

The Highland Council
Community Services Committee

3 November 2016

Agenda Item	12
Report No	COM 47/16

Corran Ferry - Update

Report by Director of Community Services

Summary

This report provides the latest information for Members about the Corran Ferry and follows up on actions and recommendations from the Community Services Committee of 4 February 2016.

1. Background

- 1.1 The operation of the Corran Ferry was discussed at the Community Services Committee on 4 February 2016 in report COM8/19 item 11, where the committee:
- i. **NOTED** the legal position;
 - ii. **NOTED** the extent of the financial position made available to the community;
 - iii. **NOTED** the outcome of the community consultation and **AGREED** the proposed responses;
 - iv. **NOTED** the position regarding Equalities and Rural Impact;
 - v. **NOTED** the position regarding future options and the need to produce whole life costings;
 - vi. **AGREED** to a fares increase of 2% for 2016/17; and
 - vii. **AGREED** to pursue options for funding for a fixed crossing with a report back to Lochaber Area Committee in August 2016.
- 1.2 The ferry service has continued to provide a safe and reliable crossing of the Corran narrows this year. The annual refit has taken place for MV Maid of Glencoul with no exceptional costs as has the planned renewal of her mooring, and the refit of MV Corran is planned this autumn as usual.

2. Current Costs

- 2.1 For the period 2005/06 through to 2013/14 Corran Ferry expenditure exceeded income. There are occasions, 2015/16 being one, when a material surplus will be generated, largely through factors out with the Council's direct control, such as changes in fuel prices or other variable costs. The Lochaber Corran Ferry Analysis in **Appendix 1** compares the outturn figures for the last fourteen year from 2002/03 to 2015/16.
- 2.2 Any proposal to ring fence the Corran Ferry budget and use a surplus to offset fee increases would provide a short term benefit, but the concern is that this could not be sustained, and ultimately result in a much higher level of fee requiring to be set in future years. Corran Ferry fare increases were held for a number of years, resulting in a substantial increase in 2014/15.

2.3 Budgeting needs to reflect the degree of risk that the Council has to take in managing such operations. In the context of the Corran Ferry, fees are set at a level that is expected to reflect a 'break even' position.

2.4 However, given the Council's current budgetary position, all fees and charges will be reviewed going forward. In this context, it is planned that proposed fares for 2017/18 for the Corran Ferry will be decided in February 2017.

3. Pursue Options for Funding for a Fixed Crossing

3.1 Following the update in Appendix 5 of the 4 February 2016 report to Community Services Committee (entitled Corran Narrows: Fixed Link with Renewable Energy), Highland Council Transport Planning Manager, Development & Infrastructure Service, has progressed the issue of appraising the forecasted whole life costing of a fixed link versus a ferry at the Corran Narrows.

3.2 The Transport Planning Manager has successfully worked with HITRANS in order to include such a study in their current STAG appraisal, which combines a number of appraisals in the west area (STAG: Scottish Transport Appraisal Guidance; HITRANS: Highlands & Islands Transport Partnership).

3.3 The Transport Planning Manager recently gave a presentation to Lochaber Members informing them of this at their 5 September 2016 Ward Business Meeting. Members acknowledged that there will now be a period of time until the outcome of the HITRANS report is known but were pleased to hear that the STAG appraisal is going ahead.

4. Income from Sponsorship and Advertising

4.1 This subject was also discussed at the 4 February 2016 Community Services Committee. The local Community Services team continue to maximise opportunities for income through working with Highland Council's Commercial Manager, primarily through selling advertising space on the Council's assets where acceptable.

4.2 Advertising income is receipted through the Corporate Communications budget. For reasons similar to those described about the budget in Section 2 above, income from Council advertising is not currently ring fenced to individual trading activities. Instead it contributes to the General Fund.

5. Ticketing

5.1 A desire to see the option of smart ticketing explored was also discussed at the 4 February 2016 Community Services Committee. It is hoped that advanced ticketing machines and software will provide improvement through greater flexibility and advantages in ticket pricing and sales options.

