RURAL ECONOMY AND CONNECTIVITY COMMITTEE

DRAFT BUDGET 2019-20

SUBMISSION FROM NORTH AYRSHIRE COUNCIL

Caledonian Maritime Assets Ltd funding

Do you think the current and proposed level of investment in new ferries and port infrastructure is enough to ensure the resilience of the Clyde and Hebrides ferries network in future years?

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>X</td>
</tr>
</tbody>
</table>

Why do you think this?

North Ayrshire’s islands are served by four ferry routes: Ardrossan to Brodick; Lochranza to Claonaig; Ardrossan to Campbeltown and Largs to Cumbrae. Significant investment has been made in relation to port infrastructure on Arran through the redevelopment of Brodick Ferry Terminal and to vessels on this route through the forthcoming hybrid ferry, the MV Glen Sannox. The significant investment planned through the regeneration of Ardrossan Harbour will also improve the long term resilience of the Ardrossan routes.

The Largs ferry terminal building has recently been upgraded however limited or no investment has been made on the remaining routes in the current Ferries Plan period. It is noted that no further investment is currently proposed on the North Ayrshire routes in the Plan.

The introduction of Road Equivalent Tariff (RET) and age of the existing infrastructure has resulted in a number of issues which would benefit from further investigation and additional investment. These issues are detailed in the response to “Handling increasing passenger numbers”. Further investment is therefore required to ensure the resilience of the ferries network and associated infrastructure in future year.

Handling increasing passenger numbers

Has sufficient investment been made in vessels and port/harbour facilities to handle increased passenger numbers, particularly since the introduction of the Road Equivalent Tariff (RET) fares?

RET is a distance based fares structure, which ties ferry fares to the cost of travelling the equivalent distance by road. The formula for calculating RET fares involves a fixed element and a rate per-mile, based on independent research into the cost of motoring.

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>X</td>
</tr>
</tbody>
</table>
Why do you think this and do you have any route specific examples to support your view?

Ferry travel to and from North Ayrshire’s islands has increased substantially since the introduction of RET on the three routes: Ardrossan to Brodick; Lochranza to Claonaig; and Largs to Cumbrae. This is demonstrated by Transport Scotland’s Evaluation of the Impact of RET on Arran report which highlights the increased demand for ferry services particularly on the Ardrossan to Brodick sailing. The report notes that in absolute terms RET has had a larger impact on Arran than on any other island in the Clyde and Hebridean Ferry Services network.

Significant investment was made in relation to port/harbour facilities on Arran through the redevelopment of Brodick Ferry Terminal and to vessels through the forthcoming hybrid ferry, the MV Glen Sannox. It is however noted that this will not fully address the issues arising from the increased number of passengers associated with RET. Furthermore limited or no investment was made on the remaining North Ayrshire routes to support its introduction.

The Transport Scotland Evaluation report demonstrates that more passengers are now travelling to Brodick with a car with car carryings increasing more substantially (52%) than passenger carryings (16%) in 2015/16 in comparison to the last pre-RET year (2013/14).

The introduction of RET has had an impact on a variety of factors including:

- **Road maintenance:** The increased number of vehicles on the islands is impacting on the structure and integrity of the road network on both islands. This places an additional burden on the Council in terms of the maintenance and upgrade of the road network. No additional resource is available to the Council to address this issue. Some funding has been secured from Strathclyde Partnership for Transport’s (SPT) Capital programme to improve the A841 between Brodick and Lochranza for the bus services. This has improved short sections of road however it does not fully address the additional burdens.

- **Queuing and marshalling facilities** – The increased number of car carryings is impacting on queueing and marshalling facilities. This is particularly evident on the Largs to Cumbrae route where excessive queuing has been evident on both sides. This is having a detrimental impact on the surrounding road network. It would have been beneficial if funding has been made available to improve these facilities prior to the introduction of RET for example for the development of new queuing and marshalling facilities on Cumbrae.

  The Council has been working in partnership with a range of organisations to identify potential solutions to this challenge at Largs and Cumbrae. This includes: Police Scotland; Caledonian MacBrayne; Ferry User Groups; and Strathclyde Partnership for Transport (SPT). Funding has recently been secured from SPT’s Capital Programme to develop a solution to this problem. Further funding will however be required to implement any solution identified.

