

The Highland Council
Community Services Committee
15 May 2014

Agenda Item	9
Report No	COM/08/14

Corran Ferry – Review of Ferry Fares

Report by Director of Community Services

Summary

At the Transport, Environmental and Community Services Committee on 6 February 2014, Members agreed to defer any decision on ferry fare levels until a socio-economic study was carried out and the local community were consulted on the contents of this study.

Feedback on the study had not been received by 2 May 2014 therefore reporting of any feedback will be provided to Members at the 6 November 2014 Community Services Committee. It is also recommended that consideration of any proposals for fare increases be deferred to the meeting on 6 November, when the full effect of current fare levels on ferry income and potential savings in revenue expenditure will be known.

1. Background

- 1.1 The Corran Ferry is located in west Lochaber and serves Ardgour, Morvern and the Ardnamurchan peninsula. It is the second busiest ferry in Scotland with over 250,000 vehicle trips per year.
- 1.2 The Council operates 2 ferries at Corran narrow, the MV “Corran”, the principle vessel, and the MV “Maid of Glencoul” the reserve vessel.
- 1.3 There are a number of running costs required to keep the ferry service operational, including, but not limited to:
 - Staffing
 - Fuel
 - Engine Repairs & Maintenance
 - Annual refits
 - Insurance
- 1.4 Over the past 10 years there have been some extraordinary rises in individual costs, such as fuel which has risen by over 300%. This has resulted in an average 5.3% increase per annum on the total costs of running the Corran Ferry since 2002/03. Currently this equates to a current cost rise of £54,000 per annum.

- 1.5 Fares are generally uplifted each year in line with general inflation levels, however the annual increase in fares has not kept pace with the real cost and the deficit has widened over the period, being recorded as approximately £170,000 in 2012/13.
- 1.6 A 4% inflationary rise would yield only £37,500, meaning the deficit would continue to rise without a change to the fare structure. The historical cost versus income is shown in **Appendix A**.
- 1.7 Members will recall that as part of the Revenue Budget agreed by the Council on 7 February 2013 it was agreed to introduce a revised fares structure for the Corran Ferry to raise an additional £100k in income, this being in addition to the annual inflationary increase.

2. Current Fare Structure and Users

- 2.1 The current ferry fare structure for cars utilises a book of 30 concessionary tickets which gives a 74% discount on the full fare. This book of tickets is valid for 12 months, and some 62% of all car users on the ferry use this method of payment.
- 2.2 The HGV users are charged on the basis of number of axles and can purchase a book of 30 tickets which offers a 15% to 18% discount on the full fare. This method of payment is well used with 70% of HGVs paying by book in 2012/13.
- 2.3 Coaches are charged on the basis of number of seats and can purchase books at a discount of 14% to 17%.
- 2.4 Blue Badge holders are charged at 50% however Lochaber Blue Badge users travel for free.
- 2.5 Motorhomes, caravanettes minibuses (up to 16 seats), motorcycles with sidecar and trailers are charged the same price as a private car regardless of length.
- 2.6 Motor cycle users are charged at 30% of the full fare.
- 2.7 Cycles and pedestrians currently travel for free.
- 2.8 The main points of the current fares and users are that:
- Cars are the main users of the ferry
 - Most cars and Light Goods Vehicles (LGVs) use books of tickets
 - Books of tickets are used by holiday visitors to the area even although they may only be in the area for a short time of year
 - Most disabled drivers are local residents and travel for free
 - Coaches using the service tend to be the smaller size under 36 seats
 - HGVs tend to be those with the higher number of axles
 - Three quarters of HGV trips use books of tickets

