Agenda Item 11

Report No LA/20/21

HIGHLAND COUNCIL

Committee: **Lochaber Committee**

Date: **9 August 2021**

Report Title: **Corran Ferry Project (Outline Business Case) Update**

Report By: **Executive Chief Officer Infrastructure, Environment & Economy**

1. Purpose/Executive Summary

1.1 This report provides Members with an update on the progress of the Corran Ferry Project (Outline Business Case). The project has been established to review the options for securing replacement ferry vessels and for considering the preferred way forward for the future operation and management of the Corran Service.

2. Recommendations

2.1 Members are invited to **Note** the recommendations below from Appendix A: - (The document can be found here):-

i. **Note** that The Highland Council (as opposed to the Scottish Government) must find the capital cost for the replacement vessels and slipways prior to any potential future transfer of responsibility discussion;

ii. **Note** that a meeting took place between Kate Forbes MSP and a Corran Ferry lobbying group (12 March 2021) which led to a further meeting between Kate Forbes and Paul Wheelhouse regarding the Council's request for financial support to bridge the funding gap by covering half (£0.8M) of the feasibility and preliminary design costs (£1.6M);

iii. **Note** that unfortunately Transport Scotland did not sign off the requested £0.8M but they have agreed that synergies between the Council's Corran Ferry project and Transport Scotland's Small Vessels Replacement Programme (SVRP) should be explored, with consideration given to examining what Transport Scotland can do to maximise support in kind. A copy of the letter from Transport Scotland can be found **here** attached as a separate report **Appendix B**;

iv. **Note** that a key milestone was reached when the Council approved the funding of £1.6M (Highland Council 24 June 21) to enable the project to commence work on the feasibility and preliminary design of:–

- 2 new vessels (in conjunction with Transport Scotland /CMAL's SVRP); and
- 2 new slipways and supporting infrastructure;

v. **Note** that CMAL are in the process of appointing a naval architect and the SVRP is currently on course to move to procurement of the first tranche of vessels in the next 12 months, subject to the completion and approval of an outline business case;

vi. **Note** that the Council's Project Design Unit is currently progressing a public service contract through the Scotland Excel framework to procure an external source to commence feasibility and preliminary design work for the Corran Ferry slipways / infrastructure;

vii. **Note** the high-level review (attached as a separate document **Appendix C**) for the slipways / infrastructure proposals can be found here;

viii. **Note** a suggested Corran Ferry - High Level Preliminary Programme (attached as a in separate document **Appendix D**) can be found **here**; and

ix. **Note** that Stantec will deliver a presentation on the Corran Narrows Socio-economic Study to members following this report:

3. Implications

3.1 **Resource** - There are potential significant resource implications for the Council depending on the final preferred option, however these will form part of future reports for presentation to the appropriate Council Committee.

3.2 **Legal** - Relevant legal aspects will be explored appropriately.

3.3 **Community (Equality, Poverty and Rural)** - The Corran Ferry is a lifeline service with the associated socio-economic implications for the local Community.

3.4 **Climate Change / Carbon Clever** - Clean energy options will be considered in examining future operations.

3.5 **Risk** - Increased service sustainability and resilience will reduce the risk to future service provision.

3.6 **Gaelic** - No implications.

4. Corran Ferry Project - Engagement and Consultation

4.1 Essential consultation is ongoing with Council Members and Community Groups. Key contacts have been established and several discussions have taken place over the past 2 years between Highland Council and Transport Scotland along with Caledonian Maritime Assets Limited (CMAL) and are set to continue. The Project Manager and Roads Operations Manager have also attended several Argyll, Lochaber, Skye and Small Isles Ferry Stakeholder Group meetings.
Internal Stakeholder engagement with the Council's Finance, Legal, Procurement and Corporate Communications teams is also ongoing.

