

RURAL ECONOMY AND CONNECTIVITY COMMITTEE

INQUIRY INTO CONSTRUCTION AND PROCUREMENT OF FERRY VESSELS IN SCOTLAND

SUBMISSION FROM SCOTTISH ISLANDS FEDERATION (SIF)

1. What are your views on the conclusions and recommendations of the programme review board with respect to delivering the most effective delivery programme for the completion of the two vessels, MV Glen Sannox (vessel 801) and vessel 802?

Given the importance of connectivity to the sustainability of Scottish island communities, SIF welcomes the opportunity to contribute perspectives on behalf of our members. Recognising what we consider to be pressing deficiencies of present island ferry services in terms of capacity and resilience, SIF supports early resolution of issues concerning the commissioning of vessels 801 and 802.

SIF lacks specialist technical expertise to provide a comprehensive view on the findings of the review so is concerned that some perspectives of some experts seem mutually contradictory. Insofar as design specification and procurement processes for vessels 801 and 802 seem to be implicated in subsequent difficulties delivering the contract, in our view, it is perhaps telling that the perspectives of CalMac and also of island communities, seem not to have been accorded due weight as key stakeholders in such an expensive project.

We believe that it is disappointing that islanders in Lewis, Harris and North Uist felt ignored when they suggested that two smaller vessels would be a better solution on their routes, and it is perplexing in our view if the Glen Sannox was not designed with Ardrossan Harbour in mind.

In the light of the evidence, SIF is concerned that the scope of the review does not appear to extend to key considerations of the suitability of the design and specifications of vessels 801 and 802, or to explore other options.

With the final design for vessels 801 and 802 still not in place, SIF is also concerned there is a risk that project costs may spiral with further schedule slippage yet still not project outcomes fit for purpose which meet the needs of island communities and CalMac as the operator.

2. What has been the impact of the repeated delays to completion of the contract to construct two hybrid ferries on the specific routes and island communities awaiting delivery and entry into service of these two vessels?

We would refer to the submissions from each of the islands and the CalMac Community Board each of which clearly outline the extent and the reach of impact felt by island communities.

As islanders dependent on ferry services we are very concerned that our ferry network seems, in our view, to lack capacity, reliability and resilience. These considerations impact every aspect of island life, and are, we believe, critical to the local quality of life for islanders and the attractiveness of islands to visitors. In our view, ongoing delays to vessels 801 and 802 have compounded the situation with impacts being felt not just by communities awaiting their new vessels, but across the islands.

SIF is also aware of similar issues and concerns of our members in Orkney where we believe that the quality of service provided by an ageing fleet of inter-island ferries is becoming less adequate.

In 2019, the Scottish Government Islands Team conducted a widespread consultation with Local Authorities and island communities in order to align the National Islands Plan objectives with the opportunities and priorities identified directly by island communities. Every island community consulted highlighted transport as a key challenge, which we believe is a powerful indicator of the scale and scope of impacts of what we perceive to be ferry service failures.

3. What actions can be taken, in particular with respect to improved contract management processes, to ensure future contracts of this type are delivered a) on time; and b) on budget?

In our view, growing and developing our ferry network is integral to the sustainability of island communities and also to potential for economic development of Scotland as a whole. For this reason, we believe that the situation regarding vessels 801 and 802 is thus cause for particular dismay.

We believe that lessons must obviously be learned from the failures of this project, in terms of requisite skills, expertise and communications essential to the effectiveness of the overall management team. In our view, greater transparency of process from the outset would seem appropriate to ensure that considerations of design and specification of new vessels are as well informed as possible, drawing on perspectives of all relevant parties.

SIF strongly believes that strategic transport plans need to be tailored to local needs, aspirations and opportunities and that action should be taken to recognise island communities as equal stakeholders in substantial strategic investment in infrastructure developments, so far as practicable. Beyond mere consultation and keeping us informed, we would argue that there is surely potential for multi million pound projects to actively engage with island community interests as collaborative partners throughout the development process, rather than consider us as passive beneficiaries of others' efforts to meet our needs, which we believe is currently the case.

