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| Agenda Item | 4       |
| Report No   | LA/2/24 |

# The Highland Council

**Committee:** Lochaber Area

**Date:** 23 January 2024

**Report Title:** Corran Ferry Update

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

## 1 Purpose/Executive Summary

1.1 This report provides a Corran Ferry service update on the following:-

- a) an overview of the reasons for the mechanical failure of the MV Corran and Maid of Glencoul;
- b) an overview of the reasons and timescales for the return of the vessels;
- c) an overview of the mitigation put in place including bus and passenger ferry services and road improvements;
- d) the total cost to date of the mitigation measures;
- e) passenger numbers during the service outage;
- f) an update on mitigation plans in place against future vessel breakdowns; and
- g) an update on the process of procurement for vessel replacement.

## 2 Recommendations

2.1 Members are asked to **note** the information provided in the report.

## 3 Implications

3.1 **Resource** – £20m infrastructure funding has so far been approved. Work is underway towards a funding plan to allow new vessel construction.

3.2 **Legal** – Legal advice has been followed throughout.

3.3 **Community (Equality, Poverty, Rural and Island)** – Community Councils are represented on the Corran Ferry Steering group which has been in place since 2019 when the Outline Business Case (OBC) work for the Corran Ferry Infrastructure and Vessel Replacement Project commenced. Community consultation continues throughout the project. The next Pre-Application Consultation (PAC) takes place in the new year.

- 3.4 **Climate Change / Carbon Clever** – In order to meet government climate change Net Zero policy targets public-run short-crossing future ferry services require to be Electrically powered.
- 3.5 **Risk** – Without the Corran Ferry Infrastructure and Vessel Replacement Project the future reliability, capacity and sustainability of the ferry service is at risk. The ferry service plans do not conflict with any aspirations for a fixed link (tunnel or bridge); ferries are required until such time that any fixed link is constructed. The new ferry designs are standardised with CMAL/CalMac vessels and will be resaleable if required.
- 3.6 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – Planned new ferry berths mitigate the risks associated with ship-to-ship transfer of crew. Planned larger vessels and marshalling areas mitigate the risks with shuttling and traffic congestion on the A82 and A861.
- 3.7 **Gaelic** – there are no implications for Gaelic.

## 4 Background

- 4.1 Since entering service in 2001 the MV Corran has had a good service record. Planned annual refits and reactionary overnight repairs or running repairs have sufficed. The Maid of Glencoul for her age has also been reliable, although generally only called upon to do around 600 hours (4 to 6 weeks work) per year to cover for the MV Corran refits.
- 4.2 The first serious service outage caused by both vessels being unavailable simultaneously occurred in July 2017 for one week. A week was a long time, especially considering there had been virtually no service outage for 16 years. It was due to a steering valve failure in the MV Corran which occurred while the Maid of Glencoul was unavailable to cover due to the Maid being broken down for 6 months awaiting the manufacture of a new slewing ring for one of her Aquamaster propulsion units.
- 4.3 This incident was the catalyst to start work to organise a replacement for the Maid of Glencoul as soon as possible, who at that time was 42 years old, and is now 48.
- 4.4 The service was relatively problem free again for two and a half years after that, during which time the MV Corran steering system was improved.
- 4.5 The second incident with the MV Corran, resulting in another 5-day service outage, occurred in April 2020 due to the failure of a prop servo seal on the MV Corran while the Maid of Glencoul was not available to cover because her return from planned March refit was delayed due of the effect of the 2020 Covid outbreak at the boatyard (through public lockdown, workers shielding, etc.).
- 4.6 In terms of further reduced contingency cover for the MV Corran due to the age of the Maid of Glencoul, the following year, March 2021, the Maid's refit was extended again, this time for two months due to replacement of some of her hull steel, and then again in 2022 for tank steel replacement.