5. Corran Ferry Project - Governance

5.1 A steering group has been established in Fort William to ensure links between the local community and officers are maintained. Everyone has been given the opportunity to engage in the project. Members act as a sounding board and provide support and guidance to the Project Team on any issues critical to project success and the development of the Outline Business Case (OBC).

5.2 Representatives from the following Community Councils - Acharacle, Ardgour, Nether Lochaber, Sunart, West Ardnamurchan and Morvern are invited to attend all Project Steering Group meetings.

5.3 The Head of Roads and Transport Services is Project Sponsor and the Project Manager is working closely with the Area Roads Operations Manager and the two Ferry Foremen. The Steering Group is part of a larger project governance structure. The Project Manager has reported to Lochaber Committee and Harbours Management Board. The decision-making powers are deferred to the Environment, and Infrastructure Committee.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 19 July 2021

Author: Tracy Urry, Head of Roads & Transport

Background Papers:
Item 13 – ECI/34/20 Report
Item 7 – ECI/9/20 Report
Hitrans Item 6 Report
Item 10 – LA/6/20 Report
Item 7 – LA/31/19 Report
Item 7 – LA/17/19 Report
Item 4 – LA/7/19 Report
Item 20 – EDI/80/18 Report
Item 11 – LA/19/18 Report
Item 8 – LA/23/17 Report
Item 4 – LA/14/17 Report
Item 12 – COM/47/16 Report
Item 11 – COM/8/16 Report
Item 14 – COM/11/15 Report
Item 9 – COM/35/14 Report
Item 8 – LA/5/14 Report
Item 12 – TEC/72/13 Report

APPENDIX A

1. Scottish Government - Transfer of responsibility

1.1 A key milestone was reached when the Scottish Government reminded The Highland Council that it is wholly responsible for the funding and delivery of the Corran Ferry Service (Oct 2020). The Government have advised that they will require confirmation regarding the Council's plans to meet the immediate capital cost for the replacement of the vessels and slipways prior to any potential future transfer of responsibility discussion.

1.2 Therefore, the Council will need to reconcile its position and is now at a point where Highland Council (as opposed to the Scottish Government) must find the required Capital (Est £57m) and have the funding in place, as a delay in making the necessary in-house investment in the Ferry could result in Service failure.

2. Political Engagement

2.1 A letter was sent from the Council Leader to Kate Forbes MSP (11 Dec 20) seeking support to work towards an improved joint working position and to find a solution that will secure the future of the Corran Ferry service. The Highland Council asked the Scottish Government to consider covering half of the initial £1.6M tendering costs for the design of the 2 new vessels and 2 new slipways / supporting infrastructure (£0.8M).

2.2 A Corran Ferry pressure group involving the Executive Chief Officer, the Project Manager, Local Members, community representatives and Kate Forbes MSP has been established. The group have held discussions on the significance of the lifeline Service, and the key issues. Kate Forbes has agreed to work with The Highland Council on the pressing requirement for replacement vessels / slipways.

2.3 Clarity was sought from the Scottish Government regarding the Council's request for financial support to bridge the funding gap by covering half of the design tender costs (as above).

2.4 A further meeting then took place between Kate Forbes and Paul Wheelhouse along with senior officers from Transport Scotland regarding the Council's request for financial support.

2.5 Unfortunately, the Council did not receive a favourable response. Transport Scotland did not sign off the requested £0.8M and a cash contribution towards the design costs now appears to be highly unlikely.

2.6 Transport Scotland have responded in writing agreeing that synergies between the Council's Corran Ferry project and Transport Scotland's Small Vessels Replacement Programme (SVRP) should be explored, with consideration given to examining what Transport Scotland can do to maximise support in kind. A copy of the letter from Transport Scotland can be found **here** attached as a separate report **Appendix B**;

2.7 At a recent pressure group meeting, Kate Forbes suggested the possibility of inviting Graeme Dey (Scottish Government Minister with responsibility for ferries) to come up to the Corran Ferry during recess however this is looking highly unlikely for this Summer.

