

## 4b Ferry Issues: Update

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- Purpose of Report

The purpose of this report is to update members on the current situation regarding ferries, including the initial results of the Road Equivalent Tariff (RET) experiment, the Northern Isles ferry tendering process and other ferry matters.

- Background

Members will recall that a number of matters relating to ferries have been reported to Board in recent months. Of particular interest are the Scottish Ferries Review, the ongoing experimental use of Road Equivalent Tariffs (RET) for fares to the Western Isles and the impending retendering of the Northern Isles ferry services. Nestrans coordinates local authority involvement in ferry matters on behalf of the two Councils and provides input and feedback as necessary in relation to ferry matters.

- Scottish Ferries Review

Nestrans Board considered a report at its meeting of 25 August 2010 and agreed a response on the consultation relating to the Review of Scottish Ferry Services. The Scottish Government has now published an update on the review and a summary report on the consultations. These documents and other supporting documentation are available on the Government's website:

<http://www.scotland.gov.uk/Topics/Transport/ferries-ports-canal/14342/Review>

It is their intention to progress the review during this year and further updates will be provided as the review develops.

- RET Experiment

The experimental use of Road Equivalent Tariffs for setting fares to the Western Isles has now been in operation for 2½ years. The Scottish Government has published a series of reports on the study which has accompanied the experiment, which are available from their website:

<http://www.scotland.gov.uk/Topics/Transport/ferries-ports-canal/14342/TARIFF>

A Draft Final Report of the study concludes that the fare reductions of between 14% and 53% have resulted in an increase in patronage of around 12% in year one and a further 5% in year two in comparison to other routes. Car journey numbers and particularly tourism seems to have been affected most, although turnover in tourist establishments has been low since low value tourism such as camping has seen the greatest rise in usage.

The final results of the evaluation of the pilot will be available early in 2011. This will allow Ministers to make decisions on fare levels for ferry services to the Western Isles and the rest of Scotland, beyond the pilot period.

- Northern Isles

A consultation on the tendering of the next Northern Isles ferry service contract was held at the same time as that on the Ferries Review. The consultation sought views and opinions on how the ferry service to and from Orkney and Shetland to the Scottish mainland can be more effectively delivered under a new contract, due to be in place by July 2012. Both consultations closed on 30 September 2010. 600 responses were received in respect of the Ferries Review and almost 400 responses in respect of the Northern Isles Tendering.

Nestrans considered a report at its meeting on 25 August 2010 and agreed a response. The Scottish Government has now published an 'Analysis of Written Responses' paper for both the Ferries Review and the Northern Isles Tendering consultation exercises. The papers provide an overview of the responses received and details of the analytical approach taken. They also provide a summary of responses in relation to each of the themes set out in the consultation documents.

The Government is keen to progress the Ferries Review as quickly as possible, enabling them to put in place a long-term ferries strategy to 2022, along with a draft Ferries Plan later this year, which will be subject to a further public consultation for at least six weeks.

The Northern Isles Ferry Services Tendering Consultation was the first phase in putting together the specification of requirements that will form an integral part of the next invitation to tender for the services. The tendering process will be launched in spring 2011. The Scottish Government has invited relevant Local Authorities and Regional Transport Partnerships to become involved in the preparation of the tender documents – Nestrans will represent north east views in that process.

The timing of the forthcoming Scottish Parliament election in May will have an impact on the timing of the tendering exercise which is now likely to begin its formal process in June. The Project Team is developing the specification for the new tender which will be shared with members of the consultative group. An expert Maritime Technical Consultant will assist in the technical aspects of tender specification and evaluation and there is an expectation that the successful bidder will be appointed by late April.

- Recommendation

It is recommended that Members note the contents of this report.

RD/5 April 2011