
NORTH AYRSHIRE COUNCIL

23 August 2022

Cabinet

Title: Net Zero Energy and Transport Committee – Inquiry into a modern and sustainable ferry service for Scotland

Purpose: To seek approval for the proposed North Ayrshire Council submission to the Net Zero Energy and Transport Committee's Inquiry into a modern and sustainable ferry service for Scotland.

Recommendation: That Cabinet approves the submission of the proposed response to the call for views provided at Appendix One.

1. Executive Summary

- 1.1 The Scottish Parliament's Net Zero, Energy and Transport Committee has launched an inquiry into a modern and sustainable ferry service for Scotland. The Committee is seeking views until 26 August 2022 and engaging with ferry users to examine how services can best meet local needs. This report seeks approval for the proposed submission to the call for views provided at Appendix One.

2. Background

- 2.1 The Net Zero, Energy and Transport Committee scrutinises the Scottish Government's policies and progress towards climate change targets across all government departments. The Committee has a specific focus on transport, energy, net zero and circular economy and aspects of environmental policy.
- 2.2 The Committee agreed to undertake a comprehensive review of ferry services in March 2022. This was informed by a public petition regarding the impact of the unreliability of ferries on island economies. The petition outlined the impact of the unreliability through losses to island economies relying on tourism and travel restrictions for island residents, who need reliable and regular services. The Committee identified that there were also wider issues beyond those covered by the petition which required to be considered.
- 2.3 The inquiry will consider:
- What island residents, businesses and other ferry users need from Scottish Government supported ferry services;
 - The institutional and funding arrangements that would meet the needs of current and future ferry users; and

- What vessel size, type, deployment and crewing arrangements would best satisfy the needs identified.

2.4 The Committee is seeking views until 26 August 2022. It has committed to engaging with ferry users to understand the impact of problems with ferry services and examine how services can best meet local needs. It will pursue the following objectives. To:

- Understand what a modern ferry service should look like from different perspectives including island and mainland residents, individuals and businesses;
- Consider and draw attention to best practice in ferry provision and service including considering examples from private enterprise or internationally;
- Hold the Scottish Government, operators and asset holders to account and scrutinise carefully whether their decisions and strategies are in the best interests of service users and the taxpayer;
- Help inform Scottish Government's policies and strategies on ferries and island connectivity as well as the procurement process for future vessels;
- Identify the needs and views of different groups in particular young people and disabled people;
- Adapt scrutiny to the different needs, experiences and solutions of different islands and communities;
- Recognise the importance of island impact assessments carried out by relevant authorities; and
- Incorporate the contribution of transport to net zero goals into scrutiny throughout the inquiry.

2.5 The call for views poses a series of questions outlined at Appendix One and which were considered as part of the proposed submission. The draft submission has been informed by the feedback from our island communities through the extensive engagement carried out during the development of the recently published Local Island Plans.

3. Proposals

3.1 That Cabinet approves the proposed submission to the call for views provided at Appendix One.

4. Implications/Socio-economic Duty

Financial

4.1 The provision of modern, sustainable services is critical to our islands and the wider North Ayrshire economy. The Fraser of Allander report on the Impact of Covid-19 on the Arran economy identified that on average, each day of ferry operation contributes just under £170,000 to the island's economy.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

- 4.4 The provision of a modern, sustainable ferry service will support the reversal of economic, social and physical decline and reduce socio-economic disadvantage. It will also contribute to the delivery of the Isle of Cumbrae and Isle of Arran Local Island Plans, their key themes and priorities. Both plans recognise the multiple impacts of the unreliability and capacity of the existing ferry services to island residents, businesses and the local economy. Reliable ferry provision is identified as a key priority for the Isle of Cumbrae Plan and ferry provision and infrastructure is identified as a key priority for the Isle of Arran Plan.

Climate Change and Carbon

- 4.5 The inquiry aims to identify the requirements for a modern, sustainable ferry service. It identifies an objective to incorporate the contribution of transport to net zero goals into scrutiny throughout the inquiry. This aligns with the Council's agreed Environmental Sustainability and Climate Change Strategy workstreams of: Green Economy; Transport and Travel; and Sustainable Operations. Furthermore, it aligns with the Council's commitment to reduce carbon emissions through our declaration of a Climate Emergency and will contribute to the ambition to achieve net zero by 2030.