2.8 As part of the ongoing engagement Kate Forbes is scheduled to visit the Corran Ferry on Thursday 19 August for a site tour and will also be given the opportunity to speak

with the Ferry crew and community residents. Ivan McKee (Minister for Business, Trade, Tourism and Enterprise) has also been invited to attend.

3. Capital (Estimated £57m)

3.1 It was noted (E&I – Nov 2019) that the required capital for the build of the Corran Ferry replacement slipways and vessels will be included as part of The Highland Council's Capital Programme Review. The Project team recognise there are competing priorities for Capital and will continue to be creative in securing the funding and look at all of the alternative funding options including, a fare increase, borrowing, applying for any eligible grants (green energy) and seeking additional funding support from the Scottish Government.

3.2 However, a key asset is at breaking point with a risk of service failure and The Highland Council has a duty of care to run a safe, reliable and sustainable ferry service, therefore every effort will be made to include the Capital required for replacement vessels and slipways in the Council's Capital Plan for future years.

3.3 It is worth noting that the current MV Corran was bought in 2001/02 circa £3M with European Regional Development Fund (ERDF) funding. It is expected that the EU funding successor will be the UK Shared Prosperity Fund (UKSPF) - Scottish Shared Prosperity Fund (SSPF). Discussions are being held within The Highland Council on how the capital programme priorities can be aligned to these new potential sources of funding and the Corran Ferry replacement is an integral part of that process.

3.4 Kate Forbes has also agreed to continue to work with The Highland Council to replace the existing ferry vessels / slipways and will seek to hold the required build capital as a pressure against the Transport Scotland budget.

4. Small Vessels Replacement Programme SVRP

4.1 The Council's Project Team have joined the Ssmall Vessel Replacement Programme (SVRP) working group monthly meetings. The group consists of officers from Transport Scotland, CMAL and CalMac and discussions are well underway on how the Council can align its vessels replacement (design stage) work with the small fleet low-carbon vessel replacement programme as below:-

- 7 replacement Small Vessels **+ 2 Corran** Vessels;
- Next generation Diesel/Electric or Fully Electric Ferries;
- Standardised Vessel design; and
- Major factor - Available energy and grid connection

4.2 CMAL are considering 2 designs with size ranges of 15 - 20 and 20 - 25 cars.

4.3 As part of the ongoing engagement with Highland Council, CMAL's Jim Anderson (Director of Vessels) and Lewis Hammell (Technical Superintendent) spent a morning on the MV Corran. A tour of the vessel was provided which included discussions with the crew on the Council's operational requirements for replacement vessels.

4.4 The project team are scheduled to visit the MV Catriona in the coming weeks which is the third diesel-electric hybrid vessel in the CalMac fleet, serving the Lochranza to Tarbert (Loch Fyne) route. She runs on a combination of diesel-electric and lithium-ion battery power, reducing fuel and CO2 consumption by 30%.

5. 2 Vessel Solution - Summary

5.1 It is worth noting (as agreed at ECI 4 Nov 2020) that the proposal for 2 smaller Corran straight through (Ro-Ro) vessels will increase capacity through frequency and provide reliability, resilience and sustainability over a 30-year period with guaranteed vessel availability all year round.

5.2 The new model will have 2 vessels in operation at the same time for 9 months of the year. With 2 identical vessels, refits would be undertaken in the quieter months November to January, always leaving one vessel on the route.

5.3 A 2-vessel operation will be compliant, running to the published timetable (instead of shuttling) which is in line with Transport Planning Objectives.

6. New Corran Vessels – Design (How Big?)

6.1 A 3rd design may be required for the Corran Vessels beyond the maximum range of 25 cars. (e.g. 2 x 25 - 30 car). Therefore, a key consideration in vessel design will be the size. How Big?

