

Net Zero, Energy and Transport Committee

22nd Meeting, 2022 (Session 6), Tuesday 28 June 2022

Inquiry into a Modern and Sustainable Ferry Service for Scotland

Note by the clerk

Introduction

1. [At its meeting on 15 March 2022](#), the Committee agreed to undertake an inquiry into ferry services.
2. The Committee had been referred [Petition 1872: Improve the reliability of island ferry services](#). The petition says 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.
3. The Committee noted there were issues with island connections beyond those covered by the petition and agreed it needed to look at ferry services comprehensively and decided to launch an inquiry into current and future ferry provision in Scotland.
4. On 31 May 2022, the Committee agreed to hear from ferry users at a session prior to summer recess to discuss their priorities for the inquiry.

Background

5. 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, which operates ferries between the Scottish mainland, Orkney, and Shetland. The current contract runs between June 2020 and June 2028.
6. 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 of which are 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.

Other ferry services

7. Several local authorities, Orkney Islands Council, Shetland Islands Council, Argyll and Bute Council and Highland Council also operate ferry services, along with a number of private sector operators – the largest of which is Western Ferries, which operates a route linking Gourock and Dunoon.

Scottish Government ferries policy

8. The Scottish Government sets out its strategy for the development of ferry services in its [Ferries Plan 2013-2022](#), published in December 2012.

9. The Ferries Plan is due to be replaced by a new Islands Connectivity Plan (ICP) from the end of 2022. The ICP will consider island connectivity in the round, covering ferries, fixed links (bridges or tunnels) and aviation.

10. Separate from the ICP, the Scottish Government has commissioned consultants to investigate possible future institutional arrangements for the management and delivery of Clyde and Hebrides ferry services, known as “Project Neptune”. This is not yet published.

Remit of the Inquiry

11. 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.

12. 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.

13. A draft remit is available at **Annexe A**.

Evidence Session on 28 June 2022

14. At its meeting on 28 June, the Committee will seek the views of a panel of island community members on their experiences of ferry services in Scotland and their ideas for the inquiry.

15. It will agree a final remit for the inquiry following this session.

Clerks
Net Zero, Energy and Transport Committee

ANNEXE A

Inquiry into a Modern and Sustainable Ferry Service for Scotland - Draft remit

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 from Scottish Government-supported ferry services?
 - Meeting the needs 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?

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
 - 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;
- 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.

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.