5.2 Along with Calmac Ferries, for example, who are also looking at similar technology, it is proving challenging to find a system and ticket machines that have proven suitability and reliability.

5.3 In consultation with Highland Council's Commercial Manager, Highland

Council Community Services team are continuing to actively pursue this option through enquiry with commercial suppliers and further equipment trials.

6. Implications

- 6.1 Implications around the Corran Ferry relating to resources, legal, equality, climate change/Carbon Clever, Gaelic and rural were examined in detail in the report to Community Services Committee on 4 February 2016. There are no significant changes with regards to this report.

Recommendation

Members are invited to note the latest information with the Corran Ferry and the progress made in following up on previously agreed actions and recommendations.

Designation: Director of Community Services

Date: 17 October 2016

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Background Papers: Community Services Committee 4 February 2016,
Agenda Item 11.

Appendix 1

COMMUNITY SERVICES															
LOCHABER CORRAN FERRY ANALYSIS															
2002/03 to 2015/16 Actual Income & Expenditure															
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Expenditure															
Employee Costs	395,977	430,158	407,769	470,003	540,653	523,855	555,535	596,643	748,442	668,055	692,226	675,217	658,120	686,884	
Property Costs	8,706	9,309	11,578	11,885	15,157	17,383	19,546	16,702	25,310	22,538	26,490	27,231	26,037	26,780	
Fuel Costs	66,652	73,971	91,312	120,078	126,376	150,529	182,836	129,964	151,860	188,236	198,368	188,534	169,843	119,230	
Transport Costs	10,320	14,951	15,482	18,916	21,133	19,760	18,807	18,795	12,907	4,230	9,891	7,576	4,904	4,363	
Insurance	60,391	74,931	90,486	92,551	95,864	73,677	77,280	68,509	70,732	73,952	62,475	64,614	48,576	60,361	
Refit Costs	101,483	72,632	123,041	130,172	175,770	95,508	238,489	258,187	180,855	155,455	210,339	213,396	270,502	161,019	
Engine Repairs & Maintenance	44,780	30,601	64,972	188,762	35,953	167,585	66,129	66,445	65,672	63,207	78,071	167,382	55,656	52,425	
Other Costs	74,100	61,039	70,390	61,537	135,176	54,240	34,984	46,509	36,711	23,128	26,129	52,666	50,437	43,570	
	762,409	767,592	875,030	1,093,904	1,146,082	1,102,537	1,193,606	1,201,754	1,292,489	1,198,801	1,303,989	1,396,616	1,284,075	1,154,632	
Income															
Ferry Dues	(774,558)	(838,527)	(872,191)	(840,776)	(886,546)	(893,331)	(973,327)	(1,050,597)	(976,086)	(1,089,688)	(1,096,453)	(1,141,596)	(1,260,048)	(1,312,793)	
Other	(6,729)	(16,277)	(20,437)	(7,708)	(56,022)	(31,172)	(60,977)	(30,038)	(28,923)	(32,530)	(34,191)	(33,346)	(34,442)	(33,455)	
	(781,287)	(854,804)	(892,628)	(848,484)	(942,568)	(924,503)	(1,034,304)	(1,080,635)	(1,005,009)	(1,122,218)	(1,130,644)	(1,174,942)	(1,294,490)	(1,346,248)	
(Surplus)/Deficit	(18,878)	(87,212)	(17,598)	245,420	203,514	178,034	159,302	121,119	287,480	76,583	173,345	221,674	(10,415)	(191,616)	
Capital Charges	267,982	175,993	182,172	167,883	159,000	74,826	65,683	64,000	62,000	60,000	58,000	56,000	54,000	52,000	
Loss after Charges	249,104	88,781	164,574	413,303	362,514	252,860	224,985	185,119	349,480	136,583	231,345	277,674	43,585	(139,616)	