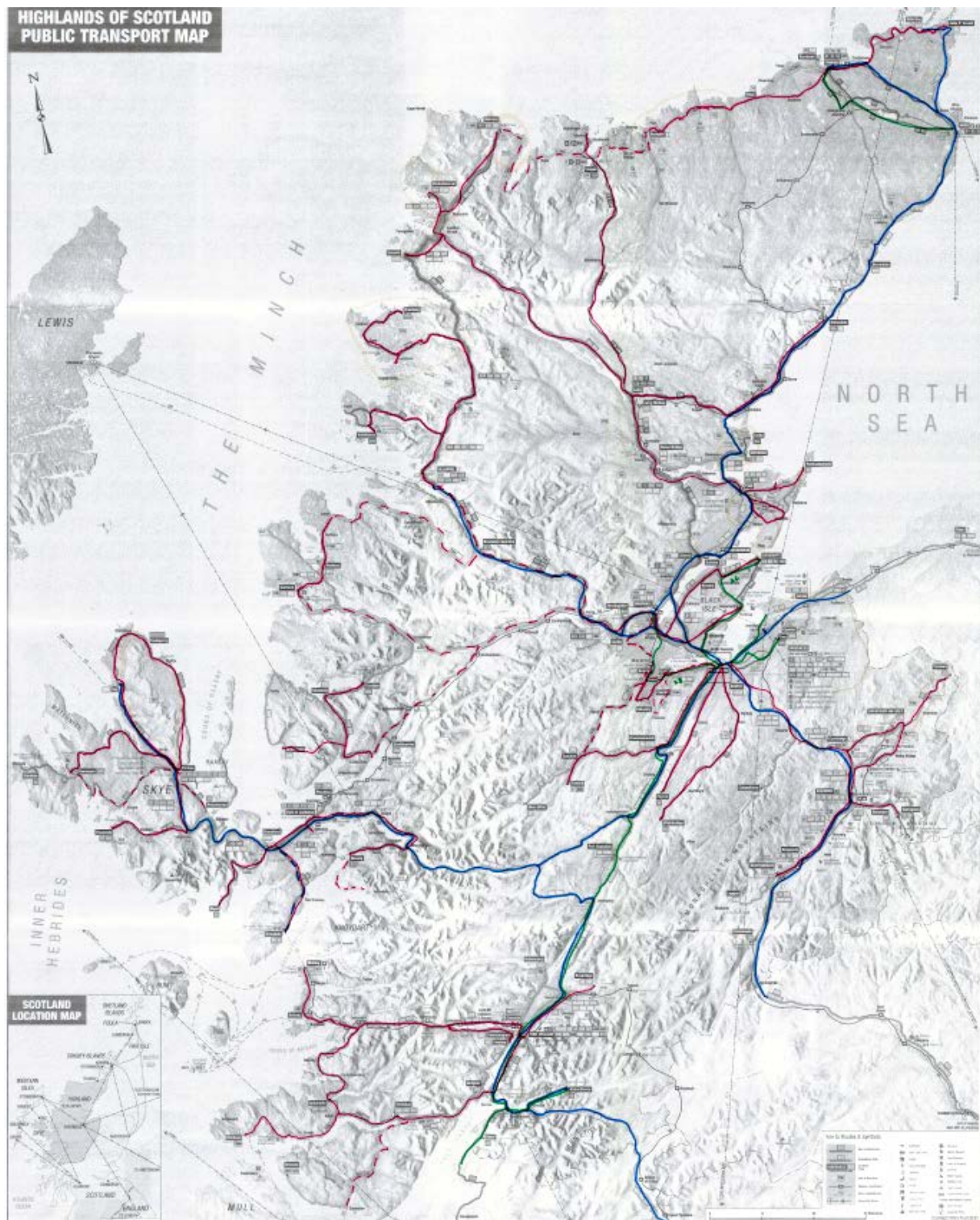
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Associated Head of Service: Tracey Urry, Head of Roads and Transport  
 Staffside Representative: Charles Stephen (Unison)

Background Papers:

