

LIVERPOOL CITY REGION COMBINED AUTHORITY

To: Merseytravel Committee

Meeting: 7 January 2016

Authority/Authorities Affected: Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral

EXEMPT/CONFIDENTIAL ITEM: No

REPORT OF MERSEYTRAVEL

MERSEY FERRIES LONG TERM STRATEGY

1. PURPOSE OF THE REPORT

The purpose of this report is to share the outcomes from a recently commissioned Mersey Ferries long term strategy review and seek endorsement of the 20 year strategy moving forward for Mersey Ferries operations.

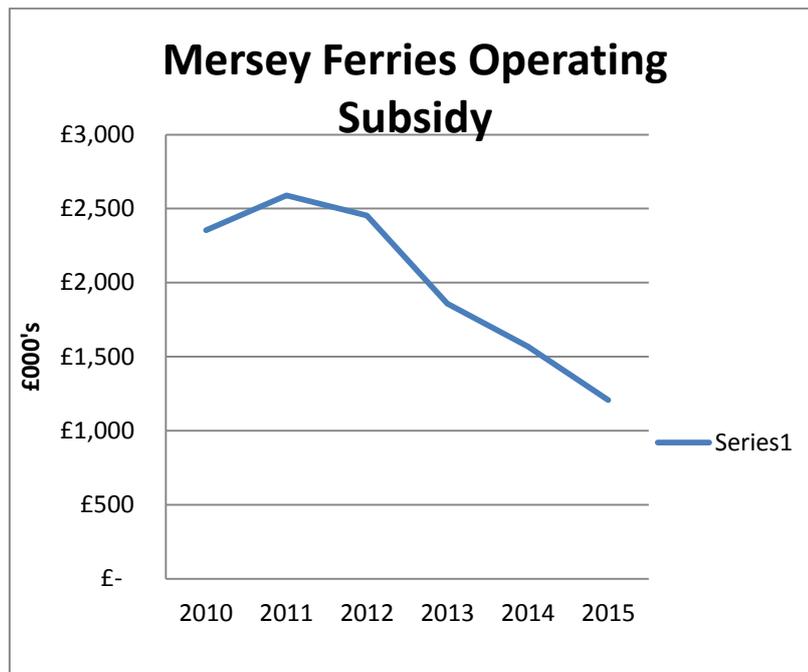
2. RECOMMENDATIONS

Members are recommended to: -

- (a) approve the Mersey Ferries long term strategy over a 20 year period, subject to periodic review at not later than 3 year intervals; and
- (b) request officers to explore the interventions as identified within the strategy and bring back to this Committee, within a 6 month period, proposals on which early decisions need to be made accompanied by associated detail.

3. BACKGROUND AND KEY ISSUES

- 3.1 In early 2015, a long term Mersey Ferries Strategy was competitively commissioned via external consultants. The consultants leading the commission were Mott MacDonalds, assisted by various marine specialists – Peter Brett Associates and Graham & Woolnough.
- 3.2 The strategy was intended to build on the work to date by Members and Officers in reducing the operating deficit, and look at the longer term operations to allow a clear vision and decision making framework over a 20 year period. As an example, the table below helps to demonstrate the reduction in operating revenue subsidy achieved at Mersey Ferries over the last 6 years: this should also show separately nett saving where costs transferred to other service areas of the organisation.



