Islands Transport Forum

Report to Meeting of 25 October 2018

DECENTRALISATION OF TRANSPORT JOBS AND MANAGEMENT FUNCTIONS TO ISLAND AREAS

PURPOSE OF REPORT

The purpose of the Report is to highlight the very low numbers of management and administrative posts related to the delivery of transport services to and within the Scottish islands actually located in the island areas and the potential for this inequality to be addressed, supporting the delivery of a Fairer Scotland, through a proposed policy intervention.

BACKGROUND

Island local authorities have been concerned for some time at the way several of its key lifeline ferry and air services are delivered. All too often island communities are left counting the cost of decision-making that appears to be ill-judged and which fails to best address the needs of the communities.

Examples of these concerns include:

- Poor vessel replacement and deployment decision-making on Hebridean ferry services;

- Poor CalMac management response to the loss of MV Clansman from service earlier in Spring / Summer 2018;

- HIAL's decision to centralise Air Traffic Control management services and functions to Inverness;

- The failure of CMAL to create any jobs in island areas despite the organisation growing in staff terms by 400%; and

- Transport Scotland continuing to manage the delivery of CHFS, NIFS contracts from Edinburgh and Glasgow.

UIST AND BARRA INDEPENDENT GROUP OF COUNCILLORS RESEARCH

The Uist and Barra Independent Group of Councillors within Comhairle nan Eilean Siar recently researched the scale of the failings of the David MacBrayne Group and CMAL in supporting the Western Isles by a fair distribution of jobs within the Western Isles.

Using the Freedom of Information (Scotland) Act, the Group sought answers from DML / CalMac on how many jobs they create within the Western Isles and, of these, how many are in the higher pay brackets of the company. Despite employing 1,533 full time staff across the wider network, CalMac only employs 204 persons within the Western Isles. More people, some 250, are employed in their head office in Gourock than in the Outer Hebrides. This despite Gourock not even being a port on the CHFS network.

Advances in ICT services are already allowing companies to operate with more agility through the establishment of virtual offices and virtual teams. This allows a much greater dispersal of jobs. Looking at the evidence from the FOISA response by CalMac, it should be perfectly reasonable to expect them to employ enough people in local communities to staff the ferries and ports that serve each island.

Comhairle nan Eilean Siar estimate this would mean a total of 350 – 450 staff are required to man the ferries and island ports that serve the Outer Hebrides and a pool of staff equal to this in number should be resident in the Outer Hebrides.

Comhairle Nan Eilean Siar understand that crews stay on board the major vessels and recognise that operational demands do not mean any one member of staff will be permanently on the same ferry; however, the net total of staff could easily be recruited and retained in the islands served by CalMac. Every island should also have a fair share of central jobs and head office functions including senior management roles. This would undoubtedly improve management understanding of the real impact their decision-making has at a network level.

A similar FOISA request was submitted to CMAL. Unfortunately, they were not as open and transparent as David MacBrayne Group Limited and refused to respond to the questions asked. However, a subsequent review of CMAL Accounts suggests the staffing of CMAL has increased from six when they were formed to 31 today. Comhairle Nan Eilean Siar are not aware of any vacancies being advertised on a non-Head Office basis and do not believe that any CMAL staff are based on an island.

It would be helpful if CMAL were compelled to share the information requested by through the FOISA request as this would provide details of how successful the policy of locating CMAL in Port Glasgow has been in creating jobs for Inverclyde and thereby making a contribution to improving that area's economic performance.

Had the decision been taken to locate CMAL in the Western Isles, it is reasonable to believe the organisation's staff would have made a significant contribution to the local economy with little option but for them to be resident within the local authority area.

No such information has been sought from Highlands and Islands Airports Ltd (HIAL) or Transport Scotland to better understand the current staffing levels they have decentralized to island areas. However, for the former organization, the recent decision to centralise Air Traffic Services to a single site in Inverness providing remote air traffic services across their airport portfolio will remove many well-paid jobs with the potential loss of families and the impact this will have in the local areas. In the Western Isles this will amount to the loss of 21 jobs. More research is needed to understand the impact this will have and how it can be offset by a decentralization of other jobs to the islands.

HIAL's decision for centralisation of ATM arrangements to Inverness will also have a detrimental effect on the local economies of Orkney and Shetland.

POLICY INTERVENTION PROPOSAL

The three islands councils and the two Regional Transport Partnerships seek a commitment from the Scottish Government, Transport Scotland and those transport organisations where Ministers are the shareholder, to develop opportunities to increase the location of transportation jobs within the communities served regarding increasing the availability of skilled and well-paid jobs within island and rural areas.

Transport is generally regarded as a means to an end; however there are opportunities to investigate new delivery approaches and Scottish Government contracts, agencies and partners can influence the maximisation of socio economic outcomes. This will align well with the Islands (Scotland) Act 2018 particularly in making a positive impact on island life.