Key Priorities

- 4.6 The provision of a modern, sustainable ferry service will contribute to achieving a number of the Council Plan outcomes. It will contribute to the ambitions for: an inclusive, growing and enterprising economy; North Ayrshire to be well-connected with effective infrastructure; and for a sustainable, vibrant, welcoming and attractive environment.

Community Wealth Building

- 4.7 The Inclusive Growth Diagnostic identified transport as a barrier to inclusive growth at a local level. The provision of a modern, sustainable ferry service for our islands is vital to local communities and delivering inclusive growth and Community Wealth Building.

5. Consultation

- 5.1 The Net Zero Energy and Transport Committee has committed to engaging with ferry users to understand the impact of problems with ferry services and examine how services can best meet local needs. The proposed Council response was prepared jointly by officers within the Place Directorate and within the Growth and Investment team. The draft submission has also been informed by the feedback from our island communities through the extensive engagement carried out during the development of the recently published Local Island Plans.

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For further information please contact **Louise Kirk, Senior Manager Regeneration**, on **01294 324766**.

Background Papers

Fraser of Allander Report: Impact of Covid-19 on the Arran economy (2020)

Isle of Arran Local Island Plan (2022)

Isle of Cumbrae Local Island Plan (2022)

Appendix One: Proposed Submission - Inquiry into a Modern and Sustainable Ferry Service for Scotland

Question 1: What do island residents, businesses, and other ferry users need in the short, medium and long term from Scottish Government-supported ferry services?

- Meeting the needs and sustainability of island and remote rural communities and businesses, including secure jobs providing ferry services
- Meeting the needs of mainland communities and businesses, including visitors
- Service needs at different times of the year
- Which needs are better met by other modes, e.g. air travel where available?
- How should the Scottish Government support council-run ferry services?
- How can ferry users and island communities be involved in decision making at strategic and operational level?

NAC Response:

Our islands need reliable services that provide for everyday journeys for rural communities, tourism, leisure and business needs. There are no alternative transport modes for journeys to and from either Arran or Cumbrae therefore vessel and service resilience is critical. Reliable ferry services are critical to the supply chain between mainland and island businesses and the sustainability of island businesses going forward.

Like most island economies, our islands' economies are highly dependent on their ferries. The levels of cancellations and their coverage undermines visitor and business confidence in our islands as places to either visit, work, live or invest. Service needs and levels fluctuate throughout the year due to seasonal demand. Modern ferry services should be suitably dynamic to respond to these fluctuations as far as practical.

A minimum 'lifeline' service definition should be developed for winter services. A considerable amount of data is available on service requirements but it is important that the latent demand due to the unreliability of services and capacity issues is also considered. Due to labour shortages many island businesses are reliant on commuters from North Ayrshire and further afield therefore a reliable year round service is critical to island business operation. Our health and social care services rely on the service to transport staff. Significant ferry disruption causes humanitarian and welfare concerns and stress for the people receiving this support and for the staff providing these services.

There needs to be greater co-ordination between all transport modes including connecting modes on islands and on the mainland. On both Arran and Cumbrae, bus services are largely timed to meet the ferry on arrival. Reliability issues with the ferry can therefore have a significant knock-on impact for the wider transport network. If the buses wait for late-running ferries the timetable is not met which impacts the buses serving the wider communities on the islands. On Arran these bus services are also critical to school transport. The impact of unreliable ferry services therefore disrupts residents, school pupils and tourists. Furthermore, residents and visitors disembarking at Ardrossan being inconvenienced by relying on rail travel which is similarly synchronised with expected ferry arrival times.

Road Equivalent Tariff (RET) has led to substantial increases in vehicles on the islands and the lack of integration between the ferry and bus services further exacerbates this. Ferry services should be suitably flexible to respond to local pressures associated with RET. For

example, campervan restrictions are currently applied on some routes on the network but there is not currently flexibility to extend this to other routes where required.

There needs to be a clear, transparent process for decision making at both strategic and operational levels. The island communities need to be able to understand what they can influence and how. There also requires to be clear communication channels for example through Ferry Committees. Ferry operations need to be better explained, for example regarding costs, worker's hours legislation, safety considerations regarding cancellations and ferry infrastructure resilience.