6.2 The Ferry is the busiest single vessel route in Scotland (runs all year round -7 days a week) and is a critical component of the road network 'acting like a bridge' (Ferry/Bridge) taking just 5 minutes to cross the 0.4 miles at the Corran Narrows, carrying 270,000 cars and 11,000 Commercial Vehicles / Buses per year.

6.3 It was felt shortly after the current main vessel the MV Corran (28 car) entered service (2001) that she was going to be too small to cope with future transport increases.

6.4 As the Corran Ferry is a short 5 minute busy crossing most people using the service stay in their vehicles therefore the Council will be looking to minimise vessel superstructure (as advised by the MCA) to maximise vehicle deck capacity.

6.5 As a minimum requirement the new vessels will need to have a payload (Vehicles) availability of 120 ton with four lanes and be able to accommodate 2 articulated lorries avg. 17m/44-ton) + cars.

6.6 The current crewing model is at breaking point operating at a relentless high intensity (9 months of the year) which has a significant impact on the health and wellbeing of the crew. This model is not sustainable (crew for 100% capacity is operating at 120% capacity through shuttling (as opposed to running to the published timetable).

6.7 There will also be a requirement for expanding the marshalling area (currently 15 cars) on the Nether Lochaber side to address the overspill safety issue with traffic backing up onto the main road (A82) at peak periods. CMAL use a formula of 150% of the vessel capacity to calculate the required marshalling area capacity.

6.8 Available energy and grid connection are a major factor for Hybrid Vessels. SSEN have provided a GIS plot of the Corran Narrows of the existing network and further on-site discussions indicate there should be enough shore power supply to accommodate overnight charging of Hybrid Vessels at both sides of the Narrows. A full network assessment feasibility study will be undertaken to determine if reinforcement or other works are required.

6.9 Technical discussions on what is possible for the route profile and site visits from naval architects will also determine vessel size.

7.0 Lane widths will also need to be wider than the old lane widths as the average width and weight of cars has increased, such as SUVs.

8. Vehicle deck forecasting - Key Considerations

8.1 The Council will need to be thinking 30 years (vessels lifespan) ahead regarding the size of the new vessels. Vehicle deck forecasting for the new Corran Vessels will consider -

- Historic carryings and ticket sales data;
- Time of day Ferry users travel - e.g. AM Peak, PM Peak and Evening;
- Month of the year residents travel (thought to be broadly flat across the year);
- Spike in the summer months with tourists / occasional users;
- Time lapse video technology to capture the issue of traffic queuing for the Ferry with traffic backing up onto the main road (A82) and the A861 (Ardgour side) at peak periods;
- Projected resident population for the next 30 years;
- Projected tourism figures to understand the potential of the market;
- Underlying growth trends e.g. proposed new housing / employment / business growth etc.;
- Methodology used for projections by other major routes in Scotland for Calmac, NorthLink, Shetland and Orkney; and
- External growth that may impact the patronage on the ferry - e.g. Lochaline-Fishnish route (Mull)

8.2 There will be some uncertainty based on COVID and what will happen to the market in the future, so will focus on 2019 levels in the first instance as the pivot point.

9. Vessel Design - Economies of Scale Benefits

9.1 There are clearly mutual benefits (Economies of Scale) for the public purse, Transport Scotland, CMAL and The Highland Council to work together on the small vessel replacement programme regarding the design of hybrid vessels. (e.g. 7 replacement CMAL Small Vessels + 2 replacement Highland Council Vessels).

9.2 It is hoped there will be an opportunity for The Highland Council to save on the initial Naval Architect's design costs dependant on how closely the Council's statement of requirements for replacement vessels matches CMAL's statement of requirements for their replacement vessels.

10. Tendering - Naval Architect

10.1 CMAL have launched a procurement process to appoint a naval architect and the programme is currently on course to move to procurement of the first tranche of vessels in the next 12 months, subject to the completion and approval of an outline business case.