3. Consultation

- 3.1 A revised fares structure was presented to the TECS Committee on 14 March 2013 (TEC-28-13) and Members agreed that the revised fares structure would be issued for consultation with the local community and businesses and that all comments received on the proposals be reported back to the TECS Committee for consideration prior to the introduction of any new fares structure.
- 3.2 Five public meetings were held between 3 June and 19 July 2013 in Ardnamurchan, Morvern and Ardgour respectively. A strong response was received with over 80 submissions being registered by e-mail or letter.
- 3.3 Following the consultation exercise it was recognised that residents were happy with the current fare structure and in particular wished to retain the concessionary book of 30 tickets.
- 3.4 The vast majority of responses to the proposals were negative, with the main points coming from the consultation exercise being:
- Proposed charging structure is unfair, benefiting daily commuters but penalising frequent users
 - Ferry is a lifeline to necessary services such as medical and dentist appointments
 - Residents use the ferry out of necessity rather than recreational use and should not be penalised
 - Peninsula relies on tourists who should not be discouraged by the costs of travel
 - Heavy Goods Vehicles cause most of the damage to the piers, and the costs should reflect this
- 3.5 There were many additional points received and a summary of these is available on The Highland Council website <http://www.highland.gov.uk/corran-fares.htm>

4. Proposed Fare Structure

- 4.1 The feedback from the consultation exercise has been taken on board and it is recognised that the current concessionary book of 30 tickets suits the vast majority of residents and it is proposed that this option will be retained in current proposals.
- 4.2 It was also made clear that any increase to fares should be shared more evenly, rather than burdening a specific section of the population.
- 4.3 The revised fare structure, which is based on the existing schedule of charges, and aims to address the concerns raised during the consultation is contained in **Appendix B**.

- 4.4 The revised proposal includes a 30p increase per ticket across all categories, with the exception of 5/6 axle Heavy Goods Vehicles which see a steeper increase. This is to reflect the disproportionate damage these larger/ heavier vehicles do to the ferry ramps and slipway, which in turn results in significant costs to The Highland Council to repair and is being shared by all fee paying users.
- 4.5 As books of tickets currently contain 30 individual tickets, the price rise would be £9 per book. For cars, this equates to a ticket price rise from £1.93 to £2.23 per ticket, and would still represent a 70% saving on the price of a full ticket.
- 4.6 Currently Blue Badge holders in the Lochaber area have free use of the ferry and non-Lochaber Blue Badge users pay at 50% of the full rate. To deal with this anomaly it is proposed that all Blue Badge holders will be free, although this will result in a reduction in revenue of approximately £7,000 per annum.
- 4.7 There is currently no set charge for an abnormal load which could be upwards of 100 tonne gross vehicle weight. It is proposed to set the fare for an abnormal load at £500 per trip since generally these vehicles take up the full ferry and travel on their own. These vehicles are only carried by prior agreement.
- 4.8 The revised proposal is estimated to provide an additional £100k in fares income, as required by the 2014-15 budget, but this may vary depending of the future usage of the ferry and will be monitored in operation.
- 4.9 The current proposals would not however be sufficient to close the £170,000 financial gap between income and expenditure.
- 4.10 It is not sustainable for the ferry to continue to operate at a loss and it is proposed that a review of all operational costs and income is undertaken. The outcome of the review will be presented to the Lochaber Area Committee, with a further report being taken to the Community Services Committee.

5. Socio-economic study

- 5.1 The socio-economic study report by AECOM has been forwarded to the local Community Councils for comment and at the time of writing (2 May) no feedback had been received; although one community has said they will be writing but the short timescales have not allowed full consideration yet.

6. Implications

- 6.1 The proposal set out in this report achieves the savings measure agreed by the Council on 7 February 2013 to introduce a revised fares structure for the Corran Ferry to raise an additional £100k in income, this being in addition to the annual inflationary increase. It should be noted that only part of the £100k will be realised in the current financial year due to the late implementation date.
- 6.2 There is an improved Equalities situation for Blue Badge Holders.

6.3 There are no Legal, Climate Change, Carbon Clever, Risk or Gaelic implications arising from this report.

Recommendations

Members are invited to:

- (i) Note that the 4% annual inflationary increases in fare levels were applied on 1 April 2013 and 1 April 2014. A 30p increase was also applied in fares per trip in 1 November 2013 and that the full impact of these fare levels on income are still to be realised.
- (ii) Agree to defer consideration of further increase in fares until the Community Services Committee on 6 November 2014 when the full effect of current fare levels on ferry income and potential savings in revenue expenditure will be known.
- (iii) Note that a review of all operational costs and income will be undertaken and that the outcome of the review will be presented to the Lochaber Area Committee, with a further report being taken to the Community Services Committee on 6 November.
- (iv) Note that the report on 6 November will make recommendations on whether or not above inflation fare increases will be required.
- (v) Note that feedback from Community Councils on the socio-economic study will also be provided to Members at the Community Services Committees on 6 November.

