

The Highland Council

Transport, Environmental and Community Services Committee 6 February 2014

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| Agenda Item | 6 |
| Report No | TEC 4/14 |

Corran Ferry – Socio Economic Study on Ferry Fares

Report by Head of Transport and Infrastructure

Summary

This report outlines details of a socio-economic study carried out by AECOM, transport consultants, into ferry fare strategy increases for Corran Ferry. A presentation will be made by AECOM on the highlights and outcomes of the study.

1. Background

- 1.1 The Corran Ferry is located in west Lochaber and serves Ardgour, Morvern and the Ardnamurchan peninsula. It is the second busiest ferry in Scotland with around 290,000 vehicle trips per year.
- 1.2 The Council operates 2 ferries at Corran narrow, the MV “Corran”, the principal vessel, and the MV “Maid of Glencoul” the reserve vessel.
- 1.3 There are a number of running costs required to keep the ferry service operational, including, but not limited to:
 - Staffing
 - Fuel
 - Engine Repairs & Maintenance
 - Annual refits
 - Insurance
- 1.4 Over the past 10 years there have been some extraordinary rises in individual costs, such as fuel, which has risen by over 300%. This has resulted in an average 5.3% increase per annum on the total costs of running the Corran Ferry since 2002/03. This equates to a current cost rise of £54,000 per annum.

- 1.5 Members will recall that as part of the Revenue Budget agreed by the Council on 7 February 2013 it was agreed to introduce a revised fares structure for the Corran Ferry to raise an additional £100k in income, this being in addition to the annual inflationary increase.
- 1.6 At TECs committee in September 2013 Members approved a 30p per trip increase in ferry fares to be applied from 1 November 2013 and deferred any significant increase in fares until a socio-economic study on fare level increases was carried out.

2. Socio-Economic Study

- 2.1 AECOM , transport consultants were appointed in October 2013 to carry out a socio –economic study of Corran Ferry Fares.
- 2.2 In December 2013 /January 2014 a web survey of users by survey monkey was carried out and this attracted a high proportion of visitors over the holiday period. This survey attracted almost 593 responses. This survey was supplemented by a telephone survey of business users and stakeholders.
- 2.3 The results of the survey were analysed considering a 10 % increase and a 25% increase in ferry fares.
- 2.4 A draft study report is attached in **Booklet A** and Members are asked to comment on the contents of the report.

3 Ferry Vessel Strategy

- 3.1 Consideration is being given to the future use of a reserve vessel at a time in the future when the MV “Maid of Glencoul” comes to the end of its useful life. It must be emphasised that there is no threat to the MV “Maid of Glencoul” which is in a healthy condition with full availability of spares.
- 3.2 Exploratory talks are being held with Calmac on the lease of one of their vessels when the principle vessel MV “Corran” is out of service at its refit.
- 3.3 The use of a Calmac vessel where the fleet are all front loaders will require major investment in the ferry terminal slipways and also alterations to the loading ramps of the MV “Corran” which is a quarter loader. These engineering studies into the alterations of the slipways are underway and will require a major allocation from the Capital budget at some date in the future.
- 3.4 An investment in the slipways at a time when the MV “Maid of Glencoul” comes to the end of her life will save funding on a replacement vessel and have the added benefit of reduced running costs.

3. Consultation

- 3.1 It is proposed that following receipt of responses from Members to the draft study report that this report be issued for consultation and comment for a period of 2 months to:

- Lochaber Area committee
- Ardgour Community Council
- Strontian Community Council
- Acharacle Community Council
- Lochaline Community Council
- West Ardnamurchan Community Council

3.2 At the end of the consultation period and following receipt of comments the report will be resubmitted to the next available committee for finalisation and to allow a strategy to be agreed for future increases in Ferry Fares.

4. Annual Fare Increase

4.1 The annual ferry fare increase is due on 1 April 2014 and the Council's normal inflationary increase will be applied at that time across all fares.

4.2 This interim fares increase will remain in force until the Council has agreed the strategy for ferry fares.

5. Implications

5.1 The interim fares increase proposed for 1 April 2014 will assist with Revenue income but will not keep pace with current ferry inflation costs on fuel and refits.

5.2 There are no legal implications arising from this report.

5.3 There are no equality implications arising from this report.

5.4 There are no climate change implications arising from this report.

5.5 There are no known risk implications arising from this report.

6. Recommendations

6.1 Members are invited to comment on the attached draft socio – economic study in **Booklet A** and approve its issue for consultation to the local area committee and community councils within the ferry catchment.

6.2 Members should note that the socio-economic study will be reported back to committee in due course along with responses received to the consultation to allow a strategy to be put in place for future fare increases.

Designation: Head of Transport and Infrastructure

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