

Agenda Item	<b>9</b>
Report No	<b>HC/13/23</b>

## HIGHLAND COUNCIL

**Committee:** Highland Council

**Date:** 11 May 2023

**Report Title:** Corran Ferry and Levelling Up Fund Update

**Report By:** Interim Depute Chief Executive and  
Executive Chief Officer Infrastructure & Environment

### **1 Purpose/Executive Summary**

- 1.1 This report provides Members with an update regarding the current issues affecting the Corran Ferry Operations, an update on the proposed replacement vessels and shoreside infrastructure for the Corran Ferry service and an update on the Levelling Up Fund applications. It seeks Council agreement to submit a Levelling Up Fund application for the replacement service, given the outcomes of previous bids, and the need for a resolution to the challenges posed at Corran Narrows.

### **2 Recommendations**

- 2.1 Members are asked to:-
- i) **Note** the current position in respect of the Corran Ferry service;
  - ii) **Note** progress on delivering the Corran Ferry replacement project;
  - iii) **Note** the outcome of Levelling Up Fund submissions for 2022;
  - iv) **Agree** that the Corran Ferry replacement forms the basis of a submission to the UK Government's Levelling Up Fund for 2023; and
  - v) **Agree** that a future report is brought to Council providing further details of the prospectus for Levelling Up Fund Round 3, with an appraisal of the other constituency bids for agreement.

### **3 Implications**

- 3.1 **Resource** - There are significant resource implications for the Council due to the current suspension of the service on the Corran Narrows, given the mitigation that has been put in place. The future sustainability of the service will also involve significant investment, and efforts are underway to seek external funding to support delivery. These resource implications will form the subject of ongoing reports to Council and relevant strategic committees.

- 3.2 **Legal** - Relevant legal aspects will be explored appropriately, but construction consents and a compulsory purchase order are anticipated if land agreements cannot be negotiated.
- 3.3 **Community (Equality, Poverty and Rural)** - The Corran Ferry is a lifeline service with associated significant socio-economic implications for the local community.
- 3.4 **Climate Change / Carbon Clever** - Low carbon transport solutions have been considered in examining future operations and vessels specification. These fit well with the Council's commitment to a Net Zero Strategy.
- 3.5 **Risk** – Delay to delivery of longer-term solutions for the Corran Ferry replacement will have service delivery risks due to the age and condition of the vessels and associated infrastructure. Increased service sustainability and resilience will reduce the risk to future service provision. As with all construction and fabrication projects risks exist – designer risk assessments will be undertaken, and mitigation measures developed and implemented – and residual risks will be managed through the final construction contracts. Costs estimates have been provided to inform and shape the required capital delivery cost and associated approvals.
- 3.6 **Gaelic** - No implications.

#### **4 Corran Ferry - Background**

- 4.1 Located approximately seven miles south of Fort William, the Corran Narrows is the narrowest section of Loch Linnhe. The Narrows is home to the Corran Ferry service, which carries passengers and vehicles between Nether Lochaber (Corran) and Ardgour. Although a short crossing, the service provides an essential lifeline connection for the peninsular communities of Ardgour, Sunart, Ardnamurchan, Moidart, Morar, Morvern and the Isle of Mull beyond.
- 4.2 The Council owns, funds, and operates the Corran Ferry service, which is the busiest single vessel operated route in Scotland, carrying over 270,000 cars each year, delivering 30,000 sailings from early morning to late in the evening, 363 days of the year.

#### **4 Corran Ferry Current Outage**

- 4.1 The MV Corran is having its longest ever refit period this year and has been at dry dock since January largely due to extensive rebuilding of her 23-year-old ramps, specifically the one that lands on the Nether Lochaber side that experiences more wear due to the harsher weather conditions on that side of the narrows. The ferry has also been delayed due to a technical issue with one of the main Voith cycloidal propulsion units discovered after it went away for planned servicing.

- 4.2 During the refit for the MV Corran, the back-up vessel (the 47-year-old Maid of Glencoul) experienced a failure of the drive shaft during the Easter weekend. This has meant the vessel has been towed to dry dock and is currently being repaired. It is important to note that the back-up vessel recently had its longest refit period and was in drydock for 7 months largely due to renewal of her steering system and the sourcing of spare parts which is becoming more expensive each year.
- 4.3 This unfortunate double failure has led to a suspension of the service across the Corran Narrows. A number of contingencies and mitigation have been put in place as demonstrated below.