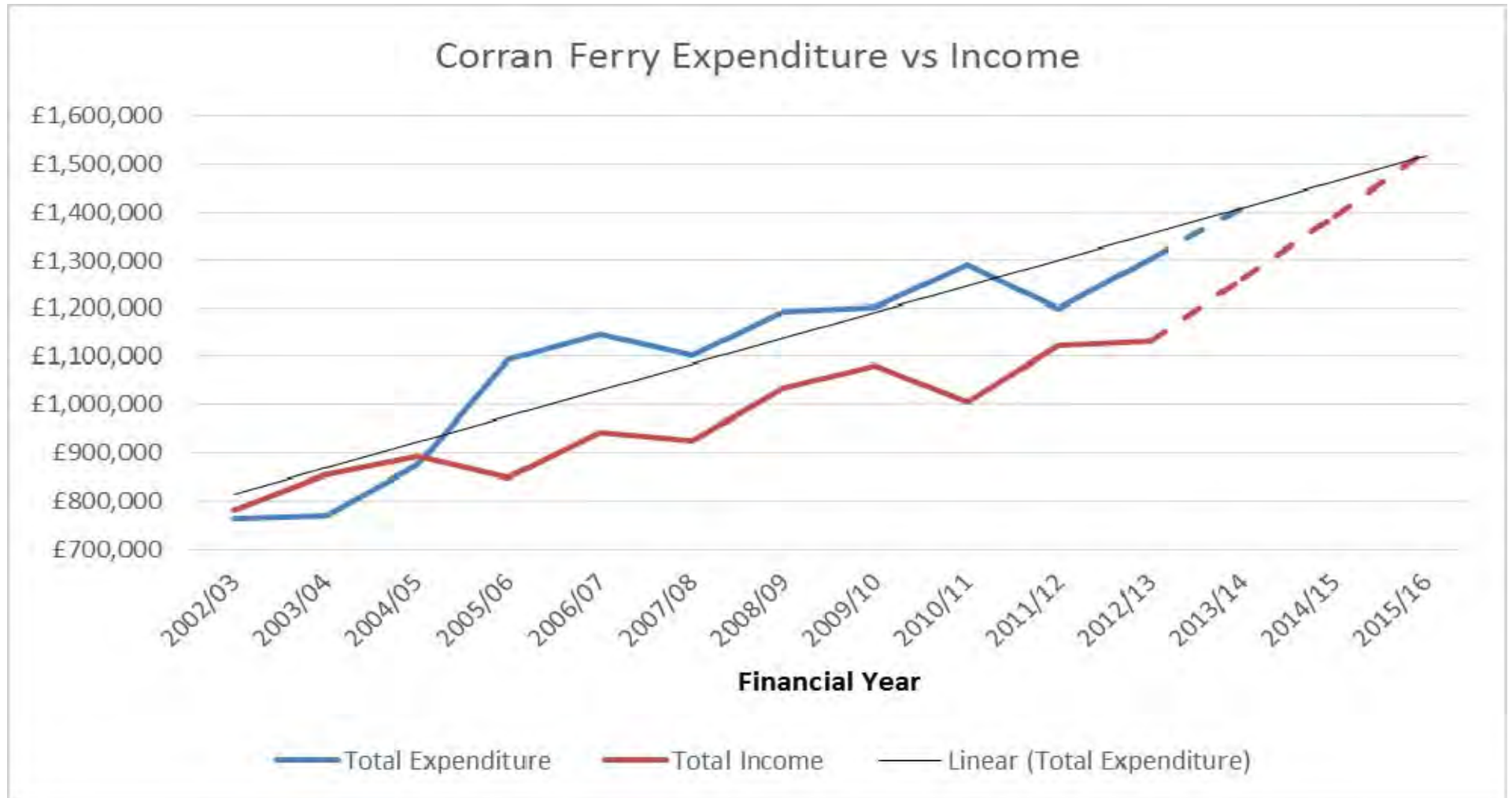
Designation: Director of Community Services

