

The Highland Council

Agenda Item	11
Report No	LA/12/25

Committee: Lochaber Area

Date: 27 January 2025

Report Title: Corran Ferry Update

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

1.1 The purpose of this report is to provide Members with an update on Corran Ferry Operations and the Corran Ferry Infrastructure and Vessel Replacement Project.

2 Recommendations

2.1 In this report Members are asked to:

- i. **Note** the Corran Ferry Operations update; and
- ii. **Note** the Corran Ferry Infrastructure and Vessel Replacement Project update

3 Implications

3.1 **Resource** – Revenue and Capital budget details are provided in the report. Capital funding has now been secured for the Corran Ferry Infrastructure and Vessel Replacement Project,

3.2 **Legal** – Legal advice continues to be followed throughout.

3.3 **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.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – Current crew transfer operations are under review. In future, new ferry berths mitigate the risks associated with ship-to-ship transfer of crew.

3.5 **Gaelic** – there are no implications for Gaelic.

4 Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is an update report and therefore an impact assessment is not required.

5 MV Corran

- 5.1 The MV Corran is currently at refit and her return is expected imminently.

All parties and resources are committed to returning the MV Corran back to service as soon as possible, and stakeholders continue to receive regular updates on her progress.

Refit overhaul comprises a range of planned maintenance and repair work, plus any emergent repairs or additional work required by MCA survey.

It was another big year for planned maintenance and repairs this year with several large equipment items coinciding, and further deck steel patching required. Emergent works identified this refit included an additional hull-plating survey, and a camshaft replacement (the latter alone representing approximately 40 man-hours of extra work) for example.

The MV Corran is now 24 years old. Inevitably the extent of repair and maintenance works required increases over time as the vessel ages, and due to the number of discrete works and specialist third parties involved, so too the length of the vessel refit has extended.

The latest stakeholder's update can be found in **Appendix 1** of this report.

6 Maid of Glencoul

- 6.1 The Maid of Glencoul is currently in service covering for the MV Corran since November 2024.

She is now 50 years old, having entered service in 1975. The resolution of her steering system issues and an extended refit last year, including various hot works, including large steel patches have prepared her well.

She did have a service outage on 5 December 2024 due to a failure with a hydraulic pump drive (required to operate the ramps) but this was resolved same day by the swift action of the crew.

Capacity is an issue during busy periods, being half the size of the MV Corran, and there are restrictions with larger vehicles and dangerous goods, but she is currently performing well despite her age.

7 Refit Services

- 7.1 A Refit Services procurement exercise was undertaken in 2024 resulting in our new Refit Services tender being awarded to Ardmaleish Boatbuilding Company Ltd and commencing in October 2024.

8 Revenue Budget

- 8.1 The latest position with the ferry budget can be found within **Appendix 2** of this report.
- 8.2 Highland Council receives a ring-fenced grant from Transport Scotland on behalf of the Scottish Government to deliver its Internal Ferry Services. This is currently £1m, supporting the Corran Ferry, plus x5 Council operated Small Ferry services at Mallaig – Inverie – Tarbet, Camusnagaul – Fort William, Cromarty – Nigg, Small Isles – Mallaig and Scoraig – Badluarach.
- 8.3 With increased operating costs (repairs and maintenance, pay increases, etc.,) we are projected to operate at a loss again this year and have requested that our Internal Ferries Grant be increased to £1.5m.

9 Capital Budget

- 9.1 Please find the link [here](#) to the media announcement made on 27 November 2024 confirming good news from the Cabinet Secretary for Finance and Local Government Shona Robison, that the Inverness and Highland City Region Deal funding plan for the new Corran Ferry vessel is now confirmed, supporting a sustainable and reliable future Corran Ferry service.

10 Corran Ferry Infrastructure and Vessel Replacement Project

- 10.1 Full details about capital funding confirmed for vessels and infrastructure, and progress with the Corran Ferry Infrastructure and Vessel Replacement Project can be found within **Appendix 3** of this report, entitled Corran Ferry Project – Update.

11 Corran Ferry Fares

- 11.1 Corran Ferry Fares increased from 29 July 2024. Fares were frozen last year (2023/24) when the service suffered significant service outages due to vessel breakdowns (for details about the breakdowns see the 2024 report to Lochaber Area January committee [Corran Ferry Update LAC 23 January 2024 Item 4 LA 2 24](#)). Multi-journey discount book prices were frozen at the current rates for three and a half years since 2020/21.

