

Net Zero, Energy and Transport Committee

5th Meeting, 2023 (Session 6)

Tuesday 7 February 2023

Inquiry into a modern and sustainable ferry service for Scotland

Introduction

1. At its [meeting on 15 March 2022](#), the Committee agreed to undertake an inquiry into ferry services. The Committee had been referred [Petition 1872: Improve the reliability of island ferry services](#). The petition said the unreliability of ferries has resulted in losses to island economies relying on tourism and in travel restrictions for island residents, who need reliable and regular services.
2. The Committee noted there were issues with island connections beyond those covered by the petition. It agreed it needed to look at ferry services comprehensively and to launch an inquiry into current and future ferry provision in Scotland. The inquiry aims to seek out how best to secure a state-funded ferry service that is future-proofed, compatible with Scotland's net zero goals and will meet the needs of all service users, having regard in particular to the long-term sustainability of island communities. (See **Annexe A** for full inquiry remit.)
3. The Committee will consider what island residents, businesses, and other ferry users need from Scottish Government-supported ferry services and the institutional and funding arrangements that would most likely meet the needs of current and potential future ferry users. The inquiry will also explore what vessel size, type, deployment and crewing arrangements would best satisfy the needs identified.

Evidence so far

4. On 28 June, the Committee opened the inquiry with an evidence session with a panel of island community members to discuss their experiences of ferry services in Scotland and their ideas for the inquiry. [Read the Official Report here](#). The Committee then issued a call for written views on 1 July, which closed on 26 August. [All published submissions to the call for views are available here](#).
5. On 1 November, the Committee heard from private ferry operators their approach to running ferry services, and on how national service provision should be structured and procured. [Read the Official Report here](#).
6. On 8 November, the Committee held an evidence session with representatives from the business and tourism sectors. [Read the Official Report here](#).

7. On 15 November, the Committee took evidence from representatives of trade unions to discuss crewing arrangements for ferry services and union members' experiences of working on ferries. [Read the Official Report here.](#)

8. On 31 January, the Committee held two evidence sessions with a panel of former members of the Scottish Government's Ferry Industry Advisory Group/Expert Ferry Group, and then from a panel of representatives from the Ferries Community Board.

Other information gathered so far

9. There have been three visits in connection with the inquiry, during which Members took ferry trips and met with a variety of local stakeholders, such as ferry users, community groups and local authority representatives—

- on 7 November, to Arran;
- on 28-29 November, there were parallel visits to Orkney and the Western Isles.

10. On 17 January, the Committee held an online engagement event with Members of the Scottish Youth Parliament to learn more about how ferry services could better meet the needs of Scotland's young people. The Committee also held an online meeting with representatives of island communities to hear about their priorities for future ferry services.

Ferry services in Scotland

11. Major Clyde and Hebrides ferry services and services linking the Scottish mainland and Northern Isles are specified, let, and funded by Transport Scotland. Multi-year contracts for the provision of these services are awarded following competitive tendering exercises. The current operators are—

- CalMac Ferries Ltd: A subsidiary of David MacBrayne Ltd, itself wholly owned by Scottish Ministers, which provides ferry services to 22 islands and four peninsulas on Scotland's west coast. The current contract runs between October 2016 and October 2024.
- SERCO Northlink: A private sector operator, part of the major outsourcing company SERCO. It operates ferries between the Scottish mainland, Orkney, and Shetland. The current contract runs between June 2020 and June 2028.

12. Scottish Government supported ferry services are operated using vessels owned by Caledonian Maritime Assets Ltd (CMAL). CMAL is owned by Scottish Ministers and owns 36 ferries; 31 leased to CalMac Ferries and five to SERCO NorthLink. It is also leading on the procurement of new vessels for these services. It also owns 16 Clyde and Hebrides harbours and owns or leases properties and port infrastructure at 10 other Clyde and Hebrides locations.

13. Orkney and Shetland Islands Councils operate all inter-island ferries in their area. Argyll and Bute and Highland Councils run a small number of short ferry services. There are two private sector operators running car ferries (Orkney- mainland and Gourock-Dunoon routes).

Scottish Government ferries policy

14. The Scottish Government's current strategy for ferry services in its [Ferries Plan 2013-2022](#), published in December 2012. This is due to be replaced by a new [Islands Connectivity Plan \(ICP\)](#) from the end of 2022. The Scottish Government says the ICP will be "wider in scope, taking account of ferry services, aviation and fixed links, as well as onward and connecting travel. The ICP will be supported by a number of delivery plans".

15. It will have several components—

- Long term plan for vessels and ports
- Community Needs Assessments
- Fares Policy
- Connecting and Onward Travel
- Low Carbon Plan

16. The Scottish Government published a [draft Long-Term plan for vessels and ports on the Clyde & Hebrides and Northern Isles networks \(2023 – 2045\)](#) in December 2022. This was circulated to "key stakeholders" and a final draft for consultation is expected in "early 2023".

Evidence session 7 February

17. At its meeting on 7 February, the Committee will hear from two panels of local councils involved with operating, or affected by the delivery of ferry services in Scotland. The Committee will take evidence from—

- David Hibbert, Technical Superintendent, Marine Services, Orkney Islands Council;
- Cllr Moraig Lyall, Chair, ZetTrans and Chair, Environment and Transport Committee, Shetland Islands Council;

And then from—

- Murray Bain, Project Manager, Corran Ferry, The Highland Council;
- Russell McCutcheon, Executive Director, Place, North Ayrshire Council;
- Scott Reid, Marine Operations Manager, Argyll and Bute Council;
- Cllr Uisdean Robertson, Chair, Transportation and Infrastructure Committee, Comhairle nan Eilean Siar.

18. Prior to this session, the Committee received responses to its call for views from—

- [Orkney Islands Council](#) (available in **Annexe B**)

- [Orkney Ferries Ltd](#) (available in **Annexe C**)
- [Shetland Islands Council and ZetTrans, Shetlands Regional Transport Partnership](#) and additional comments from [Cllr Moraig Lyall](#) (available in **Annexe D**)
- [The Highland Council](#) (available in **Annexe E**)
- [North Ayrshire Council](#) (available in **Annexe F**)
- [Comhairle nan Eilean Siar](#) (available in **Annexe G**)

Next steps

19. At future meetings, the Committee is likely to hear from—
 - Ferry operators;
 - International experts; and
 - National transport agencies and the Scottish Government.
20. The Committee expects to issue a report with its main findings in Spring.

Clerks

Net Zero, Energy and Transport Committee

Annexe A

Remit - Inquiry into a Modern and Sustainable Ferry Service for Scotland

The Net Zero, Energy and Transport are holding a major inquiry into current and future ferry provision in Scotland, which will ask—

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?

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?

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?

During the inquiry, the Committee will also pursue the following objectives:

- To engage with communities impacted by problems with ferry services and understand better the impact these have, particularly on island life (in particular,

the effects of weather on services, sustainability of population and attracting inhabitants, access to key services and businesses)

- To understand what a modern ferry service should look like from different perspectives, from island and mainland residents, individuals and businesses,
- To consider and draw attention to best practice in ferry provision and service including considering examples from private enterprise or internationally;
- To 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;
- To help inform Scottish Government's policies and strategies on ferries and island connectivity as well as the procurement process for future vessels.
- To identify the needs and views of different groups in particular young people and disabled people;
- To 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
- To incorporate the contribution of transport to net zero goals into scrutiny throughout the inquiry.

Conclusions and recommendations will be set out in a report to the Scottish Government and Transport Scotland, setting out the Committee's views on how best to secure a state-funded ferry service that is future-proofed, compatible with Scotland's net zero goals and will meet the needs of all service users, having regard in particular to the long-term sustainability of island communities.

Annexe B

Response from Orkney Islands Council to the Net Zero, Energy and Transport Committee's Call for Views on 'A Modern and Sustainable Ferry Service for Scotland'.

Information about your organisation

Orkney Islands Council is the smallest local authority in Scotland, responsible for the operation of life line inter island ferry services to, from and within the Orkney island archipelago.

The life line inter island ferry service which is operated by Orkney Ferries Ltd is wholly owned by Orkney Islands Council. The service, which is now fully revenue funded by Transport Scotland, has an ageing fleet (over 30 years) which is in need of replacement.

The Strategic and Outline Business Cases have outlined the need to replace the vessels in the Outer North Isles and Rousay, Egilsay and Wyre and associated infrastructure upgrades in the first instance, with a rolling programme across islands thereafter.

It is therefore the Councils intention to progress to outline design specification stage for 5 new vessels for the above networks at the earliest opportunity.

Despite ongoing discussions with Scottish Government, to date, there has been no capital funding secured to invest in new fleet across Orkney, despite the confirmed £525m investment for small fleet across the Western Isles.

Whilst the Northern Isles Ferry Service (NIFS) contract is managed by Scottish Government and operated by Serco NorthLink Ferries, Orkney Islands Council has an interest in the service provided to the community and would wish to remain involved in any future tender/contract discussions.

A. Needs

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

The life line inter island ferry services operated in Orkney are fully revenue funded by Scottish Government although the day to day operation and responsibility of services sits with the Local Authority. It is likely that this remains the Best Value option moving forward however, the services should be treated consistently with supported services across the rest of Scotland i.e. those operated across the Clyde and Hebrides.

In the short term Orkney Islands Council requires the continuation of full revenue support to ensure the continuation of life line ferry services to its islands.

In the medium to long term, the Council requires capital funding to progress with its Ferry Replacement Programme and associated land side infrastructure improvements.

In addition, as per the Routes and Services Methodology (RSM), the frequency and length of operating day of services in Orkney is well below the recommended levels. Following the introduction of new fleet to the network, the length of operating day should increase (with additional crew to create split shifts) and frequency should be slightly increased to meet the needs of the communities and allow these islands to grow and thrive in the future.

In respect of the external Northern Isles Ferry Service (NIFS) contract providing services to Orkney to Scrabster and Aberdeen, these services remain of key importance to the communities.

Additional frequency of services, as outlined in STPR2 would be welcomed, particularly from a freight perspective to/from Aberdeen and an extension of the mid-day sailing on the Pentland Firth route.

Residents are yet to benefit from the Road Equivalent Tariff (RET) on the network or a reduced fare structure, despite some areas on the CHFS network benefitting from this for 10 years. Transport costs remain high for Orkney residents and if reduced, would almost certainly welcome more tourists to the islands.

The above frequency and fare improvements could be achieved in the short to medium term whilst in the long term, replacement freight vessels for the NIFS network are to be considered, preferably with the freight plus option being the most viable option for both Orkney and Shetland communities.

2. Are current services meeting the needs and sustainability of island and remote rural communities and businesses? This includes the provision of secure employment for those working for ferry services.

The Scottish Government Routes and Services Methodology (RSM) outlines that the life line inter island ferry services operated across Orkney are in almost all cases, operating well below recommended levels in both frequency and length of operating day.

To increase the frequency and length of operating day would require additional crew which in turn, would require additional revenue budget. To push the existing ageing fleet harder would most likely result in reliability issues and therefore any significant increase in service would most likely take place following the introduction of new fleet.

Accessibility is a key issue for the existing vessels in Orkney. The vessels do not conform to modern day standards and are not accessible for anyone with restricted mobility. This is a growing issue due to the age demographic in the outlying islands.

Crewing accommodation is currently below the water line and therefore crew are restricted to the number of overnight stays on board the vessels. This restricts the timetables provided to the communities i.e. the ability to travel to mainland Orkney early in the morning. As the crew have shared accommodation facilities, there has been no overnight staying on the vessels since the Covid-19 pandemic.