- 4.7 By that time, in spring 2022, the Maid of Glencoul's steering controls system which had reached end-of-life, was upgraded. This took several months, meaning that she was unavailable for contingency cover for the MV Corran during that time. However, work was completed in time to cover for the MV Corran who left for annual planned refit on 30 October 2022.
- 4.8 So in summary, while the Maid of Glencoul was becoming more problematic, the MV Corran had been relatively problem free until 2023 apart from a week out of service in 2017, and another in 2020 (reference Section 4.2 and 4.5 above).

## **5 MV Corran Breakdown**

- 5.1 The MV Corran's planned refit starting 30 October 2022 was extended into January 2023 to allow ramp steelwork to be replaced due to the age of the ramps. The recommended 5-year overhaul of the aft Voith propulsion unit also took place at this refit. Unfortunately, when the vessel was prepped for relaunch in January 2023 there was found to be an unexpected failure in this aft Voith prop unit.
- 5.2 This was extremely unfortunate, especially after diligently adhering to overhaul schedules, and particularly due to her good breakdown record to date and the high standards of maintenance keeping her in good mechanical order and overall condition despite her work rate as one of the busiest ferry vessels in service.
- 5.3 Such a failure of lifetime type parts is highly unusual. The servicing contractor engineers conducted an investigation and produced a report which explained the failure was due to an unusual failure in the metalwork of a key component, which subsequently caused damage to other parts when the unit was restarted after refit.
- 5.4 Highland Council worked closely at the highest level with Voith to ensure that replacement components were supplied as soon as possible to allow the repair of the aft Voith unit. Unfortunately, the supply of parts was affected by shortages backed up due to the Covid pandemic, Brexit, the steel market, the war in Ukraine, ship building and industry demand, with several components requiring to be manufactured and subject to significant lead times. CalMac were extremely helpful at this point and supplied us with one of the essential parts which they happened to have spare.
- 5.5 Parts arrived between July and September 2023. Unfortunately, although the boatyard had been extremely helpful to us throughout the issues occurring with our vessels, we experienced a delay in August due to a shortage of boatyard drydock ramp availability, caused by a backlog of vessels in large part caused by the emergency docking of the Maid of Glencoul in the spring (see Section 6.2 below).
- 5.6 Due to the length of time broken down, the MV Corran required significant annual refit work before she could regain her passenger certificate and return to service. Much of this had been done during the forced lay-up, but it was determined due to her age (now 23 years old), and condition, that a significant proportion of deck steel and further ramp steel had to be replaced. The schedule also included painting and electrical work and testing.
- 5.7 All works experienced challenges due to poor weather, and storm Agnes at the end of September, however sequencing plans were adjusted throughout to keep work on track. Storm Babet in mid-October affected the final assessment and sea trials but thankfully MV Corran was able to re-enter service on 29 October 2023.

5.8 MV Corran had been out of service for, regrettably, exactly one year (see **Appendix 1**). Thankfully the Maid of Glencoul was able to cover for seven of those months, from November 2022 to early April 2023, and for June and most of July 2023.

## **6 Maid of Glencoul Breakdown**

6.1 As mentioned in Section 4.7 above, the Maid of Glencoul's steering system was upgraded in 2022. Thankfully this upgrade allowed her to provide contingency service cover for the MV Corran for seven of the twelve months of the MV Corran breakdown.

6.2 However, unfortunately it proved insufficient to allow the Maid of Glencoul to sustain that level of service long term. She broke down for eight weeks when her forward prop unit failed during April and May 2023 (mentioned in Section 5.6 above), for eight days in early July 2023, and then again from 12 August 2023 when the aft unit failed (see **Appendix 1**).

6.3 While operating in these busy months, the Maid was working extremely hard. The MV Corran routinely shuttles during these months, sometimes making as many as 94 crossings a day to meet demand and keep the marshalling queues from overflowing onto the public roads. In covering for the MV Corran, the Maid of Glencoul being smaller (only carrying 14 cars at most compared to the MV Corran's 28) was at times doing 112 crossings a day.