- **Economic displacement:** The affordability of ferry travel by car has resulted in economic displacement from the islands. Local residents and visitors to the islands frequently shop on the mainland and transport the goods e.g. groceries and fuel back to the islands. This is impacting on the islands’ economies however it is noted that this is offset in some sectors by increased visitor numbers.

- **On island parking:** The additional number of car carryings has resulted in additional demand for parking on the islands in Millport and on Arran. Visitors who previously
would have accessed the islands by bus are now travelling by car. This creates parking pressure within the settlements particularly within the summer months. Furthermore there is increased demand for overnight parking and camping facilities for example for campervans.

- Ferry capacity: The increase in vehicle journeys has resulted in capacity issues on both the Cumbrae and Arran ferries. This then impacts on queuing and marshalling arrangements for the Cumbrae ferry. The Evaluation Report notes that the step-change in demand for the ferry service has given rise to growing capacity issues on the Ardrossan to Brodick route. The operator carrying data highlights that a quarter of all sailings were defined as high utilisation in 2015/16. This is where the deck is greater than 80% utilised. It also notes that a significant proportion of island residents and visitors reported occasions where they could not book a vehicle on the ferry.

- Bus patronage on the islands: All bus services on Arran are subsidised by SPT. Whilst there has been an increase in passenger numbers to island there has not been an associated increase in bus patronage on the island. This is as a result of increased car carrying on the ferry. Patronage variations are still in line with pre-RET figures and are generally associated with weather patterns.

- Rail patronage: Rail patronage to and from Ardrossan Harbour Station has substantially decreased since the introduction of RET. This station only serves the Harbour and Ferry. This reduction demonstrates that more users are travelling to and from the Harbour by car that would previously have travelled using the train.

- Ticketing arrangements: The ticketing arrangements at Largs by which users cannot pre-purchase tickets and book a vehicle on to the ferry are exacerbating the queuing issues at Largs. The introduction of facilities to advance purchase tickets prior to the introduction of RET could have reduced some of the queuing issues being experienced.

The recent Islands (Scotland) Act 2018 requires relevant authorities to have regard to island communities in carrying out their functions. This includes the production of island communities impact assessments in relation to policies and strategies of services which are likely to have an effect on an island community which is significantly different from its effect on other communities. It also includes the provision for Scottish Ministers to undertake such assessments retrospectively in relation to existing legislation or national strategies.

It is recognised that the introduction of RET has resulted in a number of benefits for North Ayrshire's island communities including increased tourists numbers and the extension of the tourist season. It has however impacted on the range of factors detailed above. Making an appropriate level of investment in vessels, port/harbour facilities and the wider infrastructure required to support the increased level of passengers would ensure that the potential negative impacts of the introduction of RET are minimised. This would ensure that the introduction of RET was effectively island proofed.

**EU State Aid Rules**

What impact could changes to the application of EU state aid and procurement rules have on ferries investment - whether as a result of British exit from the EU or through some other change?
The future of procurement rules and state aid regulations post Brexit is not yet clear and this lack of clarity is likely to have a significant impact on the timing and scale of investment decisions for ferries as in other sectors.

The UK Government has stated its intention to establish “a full, UK-wide subsidy control framework” to develop and enforce UK state aid regulations after the country’s withdrawal from the EU, and has identified the Competition and Markets Authority as the “independent UK State aid authority” which will take on this task.

The UK Government has indicated that it may be willing to shadow key EU Competition regulations through a post Brexit transition period. Thereafter, and depending on the final outcome of Withdrawal negotiations and particularly on the terms agreed for trade between the UK and the 27 remaining EU Member States, the shadowing of EU regulations might continue for an as yet undefined period.

This ‘shadowing’ proposal is controversial for many UK MPs. In addition, senior Cabinet Ministers have started to advise businesses to prepare for a 'no deal Brexit'. In this context many investment decisions may be postponed until the situation is clearer.

**Impact on island life**

How might island life be affected, particularly access to essential services, if Clyde and Hebrides ferry services are not appropriately funded?

