Scottish Ferries Review

Consultation Document

10 June 2010

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Appendices 1 and 2 are part of this document. The remaining Appendices can be found in the separate document "Scottish Ferries Review - Consultation Document – Appendices 3 to 10".

Introduction from Stewart Stevenson Minister for Transport, Infrastructure and Climate Change

Scotland's ferry services play a key role in sustaining and enabling economic development in our fragile island and remote rural communities. At the time of the last census in 2001, there were 95 inhabited Scottish islands with a total population of almost 100,000 people. These numbers understate the substantial social, cultural and economic contributions our islands make to Scotland. Links to our islands need to be an integral part of Scotland's transport network.

We want to identify where changes and improvements to ferry services can support and enable the creation of dynamic and growing economies for our island and peninsular communities.

We wish to support and grow the potential of these communities to contribute to Scotland's economy. We recognise the current contributions from e.g. the oil and gas sector, fishing, aquaculture, tourism and whisky production. We are excited at the expanding possibilities for renewable energy. We also understand that the quality, reliability and affordability of transport links, along with other measures, are vital for successful social and economic growth.

Many of the suggestions made to Government during the pre-consultation phase of our work may be seen as radical. It is important that you give us your views so we can take forward workable proposals that meet the aspirations of our island communities. Following the publication of this document my officials will be carrying out an extensive programme of consultation events around the country. Please come along to an event if you can and please respond to this consultation. Your opinion will be vital in designing the ferry services of the future.

Executive Summary

1. This Ferries Review Consultation Document asks for your opinions and views about how ferry services could be delivered in future, to inform us in the preparation of a Draft Ferries Plan up to 2022. This Ferries Review Consultation Document is the subject of public consultation which runs to 30 September 2010. Throughout the document there are key questions that we would like your opinion on. Your comments are requested by 30 September 2010.

2. While there are more specific questions asked throughout the document, in essence we want to know what you think about how ferries should be funded and procured, on what basis should fares be set, what kind of services should be supported with public money and who should be responsible for providing these services.

3. Ferries are an essential part of Scotland's transport network. They provide access to schools and healthcare for the communities in some of the most remote and fragile parts of Scotland. They enable the movement of freight to and from those communities. The correct transport links can encourage people to stay in their communities and can encourage economic growth.

4. The financial context in which we are operating has changed since the Ferries Review was initiated. We are now operating in an environment where there is less money available to invest in and support ferry services. We therefore need to identify where we can get most value from our investment. This is true for both Local Authorities and the Scottish Government. All options within this Consultation Document must be viewed with this backdrop in mind.

5. There is cost escalation in the ferry sector to both central and local government. There is an ageing fleet and need for investment in vessels. There is an ageing harbour infrastructure with need for investment in harbours. Fuel and crew costs are escalating and subsidy levels are increasing rapidly. There are major challenges facing us all as a consequence of these challenges.

6. There is no consistent approach across the country to the funding and procurement of ferry services. There are ferry services funded by the Scottish Government, some are supported by Local Authorities, some supported by their community and some that receive no community or public financial support. Some services are provided directly by Local Authorities, others are tendered for. Some tendered services require operators to provide their own vessels, others insist that they use existing vessels.

7. Neither is there a consistent approach across the country in the split of who should be responsible for the delivery of ferry services. Some are our responsibility, others the responsibility of Local Authorities. The services that do not receive public subsidy are the responsibility of the operator.

8. There is no existing policy to determine what services and routes should be funded, or what the level of service should be.

9. We believe that the majority of ferry services in Scotland will always require to be publicly funded as most of them are unlikely to be profitable to commercial operators. We believe that responsibility is likely to continue to be split between us and Local Authorities.

10. Where Local Authorities are responsible for ferry services it will continue to be up to them to determine what services should be delivered and how.

11. Given the current difficult financial situation, we are keen to explore ways to bring additional monies into the system or free up funds to be spent on the ferries networks. This document considers various options such as ways in which Caledonian Maritime Assets Ltd (CMAL) could access funding, making ports and harbours self-funding and opening up the market to greater competition. We are keen to explore each of these in more detail.

12. It has been suggested that we should test the market by removing some routes from the current Clyde and Hebrides Ferry Services (CHFS) and Northern Isles bundles and tendering them separately. For these specific routes, such a tender could allow bidders the option of using their own vessel(s) or the existing vessel(s). The remainder of the routes would continue to be bundled together. For the remaining CHFS routes these would continue be tendered on the basis of a requirement to use the vessels provided by CMAL.

13. Tendering is a requirement imposed upon us by EU rules and will continue to be a requirement for us. The maximum contract length at the moment is usually 6 years but we know that this may be revisited by the European Commission and we will make our views known that a longer tender period would allow greater investment in the market and should allow services to be run at a reduced cost to the public purse.

14. There should be an open and transparent way of determining what ferry services should be funded and what level of ferry service a community needs. This should result in a parity of service across all of our islands and peninsular communities. It is likely that in determining what routes and services to fund into the future, and at what service level, a structured approach to determining what these routes and levels of service should be will be required. Any approach needs to be flexible enough to recognise that most islands are different and need different things. Nevertheless in determining what the needs are, it is likely that the same process would be followed.

15. Following the public consultation period, a Draft Ferries Plan will be produced. This Draft Ferries Plan will be subject to a further 6 week public consultation following which a final Ferries Plan will be produced and implemented.

Chapter 1: Introduction

1. Ferries are an essential part of Scotland's transport network. They provide access to schools and healthcare for the communities in some of the most remote and fragile parts of Scotland. They enable the movement of freight to and from those communities. The correct transport links can encourage people to stay in their communities and can encourage economic growth.

2. We want to support the communities that rely on ferry services by providing the best services that are part of a sustainable system.

3. As well as the services themselves being a vital link for the communities, ferries also provide good quality employment in areas with limited scope for such skilled and relatively well paid jobs. There is a strong history in Scotland of working in the maritime sector and we are mindful of the contribution that the staff employed in ferries operations contribute to the local economies.

4. Over 2,000 jobs are supported by ferry operations generating an annual income of over £65m. Over 60% of those jobs are held by residents of the Highlands and Islands.

What is this document for?

5. This Ferries Review Consultation Document asks for your opinion about how ferry services could be delivered in the future, to inform us in the preparation of a Draft Ferries Plan to be consulted on later this year. It is the subject of public consultation which runs to 30 September 2010. Throughout the document there are key questions that we would like your opinion on. Your comments are requested by 30 September 2010.

6. You will find a summary of the consultation questions at Appendix 1 and a form you can complete at Appendix 2. You can either send this form to scottishferriesreview@scotland.gsi.gov.uk or to Scottish Ferries Review Consultation, Ferries Division, 2nd Floor North, Victoria Quay, Edinburgh, EH6 6QQ. You don't have to answer every question, and there is space for you to add your own comments too. You can also contact the Ferries Review Team on 0131 244 1539.

7. While there are more specific questions asked throughout the document, in essence we want to know what you think about how ferries should be funded and procured, on what basis should fares be set, what kind of services should be supported with public money and who should be responsible for providing these services.

8. These are difficult questions and there are many different options and points of view. Further information and discussion of the options can be found in the suite of reports that are being published on our website at the same time as this consultation document. A list of these reports can be found in Appendix 3.

9. This document is accompanied by the "Scottish Ferries Review Consultation Document Appendices". Appendices 1 and 2 (the list of consultation questions and a copy of the questionnaire for you to fill in) form part of the main Scottish Ferries Review Consultation Document.

The Purpose of the Scottish Ferries Review

10. The Scottish Ferries Review was a commitment in the National Transport Strategy 2006. In 2008 there was a parliamentary inquiry into ferry services, and in his response to that inquiry the Minister for Transport, Infrastructure and Climate Change re-committed to carrying out this Ferries Review. The recommendations of the parliamentary inquiry, relevant to the Review can be found at Appendix 4.

11. The Review period is from now to 2022.

12. The purpose of the Review is:

- To develop a shared vision and outcomes for lifeline ferry services in Scotland, in the context of the Government's Purpose, Economic Strategy and National Transport Strategy.

- To analyse the current lifeline ferry services and network, identifying how well it meets the proposed outcomes and how it links to other modal networks.

- To inform the Scottish Government's long term plan for lifeline ferry services in Scotland and influence the next round of procurement of ferry services.

- To identify policies to be taken forward to deliver the long term plan, including the planned investment framework.

13. The Ferries Plan will ultimately make recommendations regarding:

- Where investment should be focussed to make connections for island and remote rural communities better.

- Improving reliability and journey times.

- Seeking to maximise the opportunities for employment, business, leisure and tourism.

- Promoting social inclusion.

14. We will consider these issues within a framework that will maintain the safety record of Scotland's ferry services.

The Scope of the Ferries Review

15. The full "High Level Scope" of the Review can be found at Appendix 5.

16. In summary all publicly funded ferry services beginning and ending in Scotland have been included. Those services funded by the Scottish Government and those funded by Local Authorities have been included as have community run ferry services. The Review also takes account of the commercial services running in Scotland.

17. The Review considers the current position as well as what changes need to be made to meet needs into the future. The needs of passengers, cars, commercial vehicles and freight are all being considered.

How the Review has been carried out

18. The Review has been led by the Scottish Government. We were helped in forming opinions by a Steering Group, a Council Group and an Operators Group. The members of these groups can be found in Appendix 6.

19. We appointed consultants to provide us with detailed information, and have drawn on the expertise of Caledonian Maritime Assets Ltd (CMAL) to advise us regarding vessels, ports and harbours. Highlands and Islands Enterprise advised us regarding the economies of the communities reliant on ferries. The suite of reports listed in Appendix 3 is a result of work carried out by consultants and CMAL.

20. During spring and summer 2009 we held public consultation events around the Highlands and Islands, informing people of the Review and gathering early views on ferry services. These events have been vital in informing the process. The detail of what you told us during these events can be found at Appendix 7.

21. We also carried out extensive data collection including household surveys and a "stated preference" exercise. Further detail about the data collection can be found at Appendix 8.

What happens next?

22. Following the public consultation period, a Draft Ferries Plan will be produced. This Draft Ferries Plan will be subject to a further 6 week public consultation period later in the year, following which a final Ferries Plan will be produced and implemented.

23. A high-level Strategic Environmental Assessment (SEA) has been undertaken of the issues raised in this Consultation Document. A SEA will also be undertaken of the proposals we will take forward to the Draft Ferries Plan following the first period of public consultation. This more detailed SEA will inform the Draft Ferries Plan. The high-level SEA is being published at the same time as this document and is listed in Appendix 3.

24. An Equalities Impact Assessment (EQIA) will also be undertaken on the Draft Ferries Plan.

The Current Position

25. Appendix 9 contains detail of the historical context of ferries in Scotland. The maps and table below show the ferry services that exist in Scotland.
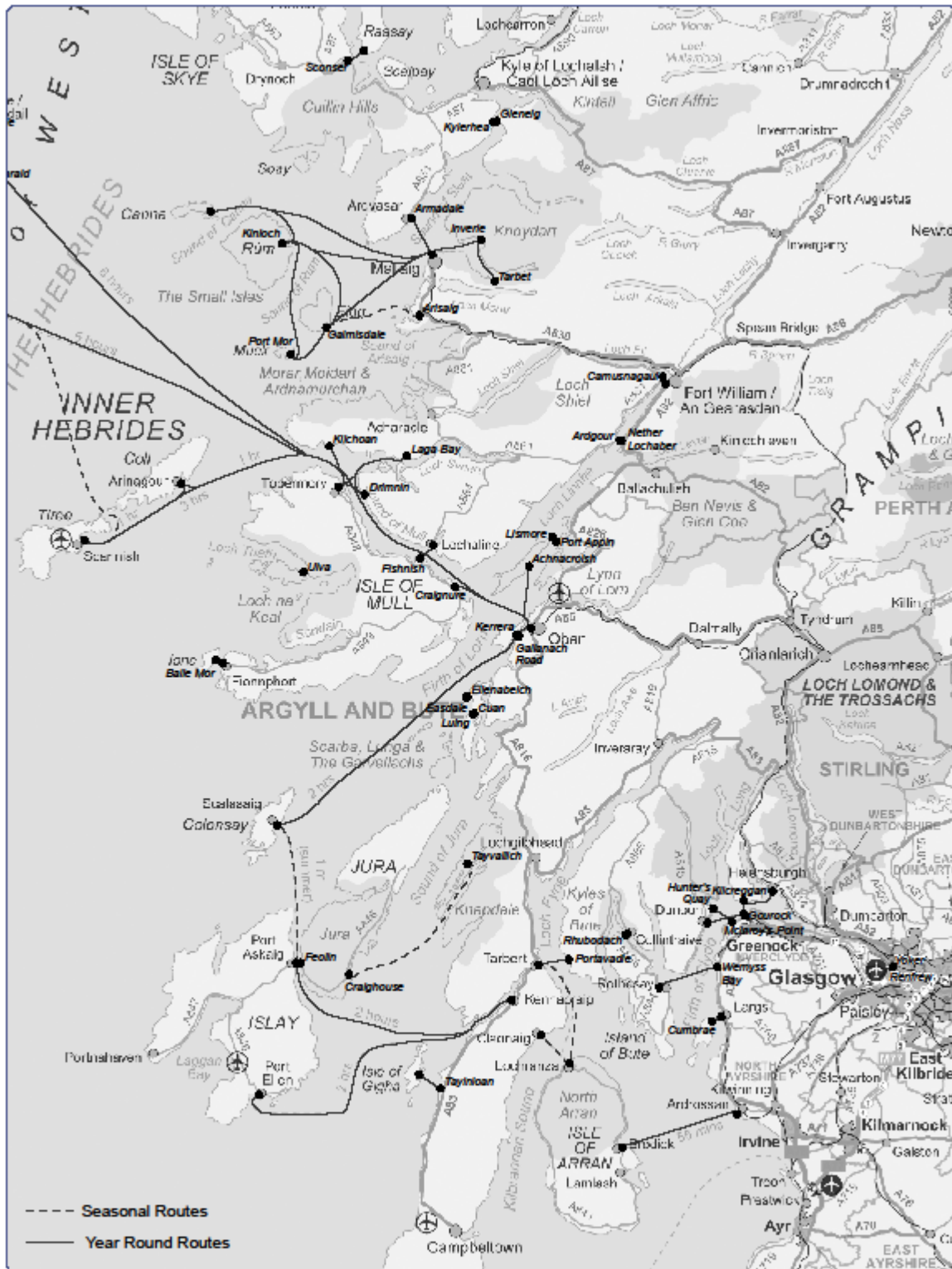
Scottish Ferry Routes