The retention of population and changing demographics are clearly the biggest challenges facing island areas. The creation / retention of high quality jobs will go a long way to attracting couples and perhaps helping to fill other vacancies that have proved difficult to fill in recent years. A move along the lines proposed will also bring children into islands' schools. In some cases, this will help schools in the most rural communities to remain viable in terms of school rolls.

The recent announcement by HIAL for a remote air traffic service located at a single Inverness hub with the consequent reduction in jobs at island airports including Benbecula, Stornoway, Kirkwall and Sumburgh is an example of the high value placed on a small number of well paid jobs in a deeply rural or island area. The rationale for a remote air traffic service is understood; however, there is clear evidence of a rural – urban gap in GVA.

As an example of current good practice by others, the Loganair ADS booking line is based at Wick Airport rather than their Glasgow base. Another good practice example is Serco Northlink basing Director-level posts in Orkney and all management functions are located on the NIFS network.

Opportunities to investigate include:

- Increase island-based crewing on ferries involved in CHFS, NIFS and internal ferry services and contracts;

- Disperse management roles and functions from CMAL and DML head offices to island areas;

- Ensure all CFL posts from Head of Service Delivery down are located in island aeas;

- Disperse management roles and functions from HIAL Head Office in Inverness to island areas;

- Investigate ways of providing remote air services at island locations taking advantage of improved digital connectivity; and

- Disperse management and back office functions for transport service providers and agencies including Transport Scotland and HITRANS.

Rural and island areas will be a focus of this policy area. A shift in employment location would imply this is job relocation not creation which would mean jobs being decentralised from a current base. Care should be taken to avoid any forced relocation with posts relocated when vacant unless there is a strong operational argument for relocation.

In remote and rural Scotland there remains an economic challenge of relatively low productivity. For example, in the Highlands and Islands region GVA per capita is £21,499 compared to the Scottish figure of £23,685. This suggests the need for an aim to attract an increased number of higher value-added activities to the region as well as to improve the productivity of existing businesses.

The Inverness / Moray area clearly benefits from being relatively well connected compared to other parts of the region, as does the second most productive area including Argyll & Bute and West Highlands, but not to the same extent as Inverness / Moray.

Challenges remain in the Highlands north of Inverness, Orkney and Eilean Siar (productivity only 78%, 81% and 71% of Scottish average respectively), and a focus should be to consider what role future investments in transport could play in facilitating a more inclusive pattern of growth, supporting these areas to 'catch up' economically.

The creation of well-paid employment in these areas could support challenges in these communities, such as the cost of maintaining a minimum standard of living for a family of two children (for example on the Northern Isles), which is 29% higher than in an urban area of the UK. Poverty is often hidden and dispersed in these communities; 75% of those in poverty do not live in the most deprived areas (as per IOMD), and in fact 20% of the most deprived live in the most affluent (IOMD) areas. The addition of year-round, living wage employment in these areas will have a marked positive impact.

Benefits in remote / rural areas will be multiple, including the creation of year-round employment in areas that are typified by high levels of seasonal employment related to tourism activities. The creation of additional jobs in the area will also support recruitment to other hard-to-fill posts in the public sector – NHS, Health and Care services, teaching etc., as new transport-related posts are made available that enable couples / families to move to these locations with the chance of employment for both partners, perhaps a Nurse and partner working within the transport profession.

Research by Skills Development Scotland has identified the Skills Challenge involved in moving to a fairer distribution of jobs. To advance the policy will require multi-agency working involving Scottish Government, HIE, Councils, Skills Development Scotland and academia (including UHI). A programme of training to provide career pathways for islanders is needed and establishing this training within the island setting would attract people to move from the mainland for training with future careers retaining them in the island setting.

For several roles that could be created / relocated to the islands there is already a strong skills base in the islands. Administration and Management roles could draw from an already strong talent pool.

Scottish Government led advances in digital connectivity have removed the barrier this presents to enabling companies to base staff in island areas and this will become ever more possible as Superfast Broadband coverage extends across the region.

The growth in virtual office, virtual team and home working all offer opportunities for individual jobs to be created in an island setting. Encouraging innovative working practices will support the relocation of high quality jobs to rural Scotland and the Scottish Government should be showing leadership in this respect.

Furthermore, there could be added value from those dealing with transport in these areas, for example, air services or ferry services, to have a fuller grasp and appreciation of the way in which the services affect and can impact the communities that they serve, by being embedded within these communities.

RECOMMENDATIONS

1. **Members of the Forum are asked to note the report; and**

2. **The Minister is asked to consider the policy intervention proposal to change the focus and management approach of organisations, particularly David Macbrayne Group, CMAL, Transport Scotland and HIAL.**

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Comhairle nan Eilean Siar / HITRANS
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