The islands of Graemsay, North Ronaldsay and Papa Westray are currently served by a load-on, load-off operation rather than roll-on, roll-off. Therefore, all freight including livestock and vehicles, must be craned on and off, which is extremely time consuming, weather dependent and requires a vessel with

an on-board crane. To improve the reliability of services to these fragile islands it is proposed that the piers are upgraded to Ro-Ro which would benefit the communities and businesses and also encourage more people to live, work and visit these islands.

The external NIFS service provides valued employment to the islands and Serco NorthLink Ferries is a valued employer within the community.

Additional frequency on the Kirkwall to Aberdeen route and Pentland Firth route would benefit residents, visitors and businesses as to be explored as an option further under STPR2.

3. Are current services meeting the needs of mainland communities and businesses, including visitors?

The services are capacity constrained at peak times for example, over the summer months. Booking with a vehicle or taking freight back and forth can therefore be a challenge.

Whilst the frequency and length of operating day is below recommended levels as per the Scottish Government Routes and Services Methodology (RSM), the service provided broadly meets the needs of the communities, businesses and visitors.

Engagement with the communities is carried out twice per annum via the Ferry Forum where the timetables for the following year are considered before formal approval at committee level and Full Council. Draft timetables are circulated in advance of the forums to ensure they are discussed with residents, businesses and hauliers. The Community Council elected Transport Representatives from each island are invited to attend to represent the views of the community.

The NIFS service broadly meets the requirements of the communities and businesses however the vessels are at times capacity constrained.

Additional freight runs are required in September/October during cattle season however Orkney would benefit from an allocated freight 'allowance' as seen in Shetland. For example, Shetland freight can take priority over Orkney freight at times which if live or perishable freight can seriously affect local businesses.

Additional frequency on the passenger vessels (Aberdeen and Pentland Firth) such as an extension of the middle of the day Pentland Firth sailing to all year round would be beneficial as tourism grows and demand to travel from residents increases year on year. Additional call-in's to Hatston, Kirkwall on the Aberdeen sailing would also be beneficial.

4 Are service needs different at different times of the year?

Orkney Ferries Ltd currently operate a summer and winter timetable and a refit timetable in January/February of each year. Moving forward, it would be advantageous to have a timetable consistent year round. Refit represents a significant issue for the Outer North Isles (comprising of the islands of North Ronaldsay, Papa Westray, Westray, Sanday, Stronsay and Eday).

The islands currently share 3 vessels, with 2 of those vessels with cranes which must serve the islands of Papa Westray and North Ronaldsay due to the lack of Ro-Ro

facilities. During the refit period the 6 islands share 2 vessels which means a significantly reduced timetable, a shorter day in town and a long commuting time. This is not seen anywhere else across the rest of Scotland. For this reason, the Outline Business Case recommends a 4 vessel operation to the Outer North Isles going forward.

Additional frequency on the NIFS service (Aberdeen and Pentland Firth) would be welcomed and as the tourist season is extending this would be from March to October. Additional freight sailings are required to Aberdeen in September and October.

5. Which needs are better met by other modes of transport, e.g. air, where available?

The islands of Papa Westray and North Ronaldsay receive a higher frequency via the inter island air service to the Outer North Isles as they receive a limited service by ferry. Services to the remaining Outer North Isles are essentially for educational purposes ie. to transport itinerant teachers to ensure that the schools remain open across the islands.

Although the frequency is limited on the inter island air service (8 seats), a third aircraft would significantly increase the timetable to the Outer North Isles and based on Best Value, would be the most efficient way to address the lack of frequency as per the Scottish Government Routes and Services Methodology.

Additional revenue funding from the Scottish Government to increase the Council's inter island air PSO service operated by Loganair to obtain an additional aircraft and crew could be achieved from 2023/24 financial year.

For external air services, consideration should be given to a Public Service Obligation (PSO) to operate between Orkney and Inverness to re-instate a day return for NHS, business and social reasons. Loganair Ltd reduced services to Inverness whereby Orkney lost the day return to/from Inverness. To reinstate this even on a 3 day per week basis would be beneficial.

6. How should the Scottish Government support council-run ferry services?

The Scottish Government currently provide full revenue funding to ensure the continued operation of Orkney Ferries Ltd. However, it should be noted that the funding is provided on the basis of a service which is operating well below recommended levels as per the Routes and Services Methodology (RSM) and if the frequency and length of operating day were increased then this would result in a higher revenue 'ask'.

In addition to the revenue funding, capital support is required to carry out the Ferry Replacement Programme and associated land side infrastructure across Orkney. The Council has previously proposed obtaining a loan to purchase the fleet and for the loans repayments to be included in the revenue 'ask' moving forward. Further discussions around the capital funding requirements is needed between officials and at a political level.

Discussions have been ongoing about the transfer of ferry services back to Scottish Government if capital funding is not secured to provide a Ferry Replacement

Programme for Orkney as seen in the Western Isles, on the basis of no net detriment to the Council.

7. How can ferry users and island communities be involved in decision making at strategic and operational level?

Orkney Islands Council hold a ferry forum twice per annum to discuss timetable changes for the following year and to discuss any other relevant information with the island transport representatives. An external transport forum is also held twice per year involving Transport Scotland officials.

The Orkney Inter Island Transport Study (OIITS) to consider air and ferry services to the islands over the next 20 years involved full consultation with the island communities and businesses so from a strategic perspective, the communities have been fully involved in the decision making process.

Historically, a NIFS User Group was held 2-3 times per year with key stakeholders. It would be beneficial to re-establish this group which seems to have folded.

B. Institutions and funding

1. 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?

A fit for purpose service which delivers the service patterns, vessels and crewing arrangements that meets the needs of the community now and in the future, requires input from the communities themselves.

The management of the local ferry service in Orkney directly by the local authority ensures direct contact with local communities via the ferry forums which are held twice per annum, Orkney Ferries board approval, committee approval and full council approval for any key decisions including timetabling.

The level of service is however reliant on the level of funding provided by Scottish Government which is confirmed on an annual basis. This can make it challenging to plan ahead beyond the financial year.

It would be beneficial to have a more collaborative approach when considering all life line services which are fully revenue funded by Scottish Government with the view to provide a consistent level of service across Scotland.

Better joint working on vessel replacement and possible interchangeability of fleet could achieve Best Value if considering the entire Scottish ferry network instead of only those who are under the direct responsibility of Transport Scotland (i.e. inclusion of all fully revenue funded life line ferry services).

A working group between Transport Scotland and Local Authority officials would be beneficial in order to achieve this common goal.

2. Can the current tri-partite arrangement (Transport Scotland, Caledonian Maritime Assets Ltd (CMAL), Ferry Operator) for managing most ferry service provision be improved?

The Audit Scotland report clearly highlighted efficiencies made under the NIFS contract however quite the opposite with the CHFS contract. There needs to be greater consistency of services provided across Scotland, including the capital budget set aside for a Ferry Replacement Programme which considers vessel replacement for ALL life line ferry services which are revenue funded by Scottish Government and not just the CHFS network.

When considering Best Value, I would suggest the services which are under the direct responsibility of the Local Authority are managed more efficiently and effectively than services which are under the direct responsibility of Transport Scotland. As a Local Authority strict procurement processes are followed via the Public Contracts Scotland advertising portal.

3. Can current tendering arrangements be improved, e.g. through service unbundling?

The bundling of services is often seen as the Best Value option as efficiencies can be made. That said, it may also restrict what operator(s) can tender for these services going forward.

For future tendering would it be an option to consider a number of options i.e. where bundling is still accepted however an operator could also tender for individual routes?

4. Can Scottish Government subsidies be better deployed to meet the needs of current and future ferry users?

As noted previously, there seems to be a disparity in service provision across life line revenue funded ferry services in Scotland and as such, a disparity in the level of revenue and capital funding awarded.

There are no strategic documents produced by Scottish Government that currently outline the ferry need of all life line services across Scotland, only those under the direct responsibility of Transport Scotland are outlined in the STPR2 and ICP process.

To provide Best Value across Scotland's ferry services which are revenue funded by Scottish Government a full review of all services is required to establish the revenue and capital need moving forward.

A working group to take this work forward with Local Authority officials would be advantageous as well as involvement from our regional transport partnership HITRANS.

5. Are current services providing best value for the taxpayer?

The Audit Scotland report on Ferry Services would suggest that the funding awarded to provide the CHFS contract does not provide Best Value. Efficiency improvements have been made across the NIFS network although this does not look to have been replicated across the CHFS network.

C. Vessels and crews

1. What size and types of vessels are required?

The Orkney Inter Island Transport Study Outline Business Case (OBC) has identified the need for 4 replacement vessels, up to 65m in size for the Outer North Isles network and a double-ended through and through ferry with a target capacity of circa 22 PCUs on the Rousay, Egilsay and Wyre route. The Ferry Replacement Programme would then consider the remaining inter island ferry network, with the size of vessels still to be determined.

In respect of the Northern Isles Ferry Service (NIFS) contract, it is proposed that the replacement freight vessels are larger in size and a freighter plus would also be considered which would have the ability to carry additional passengers. This would be beneficial to help increase the frequency in service between Kirkwall and Aberdeen.

Consideration should also be given to a suitable replacement passenger vessel on the Pentland Firth route when the MV Hamnavoe is in at dry dock.

Freight vessels have been deployed during the dry dock period with limited capacity and unsuitable passenger facilities. The key issue raised has been over the lack of accessibility of the vessels used during dry dock which should be addressed.

The size and type of the NIFS passenger vessels on the Pentland Firth and Aberdeen routes are sufficient in terms of size and carrying capacity however additional cabins or overnight accommodation would be beneficial on the Aberdeen route.

2. What type of sustainable propulsion systems (including energy-use and moves to low carbon systems) would meet the needs of ferry services?

We are very much in a transitional time where there remains a number of unanswered questions around future propulsion of ferry fleet. It may be that any new vessels are designed on the basis that they can be retrofitted with a more sustainable propulsion in the future if it is not feasible to consider this at the design and build stage. For shorter ferry routes the battery electric option remains viable as does Hydrogen.

3. How can we ensure ferries are compatible with harbour facilities?

The Outline Business Case carried out as part of the Orkney Inter Island Transport Study, considering future air and ferry services for the next 20 years clearly outlines the land based requirements based on the future recommended ferry size/type. It is therefore essential that this work is carried out in tandem to ensure that the land based facilities meet the needs of any future ferry type.

Therefore, if there is a change to the ferry type and size to what has been recommended in an OBC (as was the case in the Western Isles - 2 smaller vessels recommended and instead one larger vessel was commissioned which required significant land side infrastructure works) then a STAG/cost benefit analysis should be carried out to fully consider the implications to land side infrastructure, including cost implications.

For example in Orkney, the OBC has recommended vessels up to a maximum size of 65m as this would require minimal infrastructure works for the Outer North Isles (with

the exception of Papa Westray and North Ronaldsay that require to be upgraded to Ro-Ro standard).

4. What type of onboard crew accommodation is required?

Onboard crew accommodation will vary depending on the length of route, frequency and where the vessel will start and end the day. In Orkney, on-board crewing accommodation is currently available on the Outer North Isles routes due to the sailing time involved and it also provides the opportunity for the vessels to overnight in the isles.