South Western Scotland

Figure 1 South Western Scotland routes
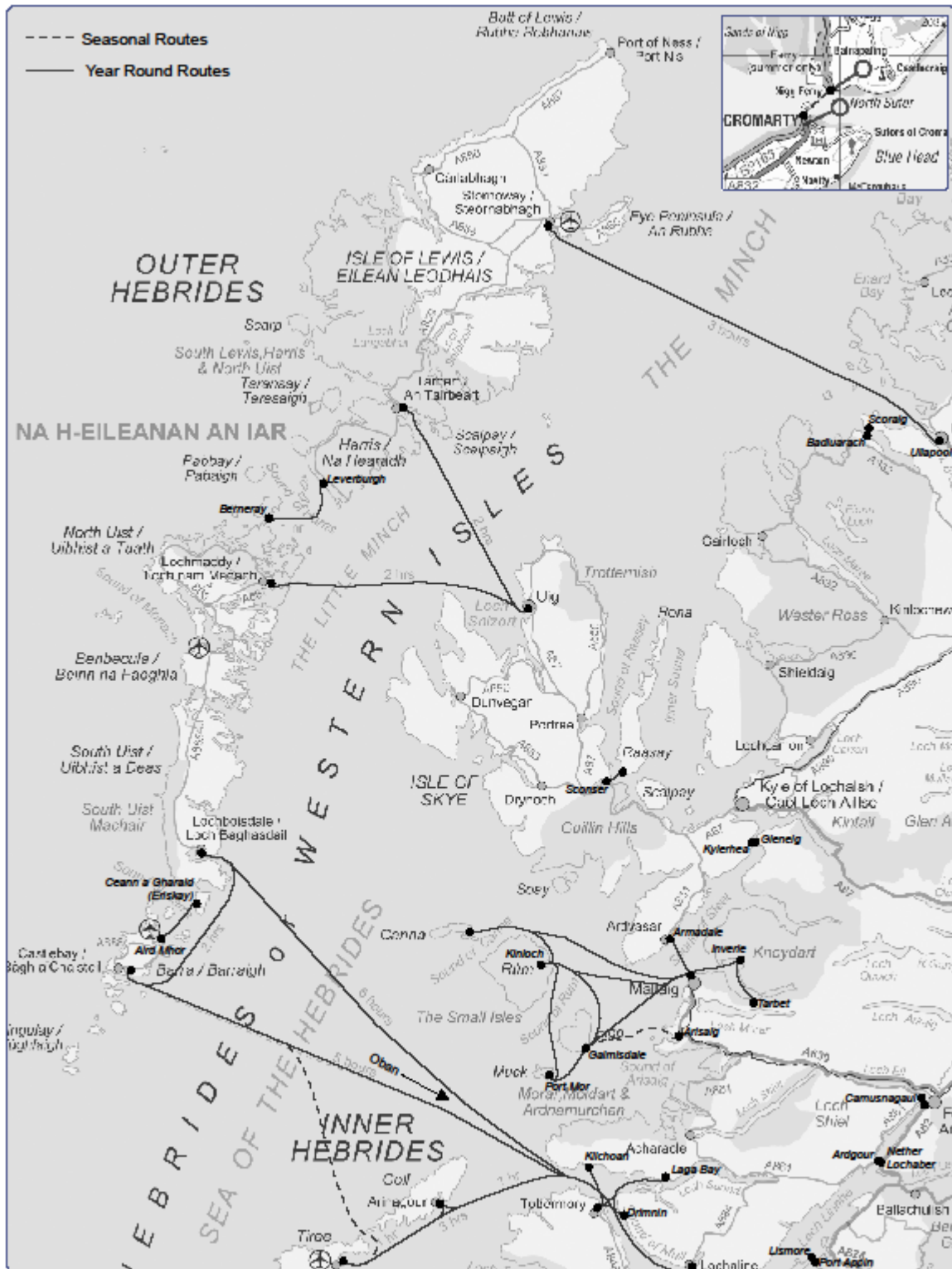
Scottish Ferry Routes

Western Isles

Figure 2 Western Isles routes
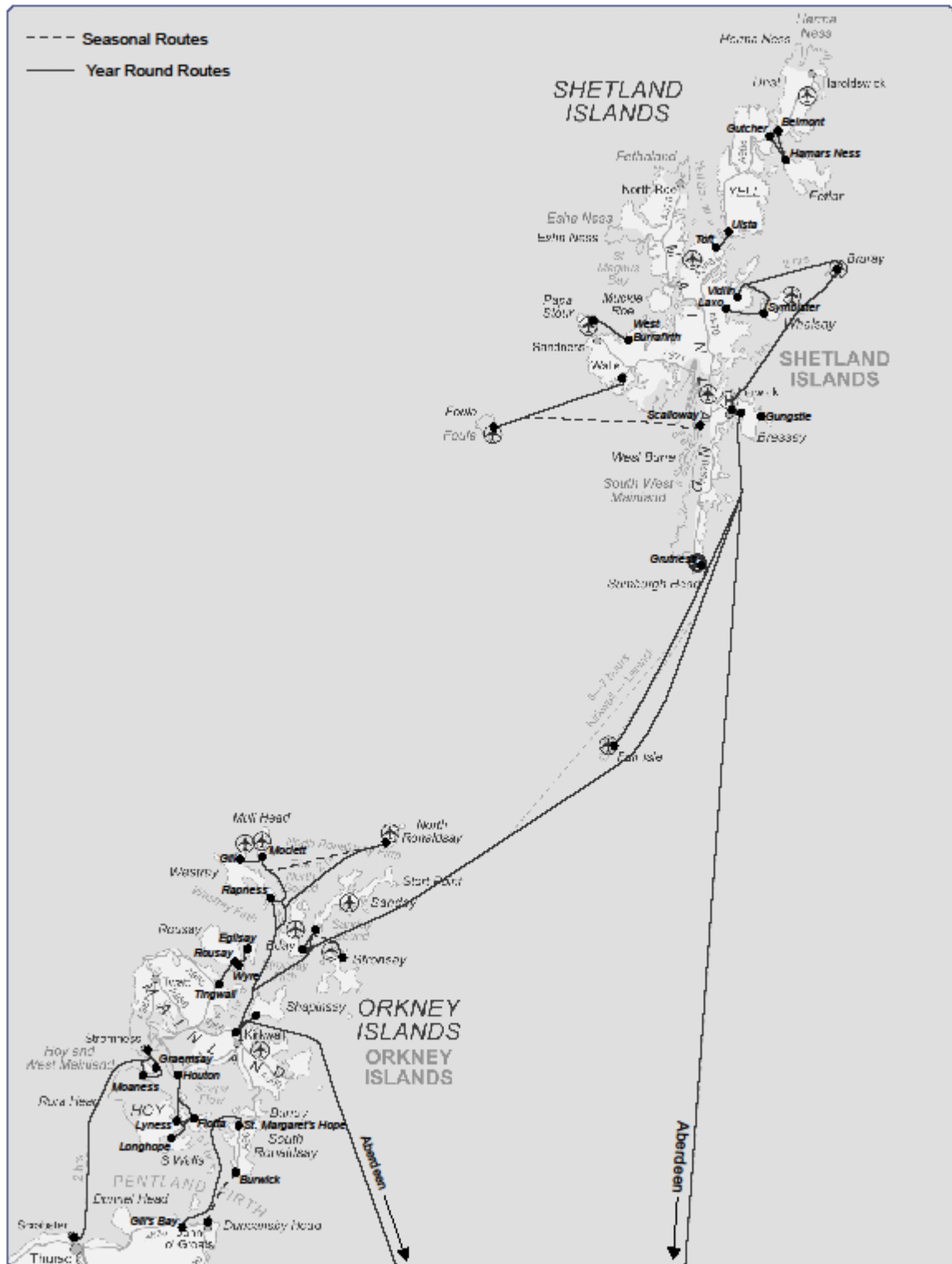
Scottish Ferry Routes
Orkney & Shetland Isles

Figure 3 Orkney & Shetland routes

Table 1 Ferry routes in Scotland

Ferry route	Local Authority area of journey	RTP areas of journey	Current responsibility/ Operator
Ullapool– Stornoway	Highland – Western Isles	HITRANS	Scottish Government (SG)/ CalMac
Uig– Tarbert /Lochmaddy	Highland – Western Isles	HITRANS	SG/ CalMac
Berneray – Leverburgh (Sound of Harris Service)	Western Isles – Western Isles	HITRANS	SG/ CalMac
Aird Mhor – Eriskay (Sound of Barra Service)	Western Isles – Western Isles	HITRANS	SG/ CalMac
Oban - Castlebay/Lochboisdale	Argyll & Bute Council (ABC) – Western Isles	HITRANS	SG/ CalMac
Oban - Castlebay/Lochboisdale via Coll/Tiree (Summer only)	ABC – Western Isles	HITRANS	SG/ CalMac
Oban – Coll/Tiree	ABC - ABC	HITRANS	SG/ CalMac
Oban – Craignure	ABC - ABC	HITRANS	SG/ CalMac
Oban – Colonsay	ABC - ABC	HITRANS	SG/ CalMac
Oban – Lismore	ABC – ABC	HITRANS	SG/ CalMac
Oban – Colonsay – Port Askaig – Kennacraig (Summer only)	ABC - ABC	HITRANS	SG/ CalMac
Kennacraig – Port Ellen/Port Askaig	ABC - ABC	HITRANS	SG/ CalMac
Tayinloan – Gigha	ABC - ABC	HITRANS	SG/ CalMac
Ardrossan – Brodick	N Ayrshire – N Ayrshire	Strathclyde Partnership for Transport (SPT)	SG/ CalMac
Largs – Cumbrae Slip	N Ayrshire – N Ayrshire	SPT	SG/ CalMac

Ferry route	Local Authority area of journey	RTP areas of journey	Current responsibility/ Operator
Wemyss Bay – Rothesay	Inverclyde – ABC	SPT – HITRANS	SG/ CalMac
Tarbert (LF) – Portavadie	ABC - ABC	HITRANS	SG/ CalMac
Tarbert (LF)- Portavadie (ferry does Tarbert – Lochranza daily in winter)	ABC – ABC ABC – N Ayrshire (see note)	HITRANS HITRANS - SPT	SG/ CalMac
Colintraive – Rhubodach	ABC - ABC	HITRANS	SG/ CalMac
Fionnphort – Iona	ABC - ABC	HITRANS	SG/ CalMac
Tobermory – Kilchoan	ABC – Highland	HITRANS	SG/ CalMac
Fishnish – Lochaline	ABC - Highland	HITRANS	SG/ CalMac
Claonaig – Lochranza (summer only)	ABC -North Ayrshire	HITRANS - SPT	SG/ CalMac
Mallaig – Armadale	Highland - Highland	HITRANS	SG/ CalMac
Mallaig – Small Isles (Eigg- Muck – Rum – Canna)	Highland - Highland	HITRANS	SG/ CalMac
Sconser (Skye) – Raasay	Highland - Highland	HITRANS	SG/ CalMac
Aberdeen – Kirkwall – Lerwick	Aberdeenshire – Orkney Islands Council (OIC) – Shetland Islands Council (SIC)	NESTRANS – HITRANS- ZETRANS	SG/NorthLink
Scrabster – Stromness	Highland – OIC	HITRANS	SG/NorthLink
Gourock – Dunoon	Inverclyde – ABC	SPT - HITRANS	SG/ Cowal Ferries
Isle of Seil – Isle of Luing	ABC – ABC	HITRANS	ABC
Ellanabeich (Isle of Seil) – Isle of Easdale	ABC – ABC	HITRANS	ABC
Port Appin – Lismore	ABC – ABC	HITRANS	ABC
Islay – Jura (Port Askaig – Feolin)	ABC –ABC	HITRANS	ABC/ ASP Ship Management Ltd

Ferry route	Local Authority area of journey	RTP areas of journey	Current responsibility/ Operator
Camusnagaul – Fort William	Highland - Highland	HITRANS	Highland
Nether Lochaber – Ardgour (The Corran Ferry)	Highland - Highland	HITRANS	Highland
Mallaig – Loch Nevis (Inverie – Tarbet)	Highland – Highland	HITRANS	Highland/Bruce Watt Cruises
Laga – Tobermory – Drimnin	Highland – ABC – Highland	HITRANS	ABC & Highland/Sound of Mull TG/ Ardnamurchan Charters
Lerwick - Skerries	SIC- SIC	ZETRANS	SIC
Lerwick - Bressay	SIC- SIC	ZETRANS	SIC
Laxo - Whalsay	SIC- SIC	ZETRANS	SIC
Sumburgh – Fair Isle	SIC- SIC	ZETRANS	SIC
West Burrafirth – Papa Stour	SIC- SIC	ZETRANS	SIC
Toft - Ulsta	SIC- SIC	ZETRANS	SIC
Gutcher - Belmont	SIC- SIC	ZETRANS	SIC
Gutcher – Hamars Ness	SIC- SIC	ZETRANS	SIC
Vidlin - Skerries	SIC- SIC	ZETRANS	SIC
Walls - Foula	SIC- SIC	ZETRANS	SIC/ Atlantic Ferries
Kirkwall - Sanday	OIC - OIC	HITRANS	OIC
Kirkwall - Eday	OIC - OIC	HITRANS	OIC
Kirkwall - Stronsay	OIC - OIC	HITRANS	OIC
Kirkwall - Westray	OIC - OIC	HITRANS	OIC
Kirkwall – Papa Westray	OIC - OIC	HITRANS	OIC

Ferry route	Local Authority area of journey	RTP areas of journey	Current responsibility/ Operator
Kirkwall – N Ronaldsday	OIC - OIC	HITRANS	OIC
Kirkwall - Shapinsay	OIC - OIC	HITRANS	OIC
Tingwall – Rousay – Wyre - Egilsay	OIC - OIC	HITRANS	OIC
Stromness – Hoy - Graemsay	OIC - OIC	HITRANS	OIC
Houton –Lyness – Flotta - Longhope	OIC - OIC	HITRANS	OIC
Gourock – Kilcreggan – Helensburgh	Inverclyde – ABC – ABC	SPT	SPT/ Clyde Marine Service Ltd
Glenelg – Kylerhea Open Easter - October	Highland - Highland	HITRANS	Isle of Skye Community Interest Co
Gallanach – Isle of Kerrera (Kerrera Ferry)	ABC - ABC	HITRANS	Duncan MacEachen
Isle of Ulva Ferry (Mull – Ulva)	ABC – ABC	HITRANS	Donald Munro
Hunters Quay – McInroy's Point	Inverclyde – Argyll & Bute	SPT - HITRANS	Western Ferries (Clyde) Ltd
Gills Bay – St Margarets Hope (Pentland Firth)	Highland – Orkney	HITRANS	Pentland Ferries
John O' Groats – Burwick (Pentland Firth) - Summer only	Highland – Orkney	HITRANS	John O'Groats Ferries Ltd
Tayvallich – Craighouse (Jura) –Summer only	ABC – ABC	HITRANS	Jura Development Trust
Renfrew – Yoker	Glasgow City – Renfrewshire	SPT	ClydeLink
Scoraig – Badluarach	Highland – Highland	HITRANS	Scoraig Sea Taxi
Cromarty – Nigg Summer only	Highland - Highland	HITRANS	The Cromarty Ferry Co.

