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Convenor
Net Zero, Energy and Transport Committee
The Scottish Parliament
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29 June 2022

Dear Convenor,

A Modern and Sustainable Ferry Service for Scotland

I welcome the news that your Committee will be undertaking this inquiry about ferry services and I look forward to engaging with the Committee as appropriate over coming months. The issues that I understand the Committee intends to address align with my own areas of focus and the work that I have already instructed of officials, and I hope that the inquiry's findings will offer a constructive contribution to our policy development going forward.

Meantime, it may be helpful if I set out some background on two key areas of work in my portfolio which may be of interest to the Committee, namely the Islands Connectivity Plan and Project Neptune.

Islands Connectivity Plan (ICP)

The Islands Connectivity Plan (ICP) is the successor to the Ferries Plan 2013-22. It will develop objectives based on supporting delivery of National Transport Strategy (NTS2) and the National Islands Plan, and develop proposals to meet those objectives which represent value for money. The ICP will be closely linked to the outcomes of the STPR2, in order to consider island connectivity more broadly having regard to aviation, ferries and fixed links, and to connecting and onward travel.

The ICP will be informed by the 2020 report on 'Construction and procurement of ferry vessels in Scotland' by the Rural Economy and Connectivity Committee and by the outcome of the current consideration of the Audit Scotland report by the Public Audit Committee. Its content and timing will also be informed by your Inquiry.

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We envisage a number of elements to the ICP with a short document setting out the Government's strategic objectives and policies for island connectivity, based on supporting delivery of the NTS2 and the National Islands Plan. We currently intend to develop this document through stakeholder engagement during 2022 and publish a draft for formal Scottish Government public consultation.

The ICP will also include the following delivery plans for CHFS (Clyde & Hebrides Ferry Service) and NIFS (Northern Isles Ferry Service) and the CMAL fleet:

• A long-term investment plan for vessels and harbours
• Community Needs Assessment and Market Assessment
• Fares policy review which will also connect to the Fair Fares Review.
• Carbon Reduction Plan
• Onward and Connecting Travel

The ICP and its associated delivery plans will be supported by the statutory impact assessments, by a financial plan and by a monitoring, review and evaluation plan.

Adopting this approach will allow us to prioritise key elements for development including the long-term investment plan for vessels and harbours serving the CHFS and NIFS networks, with others to follow beyond the end of 2022.

Project Neptune

In 2021, Transport Scotland commissioned Ernst and Young to undertaken an independent review of ferry governance arrangements among the tripartite of Transport Scotland, Caledonian Maritime Assets Limited and David MacBrayne Limited and its subsidiaries. The review focusses principally on the CHFS network, and whether the governance arrangements between the tripartite bodies remain fit for purpose having regard to the overarching objective of effective, efficient and economic delivery of lifeline ferry services.

Once published, further engagement with key stakeholders will take place to consider the review findings and potential next steps.

I hope this is helpful in informing the development of the remit of the committee's Inquiry.

Yours sincerely,

JENNY GILRUTH