10.2 The ideal time scales for having new Corran vessels fully operational including the construction of the required infrastructure and slipways is 4/5 years away. Therefore, there is an urgency for The Highland Council to have Naval Architects and Marine Consultants in place to commence work on the design and costing of the 2 new Vessels and the supporting Slipways and Infrastructure.

10.3 This will also ensure that The Highland Council tie in with CMALS's replacement vessels timeline (commencing July 2021) which will enable Naval Architects to commence work on the design and costing of the 2 Corran new vessels as below.

11. Feasibility and Design Stage (Underway)

11.1

Brief	Completion Target Date	Consultants	Est Cost	Funding Confirmed
1. Design 2 New slipways / infrastructure	Early 2022	Marine Engineers	£0.8M	Yes
2. Design - 2 New vessels	Early 2022	Naval Architects	£0.8M	Yes

12. Construction Stage

12.1

Brief	Completion Target Date	Consultants	Est Cost	Funding Confirmed
3. Build - 2 New slipways / infrastructure	Early 2026	Marine Engineers	£23M	TBC
4. Build - 2 New hybrid vessels	Early 2026	Ship Builders	£34M	TBC

12.2 The new slipways / infrastructure costs are subject to 44% Optimism Bias at this stage, as per the STAG Technical Database.

12.3 New hybrid vessels are based largely on recent ferries built at Scottish shipyards and are not subject to Optimism Bias.

12.4 It is worth noting that UK built vessels are generally more expensive and green technology will come with a premium.

13. Vessel Technology

13.1 CMAL have also been involved in the Scottish Western Isles Ferry Transport using Hydrogen (SWIFTH2) Feasibility Report and HySeas III which is the final part of a three-part research program that began in 2013 looking into the theory of hydrogen powered vessels. It is felt that the use of both Hydrogen or ammonia technology in Ferries is many years away, although the industry realises that this is the long-term future which will eliminate both carbon footprint and also damaging emissions (NOx/SOx/Particulates).

13.2 The issue is that the technology is in its infancy and incredibly expensive in terms of the vessel and also the shore infrastructure therefore it is unlikely that Hydrogen Ferry solutions will fully emerge until the next decade, which does not tie in with the timeline for replacement Corran vessels in the next 4/5 years. It is worth noting that CMAL's current projects will still have "an eye" on retrofitting Hydrogen technology to their vessels.

14. Orkney Islands Council

The Council has also been in touch with Orkney Islands Council regarding their HyDIME (Hydrogen Diesel Injection in a Marine Environment) which is an Innovate UK funded project that will focus on the design and development of how a hydrogen technology can be retro fitted to their existing ferry vessel.

15. Statement of Requirements (SoR) - Slipways & Infrastructure

15.1 A SoR has been prepared to define the high-level requirements for the Corran Ferry Slipways and Infrastructure. This document will be the primary reference point, to be developed by Consultant Marine Civil Engineering Designers through to detailed

design, who will produce detailed tender documents (drawings and specifications) in order for The Highland Council to place orders with a Marine Civil Engineering Contractor to build the new slipways and infrastructure at the Corran Narrows, subject to capital to finance the project being made available.

16. Design and Build 2 New Slipways & Infrastructure

16.1 The Council's Project Design Unit (PDU) is currently progressing a public service contract through the Scotland Excel framework to procure an external source to commence feasibility and preliminary design work for the Corran Ferry slipways / infrastructure.

16.2 The Council have considered the approach that should be taken for the design and costing of the preferred slipways and infrastructure option, learning from the Uig project where possible, with a view to reducing optimism bias, avoiding unnecessary delays, and establishing greater cost certainty prior to any procurement.

16.3 A specialist Marine Engineering Design Consultant will be required to Design and Cost the new slipways and infrastructure. The Vessel Operator and Infrastructure Owner's (The Highland Council) representatives (The Corran Ferry Project Team, including the Ferry Foremen) will require to work alongside the Consultants during the design period.