26. Some services are funded, tendered and managed by the Scottish Government, some are funded, tendered and managed by Highland Council, Argyll & Bute Council and Shetland Islands Council. Most services in Shetland and all services in Orkney are operated as part of core council functions.

27. Orkney Islands Council and Shetland Islands Council are responsible for their own inter island ferry services but the Western Isles Council is not. The majority of mainland to island services are the responsibility of the Scottish Government but some are not. The only Regional Transport Partnership with responsibilities for ferry provision is SPT who are responsible for the Gourock – Kilcreggan - Helensburgh ferry.

28. There are also some unique methods of provision in particular for the very small ferries. The Sound of Mull Transport Group receives funding from both Highland Council and Argyll & Bute Council, they then tender for a service between the Morvern Peninsula and Mull. This funding is secured on an annual basis, allowing no future certainty around the service. The Kerrera ferry is run by a commercial operator but this is only possible because of funding received from the community in the form of a house for the ferryman; and provision of and use of the slipways at either end of the route. The Kerrera ferry receives no funding from the public purse.

29. There are also the services that operate on a purely commercial basis (i.e. with no subsidy) for example across the Pentland Firth (by Pentland Ferries) and from Gourock to Dunoon (by Western Ferries). There are further examples in Table 1 above.

30. Vessels serving on subsidised ferry routes are currently funded and made available in a variety of ways by us and Local Authorities including by way of grants, loans to CMAL from us, leases and chartering. The majority of vessels are funded directly or indirectly by the tax payer through outright purchase or loans to CMAL from us.

31. Ports and Harbour maintenance at CMAL ports and Trust ports are funded through harbour access fees and harbour dues. Major port improvements are funded through a mixture of 25% capital contribution from the ports and 75% grant funding from us. Municipal ports are funded through a mixture of harbour dues and funding from Local Authorities.

National Objectives in Providing Support to Ferry Services

32. All options and proposals generated as part of the Scottish Ferries Review and subsequently included in the Ferries Plan, must contribute to our purpose:

33. *"To focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth."*

34. Our cohesion target is part of our economic purpose. It states, "*The benefits of economic growth should be enjoyed across the whole of Scotland. At present, differences in income, participation and growth across Scotland act as a drag on our collective economic performance and potential. By addressing the low participation rates of our worst-off regions, we will release the economic potential of all Scottish people and reduce the cost of poor performance to the whole of Scotland.*" Ferries have a key role to play in providing the opportunities for cohesion for our island and peninsular communities.

35. Scotland is committed to ambitious statutory targets for emissions reduction. The Climate Change (Scotland) Act 2009 places a duty on all of the public sector in Scotland to support the delivery of the Scottish Government's emissions reduction targets and to make the required adjustments to adapt to climate change. Environmental sustainability, moving to a situation where maintaining and enhancing environmental quality is as important as securing economic and social benefits, will become an important driver of the move to a low carbon economy if we move now to prepare for the effective implementation of the even more stringent environmental standards which will become required in future years.

36. The Ferries Review was a commitment of the National Transport Strategy, therefore all options and proposals generated should contribute to one or more of the 3 key strategic outcomes of the National Transport Strategy, which are:

- Improve journey times and connections, to tackle congestion and the lack of integration and connections in transport;

- Reduce emissions, to tackle the issues of climate change, air quality and health improvement; and

- Improve quality, accessibility and affordability, to give people a choice of public transport, where availability means better quality transport services and value for money or an alternative to the car.

37. In addition, to ensure that the unique issues covered by ferry services are addressed, all options and proposals should also be assessed against the following objectives:

- ferry services should be safe, sustainable, efficient, responsive to local needs and appropriate to the requirements of those using them;

- ferry services should contribute to sustainable population growth on our islands and in our remote rural communities; and

- ferry services should be affordable and offer best value for public investment.

38. In considering these strategic outcomes and national objectives, it should be noted that the key strategic outcome to *improve journey times and connections*

does not only relate to reduced journey times, but importantly also relates to improved reliability.

39. We recognise the potential for there to be a conflict between the outcomes "improve journey times and connections" and "reduce emissions". Inevitably improved journey times require faster trips, which are likely to result in increased atmospheric emissions.

40. We recognise the importance of all ferry services meeting current and future accessibility standards, we are confident that the objective *ferry services should be safe, sustainable, efficient, responsive to local needs and appropriate to the requirements of those using them*, adequately covers this issue.

State of finances

41. The financial context in which we are operating has changed since the Ferries Review was initiated. We are now operating in an environment where public expenditure is under sustained pressure and where real terms reductions are expected for some years. We therefore need to identify where we can get most value for our investment. This is true for both Local Authorities and us. All options within this Consultation Document must be viewed with this backdrop in mind.

42. The following graphs show how subsidy levels have risen over previous years. Looking ahead, and given the predictions about public finances in the short and medium term, there will be major challenges in sustaining this level of subsidy.
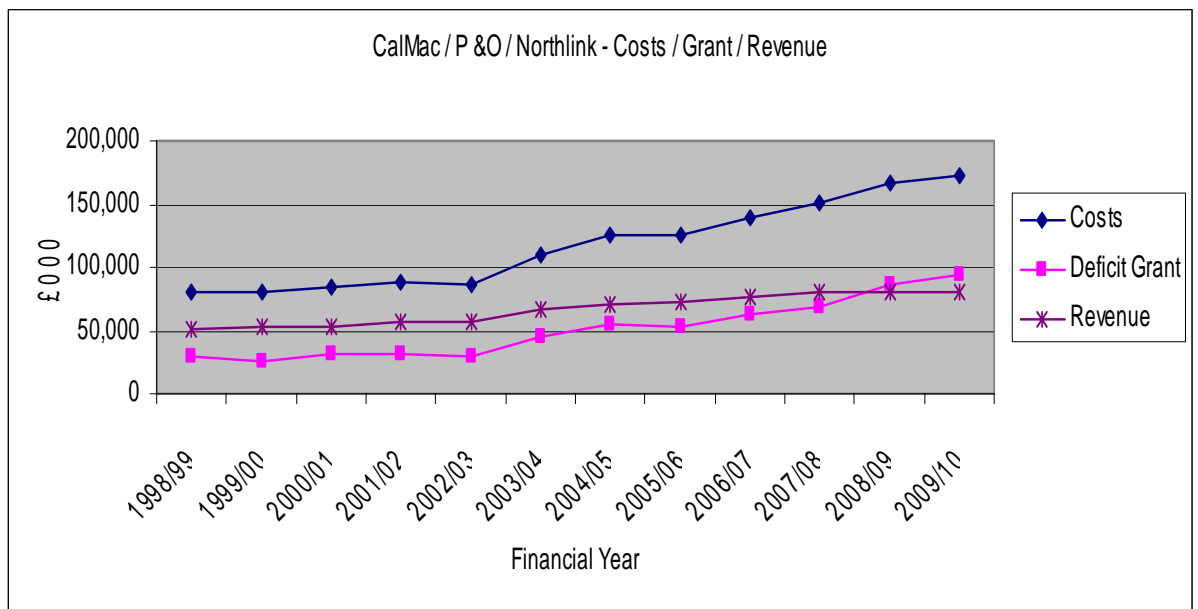
Figure 4 Scottish Government Subsidy Levels
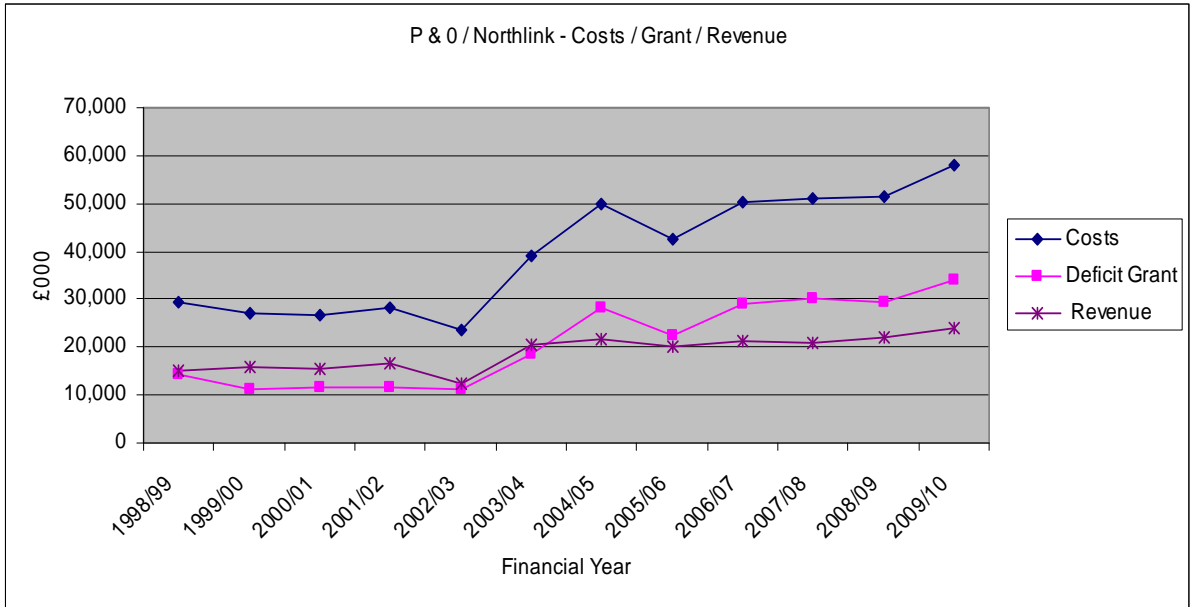
Figure 5 Scottish Government supported Northern Isles Subsidy Levels
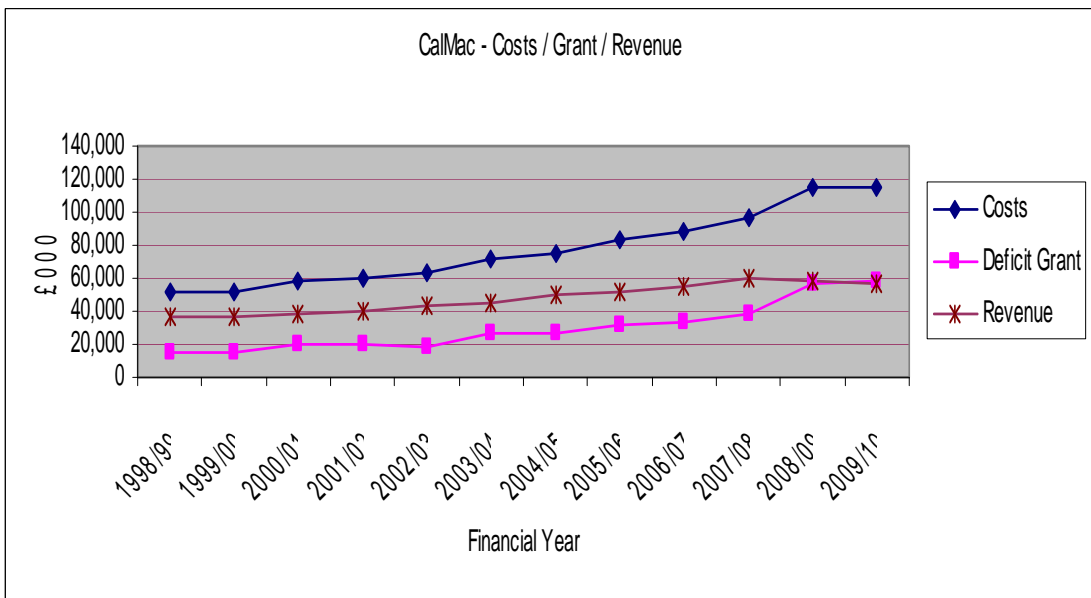
Figure 6 Scottish Government Supported Clyde & Hebrides Subsidy Levels
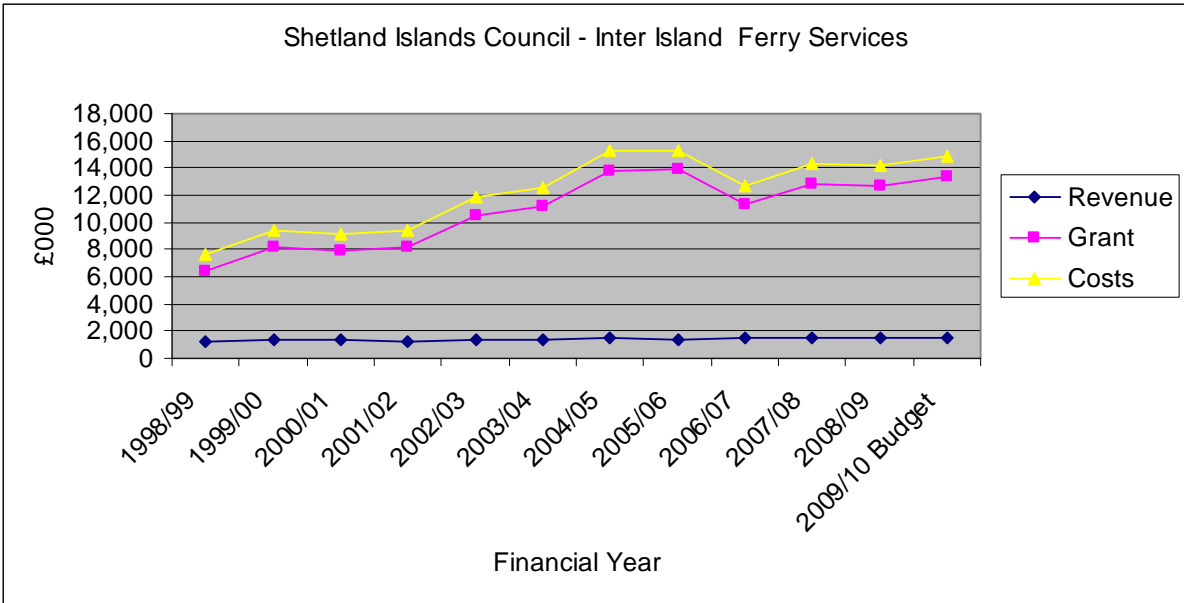
Figure 7 Shetland Islands Council Subsidy Levels
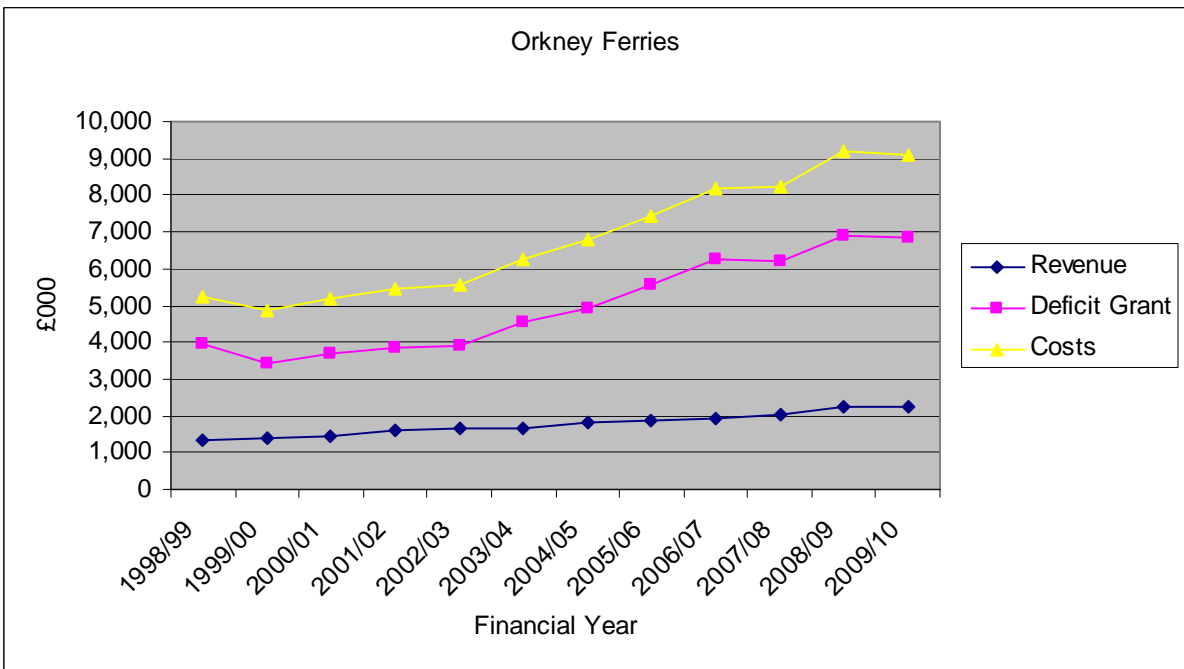
Figure 8 Orkney Islands Council Subsidy Levels
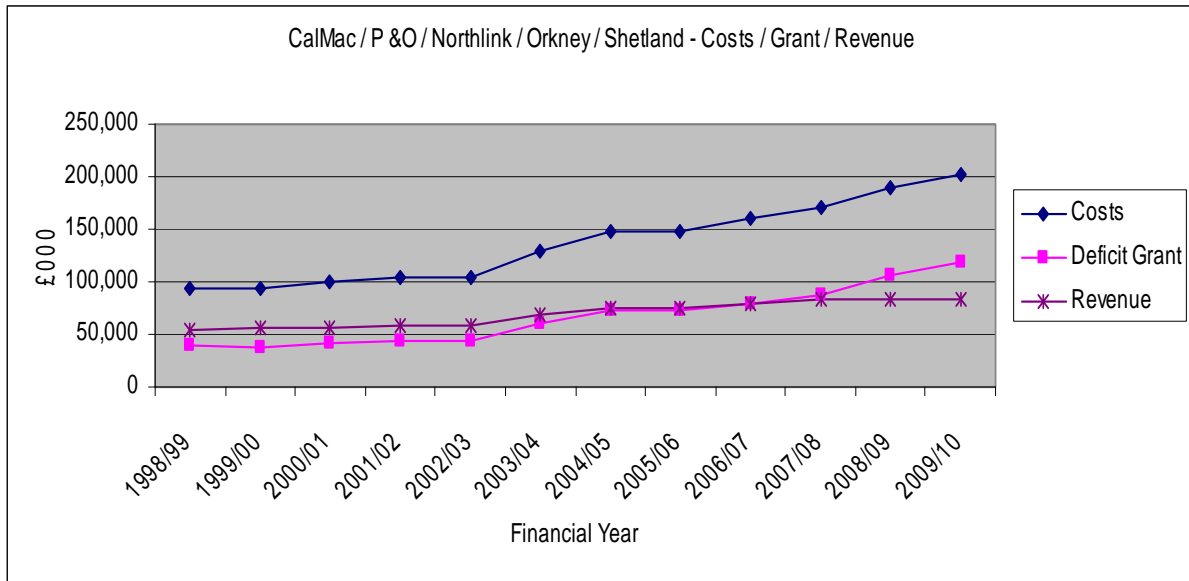
Figure 9 Subsidy Levels for Scottish Government Funded, Shetland Islands Council and Orkney Islands Council