6.4 Since August 2023 (reference Section 6.2 above), the Maid has remained broken down awaiting the manufacture of obsolete component parts, but also a steering controls system upgrade modification.

6.5 The control system upgrade is deemed necessary by the manufacturers to allow her to meet similar demands successfully in future, and by the skippers of the vessel, and the MCA who must be satisfied to renew the Maid's passenger certificate before she can re-enter service.

6.6 We have been working closely with the supplier throughout. The age of the Maid of Glencoul and her propulsion units has presented challenges for them, but thankfully their engineers are now scheduled to arrive in January 2024, and we are hopeful that their proposed controls system solution will be successful.

## **7 Contingency Measures**

### **7.1 Dedicated Second Vessel**

7.1.1 The Corran Ferry service is a self-contained service. The location of the slipways at the Corran Narrows means that they are only accessible by vessels with quarter-loading ramps and sufficient power and manoeuvrability to cope with the local tide and sea conditions. For this reason, it is essential that we have our own contingency cover, and we have a dedicated spare vessel moored on site to provide constant contingency cover, currently the Maid of Glencoul.

7.1.2 Despite her age, and despite being limited in the size of some of the larger lorries that she can carry (and the limitations then presented to these lorries by low bridges on the alternative route on the peninsulas) the Maid of Glencoul has proved to be a good back-up vessel for the MV Corran for 15 years. However, since around 2016, when in her early forties, parts obsolescence has become more problematic, culminating with the current problems in upgrading the steering.

- 7.1.3 With the size of modern road vehicles and increasing traffic numbers, the Maid is also now too small to provide adequate year-round cover.
- 7.1.4 With the increasing age of the MV Corran, although there are no undue concerns about the MV Corran, it is perceived necessary to replace the Maid of Glencoul with a younger and larger vessel as soon as possible in case future unplanned contingency cover for the MV Corran is required (as mentioned in Section 4.3 above).
- 7.1.5 The process for replacement of the Maid of Glencoul is well under way. The Outline Business Case (OBC) for Corran Ferry Vessel and Infrastructure Replacement was approved by Council on 10 November 2022 (see **Appendix 2**) and the new vessel concept designs are almost complete.
- 7.1.6 As detailed in the OBC the requirement for the second vessel at Corran is twofold. It is immediate, to provide reliable contingency for the first vessel, but it is also to ensure additional capacity required to future proof the route for the next thirty years:-
- a) New – Provide reliable contingency cover for the main vessel.
  - b) Larger – Provide additional capacity when covering for the main vessel (i.e., carry 30 cars versus 14 which the Maid currently carries)
  - c) Ability to bring both vessels into service at once to:-
    - Run to timetable.
    - Reduce shuttling.
    - Meet future demand.
- 7.1.7 Standardisation with CMAL/CalMac vessels through the Small Vessel Replacement Programme (SVRP) will help with economies of scale for servicing, maintenance and reliability (as well as design, purchase and construction). Standardisation will also provide more interchangeability which additional contingency also helps service reliability (mentioned in Section 7.2.3 below).
- 7.1.8 The summary in **Appendix 2** shows the timeline in following the democratic process to replace the Corran Ferry vessels. To be eligible for any available funding, ensure due diligence and meet Transport Scotland requirements, the advised government business case model has been followed from the outset. In so doing, this has kept Highland Council on the front foot and means that (barring the Covid pandemic in 2020) there have been no significant project delays to date on the route to investment.
- 7.1.9 Corran Ferry is currently part of the new vessel design phase of the SVRP, and work is currently underway to find a funding plan to allow Highland Council to benefit from the programme through to purchase and construction.

## **7.2 Ro – Ro Infrastructure**

- 7.2.1 The other half of the OBC (reference Section 7.1.5 above) involves new ferry infrastructure, the concept designs for which are now also virtually complete. The designs include a vessel berth (because swing moorings are outdated and less safe), larger marshalling areas (to remove the congestion issues), and new Ro-Ro slipways.