16.4 Important elements in the slipway and infrastructure design stage include: Environmental Impact Assessments, Marine Licencing, Crown Estates seabed rental, shore Land Purchase, utilities provision, etc. It is intended to include all such elements in the design tender, but liaison will still be required with Council officers in Property, Legal, etc. This all takes time and the targeted 9 months from tender to completed design is optimistic.

16.5 A specialist Marine Engineering Consultant will be required to oversee the Marine Civils Construction Contractor during the contract build period, and/or an in-house engineer (PDU) may be required to join the Corran Ferry Project Team to oversee the construction contract, either of which will require to communicate closely with The Highland Council's representative (The Corran Ferry Project Team).

17. Statement of Requirements (SoR) - Ferry Vessels

17.1 A separate SoR has also been prepared to define the high-level requirements for the Corran Ferry vessels. This will be used as a basis to develop the vessel tender technical specification and tender general arrangement (GA) drawing. Changes to the tender technical specification and tender GA will be approved through a formal review process. CMAL and/or The Highland Council (details to be agreed) will procure the vessel under a yard build contract.

18. Design and Build 2 New Vessels

18.1 The Vessel Operator and Infrastructure Owner's (The Highland Council) representatives (The Corran Ferry Project Team, including the Ferry Foremen) will require to work alongside CMAL and their Naval Architect, in the Vessel design period, where the Naval Architect will produce the final general arrangements drawings, technical specifications and costs for the vessels.

18.2 For the Ship Building contract, the successful Shipbuilding Yard will require to communicate closely with CMAL and/or The Highland Council (represented by The

Corran Ferry Project Team, including the Ferry Foremen) who have commissioned the respective vessels.

19. Tendering the Shipbuilding Yard

19.1 On completion of the design and costing of the vessels, The Highland Council will have to make a key decision regarding who will tender to employ the Shipbuilding Yard to build the vessels and be responsible for delivering and managing the project as per the options below:–

1. CMAL
2. CMAL and The Highland Council
3. The Highland Council

19.2 Over the past 18 months the ongoing expertise and support provided by CMAL's Senior Management Team, Naval Architects and Civil Engineers to the Corran Ferry project has proven to be invaluable.

19.3 The Project Team recognise that there will be concerns regarding who should tender the Shipbuilding Yard to build the Corran Vessels. We are acutely aware of the situation regarding vessels Glen Sannox and Hull 802 and the report (Rural Economy and Connectivity Committee - 9 Dec 2020) regarding the construction and procurement of ferry vessels in Scotland. Therefore, Council officers will proceed with the utmost caution before taking recommendations back to Members for approval.

20. Period of Transition

20.1 There will need to be a period of transition as the old slipways are likely to remain because the easiest way to build new slipway and berthing structure is off the existing line and leave the existing line in place while it is being built. The works will need to be undertaken such that there is no disruption to the current Corran Ferry service. The Corran Narrows infrastructure design should commence at the same time as the vessel design and will incorporate a phased delivery to allow the current vessels to operate and then phase in the new vessels.

21. 5-year Ferry sustainability plan

21.1 To sustain the current level of service there will need to be a 5-year Ferry sustainability plan. Significant capital spending will be required on both vessels and the Council will need to ensure that management / operational costs are all accounted for and adequately met. This will likely have a cost increase implication for running costs, but the Council must be realistic about the true cost of running a safe modern service.

22. Future Maritime Fuels Group

22.1 The Corran Ferry Project Team have joined the Future Maritime Fuels Group monthly discussions. The FMSG's purpose is to provide a forum to bring together Government and public service organisations who either operate vessels or have a role in supporting maritime operations in Scottish waters in order to consider Future Maritime Fuels. As individual operators seek to upgrade or replace existing vessels, the one issue that all will face is the requirement to meet the Scottish Government Carbon reduction targets (carbon neutral by 2045 with a 75% reduction by 2030) which will hinge on the choice of fuel/propulsion technology.