The OBC recommends minimal crewing accommodation for the new ONI vessels as the accommodation would be above the water line and would result in the need for larger vessels. This is also because the OBC recommends that the vessels operate a slightly longer day with services starting and ending in Kirkwall. This removes the need for overnight accommodation. Alternative options should also be explored such as land side accommodation in the isles etc rather than this being a feature of the vessel design.

For the NIFS contract it is believed that crewing accommodation would be required on the Pentland Firth and Aberdeen routes.

5. 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?

As we are in a transitional time with propulsion the tender for new vessels/fleet would need to feature a number of questions in relation to new technologies and sustainable low-carbon travel.

It may be that a scoring system would be required based on the tenders received for design/build i.e. if they would plan to retrofit the vessel at a later date, propose a hybrid model or a fully low carbon model.

Annexe C

Response from Orkney Ferries Ltd to the Net Zero, Energy and Transport Committee's Call for Views on 'A Modern and Sustainable Ferry Service for Scotland'.

A. Needs

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

Island residents need ferry services that are reliable, regular and with timetables designed around their needs. Generally, an early morning departure from the island and late afternoon or evening return.

The Scottish Government Routes and Services Methodology (RSM) outlines the recommended frequency and length of operating day for services. The inter-island life-line ferry services in operation across Orkney are currently significantly below these standards, both in terms of length of operating day and frequency.

Comfortable accommodation with space to lie down or recline chairs when the weather is rough, and passages are uncomfortable. Disabled access to passenger accommodation that is dignified and easily reached.

Sufficient capacity and a regular reliable service is critical for businesses. The cost of living in our islands is much higher than for mainland living - reasonable freight rates are therefore essential to retain island populations.

Deck capacity is an issue on many sailings. modern vehicles are generally bigger than the vehicles of 40 years ago when the ships were designed.

The single biggest issue is the underinvestment in new tonnage and that is most acute in the ferry fleets operated by the local authority run ferry services.

There is a greater degree of underinvestment in the local authority run services because there has been very little capital funding provided for this purpose.

2. Are current services meeting the needs and sustainability of island and remote rural communities and businesses? This includes the provision of secure employment for those working for ferry services.

The current service provision from the Orkney internal ferry service is failing the island's needs in several areas because of a lack of investment in the aged fleet.

The CO2 and other emissions from the fleet are excessive because the engines are 30+ years old and are less efficient than modern engines and are not fitted with any lean burn technology.

Carrying capacity can be a significant issue on many sailings and this can be acute on some routes. Eg. The Houton to Hoy service is regularly at capacity for deck space.

The disabled access to the vessels is largely substandard and would not be possible to rectify until the vessels are replaced. In general, the passenger lounge areas are accessed by steep stairways which therefore make them not accessible for people with restricted mobility. On the Outer North Isles vessels, there are large storm steps that make it challenging for disabled people to leave the vehicle deck and access the passenger areas and toilet facilities. Those with restricted mobility may therefore ask to stay in their vehicles which is not ideal given the crossings can take around 2 hours which increases to 3 hours during refit.

There is crew accommodation on the three Orkney North Isles vessels however these are located below the water line and are shared cabins so unsuitable for mixed gender crews with bunks that are too short and can only be used with a concession from the trade unions.

The reliability of the service is good given the age of the fleet but breakdowns are becoming more common and the availability of spare parts is a problem. It is becoming increasingly necessary to get parts manufactured because the engines are obsolete and stock spares are no longer available. This is inefficient and expensive and adds time delays to repairs that are now much more expensive than if stock parts were available.

The problems with reliability and capacity leads to significant issues shoreside with customer complaints when sailings are cancelled or changed. The adverse reaction from customers over time has an impact on shore staff and there are issues recruiting to customer facing roles that more and more have to deal with challenging situations caused by reliability issues of the vessels to add to the normal bad weather challenges that also disrupt sailings.

There are still Lo-Lo services to North Ronaldsay, Papa Westray and Graemsay whilst almost all other services in Scotland are now provided as roll on roll off services. This is an antiquated method of service and needs modernisation.

3. Are current services meeting the needs of mainland communities and businesses, including visitors?

For much the same reasons as the needs of island communities and businesses are not being met, the mainland communities and businesses needs are also not met. Deck and passenger capacity and reliability, disabled access and passenger comfort are issues that also impact on these users.

During peak season, services are often at capacity, therefore making it difficult to travel to and from the islands without early booking. This limits the tourism market and the ability to attract people to our islands. Furthermore, the limited frequency of service often makes it impossible for tourists to complete a day return to many of the islands as the number of hours on island is limited.

Extending the length of operating day would encourage more tourism and would also benefit the residents and businesses however this would require additional revenue budget as more crew would be required.

It is also worth noting that there are businesses that do not visit some isles due to the length of time needed by their workforce to travel and the infrequency of the service. A

tradesman visiting an island may only be carrying out a small job but could be away for the whole workday.....time and money.

4. Are service needs different at different times of the year?

Yes, service demand peaks in the summer months when both local use increases as holidays, weddings, sport etc. increase use by locals. Visitors from further afield also come on holiday in June - September which all adds to the capacity issues on certain sailings particularly in these summer months.

Since the COVID-19 Pandemic, there has also been an increase in Orkney residents travelling to the isles for holidays instead of heading south or further afield.

There is an increase in livestock export from the isles in September/October with cattle floats having increasing prominence in the mix of vehicle movements during those months and impacts on deck capacity.

Winter and spring months are generally quieter which is when annual refits are timed. Without sufficient spare capacity in the fleet, taking vessels out of service for refit over winter and early spring causes the least inconvenience to customers in these months.

That said, the Outer North Isles, comprising of 6 islands, share 2 vessels during the refit period which is unlike any other ferry service across Scotland. The refit timetable provides little time on the mainland of Orkney and a long journey time of approximately 3 hours. A shared ferry service between islands introduces capacity issues as well as a longer commute, therefore the Outline Business Case completed by Orkney Islands Council has recommended 4 vessels for the Outer North Isles instead of the 3 vessels that operate at present.

5. Which needs are better met by other modes of transport, e.g. air, where available?

Moving small numbers of passengers by air is very effective on certain routes e.g. North Ronaldsay where the flight time to Kirkwall is 17 minutes versus 2 hours and 20 minutes on the ferry. The North Ronaldsay ferry berth is also tidal and weather dependant so without significant improvement to the berth it isn't possible to operate to a regular clock face timetable - in this situation where a relatively small number of passengers want to travel an air service works well and can provide a clock face timetable. The air service however has even greater capacity constraints and can also be impacted by weather so that last minute travel plans are often not possible.

The inter island air service, providing connections to the 6 Outer North Isles is essentially scheduled to transport itinerant teachers to and from the islands and to transport some secondary aged pupils to grammar school. Without these life-line services it is likely that the schools on these islands would not remain open as it has not been possible to recruit teachers that live on the islands.

Extending the current inter island air service from 2 aircraft to 3 aircraft could increase the frequency of service and reduce the number of shared flights therefore increasing capacity. This could be achieved in the short term with relatively low cost compared with ferries if additional budget was acquired.

6. How should the Scottish Government support council-run ferry services?

The Scottish Government should set a benchmark level of service for council run services (Could be RSM, or a new standard) and provide specific grant funding to the councils to fully fund that level of service. Any service provided above the benchmark should be unfunded by Scottish Government. The benchmark should cover fare levels so that there is equity across Scotland's island communities.

It should be acknowledged that the Scottish Government (Specific Grant) revenue funding provided to local authorities over the past three years to run ferry services has been critical in maintaining services.

The Scottish Government must also provide a mechanism to fund the replacement of the council run ferry fleets. This should be based on a comprehensive assessment of the fleet with funding directed at the highest priority vessels first.

Whilst a Ferry Replacement Programme is in place for much of the Clyde and Hebrides Ferry Service (CHFS) which is fully funded by Scottish Government, there is currently no commitment of similar funding to replace Orkney's ferry fleet, many of which are in imminent need of replacement, despite the service now being fully revenue funded by Scottish Government.

7. How can ferry users and island communities be involved in decision making at strategic and operational level?

The internal ferry services in Orkney are delivered through Orkney Ferries Limited which has a company board made up entirely of elected members of the Council. The Councillor members of the Board are accountable to the public.

Ferry users and island communities have been involved in putting their views forward on the community's needs in various reports to Government.

Orkney Islands Council has completed Strategic Transport Appraisal Guidance submissions (STAG1, STAG2, STAG light and are now underway with Outline Business cases). the strategic decision-making process has however stalled with government where there is a reluctance to accept responsibility for the problem of funding fleet replacement.

Successive Scottish Government ministers have stated that there is no funding for replacement of council operated fleet which is a total abdication of responsibility and discriminates against some of the most remote communities in the country. Local Government budgets have been cut in real terms as responsibilities on Local Government have been increased by Scottish Government, there is no funding provided for fleet replacement to local government which creates a real catch 22 situation.

New vessels with associated investment in shore side infrastructure may allow some efficiencies (lower repair bills, smaller crew numbers), but vessels are likely to be bigger to meet capacity and modern design requirements so are likely to burn similar amounts of fuel. It may therefore be possible to divert some of the current revenue funding towards capital replacement costs.

At an operational level there is a well-established Orkney Ferry (and Air) Consultative Forum, held twice per annum, that includes transport representatives from all island communities that can feed into route planning and timetable changes. This works well and enables views to be expressed and priorities balanced across communities.

B. Institutions and funding

1. 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?

The needs of current and potential future ferry users will be best met through urgent investment in modern efficient and disabled friendly replacement vessels. A funding model that should be explored urgently is the Learning Estate Investment Model - a variation of this model with a 90% level of revenue support to local authorities would allow Scottish Government to revenue fund local government against a set of output criteria and service level standards - this would enable local government to take on prudential borrowing to fund capital investment in the replacement of fleet and associated upgrades to shore side infrastructure. The 90% intervention rate is suggested to drive efficiency in the new vessel design and operation.

A co-ordinated approach covering all councils ferry fleets should be adopted.

Extension of this approach could be explored to include investment in the Cal Mac/ CMAL fleet. If revenue support was directed to local authorities in which the Cal Mac vessels operate e.g. Argyll and Bute Council, the Council could borrow from the PWLB over 30 years to fund investment in modern vessels running to ports in Argyll and Bute. The council could bare boat charter the vessels to CMAL at a nominal charge. There is circa £25 million pounds expended on road equivalent tariff on West Coast routes that is largely subsidising private cars. That funding could be redeployed to much better effect by investing in new ferries. This would give improvements in reliability, capacity, efficiency and emissions and help meet the needs of the communities.

2. Can the current tri-partite arrangement (Transport Scotland, Caledonian Maritime Assets Ltd (CMAL), Ferry Operator) for managing most ferry service provision be improved?

It undoubtedly could be improved through investment in new tonnage and by listening to community feedback. The MV Loch Seaforth on the Ullapool to Stornoway service rather than a 2-vessel service that it replaced is a case in point. From press reports on this service, it appears that the communities' wishes have not been delivered, there is under capacity, no vessel redundancy and therefore huge disruptions if the vessel goes technical or breaks down.

3. Can current tendering arrangements be improved, e.g. through service unbundling?

Tendering arrangements could arguably be improved by extending the bundles to include the Northlink services which would increase the fleet size and planning for resilience and refits could be more strategic and the application of fair fare structures across services and manning and training of crews could be better managed.