43. These graphs show the rising costs of ferry operations. As well as the operational costs of running the service (shown in the graphs) there are the infrastructure costs for vessels, ports and harbours.

44. The revenue figures also include an element of subsidy as many of the fares are subsidised through the concessionary fares scheme. For example, in 2008-09, the Scottish Government funded Clyde and Hebrides routes revenue included £1.3m through concessionary fares and the Scottish Government funded Northern Isles routes received £0.7m.

45. Historical spending on vessels has averaged at approximately £10 million per annum over the last 5 years. Recent investment at ports and harbours includes £11m for Port Askaig, £6m for Largs, £13m for Rothesay and £25.8m for Scrabster. The graph below shows that funding has fluctuated in line with the availability of funds and the spending profiles of individual projects. Peaks reflect the profiles of particular projects such as £8.5m for Hatston (2002-03) and £13m for Rothesay (2007-08). Capital spending on such projects tends to be spread over only 2-3 years whereas investments are expected to have long lifespans – up to 60 years in some cases.
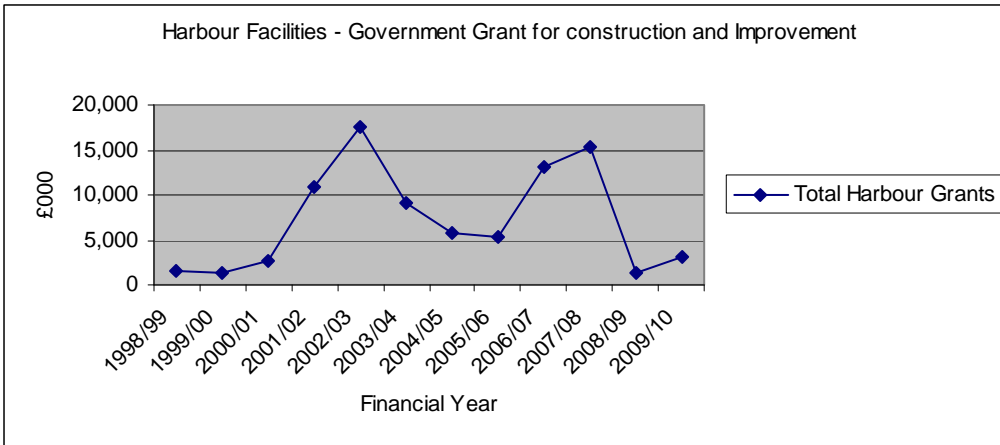
Figure 10 Spending on Ports and Harbours

46. There is cost escalation in the ferry sector to both central and local government. There is an ageing fleet and need for investment in vessels. There is an ageing harbour infrastructure with need for investment in harbours. Fuel and crew costs are escalating. Subsidy levels are increasing rapidly.

Chapter 2:   How should ferries be funded and procured?

How ferries are currently funded

1. The majority of ferry services are funded through public subsidy, with subsidy making up the difference between revenue and the cost to run the service. The services operated by CalMac and NorthLink are operated in this way as are the services operated by Orkney, Shetland, Highland and Argyll and Bute Councils. There are also ferries such as the Kerrera ferry which does not receive public subsidy but is able to run because of community support. In addition there are ferry services which are run on an entirely commercial basis such as the service provided by Pentland Ferries across the Pentland Firth and by Western Ferries between Gourock and Dunoon.

2. The vessels used to provide these services are funded in a variety of ways. The vessels used by CalMac are chartered from Caledonian Maritime Assets Ltd. Caledonian Maritime Assets Ltd own a fleet of vessels funded by us. We therefore fund the capital cost of vessels and also an ongoing operational cost for charter within the operating subsidy provided to CalMac. The vessels used by NorthLink are mainly chartered from Lombard (Royal Bank of Scotland) and therefore the cost of the vessels on the routes is funded through the operational subsidy that NorthLink receives.

3. Throughout all 4 Local Authorities that are responsible for operating ferry services there is a variety of Local Authority owned and funded vessels, and vessels that are funded on a "provide and operate" basis where the route has been tendered and the operator provides the vessel on the route as well as runs the service on the route. The vessels are still funded through the public purse as there is a charge for their charter within the operating subsidy. Some examples of this are the ferries from Mallaig to Loch Nevis, from Islay to Jura and from Shetland mainland to Foula.

4. Ports and harbours are similarly funded from a variety of sources. Harbour dues are charged for use of harbours. For lifeline services, these harbour dues are passed on as a subsidy requirement. Independent Trust Ports and ports owned by CMAL rely on a combination of harbour dues and grants from us to fund maintenance and development. Since 2008-09, when the Scottish Government's capital grant was transferred to the 5 Local Authorities responsible for the support of lifeline ferry services, municipal ports rely on harbour dues and funding from the Local Authority. Some private operators own the ports that they use and they are responsible for their funding.

5. The current norm for funding capital projects for Trust Ports and CMAL ports is that 25% of the cost would be contributed by a port's own funds, and then 75% via grant. The grant funding mechanism is currently through an amount of capital funding from us, administered through the Grant Management Group (GMG) chaired by Caledonian Maritime Assets Ltd (CMAL). A representative from each of the Trust Ports (Ullapool Harbour Trustees, Stornoway Port Authority, Mallaig

Harbour Authority, Lerwick Port Authority and Scrabster Harbour Trust) together with a representative from CMAL sit on the GMG. The group collectively agree how the money should be prioritised. In recent years, there has been insufficient funds to carry out all of the desired works. In spite of this, as Figure 9 indicates, capital funding has been found to support a number of major projects and a large number of smaller ones.

6. The GMG was set up at the beginning of 2008. Currently approximately £5 million per annum has been made available in Grant in Aid from Scottish Government to be invested in improvements at these ports.

7. It is generally easier for the public purse to provide regular operating money than it is to provide large one off capital funding contributions. However, it may not always be cheaper to do so. The funding options will need to be explored further in the context of whole life costings before any decisions can be made.

Future investment requirement

8. The level of available public investment is expected to be reduced over the period of the Scottish Ferries Plan (now to 2022). We therefore either need to spend less or raise more money. We need to consider all options.

9. Consideration of what vessels and ports and harbours are required to support routes and services in the future is currently not possible. We will only be able to ascertain this once the Review has come to a view on what routes and services should be supported.

10. In the meantime, in order to estimate future investment requirements we considered what future vessels, ports and harbours investment is required to support all of Scotland's publicly funded ferry services during the period of the Review (that is services that are funded by Local Authorities and Regional Transport Partnerships as well as those funded by us). We assumed vessels and ports and harbours will be maintained as required and where replacement is required will be replaced on a like for like basis.

11. For vessels, the total for the period considered within the Review (up to the year 2022) is £604M with an average of £37.75M per annum over the period. However, by slight adjustment of the order dates across the entire fleet of vessels due for replacement (thus allowing for multiple orders of types of vessels) there is a significant potential saving of £95M over the period.

12. For ports and harbours, in the period up to 2022, there are a total of 35 sites which reach the end of their design life or have elements within them which do. This results in an estimated cost of replacement of these sites of £180M, calculated at current prices.

13. Up to 2022, the estimated annual average total maintenance costs for every site is £7.5M. This figure equates to a figure in the region of £58,600 per site. The actual average figures for individual sites vary from £1,700 for a small slipway to £600,000 for a major transport hub.

Options for the future funding of ferry services

14. We have considered a number of options for the future funding of ferry services and these are discussed below. We are seeking your views on the status quo, the possibility of CMAL accessing funds, making ports and harbours self funding, more of the funding to come through the ferry fares and the possibility of opening up the market to greater competition.

The status quo

15. While the status quo would allow for consistency with current day operations, minimise any disruption and minimise possible uncertainties for users and employees, we recognise that continuing the status quo is unlikely to raise sufficient capital for the required level of fleet and infrastructure renewal and is unlikely to have significant impact on reducing the operational cost of providing ferry services. Vessels and infrastructure are ageing considerably and current funding availability falls far short of that required for modernisation. The status quo also has historical inconsistencies. For example, there are inconsistencies around which ferry services receive subsidy and from which source. As a result, economies of scale and scope in vessel and infrastructure procurement are not realised.

Consultation Question 1:   Do you agree that a change is required, to improve consistency in provision and secure funding for the future?

CMAL to access funds

16. With its present status as a public corporation, CMAL is only allowed to borrow from the Scottish Government. As, under current rules, the Scottish Government does not itself have borrowing powers, the Scottish Government is restricted in the amount it can lend to CMAL. This lack of borrowing power, combined with the expected imminent budget pressures, present a challenge in funding the vessel replacement programme that has been proposed by the CMAL board.

17. The CMAL board has been considering whether alternative structural or financing routes could deliver their desired investment programme more efficiently and effectively and in a way that is more affordable to the public purse. The options under consideration are:

- A greater use by CMAL of operating leases.

- A Public Interest Company (a non profit distributing organisation governed by Members who represent the communities served by the lifeline ferry services and who are responsible for appointing the Board of Directors). If such a company had private sector status it would have the power to borrow commercially.

- An alternative non profit distributing financing model.