22.2 The environment is top of the agenda with Shore Connection Battery Charging, Ammonia, Hydrogen, LPG and Biofuels, being discussed as potential solutions. A summary was provided by each stakeholder to outline their individual requirements, timelines and current thinking on Future Maritime Fuels. By doing this the group will be able to identify areas of commonality or opportunity for collaboration and most importantly be in a stronger position to speak with one voice to decision makers who determine policy, and influence those who will provide/authorise future infrastructure, whether that be government or commercial suppliers.

23. FMFG Membership

23.1 Organisations who have agreed to participate in the FMFG:-

- Northern Lighthouse Board
- Transport Scotland
- Marine Scotland
- NorthLink Ferries
- CMAL
- CalMac
- **Highland Council**
- Orkney Islands Council
- Shetland Islands Council
- Argyll and Bute Council
- RNLI
- MCA

24. New Vessels - Revenue Consequences

24.1 An anticipated increase in revenue (1.45m) due the larger capacity of the new vessels running to timetable and increasing passenger numbers will also help off-set the initial cost. 2 new smaller vessels will give increased capacity (with scope for extra to future proof the service) to meet the increasing demand and cover increasing costs as the new vessels will inevitably age.

25. Fuel Costs

25.1 Less shuttling (currently averaging 12 per day to provide capacity), lower fuel costs for of the 2 smaller vessels and a 30% green energy fuel saving means fuel costs would remain as they are now for 2 Vessels as opposed to one.

26. Crewing

26.1 An additional crew (Currently 1 x 16 crew for one Vessel - 750K per year) will be required for the second Vessel and when viewed in isolation costs will be greater for the future service but will be offset by maintaining the reliability, increased takings from fares, and lower operating costs for the two new vessels for the first 5 to 10 years. The additional crew costs should also be seen in the context the medium and longer-term benefits (e.g. reliability, resilience and sustainability)

27. Offset Costs

27.1 As the nature of the service does not materially change, a two-vessel operation would aim to run on a broadly break-even basis and will look to offset additional crewing by considering the scenarios/opportunities as below:–

- Operational costs (Efficiency of new hybrid vessels - short/medium term);
- Increased capacity of new vessels / projected carryings - revenue opportunity;
- New fares structure; and
- Crewing Structure

28. Socio-economic study

28.1 Stantec were commissioned by The Highland Council and HITRANS to undertake a socio-economic study to evidence and validate the economic, social, and community benefits of the Corran ferry service. The Council needs to fully understand and express the value of the lifeline Corran Ferry service to support wider business case work around the future development of the service. This 'value' will be expressed in language that the layman will understand and will also be part of the narrative which will be required to support and justify capital and revenue investment in the service in the short-term, whilst continuing to make the case for a fixed link in the long-term.

28.2 The study has included a customer survey and engagement with key stakeholders to ensure no stone is left unturned in developing a comprehensive picture of how vital the ferry service is for both ferry users and those who depend on the ferry in other ways.

28.3 Stantec will deliver a presentation of the Corran Narrows Socio-economic Study (as presented previously LA Committee - 9 Aug 2021) to Members following this report.

29. Next Steps

29.1 Commence tendering for Marine Engineers to design and cost new slipways and berthing structures (undertake all aspects prior to construction, including Environmental Impact Assessment, land purchase). The Council to satisfy itself with own Slipways & Infrastructure Statement of Requirements in order to liaise with the Marine Engineers about the design.

29.2 Continue to work with Transport Scotland's Small Vessels Replacement Programme (SVRP) and the appointed naval architect to design and cost 2 new replacement Corran Vessels.

29.3 Continue to seek clarity from Transport Scotland on the extent of the in house support they can offer in kind for the design work. Establish what is the value of that contribution and the financial benefit to the Council.

