

ACTION POINTS OF GOUROCK-DUNOON FERRY SERVICES STEERING GROUP MEETING ON 19 JANUARY 2016

Present

Derek MacKay, MSP, Minister For Transport & islands
[REDACTED], Argyll & Bute Council
[REDACTED], Convenor Dunoon Gourock Ferry Action Group
[REDACTED], Dunoon Gourock Ferry Action Group
[REDACTED], Dunoon Gourock Ferry Action Group
[REDACTED], Dunoon Gourock Ferry Action Group
[REDACTED], Dunoon Gourock Ferry Action Group
[REDACTED], Dunoon Gourock Ferry Action Group
[REDACTED], Inverclyde Council
[REDACTED], Inverclyde Council
[REDACTED], Inverclyde Council
[REDACTED], Dunoon Gourock Ferry Action Group
[REDACTED], Argyll & Bute Council
[REDACTED], Transport Scotland
[REDACTED], Transport Scotland
[REDACTED], Transport Scotland
[REDACTED], Transport Scotland
[REDACTED], Transport Scotland

Apologies

[REDACTED], Argyll & Bute Council
[REDACTED], Transport Scotland
[REDACTED], Argyll & Bute Council
[REDACTED], Inverclyde Council

Welcome and Introductions

1. The Minister for Transport and Islands welcomed group members.
2. The Minister explained that a Topical Parliamentary Question had been lodged in the Scottish Parliament and that he may have to curtail his attendance to travel to Edinburgh.

Minutes and Matters Arising:

3. The Minister asked if the Minutes of 5 May 2015 were agreed. [REDACTED] replied that, as the Dunoon Gourock Ferry Action Group (DGFAG) had only received these minutes on 15 January 2016, they were not in a position to comment. The Minister agreed to a request from [REDACTED] that DGFAG submit comments on the previous Minutes by Friday 22 January.
4. The Steering Group commented that the delay in issuing minutes had become normal practice, and queried why this was the case. [REDACTED] confirmed that he would ensure that future minutes were issued more timeously.

5. [REDACTED] clarified that point 6C of the previous Minutes should be attributed to [REDACTED] and not [REDACTED] who had not attended the meeting.

Action Point 1: Steering Group to submit comments on 5 May 2015 Minutes. (Completed, [REDACTED] sent tracked changes on 23 January 2016).

2017 Contract - Procurement Update:

6. [REDACTED] explained that the intention was to issue the Invitation to Tender (ITT) in the Summer of 2016. [REDACTED] companies, one 'shipping' company and [REDACTED]

7. [REDACTED] advised that Transport Scotland would offer meetings with potential operators in advance of the Contract Notice and Pre-Qualifying Questionnaire and Prospectus (PPQQ) being published. [REDACTED] couldn't provide firm dates at this stage in the procurement process, but the initial timeline anticipated the Contract Notice and PPPQ being published early Summer, with the ITT being issued to qualifying participants later in the Summer.

8. No firm decision has been made about the procurement approach to be followed; the current preference was for an approach which allowed engagement and dialogue with bidders during the development and submission of tender submissions.

9. [REDACTED] informed the group that bidders would be invited to tender for a passenger-only service, whilst providing an opportunity to provide a vehicle-carrying service at their own commercial risk, with no subsidy.

10. [REDACTED] asked for assurance that a decision would not be made in favour of a bid offering an available passenger vessel, rather than one offering a passenger and vehicle vessel which might not be available until a later date. [REDACTED] advised that the contract would be awarded to the Most Economically Advantageous Tender for the passenger offering and that the timing of availability of vessels would not affect the decision. The new contract will begin in June 2017, with any new vessel(s) being made available as soon as practicable thereafter.

11. Discussion took place about the findings in the MVA study in relation to a suitable vessel specification for the provision of a reliable ferry service, with DGFAG members emphasising that a 40 metre minimum length was essential. The Steering Group were advised that a qualified maritime expert would be used to advise Transport Scotland further on the minimum vessel specification to be set out in the ITT. The key focus would continue to be the provision of a safe, reliable and weather resilient ferry service in future.

12. [REDACTED] drew the group's attention to the key conclusion of the Transport Scotland commissioned MVA report, that to cope with varying sea conditions, wave height and wave pitch, the minimum length of vessel should be

40m, so as to best ensure a resilient service and indeed a satisfactory passenger experience, and that this should be reflected in the minimum vessel specification to be set out in the ITT.

13. ██████████ said that tonnage was not an important factor in vessel suitability, stating that the length of vessel was paramount and longer vessels would be better suited to cope with the wave pitch. ██████████ stated that the Streakers, vessels used previously on the route, ran with 99.5% success rate and he believed that this was as a direct result of the 70m length. ██████████ also felt that asking for a longer vessel would encourage a vehicle carrying service. ██████████ quoted the MVA report, saying that the length of a vessel was a factor in ensuring improved reliability.

14. ██████████ noted that Transport Scotland will set out a minimum vessel specification in the ITT to deliver the required level of a safe, reliable and resilient ferry service within the specific context of the sea conditions within the Clyde Estuary. The MVA report would be used to inform further consideration by Transport Scotland's appointed maritime experts on minimum vessel requirements to deliver the required levels of service performance and reliability. ██████████ also confirmed that there would be no break in the continuity of service provision, whilst the successful bidder commissioned future vessel specifications.

15. Steering Group members queried whether additional scoring could be given to bidders offering a vehicle service. ██████████ advised that, as this would be a tender for a public subsidy, consideration could only be given to the qualitative and financial aspects of the passenger elements that would qualify for that subsidy – be that a passenger-only or passenger and vehicle bid.

