2 February 2017

FERRY PROCUREMENT: POLICY REVIEW

Dear Edward

I write to draw your attention to my statement to parliament today.

My statement informs parliament of the European Commission’s response (copy enclosed) to a joint letter with the National Union of Rail, Maritime and Transport Workers (RMT) about the possible application of the Teckal exemption to the tendering of the Scottish Government’s publicly-funded ferry services.

My statement also announces a policy review to address the legal, policy and financial implications relevant to the procurement of ferry services in future. The review will cover the application of the Teckal exemption in light of the Commission’s response, the requirement to ensure compliance with State aid rules, and all other legal, policy and financial implications relevant to alternative models for procuring ferry services.

I have also announced a pause to the current Gourock – Dunoon tendering exercise whilst the review is undertaken. This will most likely require an extension to the current contract, in the order of 9 months. Consideration will also be given to the circumstances around the tendering of the next Northern Isles contract and what, if any, extension period may be justified for that contract. The successful award of the Clyde and Hebrides ferry services contract has ensured that sustainable and improving services will be provided by CalMac until 2024.
In addition to meeting the particular requirements of the Teckal exemption, it is important to acknowledge that the Commission has made it clear in their response that any solution must also comply with State aid law. It should therefore not be assumed that the outcome of the review will necessarily turn out to be a way of procuring ferry services other than by a public tender. However, whilst not pre-judging the outcome, should the review conclude that it would be possible to apply the Teckal exemption and meet State aid rules then we would be minded to provide ferry services through an in-house operator, taking account of the communities they serve. This would, of course, be subject to wider policy and value for money implications and the views of those communities.

A copy of my News Release is also attached.

I would be grateful if you could pass this information to members of the Rural Economy and Connectivity Committee.

Enc: EC 22 September 2016 response
2 February 2017 News Release