

## Ferry Crisis

**Background:** In striving to implement the service provisions of the 2012 Ferry Plan, Scottish Govt(SG) has (1) failed to make the contingent capital investment to deliver this service provision, (2) failed to ensure collateral contingency requirement(s) put in place and (3) failed to quantify the impact of RET .

**Lets start** with this extract from Drummond's(interim MD CalMac) press release on 30 Mar (Easter Friday) as the full impact of the Clansman's withdrawal was felt .

Drummond is acutely aware of the responsibility that comes with his new role, and the scale of the challenge that lies ahead over the next seven months or so, as **CalMac's ageing fleet prepares** for another busy summer and one that promises to be its busiest ever on record.

**"We're already dealing with the consequences of that reality and I'd like to apologise to everyone impacted by the temporary removal of the MV Hebridean Isles from the Islay services to cover for the MV Clansman, which is currently in dry dock awaiting the return of the propulsion unit sent to Denmark for repairs. We know that locals and visitors alike have come to expect the more regular service and greater capacity provided by two boats, so we understand people's frustration when one of those vessels needs to be deployed elsewhere.**

This was reported in some media as :- ' **Robbie Drummond, warns that ageing vessels could cause disruption to services over the summer as its fleet is reshuffled to cover for a ferry undergoing repairs**' and . '**CalMac ferry passengers could face delays due to ageing fleet**'

With Easter holidays over, Tues 4<sup>th</sup> Humza Y responded with his [Islay ferry pledge](#) . This was **fake news** as this Islay ferry has been in the project phase since 2016. Coincidence,or was it his initial salvo exchange in the **Ferry blame-game?**

Drummond subsequently issued a [detailed press release](#) on network ferry disruption which Ian G circulated (19<sup>th</sup>April)to which SG blandly [responded with](#):- "**Our recently published vessel replacement and deployment plan shows how existing, planned and prospective vessels could be deployed across the network to deliver the commitments set out in the Scottish Ferries Plan, and better address forecast demand.**"

**Now lets look at 'Ferry Replacement ' documents , first Scottish Government's (SG) and then CMAL's**

**(1) SG's Ferry Plan:** SG's Ferry Plan 2013 objective as stated in its summary :-' **..sets out strategic guidance for the provision of ferry services in Scotland over the next 10 years**'.

The Ferry Plan(FP) specified this Vessel Replacement Programme:(These estimated costs have proven to be significant underestimates)

Medium-term	To 2016	£45 m
<ul style="list-style-type: none"> <li>▪ Replace MV Isle of Cumbrae</li> <li>▪ Replace MV Hebridean Isles</li> </ul>		
Long-term	To 2019	£90 m
<ul style="list-style-type: none"> <li>▪ Replace MV Isle of Arran</li> <li>▪ Replace MV Loch Linnhe</li> <li>▪ Replace MV Loch Riddon</li> <li>▪ Replace Isle of Mull</li> </ul>		

**(2) SG's Vessel Replacement and Deployment Plan(VRDP).** The clue is in the title!. SG's first **Vessel Replacement and Deployment Plans(VRDP 2014 )** was published 2½ years after the FP. The VRDP' **'.....is intended to complement the Ferries Plan by considering historical and projected customer demand and the on-going provision of capacity to meet that demand'**. **It radically changed the FP's Replacement Programme** to:HI to remain in service till 2021/ IoM till 2024 with only the IoA an unlikely sale possibility in 2019.

**So was the FP now relegated to a document of fantasy, to become testimony to SG's failure to deliver ferry replacement?**

**Replacing the IoA/IoM/HI with one ferry each , alters nothing. Replacing each of them with two ferries** is the substantive CHFS network requirement. Recent Ministerial statements re commissioning studies to extend these Ferries working lives confirms this requirement, if only to reconcile the impact of RET to the Ferry Plan. Traffic volume dictates Mull/Arran/Islay to be two-ferry all-season services. Cascading is the offered palliative, but simply robs Peter to pay Paul. Extending aged ferries to 40 yrs only plasters over the cracks. It solves nothing, very expensively. Note the FP states:-'**Our policy will be to replace vessels once they reach the end of their working lives. This is around 30 years.**'

**(3) CMAL's 'planning' documents** were initiated by their **10 yr Strategic Plan 2014-2024** .It reflected the Ferry Plan's replacement programme. As an aside since the publication of the Ferry Plan,only the MF **Isle of Lewis** has been considered for sale but only if '**surplus to requirements**'. This 10 yr Strategic Plan was dropped to be replaced by **CMAL's 3 yr Corporate Plan 2014-17**.It stated 3 medium sized ferry orders to be placed in 2014 for sequential delivery 2016/17/18.This accorded with the FP .**But no orders were placed**,and the subsequent **3 yr Corporate Plan 2015-2018**, reduced this to 2 units.