4. Can Scottish Government subsidies be better deployed to meet the needs of current and future ferry users?

Please see earlier comment on deployment of Road Equivalent Tariff subsidy via a model along the lines of the Learning Estate Investment Plan which has been developed by the Scottish Futures Trust to allow revenue funding to support local government investment in schools infrastructure. The redeployment of £25 million of Road Equivalent Tariff over a 30 year period would have supported £525 million of prudential borrowing to fund capital investment earlier this year before interest rates on PWLB borrowing were increased.

5. Are current services providing best value for the taxpayer?

No, they are not, significant sums are being spent on maintenance of old ships that are well past replacement age. The maintenance costs are becoming very high because spare parts are difficult to source, some being bespoke manufactured to keep the elderly vessels in service.

The design of the old vessels also requires higher crewing levels than could be achieved with new vessel designs. Savings from the first new vessels could also be invested into provision of further new vessels that are more reliable more efficient and more comfortable.

C. Vessels and crews

1. What size and types of vessels are required?

The Orkney internal ferry fleet replacement requirements are for:

- a. 5 no 65 metre ro-ro categorised water capable vessels.
- b. 4 no 44-50 metre ro-ro vessels
- c. 2 no 25 metre ro-ro vessels

A whole Scottish fleet approach should however be followed with the minimum number of vessel designs for the categories of waters that ferries are operated in. An Orkney relief vessel for the outer North Isles should also be capable of relieving work on other councils' or Cal Mac services so that the best use can be obtained from the relief vessels in the Scottish Fleet.

Commonality of design and propulsion systems will bring savings at refit with shipyards able to invest in capability to service a particular engine. There will also be cost savings on building vessels if a greater number of the same design is to be built.

2. What type of sustainable propulsion systems (including energy-use and moves to low carbon systems) would meet the needs of ferry services?

Modification to current diesel engines in existing vessels to run on green methanol or green ammonia would appear to have the greatest potential to replace marine gas oil in the short term.

Hydrogen and battery solutions may be possible on shorter routes. There are hurdles to overcome with regulation and the use and carriage of hydrogen.

There is a hydrogen injection system on the MV Shapinsay, but the MCA haven't given approval for its use.

If battery packs can be recharged onshore and moved on and off ship decks with ease when they dock it might be possible to have fully green electric propulsion for short routes eg Shapinsay – Kirkwall. Having fully charged, containerised battery packs that can be easily swapped over at the same time as vehicles are discharged and loaded would enable much greater use of green electricity in vessel propulsion. A hybrid diesel electric system where most of the electricity is supplied from a battery pack on deck or stored in a hold below deck, but which can be easily changed over when the vessel docks for a battery that has been charged up ashore. The diesel engine providing the backup much like a hybrid car.

3. How can we ensure ferries are compatible with harbour facilities?

With some careful studies and investment in service design before new vessels are ordered.

New vessel solutions will tend to deliver larger vessels that will necessitate some changes to harbour facilities, extra dolphins, dredging etc.

A limited number of vessel designs will also benefit the design of associated harbour facilities. Commonality of vessel design and harbour facilities would facilitate improved resilience and ability to cascade vessels across routes when refits or breakdowns occur.

4. What type of onboard crew accommodation is required?

Generally, crew accommodation on board should be minimised for vessels that are in port for overnight stays. It would be more cost effective to accommodate crew ashore in bunkhouse accommodation on or near the pier for overnight stays. Less crew accommodation on board ship will also increase passenger and cargo space and reduce the dead weight of the vessels. Each route would however have to be assessed individually with longer routes more likely to require some on board accommodation e.g. Aberdeen to Lerwick where it would be necessary to continue to provide on board accommodation for off duty crew.

Cabins should be single person or a mix of twin and single cabins to ensure that crew of different genders have the required separate accommodation.

5. 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?

It would be really helpful to have Scotland excel do some work on procurement of ferries to have a best practise model to follow for all fleet replacement.

Procurement Standards for ferry replacement could be established:

1. A standard for quality versus price - all tenders for replacement of Scottish fleet should be based on the same metrics.
2. Refund Deposit Guarantees – are these required or not, or only above procurements of a certain value?
3. What credit standing is required by the bank or institution that is underwriting the guarantee e.g. would a Refund Deposit Guarantee from a Turkish bank, even with a good credit score, be acceptable?
4. Would Scottish Government agree to cover this risk or provide a Scotland wide scheme that is available to all public service Scottish ferry procurement exercises?

Sustainable low carbon propulsion systems are not quite at the point of being commercially available at cost effective prices. We are still at the VHS/Betamax stage of technology development, whilst commercially available modern diesel electric systems would still be a massive improvement on the 30+ year old engines that we are seeking to replace. Integration of demountable battery packs that are recharged ashore from renewable generation could greatly reduce the carbon emissions from the fleet.

Unfortunately we haven't had extensive experience of procuring new build ferries for many years so do not yet have the expertise in this area that we are keen to build up.

Annexe D

Response from Shetland Islands Council and ZetTrans, Shetlands Regional Transport Partnership to the Net Zero, Energy and Transport Committee's Call for Views on 'A Modern and Sustainable Ferry Service for Scotland'.

A. Needs

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

Short Term – Northern Isles Ferry Services

- Capacity constraints on the Northern Isles Ferry Services (NIFS) have been increasing in severity over recent years. During Covid lock down passenger numbers were very low but freight remained firm.
- Matters were particularly acute for freight in September 2021 and have been significant for both freight and passengers throughout 2022 with the return to travel
- This has resulted in competing requirements for space between freight and passenger demand.
- The greatest immediate concern is the upcoming livestock season starting in September where there is no freight vessel from Shetland on a Monday and Tuesday night.
- As far as we are aware, Scottish Government have responded to this by authorising Northlink to provide mitigating measures over that period.
- This is helpful for the upcoming livestock period but does not in itself respond to the increasing constraints the current service puts on freight and passengers.
- In the short term there needs to be a response in terms of additional freight tonnage on the route through an additional freight vessel.
- It is recognised that building new vessels will take some time to complete therefore it seems that chartering a vessel or buying a vessel is the only viable solution
- This would lessen the competing demands between freight and passenger requirements in terms of deck space for non-commercial vehicles to an extent.
- However this would not address the matter of demand for cabins on the Ropax vessels unless an additional freighter had passenger accommodation in addition to freight capacity.

Medium Term – Northern Isles Ferry Services

- Additional capacity for both freight and passengers must be secured and in service as soon as possible.
- Replacement vessels should have sufficient sea-keeping qualities to address the unreliability of the current freighters

- This would ensure that all or almost all freight could be carried on the freight services therefore reducing demand on the deck capacity on the Ropax vessels releasing space to serve the passenger needs of the service
- However, the constraints on passenger capacity in terms of onboard accommodation remains if the replacement freighters do not include sufficient passenger accommodation and facilities.
- Work on designing replacement Ropax vessels should be well advanced.

Long Term – Northern Isles Ferry Services

- The current Ropax vessels were built in 2002 and although they provide good quality and reliable services, the capacity is not sufficient for even the short term demands on the route. Even in the medium term this will have damaging impacts on a range of sectors in Shetland, particularly Tourism.
- Planning must start now to ensure a programme of ferry replacement is in place to address the future needs of the Shetland economy and community.

2. Are current services meeting the needs and sustainability of island and remote rural communities and businesses? This includes the provision of secure employment for those working for ferry services.

Northern Isles Ferry Services

- No. The response to question 1 describes a set of reasons that describe the impacts of the serious capacity constraints on the service.
- These impact on a range of important features of the Shetland economy
- **Sectors that rely upon sufficient capacity and reliability: -**
 - Fishing and aquaculture
 - The unreliability of the freight vessels puts pressure on the Ropax vessels especially relating to time sensitive freight
 - Late arrivals disrupt the supply chain, especially on time sensitive fish products heading for markets elsewhere in the UK and abroad
 - Shetland has invested in two fish markets that have doubled the capacity to land fish in Shetland. When the productivity of these markets rises, even partially, towards full production, then there will not be sufficient capacity on the ferry links to accommodate the demand.
 - Construction and Energy projects
 - Just in time delivery has become a key feature of supply chains. The combination of capacity constraints and judgements around what constitutes time sensitive freight make 'just in time' a difficult feature to rely upon.
 - Fabrication and Engineering
 - Again, a sector that is impacted on an efficient and reliable supply chain. The NIFS link is fundamental to this sector.
- **Passenger capacity and reliability dependent sectors**
 - Tourism
 - Shetland's tourism sector is growing and is one of the most important features of a sustainable economy.
 - The capacity of the ferry service is profoundly important to growth in this sector.

- As things stand, the capacity limitations effectively create a cap on the number of visitors that can get to Shetland and it is difficult to see how tourism can grow in any meaningful way as long as the ferry link is so constrained.
 - To give a sense of the constraint, a comparison of capacity for passengers and NCVs available to each of Orkney and Shetland is on a given day in the summer season is: -
 - Shetland
 - 1 daily Ropax sailing from Lerwick each day
 - Pax capacity up to 600 (shared 4 days south and 3 days north per week with Orkney)
 - NCV capacity up to 140 (reduced to around 95 on nights when there is no freighter)
 - Orkney (combining NIFS services, Pentland Ferries and John O' Groats ferry)
 - Up to 9 ferry crossings across all routes per day
 - Pax capacity – Up to 4190 depending on day of the week
 - NCV capacity – Up to 720 depending on day of the week
 - This is not a precise comparison but does give a sense of the difference in the travel opportunities when comparing the two island groups.
 - This is a very important feature of the significance of how opportunities in Shetland are constrained.
- Social needs
 - The constraints on passenger capacity affects not only inward travel but also outward travel.
 - Communities in Shetland are finding it increasingly difficult to find opportunities to travel that tie in with a range of other commitments.
 - This is especially acute in the school holiday seasons which create a concentration of need for travel.
 - This is exacerbated by other factors;
 - Orkney community travel needs concentrated into the same periods (bear in mind that the limited capacity to Shetland is shared with Orkney to a significant degree in the peak periods)
 - Tourist travel is not just an inward demand on capacity but also competes with community needs demands in both directions.
 - Competing freight demands place additional pressure.
 - Shetland has a need to grow its population to meet future growth plans and the constraints on ferry service capacity does not even meet the needs of the current level of population.
- **Secure employment for those working on ferry services**
 - It is difficult to comment with any authority on employment in relation to the operation of the NIFS contract.
 - As things stand, there are good opportunities for employment in the Lerwick operational office and Shetland-based residents have opportunities in the various aspects of crewing across the tiers of vessel operation.
 - There will always be a debate around where the core operational management resources should geographically sit (ranging from senior organisational management functions/ roles through to front line

passenger services and call center activity) but that simply becomes a debate around distribution of benefits.

- On balance, recognising that it is important to fairly distribute opportunity and benefits this is perhaps an issue to consider in the lead into the preparation of the next contract.

3. Are current services meeting the needs of mainland communities and businesses, including visitors?

No. Responses to questions 2 and 3 cover this.

4. Are service needs different at different times of the year?

Yes.

For passengers, more acute in summer/ tourist season months.

There are weekly and seasonal pinch points for freight and this is already well understood by Transport Scotland. The freight issues will have been described in more detail in other submissions (e.g. the Stewart Building Group who shared their submission with us).

5. Which needs are better met by other modes of transport, e.g. air, where available?

Air services can, to a degree, provide an alternative to ferry transport links to and from Shetland.