18. Work is continuing on the technical issues surrounding these options, and on the assessment of what impact each option would have on the Scottish Government's budget. There are, for example, choices to be made between recognising costs as a vessel is built, and spreading these costs over the working life of that vessel.

Make ports and harbours self funding

19. An alternative to funding ports and harbours infrastructure costs via the monies provided to the Grant Management Group by us would be to fund them through increased user charges, with each port being required to charge users of their facilities enough to pay for the required maintenance and infrastructure works. This would in effect make users pay the true cost of using the facilities and would make ports self funding. This is how commercial ports operate.

20. Reflecting the true cost of using the harbours will in many instances increase the harbour dues. This will feed through into the costs of operating services which for subsidised services will lead to increased operational subsidies.

21. There is a risk of high prices being used to fund over-specified infrastructure and/or facilities. The current grants system does give us some control over this through the chairmanship of the GMG by CMAL and because there are insufficient funds at any given time to meet the demands of the group. However, making ports and harbours self funding offers transparency, and may result in greater focus on providing cost effective solutions to meet demand.

Consultation Question 2: **Do you think that harbours should be self funded through harbour dues or do you think the current system of funding improvements through grants should continue?**

22. As well as considering the harbours that are used for the main ferry services, we must also consider the requirements of the smaller ferry services that utilise small slipways. For example, the landings used by the Sound Of Mull Transport Group ferry at Drimnin, Laga Bay, and Salen are not good and will require investment. The same applies to the slips used by the Kerrera ferry.

23. There is the risk that these small slip ways become unusable (either entirely or for those who are less physically able) as there is little or no investment being made in them.

Users to provide more of the funding at point of use

24. This is explored further in Chapter 3: Fares. However, in short more funding for ferries could be found by raising fares. This could require a fares rise across the board or a more targeted rise.

Consultation Question 3: **How much of the funding should come from the users of the service?**

Open up the market to greater competition

25. We need to consider how much should be provided by public subsidy and how much by the market.

26. The funding of the majority of the lifeline ferry operations in Scotland is likely to continue to be met from public subsidy. That is from Scottish Government or local authority funding. This is because the vast majority of the ferry services are unlikely ever to be profitable and are therefore unlikely ever to be provided on a commercial basis. However, for the services that could have the potential to be commercial one option would be to encourage greater competition in the market potentially leading to a reduction in the cost of running the services.

27. Competition could be encouraged by tendering some of the routes singly and allowing operators to bring their own vessels (as required by the Maritime Cabotage Regulation[1]). This is already done for some of the single routes run by Local Authorities and the same model could be applied to the services run by us.

28. It has been suggested that we should consider testing the market and tendering some routes on a single basis with the option for the operator to bring their own vessel(s).

29. Tendering services on this basis means that operators would be asked not only to operate the service, but to provide the necessary vessel(s). This could be made a requirement of a tender or an option within a tender, where an existing vessel could also be made available for use on the route. The benefit of an operator bringing their own vessel is that no public capital expenditure is required in order to secure vessels. However, public money would still pay for the vessel, albeit indirectly, as its cost would be passed on by the operator in the form of operating subsidy.

30. Offering the alternative of using the existing vessel on the route would minimise the risk that the service would be interrupted. It would at the same time allow us to test the market to see if there are operators willing to bring their own vessels to routes with a maximum 6 year contract.

31. However a disadvantage to this approach is that CMAL would be required to keep vessels to make them available to tenderers should they wish to use them. The question arises what would CMAL do with vessels that tenderers did not wish to use. If CMAL dispose of vessels following a tender process, this option may not be an option in the next tender round as, given the unique nature of many of the vessels, CMAL may be unable to secure vessels for this option in a subsequent tender exercise.

32. Another major constraint with having to allow operators to use their own vessels is the timeframe within which the tenders operate. End to end the tender period takes around 2 years. In addition to this it takes around 3 years to construct a larger vessel (18 months to 2 years for a smaller vessel) and bring her into

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[1] Council Regulation (EEC) No 3577/92 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage)

service. It may be possible to charter vessels much quicker than this. However, to allow operators the opportunity to purchase vessels to operate routes we would have to begin our tender process 1 year into a 6 year tender period. This could result in the incumbent operator being aware 3 years into a 6 year contract that it is not going to be the new operator at the end of the period. This could have a serious impact on the level of service provided by the incumbent operator.

Consultation Question 4:   Do you agree that we should test the market by tendering some routes on a single basis with the option for the operator to bring their own vessel(s)?

33. There are routes where the current passenger patronage is over 500,000 pa and these are the routes we would consider tendering separately. Further routes may be added to this list once the Review has concluded who should be responsible for what ferry services and what services should receive support. The routes that could be considered for tendering singly are:

- Ardrossan – Brodick

- Wemyss Bay – Rothesay

- Oban – Craignure

- Largs – Cumbrae

34. We could also tender the Pentland Firth as a single route, due to the competition that exists on the route already.

35. The routes would still be the subject of a Public Service Contract, subsidy would still be provided and the same safeguards would remain for the communities.

36. During the public consultation period, we will carry out further analysis on these routes to assess their potential.

Consultation Question 5:   Do you agree that Ardrossan – Brodick, Wemyss Bay – Rothesay, Oban – Craignure, Largs – Cumbrae and the Pentland Firth are the correct routes to consider tendering as single routes?

37. Currently port operations are delegated to the operator of the services. If two operators were to use the same port (for example Oban) then this would need to be addressed to ensure fair, open and non discriminatory access to the berths.

38. One possibility might be to consider allowing bidders to bundle these single routes together as they see fit. The bidders would require to have a bid for each route individually as well as the particular bundle that they have chosen to create. This allows the tender exercise to compare costs on a like for like basis. Alternatively, we could stagger the tenders for the single routes in order to increase the chances of keeping a number of operators active in the market which should have the effect of keeping the price down and the quality up.

Consultation Question 6:   Should we allow single routes to be tendered as a bundle or should we stagger the tenders?

39. At the moment, the services we are responsible for are tendered as 2 single routes and 2 large bundles. The 2 single routes are the Northern Isles freight lift on-lift off (lo-lo) contract running from Aberdeen to Orkney and Shetland and the route from Gourock town centre to Dunoon town centre.

40. The 2 bundles are the Northern Isles (NI) bundle and the Clyde and Hebrides (CHFS) bundle. The routes contained within these 2 bundles can be identified in Table 1, Chapter 1 as the routes operated by NorthLink and CalMac respectively.

41. There are arguments for and against retaining the large bundles. The arguments for retention of these bundles include:

- the sustainable nature of the services in their current form

- the trust that communities can therefore place in them

- the safety record of the services

- the ability of the large bundles and therefore large fleets to cope with relief cover in the event of accident, breakdown or just as part of the annual dry docking requirements.

42. The arguments against retention of these bundles include:

- the high cost of the services in their current form

- the relative difficulty of bidding for a large bundle as opposed to a smaller bundle or single route

- the reduced amount of competition that the large bundles allow, with an assumption that reduced competition means higher cost

- the increased difficulties of providing relief cover in the event of accident, breakdown or just as part of the annual dry docking requirements if tendered on a single route basis.

43. We have considered the pros and cons of splitting the bundles and have considered in particular the strongly expressed views by many of our stakeholders that the single bundle provides many strengths that it is not certain smaller bundles would continue to deliver. Given the European Commission's (EC's) recent Decision (see the historical context of ferry services in Scotland in Appendix 9), we see no need to test this theory and as a result, other than removing the routes where commercial viability could be tested, we are not considering further changes to the bundles.

44. The bundled routes would be tendered as large bundles. On the remaining Clyde and Hebrides routes we are satisfied that the remaining large bundle would require to be tendered on the basis that the CMAL vessels must be used.

Consultation Question 7:   Should the remaining routes stay within 2 bundles?

The current procurement position

45. Ferry services which are the responsibility of the Scottish Government require operations to be tendered usually every 6 years. The only services that can be funded are those that cannot be provided by the market.

46. Article 4 of The Maritime Cabotage Regulation No 3577/92 states that " whenever a Member State concludes public service contracts or imposes public service obligations, it shall do so on a non-discriminatory basis in respect of all Community ship owners."   The EC reiterated this requirement to follow an open and competitive tender in its Decision of 28.10.09 on the existence of State aid in subsidies to CalMac and NorthLink. The decision can be found at:

http://ec.europa.eu/energy/coal/state_aid/doc/decisions/2008/2008_0016_uk_c.pdf

47. The EC also stated in its decision that funding provided to CalMac and NorthLink to operate ferry services in Scotland constitutes State aid, and concluded that the Altmark criteria, which would have ensured no State aid, were not met. However, the funding is compatible as a Service of General Economic Interest (SGEI) and the SGEI Decision and the conditions of the Framework apply. These are in place to ensure there is no unnecessary distortion of competition or effect on trade. They can be found at:

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2005:297:0004:0007:EN:PDF

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:312:0067:0073:EN:PDF

48. For all the ferries that we fund, Public Service Contracts (PSCs) are in place. However, the route serviced by Cowal Ferries Limited between Gourock and Dunoon has been operating as a Public Service Obligation (PSO) and subsidies have been granted to Cowal, for this service, under Section 70 of the Transport (Scotland) Act 2001 as amended.

49. Ferry services that are the responsibility of Local Authorities must be provided in a way that the Local Authority is satisfied with. There is currently a mix of services that are tendered and that are run directly by the Local Authorities.

50. The purchase of vessels must also comply with European Union law. In effect this means that there must be a competitive tender when we are purchasing vessels.

51. Currently the operation of Municipal and Trust Ports are the responsibility of the authorities concerned and this tends to be done 'In House'. In the case of CMAL

Ports, although CMAL is the Harbour Authority, the operation of the ports is delegated to the operator of the services who undertake to carry out this function as a condition of tendering for the PSC.

The need for a tendering system in the future

52. There is a continued need for us to tender the subsidised services usually every 6 years. The current Northern Isles contract ends in July 2012 and the current CHFS contract ends in September 2013. A consultation on the next Northern Isles contract is taking place at the same time as consultation on this document.

53. We believe we should continue to provide services via a Public Services Contract (PSC). We have considered the use of Public Service Obligations (PSOs) without PSCs but do not believe that PSOs are a viable alternative as they cannot require an operator to stay on a route. We do not therefore believe that PSOs alone afford the level of protection that is required to ensure the maintenance of lifeline ferry services.

54. Some Local Authorities that provide ferry services tender out some of their services. It is for the Local Authorities responsible for ferry services to determine how they provide their ferry services.

55. Harbour operations are currently tendered as part of the CHFS contract. In the event of more than one bundle for the Clyde and Hebrides, CMAL may need to consider tendering out harbour operations separately or bringing harbour operations 'in house' with a transfer of staff from the existing operator, CalMac Ferries Limited.

How flexible should we be about what we tender for?

56. The current tenders for the CHFS and Northern Isles routes are highly prescriptive. The key benefit of this is that it provides a guaranteed standard for almost every aspect of the service. However, the prescriptive nature of the tender significantly reduces any scope for innovation, possible cost reduction measures and alternative practices.

57. A simpler tender might be more likely to attract additional bidders, thus increasing the level of competition and driving down price. However it might also mean that the existing timetable of services that communities are used to could be significantly changed. An example of a 'minimum level of service' could be a requirement to operate a service between the mainland and an island, with a vessel capable of carrying a minimum number of cars and passengers at certain times of the day. This compares with the current tender that exactly specifies the harbours, vessel, timetable etc.

Consultation Question 8: Should we consider the implications of a looser tender, where a minimum level of service is required but where the operator has flexibility to innovate and reduce costs where they see fit?

58. The Climate Change (Scotland) Act 2009 commits Scotland to reduce its greenhouse gas emissions by at least 80% from 1990 levels by 2050 (including its share of those from international aviation and shipping). The Act includes an interim target of 42% by 2020, and there is also a requirement for annual targets to be set for the years 2010-2050, starting in 2010.

59. High-level measures for the delivery of these targets are identified in the Scottish Government's Climate Change Delivery Plan (see Chapter 7). In addition, the UK Low Carbon Transition Plan notes that the Scottish Ferries Review will identify options for significant emission reduction measures. These are set out in the Environmental Report which accompanies this consultation document and in the consultants' reports listed in Appendix 3.

Consultation Question 9: **Should we specify climate change objectives within the tender and require the operator to specify how he intends to meet them? Do operators have views on how emission reductions should be defined? How would they measure and monitor performance, and demonstrate delivery?**

60. Even within a looser tender there are elements such as safety requirements that will need to be specified. We will ensure that robust safety standards are retained within the tendering process.

Consultation Question 10: **What else do you think should be specified in a tender document? E.g. accessibility requirements, integration requirements etc.**

Chapter 3:   Fares

1. The current fares system is diverse, complicated and inconsistent. It is based on historical practices, often on a route by route basis. Recognising the potential impact to communities of significantly lower fares, we are currently piloting a system based on Road Equivalent Tariff. This is discussed further later.

Options for setting fares

2. The "Fares" report that has been published at the same time as this consultation document considers ways that fares may be set.

3. We have assessed this report and ruled out some options that we do not consider we could implement. For example, some of the options considered would result in very high subsidy levels or fares that could be unaffordable to the travelling public.

4. Some options we consider feasible are set out below:

Table 2 Fare Options and Descriptions

Option	Description	Rationale
1	Increase all fares	To reduce overall public sector financial support by increasing total fares revenue.
2	Increase visitor fares	Target fares increase to visitors only as this group is less likely to change travel behaviour/choices if fares increase. Alternatively we could target visitor car fares only, with the aim of reducing car travel and therefore contributing to the environmental objective.
3	Reduce fares for island and peninsular residents	To boost the economic performance of island and remote communities and improve social inclusion of residents by reducing fares for island residents.
4	Reduce fares for commercial vehicles	To promote economic activity and affordability for residents through lower cost of goods.
5	Road equivalent Tariff or other distance-based fare.	Fares based on distance travelled are more transparent than other systems.
6	Set fares to manage the demand for travel	Variable charges could be used to better manage demand on some services where there is fixed capacity e.g. make it cheaper to travel at certain times of day or year
7	Mixed approach	Aim to target different types of fares depending on the needs of the local communities e.g. some routes could have fares designed to promote economic development while others could have distance-based fares.

Road Equivalent Tariff

5. There is a Road Equivalent Tariff pilot currently underway on routes to the Western Isles and Coll and Tiree. The pilot began in October 2008 and is currently due to end in Spring 2011. The final evaluation of the pilot will take place at the end of 2010. An interim evaluation was carried out in late 2009. This "RET Interim Evaluation" has been published and can be found at :

http://www.scotland.gov.uk/Topics/Transport/ferries-ports-canals/14342/TARIFF
.