A fit for purpose fleet requires to be provided that can sustain the required level of provision. It is the current case that there is extremely limited or no capacity to ensure service provision during routine maintenance and emergency repairs to ferries. Additional capacity requires to be provided in the fleet to provide adequate cover for down time associated with routine and emergency maintenance.

There is also a strong need for improved communications regarding the ongoing procurement process and its delivery programme. At present much of the information comes via media channels first rather than directly from the Government. This is unacceptable for the community and its businesses who need to be kept fully abreast of the programme and any issues that arise in a timely manner.

North Ayrshire Council does not operate 'Council-run ferries' and therefore has no experience or evidence to present on support required. However, the Council would be interested to learn and understand the feasibility of alternative operating models. North Ayrshire Council is a Community Wealth Building Council and as such supports plural ownership of the local economy and maximising the return and value of assets to achieve social, economic and environmental outcomes for the benefit of local communities and business. We would seek to maximise Community Wealth Building outcomes as part of any alternative delivery model that was being considered.

Ardrossan to Brodick is the busiest route on the CalMac network but has amongst the highest rate of cancellations on the network. While these cancellations are partly due to weather conditions and the dated infrastructure at Ardrossan, the proposed new vessels with their increased reliability and manoeuvrability should reduce the rate of cancellations. Whilst we appreciate the significant investment planned for the harbour will transform the port, there have been delays and meanwhile the infrastructure combined with the aging ferry fleet, have had a major effect on the ferry reliability and overall the resilience of the service.

The Fraser of Allander report on the Impact of Covid-19 on the Arran economy identified that on average, each day of ferry operation contributes just under £170,000 to the island's economy. This effect is higher in summer months when tourist and passenger numbers are high, and consequently lower during the winter months. All of Cumbrae Primary school teaching staff live on the mainland. When the ferry does not operate the school has to close. All Secondary School provision is on the mainland therefore disruption also affects access to secondary education and in some cases return travel.

The current relief vessel arrangements for the Cumbrae route also result in a loss in sailings due to the available suitable vessels, travel time and the alternative arrangements required for these to come into service. In some cases this includes engineering modifications to vessels and provision of alternative crews due to the vessel's crew not having received the necessary training to operate the route.

This recently resulted in a loss of service overnight from 3pm with circa 60 people being unable to travel from the island and circa 100 cars on the mainland. Due to these cancellations, individuals were unable to access medical and respite services and, in some cases, return home. There are no ferry staff on the island therefore passengers are not provided with support in these circumstances.

Whilst it is noted that the MV Loch Ridden will be replaced under the Small Vessels Replacement Plan, this will not provide an immediate solution. It would be beneficial if relief vessels and crews could offer flexibility of service across the network to reduce the timescales required to bring them into service and improve network resilience.

Question 2: What institutional and funding arrangements would most likely deliver service patterns, vessels, and crewing arrangements that meet the needs of current and potential future ferry users?

- Can the current tri-partite arrangement (Transport Scotland, CMAL, Ferry Operator) for managing most ferry service provision be improved?
- Can current tendering arrangements be improved, e.g. through service unbundling?
- Can Scottish Government subsidies be better deployed to meet the needs of current and future ferry users?
- Are current services providing best value for the taxpayer?

NAC Response:

More transparency and explanations are required as to why certain decisions are made regarding operational matters. This includes decisions in relation to timetables, vessels, shore infrastructure, demand and weather resilience. Early engagement would also be beneficial on factors such as procurement of new vessels, need for new infrastructure and potential disruption due to any new construction, costs and demand.

The current tri-partite arrangement is complex and limits transparency of decision making. Roles and responsibilities are unclear and there are substantial areas of overlap. Within the current arrangement discussions and decision processes are often restricted due to confidentiality and government limitations. Some documents can be so complex that they give little information unless the reader has at least some knowledge of the process.

Clear mechanisms to provide feedback on service provision would be beneficial. This should outline roles and responsibilities for the organisations involved and detail how feedback will be collated and used. At present the stakeholder process is broken with no one organisation having a clear responsibility to respond to issues or address weaknesses in service provision.

Ongoing financial commitments, with cross-party support, are required to deliver on service and vessel plans. Port infrastructure responsibility and funding is fragmented with ownership sitting between national government, local authorities, and private port management. This needs to be addressed to ensure alignment of vessels and infrastructure.