However, they have in themselves become more unreliable in terms performance against published timetables and have been subject to relatively short notice changes to timetables which as impacted on travel.

Air travel to Shetland is also relatively expensive, and it doesn't cater for those who need or wish to have access to their car.

This may be a symptom of post-Covid recovery, but frequency of air services has decreased and has not yet returned to pre-Covid levels.

6. How should the Scottish Government support council-run ferry services?

Short Term

- In the short term Shetland Islands Council faces increasing and unsustainable challenges in meeting the costs of operating inter-island ferry services and infrastructure.
- Over the last 2 years Scottish Government has supported the Council by providing revenue support to cover the full revenue operating costs of services.
- This has been welcome and to a significant extent addresses the financial burden faced by the Council.

- This model works well in terms of delivering and managing services locally and gives the capacity to manage services responsively to local circumstances.
- Shetland Islands Council has been recognised as being very efficient in managing and operating services and therefore this model is very effective in terms of value for money.
- However, estimates for 2023/24 see prices increasing by £5.6m due to increases in fuel costs (£2m), increased maintenance costs for ferries and terminals (£2.6m) and increased salary costs (£1m)
- Unless addressed in the Scottish Government 2023/24 budget this will again place Shetland Islands Council in an unsustainable revenue position in relation to inter-island ferry services.
- We must also consider the ongoing challenges of the need to replace ageing vessels and support infrastructure.
- The average age of vessels and ferries infrastructure in Shetland is high with many assets well passed their intended design lives.
- This is leading to significantly higher maintenance costs (see reference to increased revenue costs above) and also seriously impacting on reliability and resilience of the network.
- Replacement of assets on some routes has now reached an urgent position and capital funding support is needed immediately to avoid failure in parts of the network which will create serious long term social and economic impacts.
- Ultimately, it is no longer adequate to rely on a network of inter-island ferry services, even if the necessary revenue and capital investment can be secured and long term basis.
- It locks the Council and Scottish Government into a long term commitment to increasing revenue costs that are very unpredictable and repetitive major capital investment cycles.
- A network of ferries will always be a serious constraint on the socio-economic wellbeing of the islands.
- The next generation of inter-island connectivity must be by way of fixed links rather than ferries where appropriate.
- Fixed links have substantially lower operating costs relative to ferries and, although the initial capital investment is significant, they would deliver substantially greater value for money overall, with far lower financial uncertainty and risk, as well as a long-term reduction in carbon emissions.
- Fixed links would transform island economies and Shetland as a whole and would ensure a sustainable economic and social future for the archipelago as well as addressing the need to achieve net zero.
- There is an opportunity to stabilise or perhaps reduce the ongoing revenue burden (£18 million 2022/23; £23.5 million 2023/24) through considering how that already established funding can be used addressing the challenge of securing capital funding to build fixed links, perhaps through finance models that use such a revenue stream to raise capital.
- Summary of Short Term
 - Ongoing revenue support required that responds to pressures
 - Capital investment where fixed links are not viable initially - £18 million for Whalsay ferry link
 - Collaboration between Scottish Government/Shetland Islands Council/ ZetTrans on Business Case for fixed links

- Proportionate financial contribution (circa £300 to £500K) to support the Business Case work which reflects the benefits to be gained in relation to Scottish Government and Transport Scotland

Medium Term

- Scottish Government should collaborate with Shetland Islands Council and ZetTrans on migrating from ferries to fixed links as the next generation of inter-island connectivity.
- This should take the form of proportionate financial contributions to the completion of business cases across the inter-island network bearing in mind that Scottish Government will receive much of the benefit though stabilising or even reducing ongoing revenue burdens and future capital funding burdens currently faced by them. It will also establish experience in planning and delivery of such infrastructure in Scotland.
- Meanwhile, ongoing revenue support is required and contributions to necessary capital investment in ferries where fixed links are not viable. This is essential.

Long Term

- The first fixed link should be in operation having been funded through innovative and sustainable means that will have been developed through the Business cases.
- The project (and future projects) must be delivered through collaboration that ensures the strengths and opportunities that Scottish Government, Shetland Islands Council and ZetTrans, with appropriate specialist input, can bring to bear collectively to create solutions that cannot be delivered by any one organisation alone.

7. How can ferry users and island communities be involved in decision making at strategic and operational level?

Northern Isles Ferry Services

There are already established mechanisms in Shetland.

ZetTrans holds a quarterly 'External Transport Forum' which brings together an extensive range of stakeholders to meet with Serco Northlink and Loganair and Transport Scotland.

Furthermore, ZetTrans engages with stakeholders on a continuous basis and when appropriate will have ad hoc meetings with Serco Northlink or Loganair on specific issues.

Shetland Islands Council and ZetTrans have recently established more focused operational discussions in a smaller meeting comprising Councillors and the Head of Transport with Serco Northlink and Transport Scotland. These discussions are informed by our engagement with Shetland stakeholders and provide an opportunity for detailed dialogue on issues.

Serco Northlink have a mature and effective set of relationships with customers on matters of operational detail and do an excellent job of dealing with matters quickly and efficiently where matters are within their control and when it isn't they quickly engage with Transport Scotland as the contract client.

It is recognised that on the CHFS network there are Ferry Committees managed by the operator. This is not a model that we would adopt in Shetland because our experience shows that our model already effectively connects communities and businesses to operational and strategic decision making whilst supporting users in making their own approaches to Transport Scotland/ Scottish Government on specific issues when necessary.

It is important to note that this model is very effective in connecting the Community Planning responsibilities held by Shetland Islands Council and ZetTrans with the Scottish Government role in commissioning lifeline services to the islands with useful operational input from service operators. Any mechanism around decision making must be sufficiently connected with community planning roles. If it isn't then Community Planning will be seriously undermined.

As an example of how we can contribute to decision making NIFS, ZetTrans, working with The Datalab and Robert Gordon University, are developing a digital model of the Aberdeen – Kirkwall – Lerwick routes with the aim of being able model different scenarios of demand. We are working in collaboration with Serco Northlink on this and we will be happy to share the learning from this with Transport Scotland.

B. Institutions and funding

1. 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?

Northern Isles Ferry Services

Having a Scottish Government subsidised public service contract provides some degree of confidence that services are protected when we face economic and social shocks such as COVID and recent global events which put pressure on operational costs of lifeline services. As we've seen with air services to the islands, commercial operations cannot sustain such impacts without reducing services.

In the absence of detailed knowledge and understanding of the contract structure and commercial model, it is impossible to comment with authority.

When we were involved with Transport Scotland colleagues in the lead in to the tendering for the current contract, some debate took place around features of the contract that Transport Scotland considered to be of high value that local authorities and RTPs considered to be of lower value and therefore questioned their need in the contract if they did not provide value to the users and the needs of the islands served.

Furthermore, suggestions were made about how pricing structures could be modified to improve demand management that may have led to less stress on available capacity. These were not taken on board and there was no explanation why.

These relatively simple examples illustrate how in the past efforts by council's and RTPs were felt to be futile because there did not appear to be a culture of collaboration and more of a 'Transport Scotland knows best' culture.

2. Can the current tri-partite arrangement (Transport Scotland, Caledonian Maritime Assets Ltd (CMAL), Ferry Operator) for managing most ferry service provision be improved?

As described in the response to Q7 in section A.

3. Can current tendering arrangements be improved, e.g. through service unbundling?

Bundling as it stands on the NIFS routes probably provides economies of scale across NIFS.

As long as Orkney and Shetland are bundled together and the services are configured in the way that they are, then it is difficult to see how the competing demands of the islands can be reconciled.

The services could still be bundled but consideration of the configuration of the services must be given if Shetland's constraints are to be resolved.

4. Can Scottish Government subsidies be better deployed to meet the needs of current and future ferry users?

Northern Isles Ferry Services

A starting point to consideration of alternatives could be to deeply understand what subsidy is being spent on at the moment. We refer to our response to question 1 in section B. If local authorities and RTPs were given the opportunity to work with Transport Scotland colleagues to explore the nature of what the subsidies are paying for, then we could contribute to consideration of how subsidies could be better deployed.

We make reference again to the point that a demonstration of value for money should be linked to how that expenditure is contributing the economic and social outcomes of the islands served. Local authorities are best placed to provide that evidence and contribute then to views on whether the subsidies could be better deployed.

Local Authority Operated Services

In the current financial year Shetland Islands Council will receive £17.5 million of GAE that is ring fenced for ferries. Our estimate of what is needed for 2023/24 is £23.5 million.

The revenue costs of operating services will only continue to rise.

There is a requirement to invest in new vessels every 25 to 30 years.

Consideration should be given, working in collaboration with Shetland Islands Council and ZetTrans, to how this revenue could transition from funding ferry services to funding fixed links. This could stabilise costs currently being met by Scottish

Government and would also be transformational for Shetland in terms of sustainability and inclusive growth.

Rather than considering the current spend as ‘subsidising ferries’ in Shetland we should consider it in the context of ‘investing in island connectivity’ and investing in Scotland.

5. Are current services providing best value for the taxpayer?

From the Shetland perspective it could be argued that the significant subsidy being provided is not value for money because the islands are not receiving the services that are needed.

C. Vessels and crews

1. What size and types of vessels are required?

The current plan to design and build replacement freighters for the NIFS routes is sensible. The key feature that must be assured is the inclusion of appropriate passenger capacity that can be brought in to service at necessary times of the year.

It is impossible to consider vessel size without considering harbour facilities at origin and destination ports.

As matters stand, Aberdeen harbour constrains the length of vessels to the degree that the current vessel length is about the limit of what can access the harbour.

However, it may be feasible to increase size (capacity) through appropriate design. It would be a case of considering the various features that are required from the service to then optimise the vessel size e.g.

- Port facilities
- Onward travel
- Transport and supply chain logistics (e.g. perishable goods to markets)
- Journey time
- Seakeeping characteristics
- Connections with other features such as healthcare

Vessel types would need to remain Roll on – Roll Off.

Future new build Ropax vessels could combine both passenger and freight in different configurations perhaps.

As stated earlier, ZetTrans is developing a digital model that will help explore scenarios of demand that could inform evaluation of alternatives.

2. What type of sustainable propulsion systems (including energy-use and moves to low carbon?

This is perhaps getting too technical for our expertise. Having said that, the minimum required would be that which complies with climate legislation.

In Shetland the Orion Clean Energy Project could be a significant opportunity to provide zero emissions fuels (e.g. hydrogen) to NIFS which may lead to benefits in the challenges/ costs of transitioning to net zero.

<https://www.orioncleanenergy.com/>

3. How can we ensure ferries are compatible with harbour facilities/systems and would meet the needs of ferry services?

There will need to be collaborative working between Scottish Government and harbour authorities and other partners.

Investment by harbour authorities, and others, can be de-risked to a helpful degree if Scottish Government can set out a clear path that describes what is intended in terms of the Government's intended programme of investment in the future Scottish ferry services including timing and the nature of the intended services and the design features of vessels including intended fuel and propulsion technologies.

Scottish ferries can be a catalyst for investment in supporting infrastructure such as low carbon fuel supply but only if there is confidence that a certain course of action is sufficiently likely to happen.

4. What type of onboard crew accommodation is required?

No opinion. Crew accommodation is defined in standards and will be dealt with through design.

5. 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?

Although the procurement process for the current contract allowed any operator to bring their own assets to the routes, the fact that Scottish Government made vessels available to provide the services probably meant that the opportunity for operator provided alternatives were unlikely.