In our view, a first step could see the Calmac Community Board and Local Authorities given a stronger role and greater influence in future strategic transport planning involving islands. We believe that a similar or combined body would be needed to represent the voices of Orkney and Shetland communities.

Rather than design each vessel in isolation, we believe that a more holistic integrated approach to transport commissioning might be to consider the current and future needs of particular island communities, as envisaged by the National Islands Plan. In this way, we believe that the ferries network might better support and also benefit from strategic energy transition opportunities associated with islands and optimise potential for long-term synergies with island communities.

4. What key challenges need to be addressed in procuring new vessels to support Scotland's ferry network and how might these be overcome?

In our view, addressing the slow pace of procurement and ensuring that the views of island stakeholders play a much fuller role in the process would be welcome developments.

SIF is mindful of the fact that CalMac is, in our view, unique as a ferry company in that it does not have the ability to procure its own vessels and invest in the long term. In our view, vessel procurement through CMAL appears too dependent on short term funding cycles without a clear budget

line put in place by the Scottish Government to cover periods of 10 or 20 years which, we believe, would allow proper investments to be made to replace a fleet which, in our opinion, is now showing its age and limitations.

Ensuring the right approach is taken to the climate emergency: We believe that exciting lessons are being learned from pioneering hydrogen production from renewables in Orkney which, we understand, is now used for transport as well as heating. In our view, the climate emergency demands new thinking including partnership with island communities concerned with minimising avoidable carbon emissions. We believe that fossil fuelled ferry services currently account for a high proportion of some islands' carbon footprints.

In our view, perhaps for some smaller islands, there may be a case for splitting current services into slower low carbon services for freight and faster passenger services. Insofar as islands are potentially in the vulnerable front line of adverse impacts of the climate emergency, we believe that some fresh thinking about ferry procurement is vital. Perhaps we could suggest that fleets of electric vehicles for shared use on islands may reduce need for massive ferries to convey holiday makers cars?

In our view, such a fundamental rethink however should only be considered as an element of a wider transition agenda which must necessarily be shaped by local authorities and island communities working closely together with ferry operators and national government, as it is predicated, we would assert, on a completely different model of individual transport usage.

5. How might the experience of the procurement and fulfilment of the current hybrid ferries contract inform the development of an updated Ferries Plan?

We believe that this experience needs to inform the development of a future Ferries plan to ensure that lessons learned are applied and a more robust system is put in place that is driven by island community input, needs and ambitions.

6. What are the likely implications of the Scottish Government's decision to take Ferguson Marine Engineering Ltd. into public ownership for the fulfilment of the current contract and the award of future contracts for the construction of new ferries?

We believe that, building on the Clyde shipyards' history, continuing ship building capability in Scotland appears a very legitimate aspiration. However, in our view, dependency on temporary migrant workers with short term contracts shows the difficulty inherent to the lack of a local skilled workforce in carrying out efficient delivery. Without commitment to a properly resourced training programme implemented to skill up a local workforce who will then be able to deliver on future contracts, we believe it is difficult to see how Ferguson Marine Engineering Ltd. can meet such ambitions.

Whilst SIF supports efforts to ensure the renewal of ship building in Scotland in principle, we believe that the urgency of vessel replacement for Cal Mac's ageing fleet and considerations of environmental sustainability may require exploration of other options.

7. What impact is the United Kingdom's departure from the European Union likely to have on the future award of new ferry construction contracts, in particular as regards ongoing compliance with applicable rules on state aid and competitive tendering?

SIF's ongoing links with other European islands networks may be able to help and support useful exchange of knowledge and experience. We believe that State aid rules and competitive tendering are likely to be relaxed, but that there is merit in continuing to learn from other European countries – particularly in Scandinavia - how they deliver and invest in lifeline services to island communities.

We understand that Sweden and Aaland in particular have been leading on ferries using less fossil fuel. We believe that Samso's new ferry runs on biogas.

We believe that the Governor of Saaremaa, Estonia's largest island, suggested after a CalMac sailing to Mull from Oban that the ferries recently withdrawn from service on his local route there in favour of upgraded more efficient designs, would nonetheless represent a much more modern alternative to the Isle of Mull ferry.