

News release

Embargoed until 00:01 hours, Thursday 19 October 2017

New long-term strategy required for Scotland's ferries

Spending on Scotland's ferry services has more than doubled since 2007/08, increasing vital links to the islands. But the full extent of future spending requirements is not known and could be substantial.

A report published today by Audit Scotland says Transport Scotland, the Scottish Government agency in charge of national transport spending, needs a new long-term plan for Scotland's ferry services.

Transport Scotland currently supports 32 ferry routes through three main contracts and, overall, the operators of these contracts are performing well. More than £209 million was spent on ferry services and assets in 2016/17, an increase of 115 per cent since 2007/08. This is mainly due to an increase in services, new boats and the impact of the Road Equivalent Tariff, which has reduced the cost of ferry travel in the Clyde and Hebrides.

The report says Transport Scotland has made significant progress in its current ferries plan although this is largely focused on the Clyde and Hebrides routes. Major developments lie ahead, including reducing fares to the Northern Isles from 2018, but the full costs of these are not known. Substantial investment is required in harbours, but the full extent of this is also unclear. All of this underlines the need for a new, long-term strategy, covering the whole of Scotland, to determine and prioritise future investment.

The report says Transport Scotland does not routinely measure the social and economic impact made by ferries. Ferry users are generally happy but want to be better informed and involved in decisions which affect their services.

The report recommends that Transport Scotland improves its procurement arrangements for ferry services, after finding weaknesses in the arrangements for the recent Clyde and Hebrides contract. As Transport Scotland only received one compliant tender, it was not required to analyse the 350 commitments made by CalMac in its successful bid. This means it cannot fully show the added value that the new contract will provide. The contract was awarded from October 2016 at a cost of £868 million over eight years. Transport Scotland expects this to increase to reflect planned timetable and other changes and estimates the current cost at £975 million.

Fraser McKinlay, Audit Scotland's Director of Performance Audit and Best Value, said: "Ferries provide vital links for Scotland's island communities and overall they are performing well. But it's critical that they provide value for money at a time when all public spending - on the islands and the mainland - is under pressure.

"As it stands, Transport Scotland does not know the full extent of future spending requirements on ferry services and assets and it will find it difficult to provide these services within its allocated budget.

"With so many developments ahead, Transport Scotland needs to make important spending decisions. Its future investment priorities must be based on ferry users' needs and good information on the benefits that services provide."

For further information contact Chris Holme Tel: 0131 625 1653 cholme@audit-scotland.gov.uk or Elizabeth Gorrie Tel: 0131 625 1661 egorrie@audit-scotland.gov.uk

Note to editors

1. Audit Scotland estimates that there are 66 ferry routes across Scotland, managed by a number of public and private operators. The audit focused on the 32 routes that Transport Scotland subsidises and did not review ferry services operated by councils or the private sector.

2. Transport Scotland has gradually rolled out the Road Equivalent Tariff (a fares structure based on the equivalent cost of travelling by road) to Clyde and Hebrides routes since October 2008. This was in response to a Scottish Government commitment to lower the cost of ferry travel to reduce the economic disadvantages experienced by remote island communities.

3. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

- The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament
- Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.