7.2.2 This will be phased as funding allows. On 22 November 2023 the Highland Council recently welcomed the reallocation of £20m from within the Inverness & Highland City Region Deal to fund essential landside infrastructure improvements for the Corran Ferry, as part of the UK Government's Autumn statement. This will allow construction of the new berthing structure, a larger Nether Lochaber marshalling area, and new Ro-Ro slipways.

7.2.3 The new Ro-Ro slipways will be accessible by the existing quarter loading vessels and the more standard, Ro-Ro, forward and aft-loading vessels like the ones in the CalMac fleet. This will provide additional contingency in the future should Corran Ferry find itself in a similar unusual situation again where its main vessel and its contingency vessel have broken down simultaneously.

### **7.3 Recent Additional Contingency Measures**

7.3.1 With the recent service outage due to the unfortunate simultaneous breakdown of both Corran Ferry vessels, the MV Corran and the Maid of Glencoul (as described in Sections 5 and 6 above), several contingency measures were employed. They included:-

- a) A foot passenger only service replicating the normal timetable, replacing the broken-down car ferry service, across the Corran Narrows.
- b) An enhanced timetable at the Camusnagaul to Fort William passenger ferry service.
- c) An additional foot passenger service between Ardgour and Fort William.
- d) An additional bus service between Strontian, Ardgour and Camusnagaul.
- e) Road improvements to the A861 between Ardgour and Drumsallie, including speed restrictions, additional signage (advising against convoys, allow overtaking, etc), and road widening and creation of additional passing places.

7.3.2 The A861 widening and passing place improvements were subsequently surfaced in November/December 2023.

7.3.3 The costs and passenger number for these additional mitigation measures are noted in **Appendix 1** of this report.

### **7.4 Contingencies for Future Vessel Breakdowns**

7.4.1 As discussed, (in section 7.1 above), the Council's second vessel provides the contingency to keep the service running if the main vessel breaks down.

7.4.2 The Council is exposed should the second vessel breakdown simultaneously to the first vessel, because Corran Ferry is a bespoke quarter loader operation (as discussed in 7.1.1 above) and there are no other suitable such car ferries available.

7.4.3 To have a contingency for the contingency vessel, i.e., bring in another car ferry from somewhere else (for example lease one from another organisation such as CalMac), the Council is building Ro-Ro slipways as soon as possible to accommodate such vessels, as described above (in Section 7.2 and specifically Section 7.2.3).

- 7.4.4 Should the Council find itself in the unfortunate situation again where both car ferries breakdown simultaneously before the new Ro-Ro slipways are completed, and therefore another suitable car ferry cannot be sourced from elsewhere, then the temporary passenger ferry and bus services used in 2023 (as described in Section 7.3 above) will be recommissioned.
- 7.4.5 In such a situation where the car ferry service is not running, road users will benefit from the improvements made to the A861 in 2023 (as described in Sections 7.3.1.e) and 7.3.2 above).
- 7.4.6 An additional contingency initiated during the 2023 service outage is the installation of Corran Ferry webcams. These will be positioned at the rear of the ferry marshalling areas. They will be low resolution, but they will show the traffic queues, allowing ferry users to assess how busy the service is. They will update about every 10 seconds, so will be helpful to passengers for journey time planning. The intention is to stream the images live on the Corran Ferry webpage. The webcam project is with ICT services and soon to be completed.