Date: 2 May 2014

Author: S MacNaughton, Head of Transport & Infrastructure
R Evans, Head of Roads and Transport

Background Papers: Report to TECS Committee on 14 March 2013 (TEC-28-13)
Corran Ferry – Review of Fares Structure and Fares Levels

Appendix A – Historical Expenditure vs. Income



Appendix B – Corran Ferry Charging Structure (from 1 November 2013)

Private / Light Goods Vehicles:-

Type of Vehicle	Current Fare	Previous Proposal	Revised Proposal	
Car, Goods vehicle up to 3500kg GVW, Land Rover	£7.30	£7.30	7.60	
Motorhome / Caravanette	£7.30	£7.30	7.60	
Minibus up to 16 seats	£7.30	£7.30	7.60	
Pedal Cycle	Free	Free	Free	
Motor Cycle	£2.20	£2.20	2.30	
Motor Cycle and Sidecar	£7.30	£7.30	7.60	
Trailer	£7.30	£7.30	7.60	
Caravan	£9.90	£9.90	£10.20	
Registered Disabled Driver	£3.70	£3.70	Free	
Book of 30 tickets (valid for 1 year) – vehicle specific (private owned car or small van & registration)	£57.80	N/A	66.80	
Lochaber OAP (valid for 2 years) – purchased at service point	£57.80	N/A	66.80	
Motorcycle (Book of 30 tickets valid 1 year and vehicle specific)	£19.70	N/A	£20.00	
Book of 10 tickets	N/A	£36.50	N/A	
Car Commuter Car	N/A	£40/ month	N/A	
Equivalent Book Fares				
Book of 30 tickets - Car	1 ticket	£1.93	N/A	£2.23
Book of 30 tickets - Motor Cycle	1 ticket	£0.66	N/A	£0.67
Book of 10 tickets - Car	1 ticket	N/A	£3.65	N/A

Vehicles Over 3500kg GVW (including VAT where applicable):-

Type of Vehicle	Current Fare	Previous Proposal	Revised Proposal	
Van/Lorry under 7.5t GVM, Tractor/Excavator, HGV drawbar trailer	£11.70	£14.60	£12.00	
HGV 2 axle/large van (both over 7.5t GVW)	£17.40	£14.60	£17.70	
HGV 3 axle	£22.60	£29.20	£22.90	
HGV 4 axle	£28.20	£29.20	£28.50	
HGV 5/6 axle	£29.20	£43.80	£42.00	
Bus/Coach (17 to 35 seats) – VAT zero rated	£14.40	£14.60	£14.70	
Bus/Coach (36 seats & over) –VAT zero rated	£23.30	£14.60	£23.60	
Abnormal Load (by appointment only)	Contact Foreman	£500	£500	
Book of 30 tickets for above (valid 1 year) used as under, including VAT	£144.00	N/A	£153.00	
Per single crossing – issued in name of firm/ company excluding VAT (Buses/Coaches)	£120.00	N/A	£129.00	
Equivalent Book Fares				
Lorry/Van (under 7.5t)	2 tickets	£9.60	N/A	£10.20
Tractor/Excavator/Drawbar Trailer	2 tickets	£9.60	N/A	£10.20
HGV 2 axle /large van (over 7.5t GVW)	3 tickets	£14.40	N/A	£15.30
HGV 3 axle	4 tickets	£19.20	N/A	£20.40
HGV 4 axle	5 tickets	£24.00	N/A	£25.50
HGV 5 / 6 axle	5 tickets	£24.00	N/A	£35.70 7 tickets
Bus/Coach (17 to 35 seats)	3 tickets	£12.00	N/A	£12.90
Bus/Coach (36 seats & over)	5 tickets	£20.00	N/A	£21.50