I challenged SG-TS to explain (1) why **CMAL's 3yr Corporate Plans** had replaced **CMAL's 10 yr Strategic Plan 2014-2024** and (2) why the subsequent 3 yrs Corporate Plan had reduced ferry replacement from 3 to 2 ferries.

TS explained (1) was 'to address the anomalies ... to ensure consistency with the Ferry Plan' but re (2) TS obfuscated. It is important to be aware (a) that TS had attended CMAL and CalMac board meetings at which Board approval was given to the Plans stating 3 ferries to be ordered, and (b) CMAL's Strategic and Corporate Plan were '**subject to TS scrutiny**'. But there was no minute recorded of TS advising the respective Boards of any 'anomalies'. This suggests poor governance.

These two ferries(H801/H802)were ordered in 4Q 2015 for delivery 1Ha2018(Now delayed till 1Q /3Q 2019 respectively)

The latest CMAL **3yr Corporate Plan 2016-2019** only refers to sales of vessels as a non-specific '*project*'. Intriguingly there have been no subsequent CMAL 3yr Corporate Plans.

This latest VRDP(2016) did not offer Islay the short/medium term ferry solutions as promised in the previous VRDP .It made no reference to specific ferry replacement as per the 2013 Ferry Plan. On the contrary it **outlined the planned deployment of all ferries after delivery of the new 2x102m ferries under construction (H801/H802):-** H801(MF Glen Sannox) to be deployed on the Arran route, and H802 to be deployed in the UIG triangle. MF Isle of Arran to be deployed elsewhere, but unspecified ,and MV Hebrides 'cascaded' into the Mull route, to operate in tandem with either the MV Isle of Mull or MV Isle of Arran.

The publication of the 2016 VRDP was delayed till Jan 2018 to present the implications of delayed delivery of H801/H802, yet still managed to get the delivery of H802 wrong!! (Note VRDPs are signed off by Ministers)

H801/H802 are delayed. H801 will not be into service till 1Q 2019 and H802 in 3Q2019 ie 12 months later than the original delivery date on ordering.(Note these 2 ferries cost £97mill on ordering, and will incur an estimated further £9mill in pre-deployment costs. This indicates that the 2013 Ferry Plan's estimated replacements costs are underestimated by approx £50mil)

Assuming H801/H802 maintain this latest delivery schedule, then from 1Q 2019 MV Isle of Arran may be surplus to requirements and by 3Q 2019 either the MF Isle of Mull or MV Isle of Arran may be surplus to requirements. Ie **one of these ferries could be a stand-by ferry from 1Q2019**. But with the former 36yrs old, and the latter 32 yrs old these units will be well past their sell-by dates. The downtime time in the last few yrs of the MF Isle of Arran only confirms she is a very expensive unit to maintain in service.( Note the 2014 VRDP proposed the MF Isle of Mull in service till 2024 ie 40yrs).

The introduction of H801/H802 only reduces the fleet average age of Calmac's 'B' class ferries to 20 yrs ie still an overage fleet by international standards (cf Norway) and a far cry from the strategic aims of CMALs Strategic Plan 2014-2024 which stated that by 2022 :-... **there would be 31 vessels remaining in the fleet at an average age of 13 years. It would be expected there would be a significant reduction in operating costs, fuel costs and emissions. The vessels would have enhanced levels of safety, passenger experience and reliability.**

**The Ferry Plan was well intentioned but has consistently lacked Scottish Govt's investment, to avoid the current ferry reality as described by Drummond ie-** '**We ask a lot of our fleet,....I am also very conscious of the workload our boats will be undertaking and the strain that puts them under, particularly the older vessels in the fleet, eight of which are more than 30 years old.**

**Ferry Failures** of Scottish Govt-TS incl :-

1. Failure to finance Stornoway Harbour works to accommodate the MF Loch Seaforth, on her delivery . She had to be laid-up for 3 months thereby adding £3.9m to her pre-deployment costs
2. Failure to address timeously alterations required to Craignure to accommodate the MF Isle of Lewis from 2016. The VRDP's emphasised urgency.This was ignored (Tiree was a significant beneficiary of this failure)
3. Failure to respond to Audit Scotland's excoriating report of which the summary stated inter alia:- **Transport Scotland will find it challenging to continue to provide ferry services that meet the needs of users within its allocated budget.**
4. Failure to implement its peer review of the 12 month delay to delivery of H801/H802
5. Failure to rigorously examine ferry design options, proposed by its own Expert FerryGroup, which may deliver ferry provision at considerably reduced capital and operating costs .
6. Failure to publish a review of the Ferry Plan, which has been underway since 1Q 2017( I suspect dropped)

**Ferry Successes:-**

1. Better decision-making re foul weather cancellation(s)
2. Coffee Cabin