## **7.5 Traffic Management, Partnership Working and Communications**

- 7.5.1 As discussed in Sections 6.3 and 7.1.3, because the Maid carries half the number of vehicles as the MV Corran, when the service is busy traffic queueing and backing up onto the public roads is a significant problem despite shuttling as much as possible.
- 7.5.2 Because of this, when the Maid of Glencoul was operating in summer 2023, the Council worked hard with Emergency Liaison Group (ELG) partners including Police Scotland, Traffic Scotland and the trunk road operator BEAR Scotland and others to forewarn passengers in making their travel arrangements, mainly by advance signage and by public messaging asking customers to support the reduced capacity service in the circumstances and use it only where necessary if possible.
- 7.5.3 Traffic management was arranged at that time on the A82 and A861 approach roads, including warning signage (including variable messaging signs), temporary speed reductions and a temporary clearway on the A82, plus additional queue marshals, especially at the A82 access, to manage traffic safety (and if necessary close the marshalling area when it became full to prevent queueing on the public road). Alternative routes were also clearly identified on the Corran Ferry webpage.
- 7.5.4 Community consultation was essential throughout the period when the Maid of Glencoul was in service and during the car ferry outage. This was done through public messaging, through the Corran Ferry Steering Group which includes community council representatives, direct emails to Stakeholders, plus some local public meetings attended by senior Council officers, and regular media updates.
- 7.5.5 Corporate Communications played a significant role throughout in helping to deliver appropriate timely media messages and updates to customers, as did ICT in helping to keep the Corran Ferry webpage up to date (including essential new timetable information for contingency services).
- 7.5.6 Any similar future contingency situation will require the same level of commitment from the Council in covering these aspects and meeting essential obligations.

## 8 The Process for Procurement of Future Vessels

- 8.1 On 24 June 2021 Full Council gave approval for £1.6m to commence the feasibility and preliminary design work for two replacement Vessels (with Transport Scotland support-in-kind from CMAL as part of the CMAL SVRP mentioned in Section 7.1.7 above) and supporting infrastructure. Please see **Appendix 2**.
- 8.2 In the OBC (reference 7.1.5 and 7.1.6 above), planning for two replacement vessels is the requirement for the future reliability, capacity and sustainability of the ferry service over the next 30 years, due to the increasing age of the MV Corran as well as the elderly Maid of Glencoul, and the projected growth in passenger numbers.
- 8.3 To meet government climate change Net Zero targets, publicly run short-crossing ferry services in future require to be Electrically powered, and consequently funding is not available for ferries that are not powered sustainably.
- 8.4 As mentioned in Section 7.1.5 above, the designs for new electric vessels are almost complete, so barring funding, there is now nothing to hold up the purchase of vessels (reference 7.1.8 above).
- 8.5 As with the planned replacement of the ferry infrastructure which requires to be prioritised and phased according to available funding, so too for the vessels. Therefore, it is anticipated that one vessel is purchased initially, with the second one to follow later.
- 8.6 The latest considerations for the Vessels Procurement Process are contained in **Appendix 3**.
- 8.7 In purchasing new vessels, payments are usually phased to tie in with the completion of key stages of the construction process, spread over the duration of construction, which will depend on the boat builders, the SVRP and the contract.
- 8.8 The SVRP sequence for construction of the vessels is yet to be determined as indicated in **Appendix 3**.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 12 January 2024

Author: Richard Porteous – Corran Ferry, Operations Manager

Background Papers: None

Appendices: Appendix 1 - Service Outages 2023  
Appendix 2 - Democratic Process – High Level Timeline  
Appendix 3 - Vessels Procurement Process



Appendix 1

|  |  |             |                   |
|--|--|-------------|-------------------|
| <u>Corran Ferry service outages 2023</u>   |  |             |                   |
| Contingency arrangements during the breakdown of the MV Corran* and the Maid of Glencoul** |  |             |                   |
| <b>Item</b>  | <b>Activity</b>  | <b>Cost</b> | <b>Passengers</b> |
| A861   | Passing place improvements (temporary surface)         | £203,269    |                   |
| Roads  | Traffic Management (incl kiosks and roadside recovery) | £76,737     |                   |
| Bus  | Shuttle Bus  | £55,829     |                   |
| Ferries  | Passenger ferry services (incl landing craft trial)    | £1,167,121  |                   |
| Total  |  | £1,502,956  | 32,681            |
| <u>*MV Corran absence period due to aft propulsor issue:</u>                               |  |             |                   |
| 30/10/2022 - 29/10/2023  |  |             |                   |
| (one year, incl planned refit work from Nov-2022 to Jan-2023, and Sep-2023 to Oct-2023)    |  |             |                   |
| <u>**Maid of Glencoul breakdown periods due to steering issues:</u>                        |  |             |                   |
| 07/04/2023 to 03/06/2023 (8 weeks),  |  |             |                   |
| 28/06/2023 - 07/07/2023 (8 days),  |  |             |                   |
| 12/08/2023 - return of MV Corran (11 weeks)  |  |             |                   |
| Breakdown still ongoing; Jan-2024 resolution TBC   |  |             |                   |