Next Steps

6. The final evaluation of RET will take place at the end of 2010 and the final Scottish Ferries Plan will be published in Spring 2011. We will therefore be able to use the results of the final evaluation of RET when deciding whether this type of fare tariff should be rolled out across Scotland.

Meeting our objectives

7. Assessing how the different fares systems are likely to contribute to our objectives shows that there is a clear trade off under many of the scenarios between those impacts on accessibility, affordability and sustaining populations of our island communities and impacts on costs to government and environmental impacts such as emissions and climate change. For example, the roll out of RET across Scotland's ferry networks is likely to have the greatest positive impact in terms of sustaining population levels, making services more affordable and improving social inclusion and accessibility. However, it is likely to be a very expensive policy to implement due to the scale of the fare reductions and, possibly, has had a relatively significant adverse environmental impact.

8. In contrast, a fares strategy which involves increasing all fares will be more affordable and have a positive environmental impact, while at the same time making a negative contribution to objectives to sustain population levels of our island communities and improving levels of social inclusion by making key services more accessible.

Financial Implications

9. Options 3, 4, 5 and 7 above are likely to cost us more money than at present and options 1, 2 and 6 are likely to cost us less. Rolling out a fares policy across the network that required additional investment would only be affordable if equivalent savings could be found elsewhere.

Consultation Question 11:   What should be the rationale for, and purpose of, the fares policy?

10. Some examples are listed below but you might want to say something different.

- Fairness of fares across Scotland

- Community sustainability

- Supporting economic development

- Supporting tourism

- Supporting the particular need of the particular community

- Reduce the cost to government

- To manage demand on ferries i.e. a policy that encourages people to travel at different times

- To support "low carbon" travel

Consultation Question 12:   To what extent should fares differentiate between islanders/residents of peninsular communities and other ferry users?

Consultation Question 13:   Should there be one fares policy across all of the supported Scottish ferry routes or should there be a different fares policy dependant on the need(s) of the community?

11. One fares policy could mean that all fares are distance based or all fares are made cheaper for residents. Different fares policies could mean that for a community whose key need for their ferry is access to e.g. medical facilities, shops and education that the fares policy would be to reduce fares for residents. Another example would be that for a community whose key need for their ferry is the exporting of freight, the fares policy could be to reduce fares for commercial vehicles. The key point here is whether you agree that "one size fits all" and therefore think that one fares policy should be applied across the board or whether you agree that fares should be set dependant on the needs of the community, accepting that this would mean an actual difference in fares across Scotland.

Chapter 4: What kind of ferry services should be funded?

Current Position

1. There is no consistency across the country regarding what ferry services are funded or the level of service that should be funded.

Consultation Question 14:   Do you agree that there should be a consistent and fair way of deciding what ferry services should be funded?

Determining what routes and services should be funded.

2. We are proposing a methodology for determining the route(s) and the level of service that any island or peninsular community should receive. The methodology seeks to ensure that all communities are treated fairly and that there is a parity of service level across all communities, dependant on community needs.

3. We consider that some communities have a more economic reliance on their ferries – for example for commuting, for freight or for tourism. Other communities rely on ferries more to maintain their communities – for example for accessing health care and education, getting schoolchildren home at the weekend etc.

4. As we recognise that Scotland's islands and peninsular communities have different needs, this methodology must allow for the individuality of the communities and their needs to be addressed. We need a balance of different provision – one size does not fit all.

5. There is a need to ensure that NHS patients continue to have access to healthcare. We recognise the importance of ferries in meeting this need and the reliance people place on ferries in this regard.

Entry and exit policy

6. We believe that we need a policy to help us determine when a ferry service should begin to receive public subsidy and when a service should begin to see public subsidy withdrawn. For example, public subsidy may be required where there is a market failure to provide a ferry service.

7. It may also be possible to step in with public funds even when there is already an operator on the route. In order to ensure that an operator remains on a route, we believe we would require a PSC and would therefore require to tender the contract in every circumstance.

8. Equally importantly, an exit plan is required to guide decisions around when public subsidy should be withdrawn from a route. For example, where a competing commercial operator is providing an adequate service already or where a commercial operator is interested in a route.

9. We understand that this could cause the public concern over the sustainability and reliability of their service. As a first step, we could test some routes by tendering them singly. This would encourage the commercial ferries market to provide services wherever possible leaving only the services which are unlikely to attract operations on a commercial basis (i.e. without subsidy) to be funded through the public purse.

Proposed methodology for determining routes and services

10. Broadly speaking, we propose to first consider the needs of each community served by ferries.

11. There are six main proposed steps:

> 1) Define the community's current and future needs, relative to other communities.
>
> 2) Define the ferry service required to meet these needs.
>
> 3) Define current service and associated issues.
>
> 4) Define gaps on the basis of (2) and (3).
>
> 5) Consider options to address gaps
>
> 6) Prioritise future spending.

12. The detail of our proposed methodology can be found in Appendix 10.

13. Our research to date has shown that there are marked differences between communities' needs dependant on the season, steps 1 – 4 would therefore be carried out on both a Summer timetable and a Winter timetable basis. The needs across the year would be considered when addressing steps 5 and 6.

14. We think that ferry services should be designed first and foremost to satisfy the most important needs of the community. The other needs would also be considered but they would not be given priority when designing the service.

Consultation Question 15:   Do you agree that the ferry service should be designed to meet the most important needs of the community?

15. We are carrying out steps 1 -4 for all of the communities affected by ferries and the results will be published on our website as soon as possible following publication of this document.

16. As well as the strategic gaps identified by this process, you have already told us about the issues with your ferry services. These issues complete the current picture for your community.

Consultation Question 16:   Is   our   assessment   correct   for   your community? Please tell us what your community needs are and whether our assessment is right.

17. Once we've heard from you about whether we've got steps 1-4 right and made any necessary changes, we will carry out steps 5 and 6.

18. Not all communities will reach step 5. We will find that some communities already receive the level of service that they need. However, for those communities where we have identified strategic gaps in a service we want to consider what options are available to address these gaps.

19. If required, step 5 will be carried out for the Northern Isles over the Summer of 2010 as this assessment is needed to inform the tender process. However, there will still be an opportunity for your views to be taken into account as the process progresses.

20. Step 5 will allow us to identify what options there are to address the identified gaps. Some of these options will be to make changes that do not require an increase in financial investment. We would hope to identify these changes so they can be implemented as soon as possible.

21. The options will be assessed to identify which are likely to have the biggest impacts to the economies of the communities in question. The remaining changes will then be prioritised according to which options will make the biggest difference.

22. In accordance with the Government's economic purpose and the cohesion target to "*reduce the disparity between the regions of Scotland"* it is our intention to initially focus our attention on those areas that have been identified as having either the greatest potential to contribute to Scotland's economic growth and those areas that currently face the most economic challenges.

23. Highlands and Islands Enterprise commissioned work for us on the economies of the islands and remote rural areas affected by ferries. The following diagram is from this work and shows the comparative state of the islands' and remote areas' economies affected by ferries.

The figure is a 3x3 matrix. The vertical axis is labelled "Potential to Contribute To Scotland's Economic Growth" ranging from "Lower" (bottom) to "Higher" (top). The horizontal axis is labelled "Economic Challenges/ Disadvantage" ranging from "Lower" (left) to "Higher" (right).

	Lower → Economic Challenges/Disadvantage → Higher		
Higher	Arran Islay Mull Orkney mainland Shetland mainland Skye		Lewis & Harris
	Ardnamurchan Rosneath Tiree Whalsay	Cowal Kintyre	Bute Uists
Lower	Ardgour, Bressay Coll, Easdale Gigha, Iona Jura, Luing Papa Westray, Raasay Westray, Yell	Barra & Vatersay Cumbrae Fair Isle Hoy Morvern Rousay Unst	Colonsay, Eday Fetlar, Flotta Lismore, North Ronaldsay Sanday, Shapinsay Small Isles, Stronsay

Figure 11 Community Categorisation: Potential to Contribute to Scotland's Economic Growth and Economic Challenges/Disadvantage

24. There are some communities where there is insufficient data to accurately put the communities into any of the categories above. These are Egilsay, Foula, Gometra, Graemsay, Kerrera, Knoydart, Papa Stour, Skerries, Ulva and Wyre.

25. The main reason there is insufficient data is because of the small size of these areas. It is therefore more likely that the areas will have comparative economic challenges than comparative economic potential.

26. However, it will be necessary for additional work to be done in assessing these areas so that they can be categorised. It is the intention to carry out this work during the public consultation period.

27. Within this, our priority for investment will be those communities that have the most potential to contribute to Scotland's economic growth.

Consultation Question 17:   Do you agree that investment should be prioritised in those areas that have most potential to contribute to Scotland's economic Growth?

Chapter 5: Who should be responsible for providing ferry services?

The current position

1. Some services are funded, tendered and managed by us, some are funded, tendered and managed by Highland Council, Argyll & Bute Council and Shetland Islands Council. Most services in Shetland and all services in Orkney are operated as part of core council functions.

2. Orkney Islands Council and Shetland Islands Council are responsible for their own inter island ferry services but the Western Isles Council is not. The majority of mainland to island services are our responsibility but some are not.

3. The only Regional Transport Partnership with responsibilities for ferry provision is SPT who are responsible for the Gourock – Kilcreggan - Helensburgh ferry and were responsible for the Yoker - Renfrew ferry until the end of March 2010.

4. There are also some unique methods of provision in particular for the very small ferries. The Sound of Mull Transport Group receives funding from both Highland Council and Argyll & Bute Council, they then tender for a service between the Morvern Peninsula and Mull. The Kerrera ferry is run by a commercial operator but this is only possible because of funding received from the community in the form of a house for the ferryman; and provision of and use of the slipways at either end of the route. The Kerrera ferry receives no funding from the public purse.

5. There are also the services that operate on a purely commercial basis (i.e. with no subsidy) across the Pentland Firth (by Pentland Ferries) and from Gourock to Dunoon (by Western Ferries).

6. There is no consistency on where responsibility for provision lies. For the very small communities in particular this is a very real issue as some are left either without funding or without the future comfort of funding. This results in communities being unable to rely on their ferry services in the longer term. The status quo is therefore not conducive to sustaining populations in those communities. The status quo also creates an element of disparity across Scotland.

Consultation Question 18:   Do you think that the responsibility for ferries provision should be more consistent across Scotland?

Alternative ways to split responsibility

7.   There are various ways in which the responsibility for delivery of ferry services could be split:

- We could become responsible for all ferry services.

- We could become responsible for all ferry services between the mainland and islands with Local Authorities or Regional Transport Partnerships being responsible for the delivery of all other ferry services.

- Local Authorities or RTPs could become responsible for all ferry services.

- Responsibility could be split by considering what administrations are at either end of the route.

- Responsibility could be split depending on whether the route is classed as a "sea" route or a route with less onerous conditions attached.

Scottish Government could become responsible for all ferry services.

8. While this would mean that a consistent policy could be applied across Scotland, it would take the decision making away from the local community and would not allow for the kind of local responsiveness that is currently possible. For example, Shetland Islands Council were able to make ferry fares free across the Bluemull Sound in response to a loss of jobs on Unst. This administration wants to allow each Local Authority the freedom to decide how best to use funds within their area and making us responsible for all ferry services would be a backward step in this regard.

Consultation Question 19: Do you agree that it would be wrong for all ferry services to be the responsibility of the Scottish Government?

Scottish Government could become responsible for all ferry services between islands and the mainland.

9. Scottish Government could become responsible for all ferry services providing necessary transport links for island communities to access the mainland. Local Authorities or Regional Transport Partnerships would be responsible for the delivery of all other ferry services. This includes inter island services, mainland to mainland services and services between the mainland and islands that are for the benefit of the mainland community.

10. This option reflects the importance of connecting islands to the Scottish mainland but leaves Local Authorities/RTPs to decide on what other services they wish to fund, and at what level of service. For example, Orkney Islands Council can decide the frequency and fares on their inter island ferry services but the ferry connecting Orkney Mainland to the Scottish Mainland will be determined by Scottish Government policies.

11. Where a need is determined for a direct link to the mainland, the Scottish Government would be responsible for providing this service. For islands that are currently served via other islands, e.g. all Orkney and Shetland islands that are not their mainland, Iona and Jura, the Local Authority/Regional Transport partnership would be responsible for the provision.

12. In effect, considering only the services that currently receive subsidy or are community run, this would mean the following services would become the responsibility of the relevant Local Authority or Regional Transport Partnership:

- The services across the sounds of Barra and Harris

- Tarbert – Portavadie

- Gourock – Dunoon

- Mallaig – Armadale

13. Fionnphort – Iona would move away from SG responsibility.

14. The following services would become the responsibility of the Scottish Government (Isle of Seil is attached to the mainland by a bridge):

- The Kerrera ferry

- Isle of Seil – Isle of Luing

- Isle of Seil – Isle of Easdale

Consultation Question 20:   Do you agree that the Scottish Government should become responsible for all ferry services providing necessary transport links for island communities to access the mainland and Local Authorities or Regional Transport Partnerships should be responsible for the provision of all others?

Consultation Question 21:   The split of responsibilities above assumes that where an island is attached to the mainland via a bridge, it is treated as the mainland. Do you agree this is the correct way forward?

Local Authorities or RTPs could become responsible for all ferry services.

15. Making Local Authorities or RTPs responsible for all ferry services would allow decisions to be made at a more local level around what should be funded, what fares should be. In theory it should allow changes to be made more quickly to the services to reflect changing local circumstances.

Consultation Question 22:   Do you agree that the provision of ferry services would be better placed within the remit of Local Government?

Consultation Question 23:   Do you agree that Regional Transport Partnerships could play a key role in the procurement of ferry services?

Consultation Question 24:   How should the responsibility be split between Local Authorities and Regional Transport Partnerships?

Responsibility could be split by administrative areas

16. This split could be done assuming all routes on a stand alone basis, or done by considering the single routes and bundles of routes as outlined in Chapter 2. The term "ferry services" in the following paragraphs could therefore apply to a single route or a bundle of routes.

17. Ferry services where all start/end points are in the same local authority area could be the responsibility of that local authority.

18. Ferry services where start/end points are in different local authority areas but the same RTP area could be the responsibility of the appropriate RTP.