‘Appropriately funded’ in this question means that island communities are provided with the level of ferry service that they require to access day-to-day services and emergency services.

Appropriate levels of funding for the Clyde ferry services are essential to island life in North Ayrshire and the local economy. The ferries provide lifeline services to island communities including access to services, facilities, work, education and health care not available on the islands. They are also essential to the island economies providing island businesses with goods and services, access to the mainland markets and allows visitors to access the islands.

Tourism is key to the economy of all North Ayrshire’s islands and ferry services are key to ensuring that visiting the islands is an attractive opportunity for visitors. The Transport Scotland Evaluation Report identified that there has been a large uplift in tourism which has translated into a positive impact on the Arran economy since the introduction of RET.

If the ferry services were not appropriately funded this would negatively impact on islanders’ abilities to live, work and do business on the islands. In terms of doing business it would impact on the mainland supply chain and supply of labour to the islands. It would also impact on the Local Authority and other agencies ability to provide services to the island communities including waste removal, housing, education and social services. Furthermore it would negatively impact on the profitability and viability of island businesses due to a reduction in visitor numbers or the inability to access goods and services or to trade on the mainland.

Do you have any concerns about the accessibility of ferries and port/harbour facilities, and, if so, what investment might be needed to address these concerns?
'Accessibility' in this question means that anyone with a disability or mobility issue is able to access Clyde and Hebrides ferries, ports and harbours without difficulties.

Yes, not all of North Ayrshire’s ferry facilities are fully accessible to enable people with a disability or mobility issue to access the ferry services. Substantial accessibility improvements have been made to Brodick Ferry Terminal and are planned as part of the redevelopment of Ardrossan Harbour.

The slipway facilities at Largs and Cumbrae are however not fully accessible with both having gradients which do not provide for all abilities access. As a result, users with a disability or mobility issue may require assistance to negotiate the facilities at certain times for example low tides. Furthermore the lack of facilities to pre-purchase tickets for the Largs to Cumbrae crossing also impacts on the accessibility for these users. There are limited queuing facilities specifically designated for disabled users meaning that when these are in use other users may need to queue further away and be unable to purchase tickets.

The accessibility of all of the ferry terminals could be improved from the towns and villages they are situated in/near to for all abilities access. For example this could include the creation of a legible direct route which provides all abilities and multi user access route from Ardrossan to the Harbour. This would encourage the use of active and sustainable travel options to access the ferry and further reduce the impact of RET.

Transport spending priorities

What level of priority should the Scottish Government give to funding Clyde and Hebrides ferry services within the overall transport budget, which also covers spending on other transport modes, including trunk roads, rail, aviation, buses, walking and cycling and low carbon vehicles?

<table>
<thead>
<tr>
<th>Priority</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>High Priority</td>
<td>X</td>
</tr>
<tr>
<td>Medium Priority</td>
<td></td>
</tr>
<tr>
<td>Low Priority</td>
<td></td>
</tr>
</tbody>
</table>

Why do you think this?

Ferry services are essential to North Ayrshire’s island communities and the local economy as detailed above. It is important to note that expenditure in one area of transportation can impact on other areas which may then require additional funding as a result. For example the impact of the introduction of RET has impacted on the local road network and queuing and marshalling facilities. There is therefore limited benefit in improving just one element of the overall network and strategic improvements are needed. This could also improve the connectivity between transport modes and ensure that sustainable modes are an attractive and viable option for journeys to and from our islands.

Our island communities have identified the need for further investment on the existing ferry routes to improve the accessibility of our islands. This would also assist in realising their economic potential. In particular they have identified the need for: a year round two
boat service between Ardrossan and Brodick; a later evening service during the summer months between Largs and Cumbrae; connectivity between Arran and Cumbrae.

The transportation network is suffering from the lack of investment especially on the key strategic local road network. The reduction in public transport usage has resulted in an increase in vehicular traffic placing more strain on the network and increasing the need for investment. Investment is however also required to promote walking, cycling and low carbon vehicles to support modal shift to sustainable transport options. In short, underinvestment in the transportation network has led to the need to attach a High Priority to funding transportation within Scotland as a whole.