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| <b>Corran Ferry – Democratic Process – High Level Timeline*</b>  |
| <p><b>22 Aug 2017 - ECI Committee</b><br/>In light of the suspension of the ferry service for five days it was agreed that a Corran Ferry options appraisal is undertaken immediately commencing financial year 2017-2018.</p>   |
| <p><b>8 Nov 2018 - ECI Committee</b><br/>Final Corran Ferry options appraisal (SBC) presented to ECI members</p> <ul style="list-style-type: none"> <li>○ Approval to develop a preferred option in more detail through the outline business case with view to facilitate subsequent procurement.</li> </ul>   |
| <p><b>01 July 2020 - ECI Committee</b></p> <ul style="list-style-type: none"> <li>○ Agreed that a private operator running the service should be rejected for further consideration.</li> <li>○ Approved the proposal for 2 new Ro-Ro vessels and supporting infrastructure.</li> <li>○ Approve that the Highland Council is content to ‘approach’ Transport Scotland regarding a transfer of responsibility.</li> </ul> |
| <p><b>8th Sept 2020</b><br/>Letter sent to Transport minister seeking approval to form a working group with officers from Transport Scotland regarding the possibility of transferring over responsibility for the Corran ferry service in accordance with the principles set out in the Scottish Ferries Plan.</p>  |
| <p><b>14 Oct 2020</b><br/>Transport Minister responds that the SG will require confirmation regarding the Council’s plans to fund the capital replacement of the vessels and slipways prior to the setting up of a formal working group to discuss any potential future transfer of responsibility. Support in kind is offered through the SVRP.</p>   |
| <p><b>24 June 21 - Full Council</b></p> <ul style="list-style-type: none"> <li>○ Funding approval (£1.6M -) Work commences on the feasibility and preliminary design for 2 replacement Vessels (SVRP) and supporting infrastructure (Wallace Stone)</li> </ul>   |
| <p><b>02 Dec 2021 - ECI Committee</b><br/>Final Corran Narrows Socio-economic Study presented to members.</p>  |
| <p><b>10 Nov 2022 - ECI Committee</b></p> <ul style="list-style-type: none"> <li>○ Members approve the Final Outline Business Case Final Report (OBC) for investment in two ferries and shoreside infrastructure for the Corran Ferry service.</li> </ul>  |
| <p><b>10 Nov 2022</b><br/>Pre-application consultation event – Ardgour</p>   |

\*Committee reports and minutes are available on the committee page on the Highland Council website [here](#)

## Vessels Procurement Process

An issue of critical importance for THC to consider is the procurement strategy for the new Vessel/s. The design work being undertaken by NaValue has been commissioned and funded by CMAL, with THC contributing. Following the completion of the design work a decision will have to be made (subject to budget approval) as to which party will procure the new Corran vessel/s. There are three options in this respect:

- 1. The Highland Council**
- 2. CMAL**
- 3. A partnership / joint venture between THC and CMAL**

The high-level advantages, disadvantages and risks of each option are set out below.

### **1. The Highland Council**

Under this option, THC would tender 'Design C' and enter into a contract with a shipyard for the construction of the vessels.

#### **Advantages**

THC would have full control over the procurement of the vessels and their subsequent build. The tender would therefore be designed to reflect the exact needs of the Council in terms of e.g., price / quality split, allocation of risk, programme etc.