19. Ferry services where start/end points are in different RTP areas could be our responsibility.

20. Assuming this is done on the basis of the single routes and bundles outlined in Chapter 2, the outcome would be:

21. The following would be the responsibility of Scottish Government:

    - The CHFS bundle

    - The NI bundle

    - Gourock – Dunoon

    - Wemyss Bay - Rothesay

22. Scrabster – Stromness (the subsidised route across the Pentland Firth) would become the responsibility of HITRANS.

23. In addition to the ferry services they are currently responsible for, Argyll & Bute Council would be responsible for Oban – Craignure and the Kerrera ferry.

24. North Ayrshire would become responsible for Largs – Cumbrae slip and Ardrossan – Brodick. North Ayrshire Council do not currently have any responsibility for the provision of ferry services.

25. There would be no change to the current responsibilities of Highland Council, Shetland Islands Council, Orkney Islands Council or the Western Isles Council. SPT would remain responsible for the Gourock – Kilcreggan – Helensburgh ferry.

26. There are other ways that this could be applied, for example it could be applied in conjunction with one of the other options or applied without applying the bundling arrangement first.

Responsibility could be split depending on whether the route is classed as a "sea" route or a route with less onerous conditions attached.

27. The operation (including vessel provision either through capital funding or through tendering on a "provide and operate" basis) of all routes classified as being in "sea" category of waters as determined by Merchant Shipping Notice 1776(M) and Merchant Shipping Notice 1747(M) and as administered by the Maritime Coastguard Agency (MCA) would be funded by us. These are the routes that cost the most to run as they run over the most difficult waters with the most onerous conditions attached to operations. The remaining routes would be funded by the appropriate local authority or Regional Transport Partnership.

28. Again using the current subsidised or community supported routes this would mean that the following routes would move away from Scottish Government funding:

- Colintraive – Rhubodach

- Gourock – Dunoon

- Largs – Cumbrae

- Tarbert – Portavadie

- Wemyss Bay – Rothesay

29. And the following routes would move to Scottish Government funding:

- The Shetland services across the Bluemull Sound, to Skerries, to Fair Isle, to Whalsay and to Papa Stour.

- The Orkney services to Eday, Stronsay, Sanday, Westray, Papa Westray and North Ronaldsay.

Responsibility could be split to accord with the Trunk Road network

30. We could take responsibility for all routes connecting directly to the Trunk Road network, or those that would be considered as an extension to the Trunk Road network. Local authorities or Regional Transport Partnerships would be responsible for the remaining services. This would be in line with current responsibilities for connecting road networks.

31. Using the current subsidised and community supported routes this would mean that the following routes would move away from Scottish Government funding:

- The services across the sounds of Barra and Harris

- Tayinloan – Gigha

- Colintraive – Rhubodach

- Fionnphort – Iona

- Tobermory – Kilchoan

- Fishnish – Lochaline

- Claonaig – Lochranza

32. There are a couple of current routes where it is difficult to determine using this method of splitting responsibility where they lie i.e. Tarbert – Portavadie and the Kerrera ferry

Consultation Question 25: Do you agree that the provision of ferry services should continue to be split between Central and Local Government?

Consultation Question 26: If a continuation of a mixed responsibility role is preferable going forward (i.e. responsibility continues to be split between Central and Local Government), how should the split be determined?

Procurement Skills

33. Central procurement or collaboration on the procurement of ferry services could be explored. There are well-established sectoral centres of procurement expertise, i.e. Scotland Excel for local government and the Central Government Centre of procurement Expertise or some other Central procurement service. How central procurement of ferry services would be established needs some careful thought to avoid a situation where the procurement function itself needs to be competed.

Issues

34. There will always be anomalies in the split of responsibilities and any system should allow for these being sorted sensibly.

35. Should changes to this effect be made it would be a matter for the individual Local Authorities and Regional Transport Partnerships to decide on their own procurement strategies. However, they would have to follow Article 4 of the MCR if awarding a PSC and imposing a PSO.

36. A consequent movement of money may be required, for example away from the central budget and to the Local Authorities/ RTPs affected. RTPs may also require additional powers.

Consultation Question 27: Should there be a central provision of procurement expertise? For example, Local Authorities/RTPS could determine what services/vessels they wanted to provide and specify those services/vessels, with a central procurement team purchasing them on their behalf.

Chapter 6: Accessibility

Introduction

1. The Scottish Government is firmly committed to equality for disabled people and is striving to create a Scotland that is fair and inclusive to all. Disabled people make up approximately one fifth of Scotland's population, yet often experience high levels of inequality compared to non-disabled people.

2. Accessibility is also an issue for others, for example, people travelling with small children and people travelling with luggage .

3. Members from Passengers' View Scotland (PVS) and Disabled Persons Transport Advisory Committee (DPTAC) sat on our Steering Group. There is now also a member of MACS on the Steering Group. In addition to this, a separate Accessibility Working Group was established, chaired by CMAL. This Group carried out Accessibility Assessments on 7 Scottish ferry routes.

4. An Equalities Impact Assessment will be carried out following the public consultation period attached to this document. The Assessment is required for us to prepare the Scottish Ferries Review Draft Plan which will also be subject to a period of public consultation.

Legislation and guidance

5. The "Accessibility" report that has been published at the same time as this consultation document sets out the legislation and guidance that vessels, ports and harbours must consider. It also sets out how the Accessibility Assessments were carried out and where they were carried out.

Accessibility Assessment

6. The report recognises a range of good practice on the routes assessed, along with areas for improvement. Most of the barriers identified in many of the older ferries and harbours could be avoided or mitigated if Persons with Restricted Mobility (PRM)s were involved in the early stage design of the ferries and infrastructure. This is now common practice.

7. The assessment found that the greatest difficulties are likely to be experienced by unaccompanied PRMs using unstaffed slipways and that more problems are experienced by PRMs in embarking and disembarking from a ferry than onboard the ferry itself.

8. In general terms:

- The older and smaller the ferry or port infrastructure the more barriers there are to PRMs.

- New ferries and harbour infrastructure represents the most cost effective opportunity to remove any barriers to PRMs at the design stage.

9. Examples of best practice have been identified in the report as have examples of areas that could be improved. Consideration has also been given to the cost of improvements.

Recommendations from the Assessment

A. The design of new ferries and harbour/ shore infrastructure should take full account of the DPTAC guidance[2] for example the provision of handrails, ramps and assistance telephones. Consideration where possible should also be given to their use in smaller ferries and ports.

B. The need for regular, recognised disability awareness training[3] is viewed as a relatively cheap and quick solution in helping to reduce many of the barriers faced[4]. Good customer care and assistance by staff is often viewed as the key factor when deciding if ferry travel is possible, practicable or comfortable.

C. Port and ship operators need to plan their communication and information dissemination to take full recognition of PRMs. Audio, visual or other disabilities need to be considered, especially when considering passenger safety.

D. Accessibility information should be readily accessible to PRMs in order to aid journey planning. Where possible websites should be improved to take recognition of the needs of PRMs and make it easier to access this information.

E. Disabled Persons Assistance policies should be developed by all ferry and port operators as a matter of best practice.

F. A policy for those passengers which may require additional assistance which fall outside the general categorisation of PRM, for example people travelling with small children, or heavy / awkward luggage or baggage should be encouraged.

G. Provision where appropriate of some form of left luggage facility which would aid those passengers that are waiting onward travel connections.

Consultation Question 28:   Do you think that recommendations A – G should be implemented now? When tendering do you think these

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[2] DPTAC Guidance: Large Passenger Ships and Passenger infrastructure 2000

[3] MCA resolution A.770(18) on Minimum training requirements for personnel nominated to assist passengers in emergency situations on passenger ships

[4] The cost for individual one to one training could be hundreds of pounds per person; however there are now a number of on-line training courses available from as little as £18 per person from organisations such as www.webequality.org.uk (this cost could be further reduced through bulk buying, or funded centrally and made available to ferry operators free of charge or at a further discount).

recommendations should be included in any future tender requirements? Are there any of these recommendations that you consider to be of particular importance? Are there other issues that should be addressed?

H. Consideration should be given to establishing an 'Accessibility Improvement Fund' which could be used to help operators implement the necessary changes required to help reduce the barriers for People with Reduced Mobility, e.g. providing ramps, handrails and assistance telephones at unmanned slipways.

Consultation Question 29:   Do you think that an Accessibility Improvement Fund should be set up? How would this be funded? Who would administer this fund?

I. To aid communication and help journey planning an Information System could be adopted that would indicated the degree of accessibility that a harbour, ferry or route has, for example:

   a. ☀ = many barriers to most People with Restricted Mobility

   b. ☀ ☀ = accessible but will require assistance depending on ability

   c. ☀ ☀ ☀ = very accessible for people with restricted mobility

The system could be implemented at minimum cost if it relied on customer feedback i.e. PRMs asked to complete a simple Feedback Form where a score of 1-3 is given for the ferry/harbour/trip. This way the system would allow for movement, up or down depending on the average scores received over time.

The information collected from this process could then be used to compile a series of more detailed information leaflets or accessibility guides similar to those already produced by Shetland Ferries which would give specific information, for example how people with different disabilities found the journey or experience, what was good and how best to prepare for the trip. This could be done by an independent organisation to ensure consistency and openness across the ferry network.

Consultation Question 30:   Do you think that an information system indicating the degree of accessibility would be useful? Are there any particular aspects you would like to see considered?

Chapter 7: Environmental Issues

1. Emissions from the transport sector were 14.5 MtCO2e in 2006[5] , which is approximately 25% of total greenhouse gas emissions in Scotland. Of these, the largest component is road transport. Emissions from international and domestic shipping were 2.2 MtCO2e. Just under half comes from domestic navigation, including from the oil, gas and fishing industries as well as ferries. Emissions from Scottish ferries have been estimated as between 0.22[6]-0.23[7] MtCO2e.

2. The Climate Change (Scotland) Act 2009 commits Scotland to reduce its greenhouse gas emissions by at least 80% from 1990 levels by 2050 (including its share of those from international aviation and shipping). The Act includes an interim target of 42% by 2020, and there is also a requirement for annual targets to be set for the years 2010-2050, starting in 2010.

3. The Scottish Government's Purpose also has sustainability at its core: its sustainability purpose targets are to reduce emissions over the period to 2011, and to reduce emissions by 80% by 2050.

4. The Scottish Government published the Climate Change Delivery Plan in June 2009. The plan identifies, amongst other things, the high-level measures to meet the interim statutory targets for 2020. The size of potential emissions reductions was estimated for shipping, indicating what might also be possible for ferries:

- *"By 2020, a 5-10% emissions reduction through technology measures and another 10% reduction through demand and fleet management."*

5. The Scottish Government will publish its report on proposals and policies (RPP) for meeting annual targets in September this year. The report must show how the policies contribute to reducing emissions. The effect of any change in policy as a result of this review will be reflected in the RPP.

6.   In addition, the UK Low Carbon Transition Plan notes that the Scottish Ferries Review will identify options for significant emission reduction measures. As noted in Chapter 1, a high-level strategic environmental assessment has been undertaken of the issues raised in this consultation document. Options for emission reduction measures are set out in the Environmental Report which accompanies this consultation document and in the consultants' reports listed in Appendix B.

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[5] excluding aviation but including shipping and off-road, e.g. agricultural vehicles.

[6] Caledonian Marine Assets Ltd. 2009. Scottish Government Ferry Review: Vessels Report.

[7] AEA Energy & Environment. 2008. Transport Carbon Emissions in the Highlands and Islands. Final Report to Highlands and Islands Enterprise.

7.   A detailed strategic environmental assessment will be undertaken for the draft Scottish Ferries Plan to be published and consulted on later this year. However, in order to inform the production of that plan we would welcome your views on the following questions.

Consultation Question 31:   How could the reduction of CO_2 emissions from ferries be delivered to assist in meeting the potential emissions reductions set out in the Climate Change Delivery Plan?

8.   For example, in terms of fleet management, one option to achieve emission reduction is to decrease vessel speed. It is estimated that, for a Type E vessel (i.e. a large ROPAX ferry) a reduction of 0.5 knots would result in some 20% less CO_2 being produced, with an increase in journey time of less than 5 minutes on a 2 hour journey.

Consultation Question 32:   Operators would likely appreciate the fuel-efficiency benefits of such a measure. Would operators be willing to implement such a measure on a voluntary basis? If not, can they provide suggestions for alternate methods of delivering speed reductions?

Consultation Question 33:   Would passengers support longer journey times as part of a CO_2 emissions reduction programme? If not, can they provide suggestions for alternate methods of delivering CO_2 reductions from ferries?

9. Alternatively, the Scottish Government could identify potential emissions reductions that could be achieved by operators and leave it to the operator to deliver this.

Glossary of Terms

Bundles - 2 ferry routes or more

CalMac - CalMac Ferries Ltd

CMAL (Caledonian Maritime Assets Limited) - CMAL owns ferries, ports and infrastructure for ferry services serving the west coast of Scotland and the Clyde estuary. CMAL are wholly owned by the Scottish Government with Scottish Ministers the sole shareholders.

Contract - A legally binding agreement between parties which sets out the requirement and the terms under which the agreement will be delivered.

Economies of scale - Factors that cause the average cost per unit to fall as scale increases.

EQIA - Equalities Impact Assessment. To look at effects of ferry services on Age, Disability, Gender, Lesbian, Gay, Bisexual & Transgender (LGB&T), Race, Religion & Belief.

Harbour access fees and harbour dues - Charges in respect of any ship for entering, using or leaving the harbour including charges for any passengers or cars embarking or disembarking at the harbour. This also includes charges in respect of goods brought into, taken out of, or carried through the harbour by the ship.

HITRANS - Regional Transport Partnership for the Highlands and Islands.

ITT (Invitation to Tender) - A document which sets out a requirement against which suppliers are invited to submit a proposal and costs to meet the requirement.

MACS - Mobility and Access Committee for Scotland. The Mobility and Access Committee for Scotland (MACS) was established by the Transport (Scotland) Act 2001 as an Advisory Public Body to give advice to Scottish Ministers on matters relating to the needs of disabled persons in connection with transport.

Modal Networks - Transportation networks i.e. Road, Rail etc.

MtCO$_2$e - Metric Tonne (ton) Carbon Dioxide Equivalent. This is the standard measurement of the amount of CO$_2$ emissions that are reduced or secluded from our environment.

Municipal ports - A Municipal port is a port that is owned by a Local Authority.

NESTRANS - Regional Transport Partnership for Aberdeen City and Shire.