Scottish Government is probably locking itself into a model of seeking operators to tender the operating of CMAL owned vessels by virtue of the fact that it is committing to a vessel replacement programme.

But that is not necessarily a bad thing. It provides relative certainty that the assets needed in the CHFS and NIFS network are being planned and it can be understood when replacements are likely to be made.

We would welcome greater involvement in the procurement process, both at the contract and specification drafting stage and at the tender assessment stage. The value of this would be that Scottish Government/Transport Scotland would benefit from Council/ RTP input that reflects their role in Community Planning thus ensuring that the risks of unintended consequences arising from a mismatch between ferry policy and local economic, social and environmental objectives.

Furthermore, Scottish Government and Transport Scotland would be better able to demonstrate value for money through evidence of services being closely tied with local needs and objectives. (Refer back to question 5 Section B)

Additional comments from Councillor Moraig Lyall, Councillor for Shetland Central and Chair of Environment & Transport Committee, Shetland Islands Council – 29 August 2022

In relation to the Northlink service, Shetland currently has a major windfarm being constructed, the first of four which are planned, as well as a space centre and increasing aquaculture developments, all of which take up considerable additional space on board the vessels over and above the day to day traffic bringing in the food for our supermarkets, the materials for our house building, etc. We are about to enter a six week period when around 100,000 sheep will be shipped south. The capacity of the current arrangement to absorb all this activity is strained to say the least with regular delays in getting the items which are not time critical like the fish sector products which rightly take priority.

On the passenger side many people from Shetland travel not for pleasure but to attend hospital appointments in Aberdeen, which provides many of our specialist health services, and being able to travel on the correct date to match appointments is vital.

In addition, we are seeking to first stabilise and subsequently grow our population. Encouraging people to move to Shetland (and stay!) for work is made harder when people realise that being able to travel easily to visit family and friends on the mainland is not only expensive but also often fully booked when required. Also, bear in mind that the discount available to friends and family of local residents cannot be used in the summer holidays or over Christmas and New Year, the very times that families are most likely to have the time and the desire to be together.

The most telling statistic for me is the one mentioned in the SIC/Zettrans submission that Orkney, which has a similar population, has the capacity for getting around 4000 people into its islands each day while Shetland has only 600. Something approaching parity is sought, not special treatment.

Regarding our inter island ferry service, our economy relies on many people being able to commute daily into and out of our smaller islands and the huge improvement in efficiency, reliability and convenience that would come from replacing some of the routes with tunnels would be simply transformational for all of Shetland, allowing streamlining of services and a free flow of people and goods to where they need to be when they need to be there. Coupled with the vast reduction in running costs over a long period this has to be a more than realistic alternative to the current expensive and aging, highly polluting, ferry fleet which is in urgent need of major investment.

Annexe E

Response from Tracey Urry, Head of Planning, Environment and Low Carbon Transport at The Highland Council (THC) to the Net Zero, Energy and Transport Committee's Call for Views on 'A Modern and Sustainable Ferry Service for Scotland'.

The Highland Council (THC) is pleased to provide you with its response to the consultation "A Modern and Sustainable Ferry Service for Scotland". The response should be read alongside the recent THC response to the STPR2 consultation, which echoes points raised below. Essentially, THC remain concerned by the current approach, which lacks reference to Local Authority-run ferry services and has an apparent bias towards Scottish Government-supported ferry services. Please also note that THC endorses the Highlands and Islands Transport Partnership (HITRANS) response to this consultation.

THC has declared a Climate and Ecological Emergency and recognises the significant contribution that transport makes to the carbon footprint of what is the largest Local Authority area in the UK. This includes both Scottish Government and THC-operated ferry services. It is therefore imperative that our organisations continue to work in close collaboration, and with other partners, to ensure that decarbonising Highland's transport network, and ensuring that the essential and lifeline ferries that form integral of the transport network, remain a top priority for both of our organisations.

There is a long-established issue with the provision of ferry services, for example, HITRANS published its report in 2005 setting out the risks to the ageing ferry vessel fleet across its area, for the THC area this continues to be a pressing issue. THC supports five ferry services by awarding contracts, in addition to directly operating the Corran Ferry service. These provide essential links to our islands and isolated mainland communities with no road access (Knoydart, Tarbet and Scoraig), and provide direct connections that avoid long detours by road. The offer of a Special Grant to support ferry services in 2022/23, and inclusion of RET on the Knoydart route, is therefore welcomed. As contracts are generally awarded for upwards of five years, a commitment to maintaining this process would help to ensure stability of the network. We therefore request that you can facilitate further dialogue between Transport Scotland and THC over future needs, such as vessel replacement or increased capacity, which, amongst other issues, will have an impact on future tender prices and the ability to provide sustainable services.

The Corran Ferry

Background

For Corran Ferry in particular, there are key points to raise. The two existing Corran Ferry vessels need urgent replacement, due to their age (23yrs and 47yrs), reliability and capacity. Existing capacity issues are leading to traffic queuing on either side of the Corran Narrows, particularly in high season, which is now approximately 9 months of the year. The estimated delivery for replacement vessels is 4 - 5 years away. The risk of breakdown is therefore significant.

The Corran Ferry is a Lifeline service of strategic importance, effectively “acting as a bridge” from the Ardgour peninsula to the A82 traveling North to Fort William, South to Oban, and beyond (including meeting the needs on the Isle of Mull).

The Ferry is the busiest single vessel route in Europe (Runs all year round -7 days a week) carrying 270,000 cars and 11,000 Commercial Vehicles / Buses per year. This is highlighted by an Annual Growth Rate of 2.1% in the ferry usage.

The Corran Narrows Socio-Economic Study concluded that, in the absence of a fixed link across the Narrows, the provision of a frequent, reliable, and high-capacity ferry service at Corran is fundamental to the economic viability and future sustainability of the peninsula, and without investment (estimated to be £60M) there is a severe risk of service failure.

Transfer of Responsibility

Following lengthy discussions with Transport Scotland, THC submitted a formal request regarding a transfer of responsibility based on the principles set out in the Scottish Ferries Plan (2013-2022). THC had hoped that this formal request would enable Highland Council to progress to the next level of dialogue with Transport Scotland, to discuss and negotiate the options for method of delivery (including the fares structure), based on the principles set out in the Scottish Ferries Plan. Despite THC meeting all the key principles, unfortunately the response received was that the solution will require to be funded and delivered by THC and that the service will continue to be operated by THC at least in the medium-term.

Transport Scotland had advised previously that the Scottish Ferries Plan successor will be the Islands Connectivity Plan 2023 (ICP) which will include all local authorities and will set the key principles for a transfer of responsibility process. However, the proposed ICP is only considering Transport Scotland’s assets and services and there is no reference to a transfer of responsibility for Local Authority run services.

Whilst THC understands from Transport Scotland’s perspective the rationale for this approach, it is essential that, to help support council-run ferry services, the Islands Connectivity Plan 2023 takes a strategic and overarching view of all ferry services, including those operated by Local

Authorities. This should include transfer of responsibility principles that will enable local authorities to hold meaningful discussion regarding future methods of delivery, with a view to the Scottish Government taking over responsibility for the running of local authority run Ferry services.

Meanwhile consideration needs to be given to the current Revenue and Capital funding arrangement for all for local authority ferry service investment through the Inter-Islands Ferries specific grant, this to cover both the increase in revenue running costs and as a mechanism for recouping capital loan funding.

Journey to Net Zero (Design stage - all electric, zero emission vessels) Following a THC funding commitment (£1.6M - Full Council 24 June 21) work is now well underway regarding the feasibility and design for replacement Corran Vessels and supporting infrastructure.

The Council's Ferry Team have joined the Small Vessel Replacement Programme (SVRP) and are working closely with CMAL and custom ferry design consultants Navalve, who are leading the feasibility and design for 2 Corran all electric, zero emission vessels (THC) which will be in line with the Scottish Governments climate change commitments (Net Zero 2045).

The "support in kind" being provided by Transport Scotland through the SVRP is very much appreciated and The Council's Ferry Team has formed a close working relationship with CMAL and is very pleased to see the progress being made with the design of the new Corran Vessels. Journey to Net Zero (Construction stage - all electric, zero emission vessels).

Running in parallel with the design work, THC must also find the remaining Capital (Est £60M in financial year 2022/23) to enable the project to progress to the procurement / construction stage for replacement vessels (in line with CMAL's SVRP) and supporting infrastructure as set out below:

- 2 X 32 car - All Electric Ro-Ro Vessels (£18M per vessel), estimated delivery date 2026/27, estimated cost £36 millions.
- Supporting Slipways/Berthing/Infrastructure: estimated delivery date 2025, estimated cost £24 millions.

Affordability Challenge - Revenue / Capital

THC continues to face significant budget pressures and, consequently the latest THC Capital Programme categorises Corran Ferry as being outwith the affordability envelope, and is thereof identified as an essential project looking to "attract inward investment" and "additional partnership funding".

THC continues to develop its robust and compliant Outline Business Case (OBC) that will determine how the new vessels and supporting

Infrastructure could be funded, procured, managed, and delivered and will look to identify all possible public sector capital grant funding streams.

A Modern and Sustainable Ferry Service

THC welcomes the major shift in transport policy that Scottish Government has committed to through its funding commitments for sustainable transport, the publication of National Transport Strategy and the Bute House Agreement. THC has declared a Climate and Ecological Emergency and recognises the significant contribution that transport makes to the carbon footprint of Highland, the largest Local Authority area in the UK.

Therefore, THC hopes that this response highlights the importance and significance of THC's leading contribution regarding the replacement of ageing diesel ferry vessels with all electric, zero emission vessels. This work, with the right funding partnership, could demonstrate what a modern ferry service should look like, while delivering the Scottish Governments transport to net zero goals.

Annexe F

Response from North Ayrshire Council to the Net Zero, Energy and Transport Committee's Call for Views on '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?

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?

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?

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.

Annexe G

Response from Comhairle nan Eilean Siar to the Net Zero, Energy and Transport Committee's Call for Views on 'A Modern and Sustainable Ferry Service for Scotland'.

A. Needs

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

Residents, businesses and other ferry users across the Western Isles require ferry services that are fit for purpose, meet the needs of our communities and leave capacity for our economy to grow. Sadly, none of this has been true of our lifeline ferry service connectivity in recent years.

Much has been said about the cause of this and the failings to deliver new vessels that were meant to have been in service in 2018. The catastrophic failure of the contract awarded to Ferguson Marine Port Glasgow for the two new ferries has been the cause of much pain in the Western Isles.

Not only was the issue of Scotland's ageing ferry fleet not a new one to those of us living in the islands, the consequences of insufficient investment and renewal of this fleet were well predicted. Unfortunately, successive governments ignored the need for investment. Local authorities and our partners including HITRANS had identified the need for investment in at least one new ferry each year to maintain a reasonable fleet median age for the vessels owned by CMAL and operated by Calmac on the Clyde and Hebrides Ferry Service Contract as long ago as 2005. Calmac themselves placed the urgent need for fleet renewal at the heart of their own response to the Scottish Government's Ferries Plan.

Yet despite our warnings transport investment appears to have been directed to major projects elsewhere in Scotland including the Edinburgh Trams, M74 Completion, Queensferry Crossing and Aberdeen Western Peripheral Route. Meantime the fleet of ferries on which Scotland's islands rely has gone from an average fleet age of 15 years in 2005 to an average of 24 years today.