Greater transparency is also required regarding the support per route and costs per route might better explain the subsidies to users and non-users. This should be set against the benefits brought about by serving remote communities. With regards to 'best value', greater explanation of the costs would better inform opinions on what is best value. The

current service provided is perhaps regarded as costly in respect of frequency and fares, however it appears that it compares well with other ferry services to remote communities elsewhere, issues surrounding the resilience of the current fleet notwithstanding. Further clarity and transparency would be welcomed.

A clear definition as to what constitutes value for money is required. There is no clearly defined process to deliver value for money. The operator delivers to a contract and many examples have been highlighted that value for money is often prioritised to provide benefit for operator. The cost of failure to deliver the services to the communities is often considered as the loss of income to the operator. Contingency planning is often influenced by excessive estimated costs for the operator without recognising the costs of the failures to the islands' economies.

Question 3: What vessel size, type, deployment and crewing arrangements would best satisfy the needs you have identified?

- Vessel size and type
- Sustainable propulsion systems (including energy-use and moves to low carbon systems)
- Compatibility with harbour facilities
- Onboard crew accommodation
- Current procurement criteria and processes: what are their strengths and weaknesses? Are they "future proofed" to accommodate new technologies and the need for sustainable low-carbon travel?

NAC Response

Further clarity would be welcome on the role of this Committee and how it will align with the Island Connectivity Plan's (ICP) development. It is noted that many of the questions set out here are being considered via the ICP therefore it is important to have a coordinated approach and avoid duplication of effort.

It is critical that island communities and the recognised Ferry Committees are fully involved in these discussions. Their local knowledge and day-to-day experience of the vessels and services is invaluable. The decision-making process should be fully informed by a robust Islands Impact Assessment.

The lack of vehicle capacity has resulted in many services being fully booked in advance on the Ardrossan to Brodick route or large queues and waiting times on the Largs to Cumbrae route. This often resulting in residents being unable to travel to the mainland at relatively short notice. There is a growing level of frustration within the communities over the uncertainty of their services, the number of cancellations and the uncertainty of when the new vessels will finally enter service. The lack of resilience has also resulted in significant reputational damage to the islands with many visitors reluctant to book trips out of fear of cancellations. This is having a substantial impact on island businesses.

Future ferry procurement needs to fully involve the local community to ensure that the new vessels will meet their needs. The most consistent view from the Isle of Arran community is for a reliable two-boat service all year round. On the Isle of Cumbrae there is an aspiration for a passenger only summer service between Largs and Millport. The Procurement needs to be undertaken sufficiently far in advance to allow an adequate lead-in time for delivery before the reliability of the outgoing vessels becomes an issue and to ensure that the

harbour infrastructure requirements are in place. The emerging Islands Connectivity Plan (ICP) as a replacement for the Ferries Plan should explore other options to the traditional large bespoke vessels. For example, this could consider the use of smaller, cheaper and more flexible vessels that could provide a more reliable service.

We note the intention to introduce hybrid ferries at Ardrossan. Future procurement should focus on proven technologies to ensure continuity of service. Whilst we recognise the desire and ambition to look at new technology, this should not be at the expense of the connectivity of our island communities. Tried and tested technology and engineering should be used to help ensure that the delivery programme can be achieved. Similarly, whilst the challenges of designing a ferry fleet to meet the varying needs and circumstances across the network is recognised, consistency would be beneficial in the design of these vessels wherever practical. A more consistent design, rather than bespoke vessels for each route, would allow also for easier maintenance and flexibility across the network. This would also help ensure that suitable infrastructure can be built and maintained at the relevant ports as well as the alternative refuge ports.

The ICP also needs to consider how to improve the environmental credentials of our ferry services. As noted above, trialling new technology such as the dual-fuel hybrid technology, should not be at the expense of the reliability of lifeline services. High quality digital infrastructure is also required, such as robust online ticketing systems for all routes, to support these lifeline services and their economies.

Ferry services should promote and support the use of sustainable public transport and active travel on the islands to reduce the impact of RET and contribute to achieving net zero. For example through incentivising the use of sustainable travel for onward journeys. This would also assist in ensuring the viability of public transport on the islands for communities. All bus services on Arran and a number of services on Cumbrae are currently subsidised as they are not commercially viable.