16. A question was raised as to whether a company could submit more than one bid i.e. a passenger only and also a passenger and vehicle bid. ██████████ noted that the competition would be assessed for the provision of a public subsidy for a passenger-only service and it would be for bidders to decide how they tender for that subsidy within the terms of the competition.

17. ██████████ said that Scottish Ministers had previously stated that the Scottish Government's policy objective was to have a vehicle carrying service on the town-centre route. Although the tender was for a subsidised passenger service, it was important that it reflected the Scottish Government's stated policy objective.

18. The Steering Group raised questions about whether CalMac would be put off tendering due to a perceived lack of suitable vessels. ██████████ stated that CalMac would not be disadvantaged, with all tenderers being treated fairly and equally in terms of the procurement competition.

19. ██████████ suggested that a company offering a passenger/vehicle service could potentially use profits made from the vehicle service to reduce the subsidy requirement. As a Taxpayer, he felt that this should be considered to reduce the burden on the public purse.

20. [REDACTED] confirmed that the Action Group were not representing any particular ferry company and that they would be open to discuss the service with any company who has expressed an interest in tendering.

21. [REDACTED] stated that the Herald had reported that the 2011 contract was based on a maximum subsidy of £1.8 million which had increased to £3.8 million? [REDACTED] explained that the higher figure included additional subsidy costs to reflect, amongst other improvements, the deployment of the MV Coruisk over the winter period and that the subsidy for the next contract would reflect the costs of the specification for providing the services under the next contract.

Harbour Charges

22. [REDACTED] asked if bidders would be required to negotiate harbour charges. [REDACTED] said that the current position was that harbour fees would be offered equally to all Participants.

23. The Minister informed the Steering Group that he was keen to move forward on future harbour charges and that Transport Scotland officials would engage with CMAL and Argyll and Bute Council to this effect.

24. [REDACTED] summarised the latest position on harbour charges:

- Transport Scotland has considered DGFAG's two main points – the legality of the CMAL charging regime, and the assertion that the current harbour charges would discourage a vehicle/passenger bid;
- Transport Scotland is satisfied that CMAL's position on networking charging is an appropriate charging regime - but a "stand alone" harbour charging regime for Gourock is also an appropriate option. Transport Scotland officials will discuss both options with CMAL;
- There is no guarantee that the "stand alone" option would produce harbour charges at the level anticipated by DGFAG.

25. [REDACTED] added that Argyll and Bute Council faced a similar situation at Dunoon harbour – noting that any action to reduce charges could present financial challenges.

26. [REDACTED] noted that currently the size of the vessel dictates the level of charging; resulting in the carriage of vehicles attracting higher charges. [REDACTED] view was that these charges had no bearing on the cost of harbour provision. [REDACTED] asked if it was possible to put an arrangement in place where charges are the same regardless of whether it is a passenger only or passenger/ vehicle service. Other members raised the possibility of introducing a level charge.

27. [REDACTED] confirmed that these issues would be taken into account in any discussions between Transport Scotland, CMAL and Argyll and Bute Council on future harbour charges.

28. ■ enquired that, should new-build vessels be commissioned for Gourock – Dunoon, would they be built at a local shipyard? ■ responded that, under the terms of the tender, it would be up to bidders to provide/commission alternative vessels. The Minister cited the award of recent Scottish Government shipbuilding contracts with a value of some £100m to Fergusons, confirming the Scottish Ministers' commitment to commercial shipbuilding on the Clyde.

Action Point 2: Transport Scotland will engage with CMAL and Argyll and Bute Council on future harbour charges.

Future Role of Steering Group:

29. The Minister thanked the Steering Group for their attendance and contribution and left the meeting due to Parliamentary commitments. ■ chaired the remaining part of the meeting.

30. ■ noted that a Stakeholder Group would be set up to comment on the development of the ITT. Consideration would be given to the remit and membership of this group, similar to that of the Independent Procurement Reference Panel for the CHFS tendering. Membership of the Stakeholder Group will include appropriate representation from the Steering Group, the Action Group and other stakeholders.

31. ■ re-stated the Steering Group's purpose and said that there was still a requirement for the Group to continue alongside the Stakeholder Group, allowing for continued discussion on longstanding issues such as Harbour Charges and Cost Apportionment.

32. In response to a request from DGFAG to have sight of the document for the assessment and scoring of tender submission, ■ responded that Transport Scotland, as the Contracting Authority, could not delegate its legal responsibilities and liability for the assessment, scoring and outcome of the tender competition to third.

Action Point 3: Transport Scotland to consider the purpose, remit and membership of Stakeholder Group

Operational and Service Issues:

33. ■ noted that the MV Coruisk was deployed on the route on 23 December to provide extra resilience and reliability over the winter period.

34. ■ and ■ reported two recent operational issues:

- 5 January 2016 - the MV Coruisk was berthed in Dunoon which meant that the AFL vessels could not sail and berth in the harbour. A loose buoy in Gourock may have been the issue. Could the Coruisk not have been moved to allow other Ferries to berth at Dunoon?

- Timetable clashes with the Gourock-Rothesay service. The 1750 G-D sailing is not departing on time due to the MV Bute blocking her departure. Can the Wemys Bay ferry be timetabled to leave 10 minutes early?

Action Point 4: Transport Scotland's Contract Management Team will contact the operator to discuss these issues and respond.

AFL Performance:

35. The regular performance report was presented to the Group.

36. The Group noted that there had been problems with the service in November and December, recognising that much of this had been as a result of challenging weather conditions.

Next Meeting:

37. As noted above, ■■■ requested that further meetings of the Steering Group, in its current form, are required to report on progress of the procurement exercise

Action Point 5: ■■■ will come back to the Group on this request.

■■■ thanked everyone for their input.

END.

Transport Scotland April 2016