Comhairle nan Eilean Siar has been in regular discussion and dialogue with Ministers and has set out what we are looking to Government to do in the short, medium, and long term to ensure the very sustainability and survival of our island way of life. In writing to Ministers, we have recognised the belated – but no less welcome – commitment made in the Infrastructure and Investment Plan (IIP) in 2021 to invest £580M in new ferries and port infrastructure - in addition to the costs associated with completing 801 and 802 - in the next five years to 2026. If delivered in full this will help catch up the investment backlog. However, we are concerned at the pace of progress in delivering on the IIP commitment with only the two new Islay Ferries (NIF) committed to at this stage at a cost of £110M. Government must show greater urgency, and for the Western Isles an order should be placed for two more of the NIF

design. These vessels should be deployed for the Little Minch services with the dedicated vessel needed on each route to North Uist and Harris instead of the shared vessel solution that is the legacy of 1960s ferry policy. Communities have a long standing and clear aspiration that a dedicated ferry operate the route to Lochmaddy, and another operates the route to Tarbert. In the event of disruption this offers an immediate contingency plan that Calmac can deploy within the Western Isles network. The error made by Transport Scotland and CMAL in 2014 to continue a shared vessel for both routes would be finally and completely overturned and while the communities would be left with insufficient capacity on a shared vessel for a short period once 802 enters service, they would live with that in anticipation of the community preference of dedicated vessels being within sight for these beleaguered communities.

In the short-term communities in Uist and Harris are facing the severe negative effect the that the closure of our mainland landfall in Uig being closed for nearly 6 months from October will have. We need to see action from Government to charter an additional vessel to provide the opportunity to maintain the normal winter capacity on routes to Harris and Uist. The current contingency plans prepared by Calmac Ferries are wholly insufficient and we need to see meaningful action to improve on these now.

In the Short, Medium, and Long term Comhairle nan Eilean Siar would support the following action from Government:

Short term:

- Charter MV Pentalina to provide relief during Winter 2022/23 with the ferry deployed to Oban – Craignure releasing MV Isle of Mull to operate to Arran with MV Caledonian Isles deployed to Stornoway – Ullapool throughout the closure of Uig providing an option for traffic displaced from the Harris route.
- Strengthening Sound of Barra services by operating a longer day with additional crossings as set out in the Sound of Barra socio economic appraisal could be delivered quickly and the socio-economic case is now proven.
- Strengthening the Sound of Harris services by operating MV Loch Bhrusda as second vessel on the route would add resilience during the Uig closure and the socio-economic case for this continuing as the service model in the Summer is now established. This option can be delivered quickly with the fleet at CalMac's disposal.
- Purchase the MV Arrow to provide a shared asset between CHFS and NIFS. The vessel to operate the overnight freight service to Stornoway from Summer 2023 to release MV Loch Seaforth to operate additional passenger services from June, July, August to mid-September.
- Continue the search for vessels to purchase on the international market to replace older vessels in lifeline ferry service (both Transport Scotland and Local Authority).
- Complete MV Glen Sannox and Vessel 802 and have these in service with no further slippage to the programme.
- Order four more vessels to the New Islay Ferry design. In the design consider the opportunity to reduce and extend the vessel length. One vessel to deploy to the Lochboisdale service replacing MV Lord of the Isles. Two vessels to deploy to Little Minch services to Lochmaddy and Harris. This would leave options for the fourth vessel or 802 to deploy to Barra.
- Deliver the first phase of the CMAL Small Vessel Programme.

Medium Term Opportunities:

- Deliver the second phase of the Small Vessel Programme to include new vessels for the Sound of Barra and Sound of Harris service.

Long Term Opportunities:

- Maintain regular investment and a clear strategy that ensures vessel and infrastructure investment is clear and transparently maintained in the future.

2. Are current services meeting the needs and sustainability of island and remote rural communities and businesses? This includes the provision of secure employment for those working for ferry services.

The Clyde and Hebrides Ferry Service Contract does not adequately meet the needs of the Western Isles. Nor have the right choices been made in the past where investment has been made.

The decision to impose a single large vessel on the Stornoway to Ullapool service was made against a clear and strong view from island businesses, communities, and the local authority that a two-ferry service was needed on the route. This would have allowed up to 6 return crossings each day and a minimum of four services in each direction affording the option of a day trip. Instead, the last passenger service departs Stornoway at 2pm and the earliest arrival on the island is at 1pm. This is to serve a population comparable to the town of Alloa. Would a last departure of 2 pm or earliest arrival of 1pm be acceptable for those wishing to travel (by any means - car, train, walking, cycling) be acceptable in Clackmannanshire and if not, why is this considered acceptable for Lewis?

When recognition was given to the fact that capacity on services to Lochmaddy and Tarbert was insufficient the tri-partite group of Calmac, Transport Scotland and CMAL chose to stick with a single shared vessel on both routes across the Little Minch instead of freeing those communities served of the compromise inherent in having to share a vessel across two routes. This decision to retain a model dating back 50 years was made without any attempt to consult the communities in Uist and Harris whose lifeline service was being judged from Gourock, Port Glasgow and Edinburgh. This despite both communities having already expressed their aspiration for a dedicated ferry on each route.

Reliability on the Western Isles ferry services has been dreadful in recent years. While many issues are the result of technical failures across the ageing fleet there has been a clear deterioration in winter performance. This has had catastrophic consequences particularly for the island of Barra which has been left without any service to the mainland for up to a full week on several occasions in recent years. This level of service loss was unheard of in the preceding decades.

3. Are current services meeting the needs of mainland communities and businesses, including visitors?

The recent technical issues that impacted on the MV Hebrides caused real pain for the communities in Uist and Harris and across the Western Isles and saw local businesses and community organisations gather commentary on these impacts. This

helped capture how challenging ferry services have become for people looking to visit and do business in these islands. A sample of the comments that have been shared with Councillors is included below:

- An urgent review is required and new boats orders for The Western Isles we cannot continue to be undermined in this way!
- I know of 6 families who are leaving the island because of ferry unreliability
- there's still a lot of people stuck on the island. Our visitors, a family of 4 and a dog left here this morning before 3am and didn't get on the LOTI. They are getting desperate now as they were supposed to be on the Tuesday morning ferry and back at work on Wed. They left quite a few behind in Lochboisdale this morning and already a big waiting list for the afternoon.
- I am aware of people who have delayed coming to Uist this year for fear of either not getting to the island or getting stuck. We already have clients who have stated that they will not travel to Uist when Uig is closed. This will result in delays or at worst cancellation of projects.
- From colleagues in the NHS - plenty is being said about tourism in the news, Facebook etc. but not about recruit and retention of external staff to Uists. We have just had a post holder hand in her notice in Uist and she has sighted the ferry issues as being the main reason for leaving. She is not from the Islands and being able to travel back and forwards with ease to see her family was a 'must' for her when she took up the role.
- If we thought the CalMac scenario was bad, the last couple of weeks have been horrendous for Harris residents, tourists and businesses.
- The impact on businesses have been huge, I do the books for my partner's business; we are down 52% from 3 weeks ago and 63% down on the same 2-week period last year. There's an obvious answer for that - the ferry.
- Every business on Harris will be affected in a similar way. Multiple cancellations for accommodation, tourist's holidays ruined, they certainly won't be back, locals unable to get on or off or having to get to Stornoway or Ullapool at crazy times.
- I thought I was put out of place but when I reached Ullapool, I met a guy I know from Uist. He was travelling with his wife and 4-year-old, they were sent to Mallaig yesterday and couldn't get on the LOTi, they were then sent to Uig and didn't get on the MULL.... They then had to drive to Ullapool, they managed to get on, head for Leverburgh and drive down to Lochboisdale this morning!!
- Truth! We have lost 35% of bookings this week...Just reaching Ullapool after waiting all day for the 10.30 crossing in Stornoway. Now facing a 10-hour drive home through the night. A rubbish end to a lovely week on the island....
- Absolutely catastrophic situation for all that rely on ferries be it business or local movements. Very little "noise" about the ageing fleet and chronic under investment.

4. Are service needs different at different times of the year?

There are seasonal peaks in demand across the Western Isles ferry network. The most obvious of these is the summer increase in demand from tourism.

Our economy has benefited through Road Equivalent Tariff (RET) helping stimulate more travel to the islands and this has helped grow our economy improving the sustainability and quality of life here. However all too often this is undermined by unreliable ferry services and there is a real risk that many visitors will never return to the Western Isles because of the bad travel experiences they have encountered.

For the Western Isles other seasonal demand drivers include aquaculture, agriculture, and seafood industries.

5. Which needs are better met by other modes of transport, e.g. air, where available?

Air services perform an important role in linking the Western Isles to the mainland for time sensitive travel. There is also internal connectivity linking Benbecula to Stornoway by air. Air services are a fast option for travel to the mainland and are well used particularly where travel is business-related, time-sensitive, often for shorter trips to and from the islands. The Air Discount Scheme is only available for leisure travel - not business -meaning fares can be prohibitively high, pushing journeys towards ferry that could otherwise be made by air. Supporting more air services through a Public Service Obligation (PSO) would allow lower fares to be offered encouraging more people to fly than take the ferry and drive. This should extend to providing an adequate budget for the PSO within the islands as the reduction to the Local Government grant meant Comhairle nan Eilean Siar had to first cut the Barra to Benbecula air link then reduce the frequency of the Benbecula to Stornoway service.

6. How should the Scottish Government support council-run ferry services?

Comhairle nan Eilean Siar has no direct reliance on Council-run ferry services as the Council has not operated in house ferry services since these were replaced by fixed links, the last such service being the Eriskay ferry which was replaced by a causeway in 2001.

7. How can ferry users and island communities be involved in decision making at strategic and operational level?

Comhairle nan Eilean Siar's elected members are often the first point of contact for our communities and businesses when things go wrong with our ferry services. Despite this the way in which both Transport Scotland and Calmac Ferries engage with elected members is poor and reactive, and often when we meet it is to present a fait accompli rather than to engage constructively either at a strategic or operational level. This has been particularly evident in the way Transport Scotland and Calmac have engaged with local stakeholders on the contingency planning for the closure of Uig ferry terminal.

In the Western Isles there are a few active local transport committees but at times there has been real frustration felt by those involved when Transport Scotland and Calmac have bypassed these structures.

The Ferry Stakeholder Groups provide a valuable mechanism for engagement across several issues and open a platform that enable input from a wide range of island groups and bodies. The Hebrides FSG is Chaired by the Comhairle's Chair of Transportation and brings together a spread of elected members from across the Western Isles, Calmac, Transport Scotland, CMAL, Outer Hebrides Tourism, Ferries Community Board Members, Outer Hebrides Commerce, major hauliers, HIE and public transport companies. These Groups could be developed and Transport Scotland, Calmac and CMAL could be held to account far more than has been the case in the past through this process.

The Ferries Community Board is now well established and includes very able Western Isles members. But it must not be forgotten that this is a Board established by Calmac Ferries Limited and whose Membership is appointed by Calmac. It must not become a substitute for other forms of engagement and accountability particularly with Councils and their elected members. There is a risk that placing too much importance on this group will allow Calmac and Transport Scotland to mark their own homework.

The continued absence of any islanders on the Boards of David MacBrayne Group and CMAL should be recognised as a national disgrace. It is completely at odds with promises to deliver a 'fairer Scotland' where our islands are 'empowered'. This must change and it must do so quickly.