OIC - Orkney Islands Council

PRMs - People with restricted mobility

Procurement - Procurement is the whole process of acquisition from third parties and covers goods, services and construction projects. It applies to all public sector procurements - goods, services, (including consultancies and research), construction and works regardless of the source of funding.

PSO - Public Service Obligation

PSC - Public Service Contract

ROPAX - (Roll on / Roll Off passenger) ship is a type of sea going ferry which carries passengers

RTP - Regional Transport Partnerships. Regional Transport Partnerships (RTPs) were established on December 1, 2005 to strengthen the planning and delivery of regional transport so that it better serves the needs of people and businesses.

SIC - Shetland Islands Council

SPT - Strathclyde Partnership for Transport

Stated Preference Exercise - A Stated Preference Exercise is an analytical technique which forces people to choose between a range of attributes about the ferry service. This allows us to put relative values on those attributes, showing which are considered more important.

SEA - Strategic Environmental Assessment. The Environmental Assessment (Scotland) Act 2005 applies to all Scottish Government plans, programmes, strategies and policies. Those strategies, plans and programmes that are likely to result in significant effects, in relation to the environment, must be assessed under SEA before the engagement strategy or consultation exercise commences.

Tender - The process by which goods and services are secured.

Trust ports - Trust ports are independent statutory bodies, each governed by their own unique, local legislation and controlled by an independent board. Their common feature is their unique status as trusts. There are no shareholders or owners. Any surplus is ploughed back into the port for the benefit of the stakeholders of the trust.

Appendix 1: Summary of Consultation Questions

Consultation Question 1:   Do you agree that a change is required, to improve consistency in provision and secure funding for the future?

Consultation Question 2:   Do you think that harbours should be self funded through harbour dues or do you think the current system of funding improvements through grants should continue?

Consultation Question 3:   How much of the funding should come from the users of the service?

Consultation Question 4:   Do you agree that we should test the market by tendering some routes on a single basis with the option for the operator to bring their own vessel(s)?

Consultation Question 5:   Do you agree that Ardrossan – Brodick, Wemyss Bay – Rothesay, Oban – Craignure, Largs – Cumbrae and the Pentland Firth are the correct routes to consider tendering as single routes?

Consultation Question 6:   Should we allow single routes to be tendered as a bundle or should we stagger the tenders?

Consultation Question 7:   Should the remaining routes stay within 2 bundles?

Consultation Question 8:   Should we consider the implications of a looser tender, where a minimum level of service is required but where the operator has flexibility to innovate and reduce costs where they see fit?

Consultation Question 9:   Should we specify climate change objectives within the tender and require the operator to specify how he intends to meet them? Do operators have views on how emission reductions should be defined? How would they measure and monitor performance, and demonstrate delivery?

Consultation Question 10:   What else do you think should be specified in a tender document? E.g. accessibility requirements, integration requirements etc.

Consultation Question 11:   What should be the rationale for, and purpose of, the fares policy?

Consultation Question 12:   To what extent should fares differentiate between islanders/residents of peninsular communities and other ferry users?

Consultation Question 13:   Should there be one fares policy across all of the supported Scottish ferry routes or should there be a different fares policy dependant on the need(s) of the community?

Consultation Question 14:   Do you agree that there should be a consistent and fair way of deciding what ferry services should be funded?

Consultation Question 15:   Do you agree that the ferry service should be designed to meet the most important needs of the community?

Consultation Question 16:   Is our assessment correct for your community? Please tell us what your community needs are and whether our assessment is right.

Consultation Question 17:   Do you agree that investment should be prioritised in those areas that have most potential to contribute to Scotland's economic Growth?

Consultation Question 18:   Do you think that the responsibility for ferries provision should be more consistent across Scotland?

Consultation Question 19:   Do you agree that it would be wrong for all ferry services to be the responsibility of the Scottish Government?

Consultation Question 20: Do you agree that the Scottish Government should become responsible for all ferry services providing necessary transport links for island communities to access the mainland and Local Authorities or Regional Transport Partnerships should be responsible for the provision of all others?

Consultation Question 21: The split of responsibilities above assumes that where an island is attached to the mainland via a bridge, it is treated as the mainland. Do you agree this is the correct way forward?

Consultation Question 22: Do you agree that the provision of ferry services would be better placed within the remit of Local Government?

Consultation Question 23: Do you agree that Regional Transport Partnerships could play a key role in the procurement of ferry services?

Consultation Question 24: How should the responsibility be split between Local Authorities and Regional Transport Partnerships?

Consultation Question 25: Do you agree that the provision of ferry services should continue to be split between Central and Local Government?

Consultation Question 26: If a continuation of a mixed responsibility role is preferable going forward (i.e. responsibility continues to be split between Central and Local Government), how should the split be determined?

Consultation Question 27: Should there be a central provision of procurement expertise? For example, Local Authorities/RTPS could determine what services/vessels they wanted to provide and specify those services/vessels, with a central procurement team purchasing them on their behalf.

Consultation Question 28: Do you think that recommendations A – G should be implemented now? When tendering do you think these recommendations should be included in any future tender requirements? Are there any of these recommendations that you consider to be of particular importance? Are there other issues that should be addressed?

Consultation Question 29: Do you think that an Accessibility Improvement Fund should be set up? How would this be funded? Who would administer this fund?

Consultation Question 30: Do you think that an information system indicating the degree of accessibility would be useful? Are there any particular aspects you would like to see considered?

Consultation Question 31: How could the reduction of CO_2 emissions from ferries be delivered to assist in meeting the potential emissions reductions set out in the Climate Change Delivery Plan?

Consultation Question 32: Operators would likely appreciate the fuel-efficiency benefits of such a measure. Would operators be willing to implement such a measure on a voluntary basis? If not, can they provide suggestions for alternate methods of delivering speed reductions?

Consultation Question 33: Would passengers support longer journey times as part of a CO_2 emissions reduction programme? If not, can they provide suggestions for alternate methods of delivering CO_2 reductions from ferries?

Appendix 2: Consultation Questionnaire

The Scottish Government
Riaghaltas na h-Alba

Scottish Ferries Review: Public Consultation 2010

Questionnaire

This questionnaire should be read in conjunction with the Scottish Ferries Review Consultation Document. Copies of the Consultation Document will be available at consultation events throughout Scotland in summer 2010. The Consultation Document, its appendices and this questionnaire can be downloaded from the Scottish Government website at:

http://www.scotland.gov.uk/Consultations/Current.

Consultation responses may be emailed to:

scottishferriesreview@scotland.gsi.gov.uk

or posted to:

Scottish Ferries Review Consultation

Ferries Division

Transport Directorate

Scottish Government

Area 2F Dockside

Victoria Quay

Edinburgh EH6 6QQ

If you have any questions about this form or would like to speak to a member of the consultation team, please telephone 0131-244-1539.

Some of the questions are aimed at ferry operators. **You do not have to answer every question. If you do not wish to express a view please move on to the next question.** Your time in completing the questionnaire is very much appreciated. Your opinion will help us design your future ferry services.

Scottish Ferries Review Public Consultation 2010 Questionnaire

Preliminary Question: We know that different communities across Scotland often view their ferry services very differently, sometimes for reasons which are specific to the local area. If you would like to enter your postcode in the box below, that will help us to make the best use of the information you provide to us in this questionnaire.

Postcode:	

Consultation Question 1: Do you agree that a change is required, to improve consistency in provision and secure funding for the future?

Yes ☐   No ☐

Comments:

Consultation Question 2: Do you think that harbours should be self funded through harbour dues or do you think the current system of funding improvements through grants should continue?

self-funded ☐   funded through grants ☐

Comments:

Consultation Question 3: How much of the funding should come from the users of the service?

Comments:

Consultation Question 4: Do you agree that we should test the market by tendering some routes on a single basis with the option for the operator to bring their own vessel(s)?

Yes ☐   No ☐

Comments:

Consultation Question 5:............Do you agree that the following routes are the correct routes to consider tendering as single routes?

Ardrossan - Brodick   Yes ☐   No ☐

Wemyss Bay - Rothesay   Yes ☐   No ☐

Oban - Craignure   Yes ☐   No ☐

Largs - Cumbrae   Yes ☐   No ☐

Pentland Firth   Yes ☐   No ☐

Comments:

Consultation Question 6:.Should we allow single routes to be tendered as a bundle or should we stagger the tenders?

allow a bundle ☐   stagger the tenders ☐

Comments:

Consultation Question 7: Should the remaining routes stay within 2 bundles?

Yes ☐   No ☐

Comments:

Consultation Question 8: Should we consider the implications of a looser tender, where a minimum level of service is required but where the operator has flexibility to innovate and reduce costs where they see fit?

Yes ☐   No ☐

Comments:

Consultation Question 9: Should we specify climate change objectives within the tender and require the operator to specify how he intends to meet them? Do operators agree and have views on how emission reductions should be defined? How would they measure and monitor performance, and demonstrate delivery?

Comments:

Consultation Question 10: What else do you think should be specified in a tender document? E.g. accessibility requirements, integration requirements etc.

Comments:

Consultation Question 11: What should be the rationale for, and purpose of, the fares policy?

PLEASE TICK ONE BOX ONLY

(a) Fairness of fares across Scotland ☐

(b) Community sustainability ☐

(c) Supporting economic development ☐

(d) Supporting tourism ☐

(e) Supporting the particular need of the particular community ☐

(f) Reduce the cost to government ☐

(g) To manage demand on ferries i.e. a policy that encourages people to travel at different times ☐

(h) To support "low carbon" travel ☐

(i) Other ☐

Comments:

Consultation Question 12: To what extent should fares differentiate between islanders/residents of peninsular communities and other ferry users?

Comments:

Consultation Question 13: Should there be one fares policy across all of the supported Scottish ferry routes or should there be a different fares policy dependant on the need(s) of the community?

one fares policy ☐   different fares policies ☐

Comments:

Consultation Question 14: Do you agree that there should be a consistent and fair way of deciding what ferry services should be funded?

Yes ☐   No ☐

Comments:

Consultation Question 15: Do you agree that the ferry service should be designed to meet the most important needs of the community?

Yes ☐   No ☐

Comments:

Consultation Question 16: Is our assessment correct for your community? Please tell us what your community needs are and whether our assessment is right.

Comments:

Consultation Question 17: Do you agree that investment should be prioritised to those areas that have the most potential to contribute to Scotland's growth?

Yes ☐   No ☐

Comments:

Consultation Question 18: Do you think that the responsibility for ferries provision should be more consistent across Scotland?

Yes ☐   No ☐

Comments:

Consultation Question 19: Do you agree that it would be wrong for all ferry services to be the responsibility of the Scottish Government?

Yes ☐   No ☐

Comments:

Consultation Question 20: Do you agree that the Scottish Government should become responsible for all ferry services providing necessary transport links for island communities to access the mainland and Local Authorities or Regional Transport Partnerships should be responsible for the provision of all others?.

Yes ☐   No ☐

Comments:

Consultation Question 21: Question 20 assumes that where an island is attached to the mainland via a bridge, it is treated as the mainland. Do you agree this is the correct way forward?

Yes ☐   No ☐

Comments:

Consultation Question 22: Do you agree that the provision of ferry services would be better placed within the remit of Local Government?

Yes ☐   No ☐

Comments:

Consultation Question 23: Do you agree that Regional Transport Partnerships could play a key role in the procurement of ferry services?

Yes ☐   No ☐

Comments:

Consultation Question 24:How should the responsibility be split between Local Authorities and Regional Transport Partnerships?

Comments:

Consultation Question 25: Do you agree that the provision of ferry services should continue to be split between central and local government?

Yes ☐   No ☐

Comments:

Consultation Question 26: If a continuation of a mixed responsibility role is preferable going forward (i.e. responsibility continues to be split between Central and Local Government), how should the split be determined?

Comments:

Consultation Question 27: Should there be a central provision of procurement expertise? For example, Local Authorities/RTPS could determine what services/vessels they wanted to provide and specify those services/vessels, with a central procurement team purchasing them on their behalf.

Yes ☐   No ☐

Comments:

Consultation Question 28:

(a) Do you think that recommendations A – G (see below) should be implemented now?

Yes ☐   No ☐

Comments:

(b) When tendering do you think these recommendations should be included in any future tender requirements?

Yes ☐   No ☐

Comments:

(c) Are there any of these recommendations that you consider to be of particular importance?

A. The design of new ferries and harbour/ shore infrastructure should take full account of the DPTAC guidance, for example the provision of handrails, ramps and assistance telephones. Consideration where possible should also be given to their use in smaller ferries and ports.   ☐

B. The need for regular, recognised disability awareness training is viewed as a relatively cheap and quick solution in helping to reduce many of the barriers faced Good customer care and assistance by staff is often viewed as the key factor when deciding if ferry travel is possible, practicable or comfortable. ☐

C. Port and ship operators need to plan their communication and information dissemination to take full recognition of PRMs. Audio, visual or other disabilities need to be considered, especially when considering passenger safety. ☐

D. Accessibility information should be readily accessible to PRMs in order to aid journey planning. Where possible websites should be improved to take recognition of the needs of PRMs and make it easier to access this information. ☐

E. Disabled Persons Assistance policies should be developed by all ferry and port operators as a matter of best practice. ☐

F. A policy for those passengers which may require additional assistance which fall outside the general categorisation of PRM, for example people travelling with small children, or heavy / awkward luggage or baggage should be encouraged. ☐

G. Provision where appropriate of some form of left luggage facility which would aid those passengers that are waiting onward travel connections. ☐

Comments:

(d) Are there other issues that should be addressed?

Comments:

Consultation Question 29:

(a) Do you think that an Accessibility Improvement Fund should be set up?

Yes ☐   No ☐

Comments:

(b)How would this be funded?

Comments:

(c) Who would administer this fund?

Comments:

Consultation Question 30:

(a) Do you think that an information system indicating the degree of accessibility would be useful?

Yes ☐   No ☐

Comments:

(b) Are there any particular aspects you would like to see considered?

Comments:

Consultation Question 31:How could the reduction of CO_2 emissions from ferries be delivered to assist in meeting the potential emissions reductions set out in the Climate Change Delivery Plan?

Comments:

Consultation Question 32: Operators would be likely to appreciate the fuel-efficiency benefits of such a measure. Would operators be willing to implement such a measure on a voluntary basis? If not, can they provide suggestions for alternate methods of delivering speed reductions?

Comments:

Consultation Question 33: Would passengers support longer journey times as part of a CO_2 emissions reduction programme? If not, can they provide suggestions for alternate methods of delivering CO_2 reductions from ferries?

Yes ☐   No ☐

Comments: