

Agenda Item	7
Report No	LA-31-19

HIGHLAND COUNCIL

Committee: Lochaber Area Committee

Date: 6 November 2019

Report Title: Corran Ferry Service Update

Report By: Executive Chief Officer Customer and Communities

1 Purpose/Executive Summary

1.1 This report provides an update on current developments with the Corran Ferry Service.

2 Recommendations

2.1 Members are asked to consider the contents of the report.

3 Implications

- 3.1 Resources – There are no implications arising from this report, but the project reported is focused on identifying options that provide value for money and sustainability.
- 3.2 Legal – relevant legal aspects will be explored appropriately.
- 3.3 Community (Equality, Poverty and Rural) – the Corran Ferry is a lifeline service with the associated socio-economic implications for the local community.
- 3.4 Climate Change / Carbon Clever – clean energy options will be considered in examining future operations.
- 3.5 Risk – increased service sustainability and future resilience will reduce the risk to future service provision.
- 3.6 Gaelic - There are no Gaelic implications.

4 Corran Ferry Project – Background

- 4.1 The Project will revisit the Corran Ferry Service Options Appraisal (Strategic Business Case) as presented at (EDI Committee - 08/11/18) in more detail. The key purpose of the Project is to undertake further analysis on the shortlisted options available and produce an Outline Business Case (OBC) which demonstrably optimises value for money.
- 4.2 The Project is focussed on the immediate transport problems associated with the ferry service, recognising that actions are required to ensure its sustainability in the short to medium term. Consideration of any future fixed link will be a matter for Transport Scotland's Strategic Transport Projects Review 2 (STPR2) and thus does not form part of this work.

5 The Project Manager

- 5.1 The Project Manager for the Corran Ferry started post in mid-May 2019 and has commenced work to progress the Corran Ferry Service Outline Business Case (OBC), which will determine future proposals for capital investment in vessels, slipway structures, service delivery methods and future fares.
- 5.2 Key contacts have been established and essential consultation with Council Members, Community Groups and appropriate stakeholders including Caledonian Maritime Assets Limited (CMAL) and Transport Scotland is underway.

6 Project Governance

- 6.1 A steering group has been set up to ensure links between the Local Community and Officers are maintained and everyone is given the opportunity to engage in the project. Members will act as a sounding board and will provide support and guidance to the Project Team on any issues critical to project success and the development of the Outline Business Case (OBC).
- 6.2 The Head of Roads and Transport Services is Project sponsor and the Project Manager is working closely with the area Roads Operations Manager. The Steering Group will be part of a larger project governance structure that will involve Lochaber Committee and Harbours Management Board, the decision-making powers being deferred to the Environment, Development and Infrastructure Committee.

7 Vessels and Slipways Analysis

- 7.1 Using information provided in the Options Appraisal Report (Strategic Business Case) the Project analysed the Strengths, Weaknesses, Opportunities and Threats (SWOT) of each of the shortlisted Vessel and Infrastructure options. This essentially came down to a choice between continuing quarter point operation or a switch to straight through ferries.

8 Vessels and Slipways Analysis Conclusion

- 8.1 The conclusion was that retaining two vessels is an overly expensive model. This infrastructure arrangement would be unique for this scale of operation and would also be at odds with other ferry services in Scotland. A new larger straight through (Roll-on/roll-off) vessel, with refit / relief / second vessel secured from elsewhere is the preferred Vessel and Slipways option. This will deliver economies of scale benefits and is in line with CMAL Ferries operated by Calmac.
- 8.2 As with any of the options the main challenge is in affording capital expenditure to replace any of the major assets associated with the ferry service. The next step is to develop the preferred option with a view to reducing optimism bias and establishing greater cost certainty prior to any procurement.

9 Vessel and Slipways Survey

- 9.1 At the offer of Transport Scotland CMAL recently carried out a Vessel (MV Corran) and Slipways survey on 30 August 2019. We will be meeting with CMAL to discuss the findings of their report which is due out in early November. CMAL are a single-purpose-company delivering multiple west-coast passenger ferry services. We are grateful to have the opportunity to talk them.

10 RET (Road Equivalent Tariff)

- 10.1 Transport Scotland have conducted web-based resident and business surveys regarding the evaluation of the 2015 roll-out of RET. The evaluation will look at how the formula works for short routes and will be published around the end of 2019. With a view to influencing and responding to this work THC have issued out an Internal Survey to gain staff insight on RET. This information will be used to help establish THC's Corporate view on RET which will be sent to Transport Scotland.

11 Grant Aided Expenditure (GAE)

11.1

Support of Ferries GAE Funding	
2017/18	£726,000
2018/19	£695,000
2019/20	£867,000

- 11.2 The Ferries Plan noted that any transfer would be predicated on a position of no net detriment to the Scottish Government If there was a transfer. Transport Scotland have advised they would need to consider the % of Grant Aided Expenditure (GAE) allocated to the Corran Ferry.
- 11.3 THC Finance have advised that if the Corran ferry service was to transfer then they would no longer expect to receive the GAE allocated for supporting the Service.

12 Methods of Delivery

- 12.1 The project is currently undertaking an informal market research/consultation/study into potential delivery methods. The principal issues considered in terms of the methods of delivery are as follows:-

- Who is funding the capital and revenue requirements of the service?
- Who owns the landside infrastructure?
- Who provides the vessel(s) and how is relief cover provided?
- Who operates the service?
- How are the fares set and what level should they be?

The study is due for completion in late November.

13 Chief Executive Corran Ferry Visit

- 13.1 As part of a tour of Lochaber (13 September 2019) the Chief Executive and Budget Leader travelled on the Corran Ferry and visited the Ferry operations offices in Ardgour. They spent time listening to the views of staff and members of the public hearing different perspectives on the localised challenges and opportunities for service delivery. The Project manager and the area Roads Operations Manager presented them with a Project brief and joined them at Strontian where they delivered a questions and answers session to representatives from the 5 Community Councils.
- 13.2 Following on from this visit the Project Manager invited all of Community Councils to nominate one person each to represent their communities on the Corran Ferry Steering group. Ardgour Community Council have responded, and their representative took part in the 2nd steering group discussion on 07 Oct 2019.

14 Transport Scotland

- 14.1 The Project Manager and Roads Operations Manager are set to continue consultation with Transport Scotland in November.

15 Corran Ferry Operational Issues

- 15.1 Work is ongoing with all operational matters. In reference to those referred to in the previous Lochaber Committee update in August 2019, due to the short timescale between Committees this time around a Members-brief will be provided before Committee and a verbal update from officers at the Committee.

Designation: Executive Chief Officer Customer and Communities

Date: 17 October 2019

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Background Papers: [Report](#) - LA/19/18 - Corran Ferry Service Options Appraisal
[Report](#) - EDI/80/18 - Corran Ferry Service Options Appraisal
[Report](#) – LA/7/19 – Corran Ferry Service Update
07/LA/17 – Corran Ferry Service Update