Highland Council agreed to increase all council fees and charges at a special meeting held on 29 February 2024 to discuss the Highland Council Revenue Budget, Council Tax and the Highland Council Medium-Term Financial Plan for 2024/25 to 2026/27. Increasing Fees & Charges, comprised some person-centred services rising by 4.6%, the CPI inflation rate (12-month period ending Oct 23), with the other services rising by CPI + 3%.

- 11.2 After rounding, for private and light goods vehicles <3,500Kg GVM the new drive-up fare for cars rose by £1 from £10 to £11, and Minibuses up to 16 seats and Caravanettes rose by £1 from £14 to £15. Motorbikes, which saw a larger rise at the last fares increase, remain at £5. The new cost of a multi-journey book of 30 tickets rose by £3.50 to £80.30 (was £76.80, equating to a rise of 12p per journey from £2.56 to £2.68).

New commercial fares include artic lorry £52, a rise of £3.70 from £48.30 and bus/coach (36 seats & over) £29.20, a rise of £2.10 from £27.10.

- 11.3 The full list of fares is displayed on the Corran Ferry [webpage](#) (and noticeboards at the slipways).

12 Flit Boat

- 12.1 The safe transfer of Corran Ferry crew to and from the ferry at the start and end of the day, in all weathers, is done using the crew launch vessel (or 'flit boat'). We are currently reviewing an upgrade of this boat, subject to budget being available. This may present a few opportunities:-

1. improve the safety of the crew transfer operation;
2. allow collection of crew from Corran in all weathers, widening our recruitment pool; and
3. provide a contingency passenger service immediately, with our own crew, should the need arise. Contingency services were described in the report that was presented to Lochaber Area Committee in [January 2024](#)

13 Slipway Repairs

- 13.1 Repairs are required to both slipways, to be initiated as soon as possible. Works will be scheduled so as not to disrupt ferry operations. Works include:-

1. Corran slipway – concrete surface 'pothole' type repairs; and
2. Ardgour slipway – repair surface/steel plate at toe (seaward end).

14 Ticketing

- 14.1 Our new Compass ticketing system came into operation on January 2023, supplied by PDMS Ltd.

PDMS also supply other local authority operators with the same system (and CalMac before they moved recently to their new provider E-Dea with their online system An Turas).

- 14.2 In December 2024 PDMS Ltd were bought over by Volaris Group

15 Corran Ferry Marshalling

- 15.1 Community stakeholders raised concerns about the Ardgour marshalling area's ability for the traffic queues to self-regulate during busy periods, so we have agreed to trial using marshalling personnel to control the queues during busy periods this year.

16 Live Traffic Webcams

- 16.1 Corran Ferry Queue Live Traffic Cameras are up and running on the [Corran Ferry webpages](#) of the Highland Council website, since July 2024. Suggested by stakeholders, they have generally been well received as an improvement helping passengers with journey planning.

17 Community and Stakeholder Engagement

- 17.1 Community Councils are represented on the Corran Ferry Steering group which has been in place since 2019 when the Outline Business Case work for the Corran Ferry Infrastructure and Vessel Replacement Project commenced.

The steering group serves as a forum for updates and discussion about the Corran Ferry Infrastructure and Vessel Replacement Project, and Corran Ferry Operations.

In addition, as mentioned in section 5.1 above, stakeholders receive regular weekly progress updates during vessel Refit overhauls.

Live media announcements are issued as required for any service disruption, updates or key announcements, and [webpages](#) are improved and updated regularly as required.

Designation: Assistant Chief Executive - Place

Date: 14 January 2025

Author: Richard Porteous, Operations Manager, Corran Ferry

Background Papers: [Corran Ferry Update LAC 23 January 2024 Item 4 LA 2 24 Media Release 27 November 2024 - New Ferry Funding](#)

Appendices: Appendix 1 – Corran Ferry Stakeholders Update
Appendix 2 – Ferry Services Budget
Appendix 3 – Corran Ferry Infrastructure and Vessel Replacement Project Update

Corran Ferry – Stakeholders Update – W/C 6 January 2025

MV Corran Refit Progress

In helping to keep us on track, CalMac kindly provided spare parts needed for our Aft drivetrain Voith Turbo Coupling, an issue that became evident just before Christmas. By the end of this week Voith will provide us with their timescale for component reassembly and certification, done in Germany, then delivery back to the vessel for fitting in Bute ready for sea trials and commissioning to enable her return home asap.