### Foot Passengers

<b>Good Friday Breakdown</b>	<b>Contingency</b>	<b>Supplier and Duration</b>
Tue 11 April	Additional Camusnagaul to FtW sailings	Highland Ferries Existing contract
Wed 12 April	Direct Ardgour to FtW sailings (minimal uptake)	Cruise Loch Linnhe 2 weeks (tbc)
Mon 17 April	Corran Narrows to timetable (well used) (ties in with buses, city link)	Fergusons – Redbay RIB (x2) 2 months

### Vehicle Ferry Options Trialled

<b>Date</b>	<b>Trial</b>	<b>Issues</b>
Tue 13 April 2023	Ferguson landing craft 100T (cost/visibility)	Manoeuvrability High tide & fair weather only
Thu 20 April 2023	MOD assessment visit	2 hrs either side of high tide only Slow loading/unloading Limited passengers, fair weather Licencing, liability Lead-time, Cost

## A861 – Road Users

Date	Mitigation	Duration
Current	Temporary Warning Signs re Soft Verges	Throughout Outage
Current	Passing Place Signs	Permanent
Current	Passing Place Enlargement (allowing HGVs to pass)	Permanent
Current	New Passing Places	Permanent
Current	Free Roadside Recovery	Throughout Outage

- 4.4 In addition to the actions identified above, discussions have been taking place with local transport providers to determine whether there is capacity for additional bus services to be put in place, however this has been a challenge in terms of existing pressures on services and driver availability. An update will be given to Council on this aspect at the meeting.
- 4.5 The local community and users have been provided with regular updates, with the Chief Executive attending a community meeting on 13 April 2023. Weekly Emergency Liaison Group meetings have been held with local resilience partners and press releases, website and twitter updates are being provided. There have also been online meetings with local members, community council representatives and senior staff.
- 4.6 At the time of writing, it is hoped that at least one of the vessels will be back in operation within 4-6 weeks. The work at the dry dock is progressing on both vessels, and the relevant parts are being sourced, assisted by the helpful intervention of Caledonian MacBrayne who have allowed access to their stock of a replacement part that would otherwise have had a very long lead-in time. The Chief Executive has written, and received assurances, that this is the top priority for company that is undertaking the repairs. Arrangements are also being made for the Interim Deputy Chief Executive and senior representative from Transport Scotland to undertake a visit to review the works in progress.
- 4.7 **Current mitigation costs**

Measures	Estimated total cost	Notes
Overnight works - passing place improvements and signage	£150,000	(1.5 weeks of 3 weeks work completed as at 26/04/2023)
Replacement service for foot passengers and bicycles at the Corran Narrows	£280,000	Ties in with existing service buses Citylink
Landing craft trial	£17,000	Unsuccessful

Trial of Ardgour to Fort William commuter ferry (two runs per day)	£40,000	Incurred to date Under review
Enhanced Camusnagaul to Fort William service for foot passengers and bicycles	Existing contract	Some additional sailings incorporated
Enhanced bus services where possible	TBC	Ongoing
Total	£487,000	

## 5. Corran Ferry Project – Longer Term Options

- 5.1 The recent issues highlighted above have brought into sharp focus the need for a sustainable solution for the Corran Ferry crossing. As Members will be aware, following the last full outage in 2017, a Corran Ferry replacement project was put into place. This involved looking at the longer-term aspirations for a fixed link crossing of the Narrows, as well as a ferry replacement project. The progress across both elements is presented in **Appendix 1**.
- 5.2 Members will also be aware that The Highland Council's Economy and Infrastructure Committee agreed the Outline Business Case Final Report for investment in new ferries and shoreside infrastructure for the Corran Ferry service. The final report can be found here Item 4 – ECI/25/22 [Report](#)
- 5.3 The Council set aside £1.6m to progress work on the proposed vessel design and shore-side infrastructure. To date good progress has been made on both projects as below:-

<b>Design Stage (Underway)</b>				
<b>Brief</b>	<b>Consultants</b>	<b>Completion Target Date</b>	<b>Est Cost</b>	<b>Funding Confirmed</b>
<b>1. Design</b> - New Electric vessel (in conjunction CMAL's Small Vessel Replacement Programme)	Naval Architects	Q2 - 2023	£0.3m	Yes
<b>2. Design</b> - 2 New Slipways and Shoreside Infrastructure	Marine Engineers	Q3 - 2023	£1.3m	Yes
		<b>Total</b>	<b>£1.6m</b>	

- 5.4 The design work on the new ferry has been supported through assistance in kind from CMAL, and a close tie-in to the Scottish Government's Small Vessel Replacement Programme. This potentially allows the Council savings in procurement, project oversight and more certainty over delivery to agreed timescales. It is clear however that funding for the ferry replacement and the shore-side infrastructure is for the Council to source and this remains a serious challenge, given the pressures on the capital programme.