29.4 Continue to model the scenarios/opportunities as below:–

- Operational costs (Efficiency of new hybrid vessels - short/medium term);
- Revenue - Increased capacity of new vessels / projected carryings;
- Other income opportunities;
- New fares structure; and
- Crewing Structure

29.5 Continue to seek clarity from the Scottish Government on funding options available for the required Capital including grants (green energy) the EU funding successor and the situation with UK Shared Prosperity Fund (UKSPF) - Scottish Shared Prosperity Fund (SSPF).

APPENDIX B

TRANSPORT SCOTLAND
TRANS : Aviation, Maritime, Freight and Canals

Scottish Government
Riaghaltas na h-Alba
gov.scot

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Our Reference: 202000131621
Your Reference: Corran Ferry

26 April 2021

Dear Councillor Margaret Davidson

Thank you for your letter of 21 December 2020 to Kate Forbes MSP, Cabinet Secretary for Finance, regarding Corran Ferry, which was forwarded to the Minister for Energy, Connectivity and the Islands, Paul Wheelhouse MSP as the Minister responsible for ferries.

The Scottish Parliament election is scheduled to be held on 6 May 2021, and as we have now entered the pre-election period, 25 March to 6 May 2021, I have been asked to reply

Unfortunately, we are unable to assist The Highland Council directly with any additional funding support at this time. However, following a meeting between Kate Forbes MSP and the Minister for Energy, Connectivity and the Islands on 24 March 2021, it was agreed that synergies between The Highland Council's Corran Ferry project and Transport Scotland's Small Vessels Replacement Programme (SVRP) should be explored, with consideration given to examining what Transport Scotland can do to maximise support in kind.

As you note, we and CMAL have been working constructively with The Highland Council on these matters and have provided a range of support over the last year or so. Building on that, at our request, CMAL officers have invited The Highland Council to join the SVRP working group and technical co-operation is taking place regarding future vessel designs and propulsion technologies, with the next meeting of the group scheduled for 4 May 2021. It is hoped that this engagement will provide opportunities for efficiencies and economies of scale and we will continue to work with your officers with that intention.

APPENDIX C

Replacement Slipways / Infrastructure - High Level Review

1. Introduction

1.1 The Highland Council are proposing to replace their current ferries with new hybrid ferries similar to those being produced by CMAL for the shorter CalMac routes. The new ferry will require the replacement of the slipways at a 1 in 8 gradient to allow for use of front-loading ramps with the vessel on the centreline of the slipways. The ferry will also require lead-in structures and provision of overnight berthing alongside the two new slipways.

2. Process and Programme

2.1 Stage 1

To start the project off, a feasibility and preliminary design stage is necessary to find the best location and arrangement for the new facilities. A ground investigation would be planned, tendered and implemented during this stage to inform on options being considered. Environmental studies and surveys would also be undertaken at this stage.

2.2 Stage 2

Once the concept and preferred option is agreed, the consenting process needs to commence as this will be critical path. An Environmental impact assessment (EIA) screening will be necessary, followed by a Pre-Application Consultation process (PAC) to comply with Marine Licensing (Scotland) Regulations 2013 and Town and Country Planning (Scotland) Act 1997. The EIA screening will determine whether the project requires an EIA. It is highly likely that an EIA will be necessary, and this will dictate timescales.

2.3 A Compulsory Purchase Order (CPO) should also be promoted but the preferred approach is to make it known to the landowners that the Council is seeking to acquire the land by agreement; that CPO is the Council's fall-back position and will only be relied upon if necessary given the time sensitive/critical nature of the project.

2.4 Detailed design and procurement would commence and run in parallel with the consents process.

2.5 Stage 3

Construction works will be undertaken offline from the existing facilities, this should be possible within a 12-month construction period. The existing ferry service will continue to operate throughout this project.

APPENDIX D

Corran Ferry - High Level Preliminary Programme