Other works are all but complete. Main items are summarised below:-

- Week 1 – Final preparation. Journey to Isle of Bute. Vessel taken out of the water. Refit commenced. Good weather.
- Week 2 – Machinery units removed and delivered to specialists for overhaul. Port Main Engine overhaul commenced. Two large car-deck steel patches commenced and well advanced. Valve overhauls complete. MCA inspection. Good weather.
- Week 3 – Two large car-deck steel patches complete. Positive hull survey results. Engine work progressing well. Replacement of ramp pins and bushes completed. Storm Bert, poor weather & yard funeral shutdown.
- Week 4 – Steel patch NDT test results are positive. Engine overhaul and camshaft work complete, and Main Engines run up. Various machinery unit overhauls ongoing. Electrical, hydraulic, and mechanical works ongoing. Various smaller hot work repairs ongoing. Good weather.
- Week 5 – Starboard generator, and Reduction gear boxes' overhauls complete. Ramp hydraulics overhauled and ready for cylinders. Electrical, mechanical, and outfitting works ongoing. Storm Darragh, wet and cold weather.
- Week 6 – Voith prop units servicing. MCA surveyors return inspection (including anchor chain & locker). Remaining small hot works. Electrical and mechanical works ongoing. Painting catch-up. Dry, cold weather, warming up during the week.
- Week 7 – Voith intimated a delay due to a lead time issue for parts manufacture for a repair to the Aft Turbo Coupling. CalMac kindly provided the parts, eliminating the manufacturing delay.
- Week 8 – Yard Shutdown (Christmas period)
- Week 9 – Yard Shutdown (New Year period)
- **Week 10, this week** – Voith provide estimated completion date for Aft Turbo Coupling repair – To Be Confirmed. Completion of various other outstanding works. Cold weather and snow are affecting painting.
- Week 11 – Raise ramps, relaunch, and tug to Rothesay berth ready for Turbo Coupling.
- Week 12 – Contingency
- Week 13 – Receive and fit Turbo Coupling – Date To Be Confirmed
- Week 14 – Light ship check, sea trials, commissioning, journey home, resume service.

Appendix 2 – Ferry Services Budget

THE HIGHLAND COUNCIL - FERRY SERVICES														
2014/15 to 2023/24 Actual Income & Expenditure And Projections for 2024/25 to 2026/27											Estimated Annual CPI Inflation from 2024/25:		3%	3%
Corran Ferry	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27	
	£	£	£	£	£	£	£	£	£	£	£	£	£	
Expenditure														
Employee Costs	658,120	686,884	698,915	730,395	750,185	880,092	927,671	1,013,322	1,053,061	1,063,251	1,179,428	1,214,811	1,251,256	
Property Costs	26,037	26,654	26,382	34,143	39,607	35,499	34,337	41,111	34,865	55,260	55,260	56,918	58,625	
Fuel Costs	169,843	119,230	135,909	143,406	171,359	165,190	119,453	177,324	249,016	121,996	249,016	256,486	264,181	
Transport Costs	4,904	4,363	3,667	5,580	3,787	9,754	6,752	8,252	9,781	8,201	10,955	11,283	11,622	
Insurance	48,576	60,361	53,823	57,133	21,327	15,169	20,429	20,430	16,781	24,724	56,245	57,932	59,670	
Engine Repairs & Maintenance & Refit Costs	326,158	213,444	314,345	485,214	373,566	383,940	357,837	423,051	765,416	1,316,392	857,266	600,000	618,000	
Other Costs	50,437	43,570	61,371	109,237	126,221	64,063	120,982	166,825	118,277	146,653	132,470	136,444	140,538	
Contingency Costs										1,407,217				
	1,284,075	1,154,506	1,294,412	1,565,108	1,486,052	1,553,707	1,587,461	1,850,315	2,247,197	4,143,694	2,540,640	2,333,876	2,403,892	
Income														
Ferry Dues	(1,260,048)	(1,312,793)	(1,333,480)	(1,386,642)	(1,374,130)	(1,471,327)	(866,873)	(1,632,205)	(1,524,375)	(750,699)	(1,623,459)	(1,672,163)	(1,722,328)	
Other	(34,442)	(33,455)	(33,081)	(34,472)	(33,296)	(33,577)	(33,236)	(32,897)	(27,079)	(16,522)	(30,328)	(31,238)	(32,175)	
	(1,294,490)	(1,346,248)	(1,366,561)	(1,421,114)	(1,407,426)	(1,504,904)	(900,109)	(1,665,102)	(1,551,454)	(767,221)	(1,653,788)	(1,703,401)	(1,754,504)	
(Surplus)/Deficit	(10,415)	(191,742)	(72,149)	143,994	78,626	48,803	687,352	185,213	695,743	3,376,473	886,852	630,474	649,388	
Capital Charges	75,922	75,922	75,922	75,922	75,922	91,126	91,126	105,376	126,046	126,116	126,116	126,116	126,116	
Loss after Charges	65,507	(115,820)	3,773	219,916	154,548	139,929	778,478	290,589	821,789	3,502,589	1,012,968	756,590	775,504	
Small Ferries Contracts									436,490	480,000	502,000	517,060	532,572	
RET Knoydart									70,254	220,000	240,000	247,200	254,616	
TOTAL GRANT CLAIM, EST intimated to Transport Scotland									1,328,533	4,202,589	1,754,968	1,520,850	1,562,692	
Grant Award, for Highland Council run 'Internal Ferry Services'									(897,000)	(1,000,000)	(1,000,000)	(1,500,000)	(1,550,000)	
(Surplus)/Deficit									431,533	3,202,589	754,968	20,850	12,692	

Corran Ferry Infrastructure and Vessel Replacement Project Update

1.	Environmental Update
1.1	The Council's environmental consultant Affric continue to progress with the EIA where the draft EIA chapters are currently being issued for Client review.
2.	Infrastructure Design
2.1	The infrastructure design is progressing with Wallace Stone finalising the detailed design drawings and these will be issued for Client review over the next two months.
3.	Procurement
3.1	The infrastructure stage 1 tender has been issued earlier this week which is a Single Procurement Document (SPD) exercise where interested and suitably qualified and experienced contractors provide their submissions for evaluation which includes financial vetting, the Contractor's relevant construction experience and H&S performance. The Stage 1 SPD exercise has a submission date of 7 February for the Contractors to express their interest. The submissions will be evaluated, and contractors will then be selected for the Stage 2 tender process.
3.2	Stage 2 tender will follow where the selected contractors will be issued with the tender documents and drawings for submission in accordance with the Scope for the Infrastructure works at Corran.
4.	Land
4.1	Further discussions have taken place with the landowners to agree final details for the land agreements and the land plans are being finalised with accommodation work schedules and land negotiations will follow.
5.	Utilities
5.1	Communications are ongoing with SSEN for the power requirements for vessel charging, lighting, and any other power requirements for the infrastructure. The advance works are now being considered and planned by SSEN.

- 6. Programme** Following recent review of the project programme, programme slippage has occurred due to the requirement for an additional Pre-Application Consultation event, additional design and EIA scope requirements, the current programme dates are as follows:-

Activity	Start	Finish
Detailed Design	28/02/24	07/02/25
EIA, Marine Licence & Planning Applications	15/03/24	07/02/25
Marine Licence Consent	24/02/25	26/07/25
Planning Consent	24/02/25	27/06/25
Land Acquisition	17/06/24	25/04/25
Contract Documentation	28/10/24	25/04/25
Tender Period – Stage 1 – Single Procurement Document	08/01/25	07/02/25
Tender Period – Stage 2 – Works	28/04/25	14/08/25
Construction	10/11/25	10/05/27

7. New Vessel

- 7.1 As Members will be aware the Council received confirmation in November 2024 of up to £28m in funding from the Scottish Government, allowing us to proceed with plans for a new electric ferry.
- 7.2 This funding, part of the Inverness and Highland City Region Deal, comes alongside additional investment in shoreside improvement which will be funded by £20m from the UK government and £10m from The Highland Council.
- 7.3 As per the current Infrastructure programme dates (as set out above) the construction of the new 1:8 slipways and the overnight berth will be completed by May 2027. It is hoped that we can deliver the new ferry as quickly as is reasonably possible to match the readiness of the infrastructure.

8. Economies of Scale - Vessel Standardisation

- 8.1 As Members will be aware the completed design work by NaValue has been commissioned and funded by CMAL, with THC contributing. This has been beneficial and certainly saved THC considerable sums of money as CMAL have taken the lead as part of the SVRP Programme.
- 8.2 The key point of a series of identical or near sister vessels is to achieve standardisation. This has many benefits for crew familiarisation, commonality of spares and minimising the inventory of spares.
- 8.3 In line with this standardisation the new Corran vessel will have the same design as the CMAL vessels albeit with a wider beam to allow for 8 additional cars.
- 8.4 The new vessel will also be drive through which will have the potential to eliminate periods of operational outage and this is why there will be relocation of the port infrastructure, namely the slipways.

9. Procurement Plan

9.1 Following the recent funding approval for the new vessel, a critical decision will now have to be made as to which party will procure the new Corran vessel.

There are three options in this respect:-

Option 1	CMAL (Out of Scope)
Option 2	The Highland Council
Option 3	A partnership / joint venture between THC and CMAL

10. Option 1 - CMAL (Out of Scope)

10.1 Under this option, CMAL would tender the new Corran vessel as part of the wider SVRP phase 1 and enter a contract with a shipyard or shipyards for the construction of the vessels.

10.2 Unfortunately, this option is now out of scope to the Highland Council as we did not have the funding in place in time to be part of this procurement process

10.3 CMAL's SVRP phase 1 tender process for the procurement of seven new electric ferries is well underway with six yards selected to progress to the Invite to Tender stage.

10.4 CMAL's SVRP phase 2 option for an additional 3 vessels is also out of scope as there is currently no funding allocated for Phase 2 vessels in 2026/27 with planned dates subject to an OBC and budget approval.

10.5 CMAL's phase 1 tender returns are expected by January 2025, with a view to awarding the contract in March 2025.

10.6 CMAL are happy to guide and assist us through the procurement process as we prepare our Invitation to Tender documents.

11. Option 2 - The Highland Council

11.1 Under this option, THC would tender the new Corran vessel design and enter a contract with a shipyard for the construction of the vessel.

11.2 Advantages

11.2.1 THC would have full control over the procurement of the vessel and the 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.

11.3 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.

11.4 **Disadvantages**

- 11.4.1 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.
- 11.4.2 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 has benefitted from in-kind support from CMAL in the development of the vessel design and would lose these economies if they procure the Corran vessels separately and potentially at a different shipyard.

11.6 **Risks**

- 11.6.1 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.

12. **Option 3 - A partnership / joint venture between THC and CMAL**

- 12.1 THC and CMAL would agree a partnership arrangement / joint venture to deliver the new Corran vessel.

12.2 **Advantages**

- 12.2.1 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.

12.3 **Disadvantages**

- 12.3.1 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.

12.4 **Risks**

- 12.4.1 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.

13 **Procurement - Preferred Option**

- 13.1 It is important to stress that we are at the early stages of the procurement process. Project officers are working closely with the Council's procurement and legal teams, and we are also seeking external legal advice from a shipping lawyer as part of our due diligence in developing a plan for the new Vessel.

- 13.2 In addition, we are taking external advice on the tender specification for the new Corran vessel through the National Shipbuilding Office.
- 13.3 The preferred procurement plan will be subject to approval through the project's governance arrangements and will be presented to Members for their approval in due course.

14 Inverness and Highland City Region Deal - Governance

- 14.1 As per the IHCRD governance arrangements any funding will only be released post-Final Business Case (FBC) which will include the final tender prices.
- 14.2 The project team are working closely with lead consultants Stantec to develop the Final Business Cases for both the Infrastructure and the New Vessel to satisfy the Scottish and UK government funding arrangements as below -

14.3

Infrastructure + New Vessel - Funding			
Workstream	Budget	Amount (£)	Funder
Infrastructure	Capital	£20M	IHCRD - UKG - 2/3
Infrastructure	Capital	£10M	THC - 1/3
New Vessel	Capital	£28M	IHCRD - SG
	TOTAL	£58M	

- 14.4 The Council can use the £10m to cover costs for now, this will act as a temporary loan until the Full Business Case (FBC) is approved, by which time we can make a claim.
- 14.5 Once eligible (post FBC), we will be able to recover the money we have spent, as long as we properly forecast and plan the claim at the right time. Meaning then, that the full £20m of UKG monies could be 'spent' first, leaving the £10m of Council monies still being available at the back end of the project.