5.5 Current estimates of the costs for a new ferry (whilst maintaining the MV Corran as back up) and the infrastructure required are as follows:-

<b>Construction Stage</b>				
<b>Brief</b>	<b>Consultants</b>	<b>Completion Target Date</b>	<b>Est Cost</b>	<b>Funding</b>
<b>1. Build</b> - 1 new Elec Ferry MV Corran Back up vessel	Ship Builders	Elec Vessel 1 Q1 - 2026	£18.5m	Not Confirmed
<b>2. Build</b> - 2 New Slipways / Shoreside Infrastructure / Berthing	Marine Engineers	Q4 - 2025	£33.5m	Not Confirmed
<b>Total</b>			<b>£52m</b>	

5.6 Efforts are continuing to deliver a capital solution for the ferry replacement, including the potential for a UK Government Levelling Up Fund bid, which is dealt with in the following sections of this report.

5.7 It is important to note that a range of alternative options have been explored, including the purchase of second-hand ferries and the rebuilding of a modern version of the existing MV Corran. In respect of the first of these, a worldwide search has been undertaken by CMAL and it has not been possible to source any alternative ferries on the international market that would meet the operational needs of this particular route. The very specific tidal challenges of the Corran Narrows coupled with the unique shoreside infrastructure mean that compatibility is extremely difficult to achieve.

5.8 In respect of the second, if a like for like vessel was built (as has been suggested by some in the local community) it would effectively replicate one ferry with obsolete parts to produce another with all the inherent problems currently being experienced regarding maintenance, repair and the commissioning of bespoke spare parts. It would also be highly unlikely to meet modern standards to qualify for marine certification and would not meet any of the transport planning objectives, and so would not secure external funding. If a new design diesel ferry was to be commissioned, it would require a restart of all of the work highlighted above in paragraph 5.5 and mean that the Council itself would have to arrange the design, procurement and delivery of such a vessel, rather than being part of a wider procurement exercise as part of the Scottish Government's Small Vessel Procurement Process. This has inherent risks, and the timescales for delivery are likely to be similar to those timescales within the Small Vessels Procurement Process, whilst not meeting any of the benefits in meeting climate change targets or compatibility with the wider Calmac fleet. That said, work will continue with CMAL to determine the process that could be followed, should this be an option members wish to be pursued.

5.9 The Council has also looked into the feasibility of a fixed link (bridge or tunnel). This is set out in Appendix 1 up to the point that Transport Scotland confirmed that this would not be included in STPR2. Transport Scotland has recently confirmed that there is no intention to revisit the decision to exclude this from the Strategic Transport Review. It should be noted that progressing with a new ferry does not preclude a fixed link being the longer-term aspiration of the Council.

## 6 Levelling Up Fund

6.1 On 3 March 2021, the Chancellor **of the Exchequer** set out details of the UK Levelling Up Fund. The Council was successful in Round 1 (of 4) for three related projects associated with a Net Zero Cultural Regeneration bid for the Inverness, Nairn, Badenoch and Strathspey constituency, and this has been reported previously to Council. These projects, at Inverness Castle, Northern Meeting Park and Bught Park are now underway, and progress is positive. Two other projects, one for the North Coast 500 (a transport related bid, for which the Levelling Up Fund guidance allowed one bid per local authority area) and a bid for Wick harbour and town regeneration (for the Caithness, Sutherland and Easter Ross constituency) were unsuccessful.

6.2 The UK Government published their prospectus for Round 2 of the Levelling Up Fund on 23 March 2022. The same three investment themes as for round 1 applied - Transport, Regeneration and Town Centre Investment and Cultural investments.

6.3 The Council meeting on 30 June 2022 agreed that bids should be submitted in Round 2 of the Levelling Up fund for the North Coast 500 (resubmitted Transport Bid) and Portree Harbour (standalone Heritage bid). Unfortunately, neither of these bids were successful. Feedback has been received on both of the bids, and the main theme was that whilst the bids were strong in terms of detail, the economic impact required further analysis and the deliverability of the projects presented challenges.

6.4 Council officers are currently seeking confirmation on the timing of the prospectus for the next round of Levelling Up Fund bids. It is anticipated that the next round of bids will commence in early Summer 2023.

6.5 Given the fact that the North Coast 500 bid has been unsuccessful in both rounds 1 and 2 of the Levelling Up fund, it is proposed that the Transport bid for Round 3 comprises a bid for the Corran Ferry replacement and shore-side infrastructure. This assumes that each Local Authority is still able to make a bid up to a value of £50m (as per previous rounds). If Members agree with this approach, a bid will be submitted, supported by the approved Corran Ferry Outline Business Case (OBC) and the final design details (Replacement Vessels and Shoreside Infrastructure), as the key documents for securing the investment grant. It is worth noting that other successful Levelling Up Fund bids for replacement Ferries and Infrastructure include:-

- Council of the Isles of Scilly - Major improvements to sea links - £48m; and
- Shetland Islands Council - Fair Isle Ferry Infrastructure Project - £27m

6.6 It is proposed that the project will deliver:-

- 1 new Ro-Ro electric Ferry (32 car);
- larger marshalling areas;

- slipways and aligning structures;
- overnight berthing;
- EV charging;
- car parking;
- toilet facilities;
- modernised ferry office;
- crew accommodation; and
- renovated storage building

Other key benefits are:-

1. A significant increase in capacity (32 car capacity) will provide sufficient capacity all year round to meet the ever-increasing demand.
2. Increased capacity will stop high intensity shuttling and facilitate compliance with the published timetable.
3. This will also address the severance issues for larger commercial vehicles when the smaller MV Maid of Glencoul with her height and weight restrictions is in operation.
4. Electric propulsion will offer (close to) zero emissions operation which will deliver the early decarbonisation of the route with further benefits in terms of energy demand and overall fleet costs.
5. The electric ferry solution will be in line with Highland Council and Scottish/UK Governments climate change commitments.
6. Ro-Ro vessels and standard infrastructure will remove the quarter loader constraint on the route which will provide the potential for interchangeability with the CMAL / CalMac fleet.
7. Progression to a safer way of working with new overnight berthing will discontinue the practice of the high-risk ship-to ship crew transfers.
8. The new vessel will enable faster loading with better ramp alignment for large commercial vehicles (HGV).
9. New larger marshalling areas will address the consequential road safety issues of traffic backing up onto the A82(T) and the A861. It will also improve safety and access to the ferry for vehicles, pedestrians, and cyclists.
10. The electric ferry solution developed through the OBC has future-proofed against a fixed link as far as reasonably possible, by ensuring that the vessels could easily be resold and redeployed elsewhere.
11. An exciting opportunity exists for a hydro project to supply locally generated renewable electricity to satisfy the energy demand of the new Corran ferry.



- 6.7 The primary benefit of the project is ensuring the continued operation of a resilient ferry service which is fundamental to the economic viability and future sustainability of the Ardgour peninsula, Lochaber, and Mull communities. By placing the ferry service on a sustainable long-term footing over a 25-year period (life of the vessels) this investment will remove the risks identified in the Corran Narrows Socio-Economic Study from the ultimate service failure (i.e. no ferry). Full Council, MP, MSP, Community and Business support, including supporting letters will be key in delivering a successful bid. It is proposed that further engagement is carried out to ensure that this support is achieved, in the run up to the bid being submitted.
- 6.8 A further report will be brought to Council, once the full details of the Round 3 process are known. This will allow decisions to be made on the remaining constituency bids that are still to be submitted. This will include the decision as to whether an amended proposal for the Portree Harbour bid should be considered, as well as an appraisal of other eligible projects throughout the Caithness, Sutherland and East Ross constituency and the Skye, Lochalsh and Wester Ross constituency.

Designation: Depute Chief Executive

Date: 26 April 2023

Author: Malcolm Macleod, Interim Depute Chief Executive  
Murray Bain, Corran Ferry Project Manager

Background Papers: Item 4 – ECI/25/22 [Report](#)  
Item 13 – ECI/34/20 [Report](#)  
Item 7 – ECI/9/20 [Report](#)  
HiTrans Item 6 [Report](#)  
Item 10 – LA/6/20 [Report](#)  
Item 7 – LA/31/19 [Report](#)  
Item 7 – LA/17/19 [Report](#)  
Item 4 – LA/7/19 [Report](#)  
Item 20 – EDI/80/18 [Report](#)  
Item 11 – LA/19/18 [Report](#)  
Item 8 – LA/23/17 [Report](#)  
Item 4 – LA/14/17 [Report](#)  
Item 12 – COM/47/16 [Report](#)  
Item 11 – COM/8/16 [Report](#)  
Item 14 – COM/11/15 [Report](#)  
Item 9 – COM/35/14 [Report](#)  
Item 8 – LA/5/14 [Report](#)  
Item 12 – TEC/72/13 [Report](#)

## Appendix 1 – Corran Ferry/Fixed Link High Level Timeline

<b>Corran Ferry - High Level Timeline</b>	
<b>Ferry</b>	<b>Fixed Link</b>
<p><b>22 Aug 2017 - ECI Committee</b> In light of the suspension of the ferry service for five days it was agreed that a Corran Ferry options appraisal is undertaken immediately commencing financial year 2017-2018.</p>	<p><b>30 Aug 2017</b> Community Services managers met HITRANS to scope the Options Appraisal (and to confirm that there will be no duplication in relation to the HITRANS STAG which is looking at the Long-Term options for The Narrows crossing, including a fixed link)</p>
<p><b>8 Nov 2018 - ECI Committee</b> Final Corran Ferry options appraisal (SBC) presented to ECI Committee:</p> <ul style="list-style-type: none"> <li>○ Approval to develop a preferred option in more detail through the outline business case with view to facilitate subsequent procurement.</li> </ul>	<p><b>19th Feb 2020 - LA committee</b> LA committee were presented with a Corran Narrows Fixed Link interim update and confirmed the proposal to submit this report to Transport Scotland for consideration within the Strategic Transport Projects Review 2 (STPR2)</p>
<p><b>01 Oct 2019</b> A Corran Ferry steering group was established in Oct 2019 to ensure links between the Local Community and Officers are maintained and that regular users of the service are given a strong voice to represent their local community.</p>	<p><b>24 April 2020</b> Final Corran Narrows Fixed Link: Outline Feasibility Study presented to THC, HITRANS and HIE then Submitted to Transport Scotland for consideration within the STPR2 (2022-2042)</p>
<p><b>September 2019</b> The Council's Chief Executive and Budget Leader travelled on the Corran Ferry and delivered a questions and answers session in Strontian with representatives from the Community Councils.</p>	<p><b>20 Jan 2022</b> The Corran Narrows was not brought forward as a project within STPR2 as that study ultimately focused on transport networks and services under Transport Scotland jurisdiction only.</p>
<p><b>01 July 2020 - ECI Committee</b></p> <ul style="list-style-type: none"> <li>○ Agreed that a private operator running the service should be rejected for further consideration</li> <li>○ Approved the proposal for 2 new Ro-Ro vessels and supporting infrastructure</li> <li>○ Approve that the Highland Council is content to 'approach' Transport Scotland regarding a transfer of responsibility</li> </ul>	<p><b>14 Apr 2022</b> The Highland Council responds to the STPR2 consultation and the Minister for Transport, with disappointment that neither of the essential Corran projects (New Ferries or Fixed links) feature in STPR2, particularly since a fixed link to Mull is identified</p>
<p><b>8th Sept 2020</b> Letter sent to Transport minister seeking approval to form a working group with officers from Transport Scotland regarding the possibility of transferring over responsibility for the Corran ferry service in accordance with the principles set out in the Scottish Ferries Plan.</p>	<p><b>22 Sept 2022</b> Transport Minister confirms that Replacement of local authority ferry services or fixed links were "out-of-scope" of STPR2.</p> <p>Officers will continue to lobby TS for the delivery of a fixed link for Corran as a longer-term proposition.</p>
<p><b>14 Oct 2020</b> Transport Minister responds that the SG will require confirmation regarding the Council's plans to fund the capital replacement of the vessels and slipways prior to the setting up of a formal working group to discuss any potential future transfer of responsibility. Support in kind is offered through the SVRP</p>	
<p><b>24 June 21 - Full Council</b> Funding approval (£1.6M -) Work commences on the feasibility and preliminary design for 2 replacement Vessels (SVRP) and supporting infrastructure (Wallace Stone)</p>	
<p><b>17 May 2021</b> Corran Narrows Socio-economic Study Voice of the Customer stakeholder and public consultation survey</p>	

<p><b>02 Dec 2021 - ECI Committee</b> Final Corran Narrows Socio-economic Study presented to members and made public</p>	
<p><b>10 Nov 2022 - ECI Committee</b> Members approve the Final Outline Business Case Final Report (OBC) for investment in two ferries and shoreside infrastructure for the Corran Ferry service.</p>	
<p><b>10 Nov 2022</b> Pre-application consultation event - Ardgour</p>	
<p><b>07 February 2023</b> Evidence given by THC (modern and sustainable ferry service for Scotland) at the Scottish Parliament's Net Zero, Energy and Transport Committee.</p>	