Comhairle nan Eilean Siar would welcome the reinstatement of the Islands Transport Forum and would call for this to be given a clear and strong remit to support Ministers on island transport issues. This would offer a genuinely accountable opportunity to allow the Minister to hear directly from islands on a focussed transport agenda, with all relevant stakeholders in the room, and we believe it would foster an environment for collaboration and partnership working.

B. Institutions and funding

1. 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?

The current approach to setting service patterns, vessel and crewing arrangements seems to owe too much to vested interest than to providing the best outcome for the islands that are served by Scotland's ferry services. A way must be found that challenges the orthodoxy whereby the approach to crewing is set by Calmac and whenever it is challenged by local authorities and community groups, arguments are dismissed without any evidence being provided to justify the ferry operator's assertion or Transport Scotland's acceptance of it.

Where calls have been made to move towards shore-based crewing there is often a sense that this is a no-go area for industrial relations reasons.

However, when communities want more ferries operating more frequently it should be reasonable to consider whether this can be achieved without an exorbitant increase in crewing costs. If this means ferries more lightly crewed with a different approach to catering on shorter crossings this should not be shied away from. The overall crew complement might remain the same with staff numbers reduced per vessel but more vessels in the fleet.

Whether a change in approach to deliver the ferry services islands communities need, if they are to reverse decades of decline, requires Institutional change is unclear. There should be no reason that the current institutional approach cannot deliver better results in delivering ferry services. Any other institutional options should be openly discussed and developed with the communities in which these facilities and services will operate.

2. Can the current tri-partite arrangement (Transport Scotland, Caledonian Maritime Assets Ltd (CMAL), Ferry Operator) for managing most ferry service provision be improved?

Yes.

Comhairle nan Eilean Siar consider the existing arrangement to be far too centralised and focussed on maintaining the status quo. It is welcome that EY have been commissioned to review the tri-partite approach. Comhairle nan Eilean Siar cannot prejudge the findings of that work but would welcome the opportunity to comment and suggest where arrangements could improve. Much of the discussion around this work has focussed on whether CMAL and Calmac should be reintegrated. This would seem to be taking the easy option of being seen to make a change, but it might in fact make no difference.

Indeed, it might represent a retrograde step. Of the three organisations that make up the tri partite CMAL have in recent years been open and well engaged with the Comhairle and deserve credit for that.

If a merger were to happen between any two parts of the tri-partite it would perhaps make better sense to develop a Ferries Scotland model to own vessels and infrastructure and manage the ferry services contracts supported by Scottish Government. This would represent a merger of the Transport Scotland and CMAL functions.

Comhairle nan Eilean Siar would ask that the starting point of any change to the tri-partite arrangements would be for the decentralisation of all management functions to the islands served.

3. Can current tendering arrangements be improved, e.g. through service unbundling?

Comhairle nan Eilean Siar would not oppose a review of current tendering arrangements to understand better what the relative merits are of different route / network bundles could be. The Comhairle previously responded to reports suggesting the EY work on Project Neptune could consider de-bundling of Clyde and Hebrides Ferry Services in advance of a public consultation on any options. In this response we recognised that in the past, sections of our community have been extremely concerned at any suggestion to break up the Clyde and Hebrides network but in recent years it has been of equal concern that the views of island communities are not listened to by any of the central belt headquartered bodies which are responsible for our ferry service provision. This disregard has been evident in the decisions that have been taken to reduce capacity by limiting the use of the Mezzanine deck on MV Hebrides this Summer and the continued absence of any islanders on the Boards of Calmac or CMAL. A healthy discussion on options for delivering a better ferry service to our islands and ensuring that island needs are placed front and centre with economic benefits maximised for islands would be a welcome step in the right direction.

While the case will be made for retention of the existing Clyde and Hebrides ferry service bundle with a proper consideration of the strengths and benefits that brings,

this should not preclude other options being looked at and the merits of these being tested against the large single bundle.

It is worth noting that a Western Isles ferry bundle would be larger than the current arrangements for the Northern Isles Ferry Services Contract which seems to work well for Orkney and Shetland. Such a bundle could extend to six large ferries with 2 deployed to serve Stornoway; a dedicated ferry on each of the routes from Tarbert, Lochmaddy, Lochboisdale and Castlebay plus 2 smaller ferries to serve the Sound of Harris and Sound of Barra. This would represent a step change in connectivity for the Western Isles. Dedicated ferries would provide greater capacity and frequency in normal times and resilience will improve with the ability to cover any breakdown or dry dock maintenance within this network. The operations and management of this bundle would be based within the Western Isles and there would be an increased focus on recruiting crew locally. The Board of Directors could be made up of people who live and work in the Western Isles. This already happens for the board of Orkney Ferries which operates the internal ferries within Orkney and there is the same competence and experience present in the Western Isles to do the same. Of course, this level of service and decentralisation of management would be possible with the single Clyde and Hebrides bundle. It is inescapable that the level of service, fleet deployment and level of management control enjoyed by the Western Isles through a single CHFS bundle delivered by an operator headquartered in Inverclyde is a shadow of what we aspire to for the ferry connectivity and share of management jobs and Board control for these lifeline services whose purpose is to serve the Clyde and Hebridean Islands.

4. Can Scottish Government subsidies be better deployed to meet the needs of current and future ferry users?

New approaches to tendering and securing ferry services might offer some benefit as detailed in other questions in this section of the Inquiry.

Another opportunity that could bring real benefits to islands is if there was a greater emphasis on maximising employment opportunities on the islands.

This could be through more island-based crews, but it could also be through relocating central functions to the islands. Not all of this is in the Scottish Government's gift, but future tenders could include a quality weighting for tenders which clearly show they would maximise jobs in the islands. What would be in the Scottish Government's control is to commit that every Transport Scotland Ferry Division and CMAL vacancy will first be advertised and filled on the basis that the postholder will be located on a Scottish island. Until those charged with being the custodians of our ferry services have lived experience of them what hope can there be that decisions will be made in the interests of the islands?

5. Are current services providing best value for the taxpayer?

No.

The current investment to secure the Clyde and Hebrides Ferry Service contract is well over £100M each year. This is before the rampant costs of the Ferguson Port Glasgow ferries contract after factored in or the need to catch up on ferry fleet renewal. The lack of investment in new fleet since 2001 has led to a huge increase in maintenance costs and even with the increased costs in maintaining the fleet

breakdowns are commonplace and reliability in poor weather has deteriorated significantly. This is not good value for the taxpayer particularly those taxpayers who live in our islands. The same level of spend had it been better managed and available for regular fleet investment would have guaranteed better value for the taxpayer.

C. Vessels and crews

1. What size and types of vessels are required?

The size and type of vessel will vary between different routes however considering the Western Isles ferry service network there is a case for greater uniformity than exists today. The assumption can be made that MV Loch Seaforth will continue to operate the Stornoway service as the vessel is too large for operation anywhere else on the CHFS network. It should be possible to have interchangeability of vessels on other routes though with the other limiting factor being Mallaig Harbour which currently imposes a vessel length limit of 85 metres. If a Western Isles area network was delivered optimally it could be made up of:

- Stornoway to Ullapool – 2 RoPax (Ferry solution deploying MV Loch Seaforth and one other 90 – 100 metre ferry).
- Tarbert to Uig – 1 RoPax (90 – 100 metre ferry).
- Sound of Harris – 1 RoPax year-round with second vessel in the summer (MV Loch Portain plus MV Loch Bhrosda in the summer). Potential to replace with larger ferry in phase 2 of Small Vessel Replacement Programme).
- Lochmaddy to Uig – 1 RoPax (90 – 100 metre ferry).
- Lochboisdale to Mallaig 1 RoPax (85 metre ferry).
- Sound of Barra – 1 RoPax year operating an extended day.
- Castlebay to Oban – 1 RoPax (90 – 100 metre ferry).

2. What type of sustainable propulsion systems (including energy-use and moves to low carbon systems) would meet the needs of ferry services?

The short-term priority must be to overcome the decades long backlog in investing in our ferry services but if that means the technology of today continues to rely on marine diesel though should be given to ensuring that a retrofit of lower carbon technology is considered at design and build stage.

Comhairle nan Eilean Siar noted with interest the announcement earlier this year of a new contract for the ferry services to the Lofoten islands in northern Norway. From October 2025 two new hydrogen fuelled ferries capable of carrying 120 cars and 599 passengers will join the existing two ferries (which are to be converted from LNG to biofuel) to operate the 100km open ocean crossing above the Arctic Circle. This suggests that there could be an opportunity to move quickly to a de-carbonised ferry fleet for the Western Isles.

Point and Sandwick Trust, in collaboration with several industry partners (Wood, Siemens-Gamesa, Engie, ITM, CMAL, Johnston Carmichael and Ferguson Marine) published a feasibility study to assess the suitability of using hydrogen produced from local wind farms to power future ferry services operating in the Western Isles and West Coast of Scotland. The project looked at the practical and economic feasibility of using new island wind farms to produce zero-carbon “green” hydrogen fuel for future

types of clean emission ferries operating on the established Caledonian MacBrayne routes. The feasibility study examined the manufacture of the hydrogen using local wind power, the challenges of how to handle, transport and store the hydrogen on local piers, and how the frequency and bunkering requirements of each of the nine routes studied affected the amount of hydrogen fuel required. Hydrogen as a fuel source could bring a virtuous circle benefitting island renewable energy and fuelling ferries and other modes of transport.

3. How can we ensure ferries are compatible with harbour facilities?

Recent fleet replacement decisions have required significant port investment as well as the investment in the new vessels themselves. The harbour costs have not been a consequence of end-of-life expiry of the infrastructure. Indeed, the new berth at Stornoway (no. 3 Pier) which only opened in 1996 required an upgrade costing £12M to accommodate the MV Loch Seaforth even though the preferred solution locally was to increase frequency by deploying two ferries no larger than the MV Isle of Lewis on the route. The choice was instead made to opt for a new ferry that did not fit existing infrastructure and would not be compatible with any other route's harbour facilities. The same mistake was made in ordering vessel 802 without thought to whether the existing harbour facilities could accommodate the vessel and still less thought to the communities served who wanted a ferry on each route across the Little Minch which would be no larger than the excellent MV Hebrides which had served the two routes since 2000.

The vision of Comhairle nan Eilean Siar is for our ferry services to operate more frequently from existing infrastructure which is renewed and invested in when required by condition. This is not to say there is no need for further investment in the infrastructure at our Harbours as life expiry is already an issue for our ports at Lochboisdale and Castlebay. Plans are already being developed for a new pier at Lochboisdale and this is a project supported by the Comhairle.

4. What type of onboard crew accommodation is required?

Where crew are required to live onboard the ferry this should offer appropriate comfort and amenities for the crew.

Comhairle nan Eilean Siar would welcome more vessels being island based with crews living locally based at home rather than on the ferry. This approach has worked perfectly well for the small ferry fleet and has not prevented vessels covering elsewhere as required. Optimising locally based crews would provide much needed new jobs in the islands themselves and would offer greater resilience as the lack of locally based crew caused significant service loss during the pandemic as there was a lack of cover when a crew member tested positive.

5. 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?

Procurement processes and the opportunity to review these was touched on in our answer to the question on bundling. With the current CHFS contract approaching its end in 2024 Comhairle nan Eilean Siar is keen to help shape the next contract and ensure that it develops in a way that will support the just transition that should help

grow our population sustainably. Past CHFS procurement has been far too centrally led by Transport Scotland and any new procurement process and criteria must do a better job of putting the needs of the islands at the heart of the process.