As the SVRP is tasked with procuring multiple new-build vessels, there is no guarantee that the Corran vessels will be made an early priority, particularly given that the route is not within the Clyde & Hebridean Ferry Services contract, which is CMAL's core area of responsibility. THC leading the procurement would allow for the Corran vessels to be independently prioritised, subject to funding.

#### **Disadvantages**

As the Corran Ferry is the only route of any scale within the THC area, the Council does not have experience in the procurement of vessels and the complexity of managing ship build contracts. External recruitment of staff or the appointment of consultants to oversee the procurement would be essential. This would entail a cost which would need to be factored into the Financial Case in the FBC.

An important benefit of the SVRP is that CMAL will benefit from economies of scale associated with a bulk order of multiple similar vessels. THC will lose these economies if they procure the Corran vessels separately and potentially at a different shipyard.

THC has benefitted from in-kind support from CMAL in the development of the vessel design. However, intellectual property rights of the design would remain with CMAL, which would raise a question as to if / how THC could progress with procuring these vessels independently.

#### **Risks**

The key risk with this procurement option is that the Council does not have and / or cannot secure appropriate expertise to deliver the contract. This could lead to delay and / or cost escalation.

## **2. CMAL**

Under this option, CMAL would tender 'Design C' as part of the wider SVRP and enter into a contract with a shipyard or shipyards for the construction of the vessels. THC would need to agree a contract with CMAL governing the delivery of the project.

### **Advantages**

The procurement and supervision of ship build contracts is a core part of CMAL's remit. They have the technical expertise, resources and necessary insurances etc to deliver a project of this nature as a matter of course.

CMAL may benefit from economies of scale, both as a bulk buyer of the SVRP fleet and as a long-term customer of various shipyards.

### **Disadvantages**

THC would be at arms-length from the construction of their own tonnage. Whilst they would likely have a consultative / stakeholder role, the authority to make decisions would need to rest with CMAL as the procuring body (or a change control process would need to be agreed whereby CMAL could make a claim against the Council for any changes in scope etc).

Connected to the above, THC would be outsourcing the management of programme and financial risk to CMAL. The liability for this would need to be clearly defined in the contract, but it seems unlikely that CMAL would want to accept risks associated with another organisation's project.

CMAL's core remit is focused on meeting the needs of the Transport Scotland subsidised ferry networks, i.e., the Clyde & Hebrides Ferry Services and Northern Isles Ferry Services. There is therefore a distinct possibility that the programme requirements of those networks will take precedence over those of THC.

### **Risks**

The main risk would emerge from the contractual interface between THC and CMAL, particularly in terms of the risk of dispute. As THC would be one-step removed from their own project, they would need to ensure that the contract protects their requirements and interests. Equally however, building ferries for the Corran Narrows is not a core part of CMAL's remit and they would be unlikely to assume responsibility for the risks associated with this.

## **3. Partnership between THC and CMAL**

This would be a hybrid of the two previous options, where THC and CMAL would agree a partnership arrangement / joint venture to deliver the vessels. A Special Purpose Vehicle (SPV) could potentially be established.

### **Advantages**

The primary advantage of this option is that it would provide THC with a management role in the delivery of the project, but at the same time would allow them to benefit from CMAL's technical expertise and economies of scale and would address any potential issues associated with intellectual property rights.

**Disadvantages**

Whilst not a disadvantage as such, there would again be a requirement for clear role definition. This would particularly be the case in terms of the allocation of risk and also in ensuring that a governance regime is established that allows 'on the ground' decisions to be taken quickly.

**Risks**

The primary risk with this option would be the interface between the two procuring parties. There would be a requirement to have a well-defined contract / agreement that specified the respective roles of THC and CMAL, including risk management, governance, and financial liability. There would also likely be a requirement for a specific delivery team to be formed, which would have delegated responsibility for day-to-day decision making.

**Preferred Option**

THC has not yet determined a preferred procurement strategy and is continuing to explore all the options as above in this respect.