- 3.3 However, the capital expenditure over the same period has been less predictable as the age of the main assets increase. For example, the two Vessels are over 50 years old and the two Wirral terminal landing stages are 30 and 15 years old respectively. Capital investments over the last 6 years average £2.5m per annum.
- 3.4 The Strategy looked to review and reflect the changing trends of our customer demand, highlighting an increase in our leisure services and a reduction in commuter traffic year on year.
- 3.5 The following aims were set as part of the strategy review to help inform the next steps: -
- (a) To provide a safe and reliable Mersey Ferries service that complies with all necessary standards and is available when our customer demand reflects such.
 - (b) To provide the level of service that our customers require and expect, in the most economic and efficient manner. We should therefore aim to look to develop a service that is at least cost neutral to the public purse.
 - (c) To ensure ferry services remain sustainable in every way, from an environmental, economic and social angle.
 - (d) To ensure (wherever possible) that our Assets are available for future generations to enjoy and the city region maintains a world renowned service brand
- 3.6 The review particularly focussed on the Ferries core services and Assets, notably the three Vessels within the fleet (including the Royal Daffodil), the three terminals/ landing stages and the Commuter/River Explorer/Manchester Ship Canal services.
- 3.7 This review did not extend to the Visitor Attractions, Spaceport and the U-Boat Story, on the basis that decisions should be made around the Ferries core service,

and the impacts of such would then determine impacts on associated visitor attractions.

- 3.8 The review also excluded integrated or supporting functions, such as HR/Legal and Finance as the internal Support Services Transformation Programme is intended to help further improve such services and improve their efficiency.
- 3.9 An Executive Summary of the Mersey Ferries Long Term Strategy is attached as Appendix 1 for reference.
- 3.10 Proposals include the procurement of at least one new vessel, better suited to the needs of the leisure and event market; resources focussed around two landing stages with the potential closure of the other, and a potential later start to the commuter service to allow the ferry to be docked overnight to significantly reduce operational costs.
- 3.11 Members will be provided with the associated detail at future meetings on individual or packages of measures outlined in the long term ferries strategy.
- 3.12 It is proposed, and the strategy has been prepared on the basis that, the strategy will be reviewed within a 3 year period to take account of further evidence and further developments across the region, such as Liverpool or Wirral Waters and adapted to reflect future issues.

4. RESOURCE IMPLICATIONS

4.1 Financial

- 4.1.1 There are no direct implications associated with approving the Strategy. However, one of the key aims of the Strategy is to reduce the cost of the Mersey Ferries operations on the public purse, and the decisions identified within such help to improve efficiency, increase income and reduce expenditure to help achieve this aim.
- 4.1.2 Members will be presented with the associated detail at future meetings in respect of actions required/measures or packages of measures proposed to fulfil objectives outlined within the strategy.
- 4.1.3 The potential scenarios recommended within this Strategy could be accommodated within the currently ongoing 2016/17 revenue budget planning process.

4.2 Human Resources

- 4.2.1 Trade Unions and staff have been communicated with directly in respect of this Long Term Strategy.
- 4.2.2 Detailed proposals are yet to be developed so it is too early in the process to be definitive about any staffing implications, but there is confidence that the strategy can be delivered without any major impacts on staffing.

4.3 Physical Assets

The Strategy does take account of the physical assets within Mersey Ferries and looks to allow for a 20 year decision making framework around the maintenance and renewal of such.

4.4 IT Implications

There are no IT implications associated with this report.

5. RISKS AND MITIGATION

5.1 The key risk associated with this Strategy is based around not endorsing it. One of the options explored with the Strategy is to “do nothing” and continue to operate as we are, but this highlights that both operating and capital costs will increase significantly without intervention over the next 20 years putting the Mersey Ferries operations at risk. This strategy looks to mitigate this issue.

5.2 It is recognised that as some of the proposals would reflect fundamental changes to services and operations, there is the potential for challenge. Specific proposals will be subject to more detailed analysis to ensure a robust business case is presented to determine the most effective approach in each case.

6. EQUALITY AND DIVERSITY IMPLICATIONS

A rapid screening Equality Impact Assessment has not been completed for this report.

7. COMMUNICATION ISSUES

A detailed communication and stakeholder plan has been developed to help ensure that all those with an interest in the Mersey Ferries understand the rationale behind the strategy and are engaged as plans evolve.

8. CONCLUSION

Setting a 20 year strategy for the Mersey Ferries operations allows for a decision making framework moving forward and looks to ensure the service is protected for future generations to enjoy.

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Appendix/Appendices:-

Appendix 1 – Executive Summary

Background Documents:-

None