## Appendix 1: Map of Highland Public Bus Routes

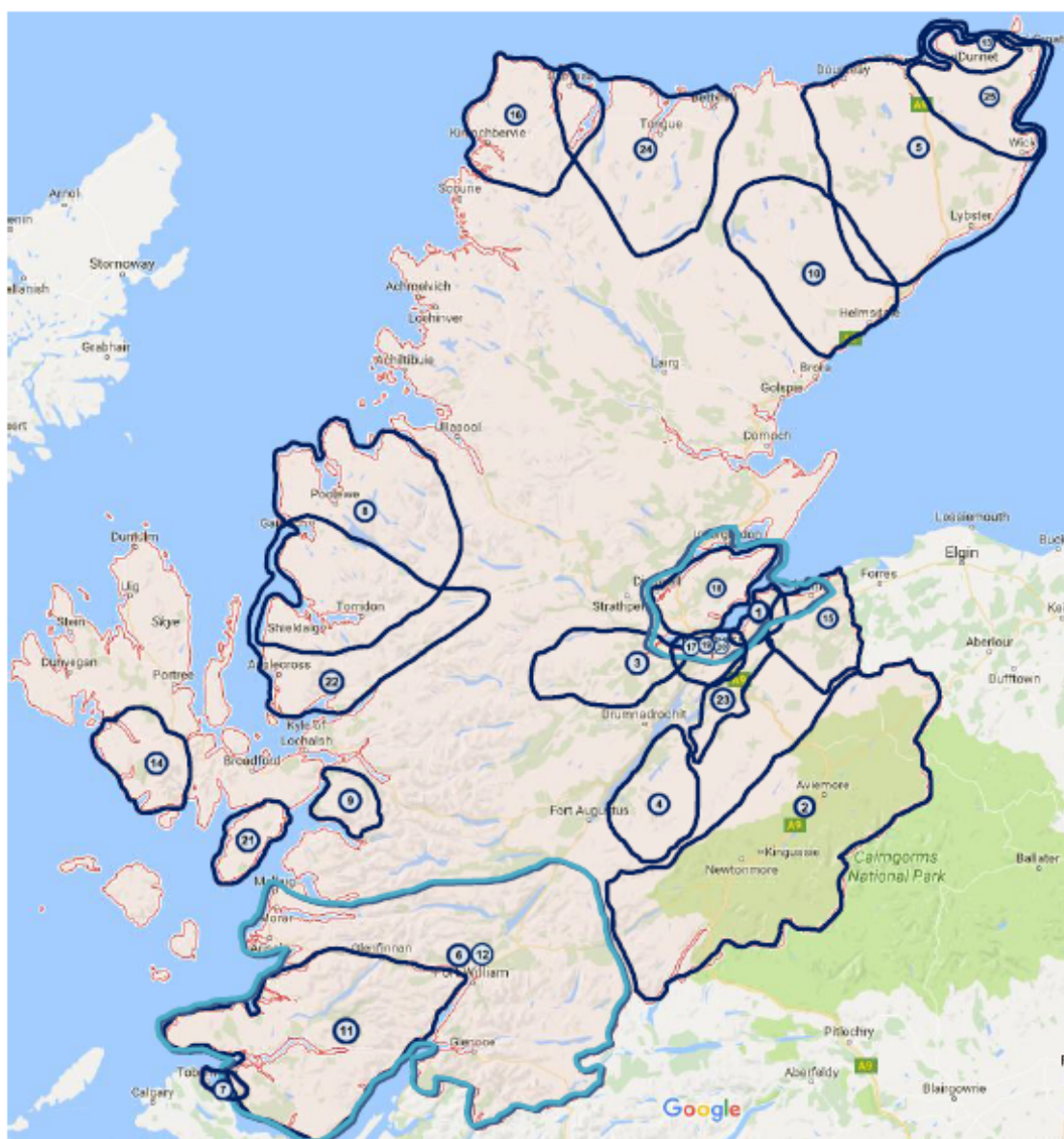


### Key

- Blue Commercial routes
- Green Commercial routes with contract for part service (e.g. evenings/weekends)
- Red Services contracted by HC (i.e. non-commercial); dotted = limited service



## Appendix 2: Map of Community Transport Projects 2016-19



### Area-Defined Community Transport Groups (Recipients of Highland Council CT Grants, 2016-2019)

- |   |   |
|---|---|
| 1. Ardersier, Petty, Croy and Culloden Moor Transport Association | 18. Ross-Shire Voluntary Action (Black Isle Community Car Scheme)       |
| 2. Badenoch & Strathspey Community Transport Company              | 19. Shopmobility  |
| 3. Beaulieu and District Care Project                             | 20. SHIMCA (Scottish Highlands & Islands and Moray Chinese Association) |
| 4. Boleskine Community Care                                       | 21. Sleat Community Trust   |
| 5. Caithness Voluntary Group                                      | 22. South West Ross Community Car Scheme                                |
| 6. Care Lochaber  | 23. SCATA (Strathnairn Community Access and Transport Association)      |
| 7. Drimmin Sealink Ltd.   | 24. Transport for Tongue  |
| 8. Gairloch Community Car Scheme                                  | 25. Wick & East Caithness Community Transport                           |
| 9. Glenelg & Arnisdale Bus Users Group                            |   |
| 10. Helmsdale Community Transport                                 |   |
| 11. High Life Highland (Arainn Shuaineirt)                        |   |
| 12. Lochaber Action on Disability                                 |   |
| 13. Mey Village Hall  |   |
| 14. Minginish Community Minibus                                   |   |
| 15. Nairn Community Transport                                     |   |
| 16. North West Community Bus Association                          |   |
| 17. Partnerships for Wellbeing (IVTS) - from April 2017           |   |