

CONSULTATION ON DRAFT SERVICE SPECIFICATION FOR NORTHERN ISLES LIFELINE FERRY SERVICES

Responding to this consultation paper

We are inviting written responses to this consultation paper by 16 July 2004. **Please send your response to:**

Catriona.graham@scotland.gsi.gov.uk

or

Catriona Graham
Area 2-F
Victoria Quay
Edinburgh
EH6 6QQ

If you have any queries contact Karl Zaczek on 0131 244 0841

We would be grateful if you could clearly indicate in your response which questions or parts of the consultation paper you are responding to (using the consultation questionnaire if appropriate) as this will aid our analysis of the responses received.

This consultation, and all other SE consultation exercises, can be viewed online at <http://www.scotland.gov.uk/consultations>. You can telephone Freephone 0800 77 1234 to find out where your nearest public internet access point is.

The Scottish Executive now has an email alert system for [SE consultations](#) ([SEconsult](#)). This system allows stakeholder individuals and organisations to register and receive a weekly email containing details of all new [SE consultations](#) (including web links). [SEconsult](#) complements, but in no way replaces SE distribution lists, and is designed to allow stakeholders to keep up to date with all [SE consultations](#) activity, and therefore be alerted at the earliest opportunity to those of most interest. We would encourage you to register.

Access to consultation responses

We will make all responses available to the public in the Scottish Executive Library unless confidentiality is requested. All responses not marked confidential will be checked for any potentially defamatory material before being logged in the library or placed on the website.

RESPONDEE INFORMATION FORM

Please complete the details below and attach it with your response. This will help ensure we handle your response appropriately:

Name:

Postal Address:

Consultation title:

1. Are you responding as: (please tick one box)

- (a) an individual (go to 2a/b)
(b) **on behalf of** a group or organisation (go to 2c)

2a. INDIVIDUALS:

Do you agree to your response being made available to the public (in SE library and/or on SE website)?

- Yes (go to 2b below)
No, not at all

2b. Where **confidentiality is not requested**, we will make your response available to the public on the following basis (**please tick one** of the following boxes)

- Yes, make my response, name and address all available
Yes, make my response available, but not my name or address
Yes, make my response and name available, but not my address

2c ON BEHALF OF GROUPS OR ORGANISATIONS:

Your name and address as respondees **will be** made available to the public (in the SE library and/or on SE website). Are you content for your response to be made available also?

- Yes
No

SHARING RESPONSES/FUTURE ENGAGEMENT

3. We will share your response internally with other SE policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Executive to contact you again in the future in relation to this consultation response?

- Yes
No

8. Availability of Comments

8.1 Comments received as part of this process will be publicly available, unless otherwise indicated clearly by the correspondent.

9. Conclusion

9.1 The Executive has highlighted in this paper the key elements of the draft Service Specification for the next tender for the Northern Isles Ferry Services. The Executive welcomes the input and cooperation of all interests in the islands with views on this tendering process.

10. Comments are invited by Friday 16th July and should be sent to:

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Scottish Executive
Edinburgh
May 2004

NORTHERN ISLES LIFELINE FERRY SERVICES

CONSULTATION PAPER

DRAFT SERVICE SPECIFICATION

Scottish Executive
Enterprise and Lifelong Learning Department
May 2004

1. Introduction

1.1 This paper invites comments from interested parties about the draft service specification for the subsidy contract for Northern Isles Ferry Services. The draft service specification for the proposed six year contract is enclosed with this paper.

1.2 Elements of the proposals are still subject to discussion and agreement with the UK Government and with the European Commission. These discussions are ongoing and may also influence the final shape and detailed terms of the specification. The Executive, however, wished to engage with the key stakeholders at the earliest possible stage, while recognising that other work must continue on the exercise.

1.3 The following is a guide for interested parties on the key issues which the Executive wishes to highlight.

2. Policy Context

2.1 The Executive supports lifeline ferry services throughout the Highlands & Islands of Scotland. The Executive Partnership Agreement commits the Executive to promoting public transport and states that:-

“... we will continue to support and invest in lifeline ferry links.”

2.2 The Executive reaffirms its commitment to securing lifeline ferry services between the Orkney Islands and Shetland Islands and the Scottish mainland. The Executive in particular recognises the economic and social benefits provided by lifeline ferry services to the Northern Isles.

2.3 The Executive has demonstrated its commitment through providing resources through its long standing support for ferry services to the islands. In recent years major contributions totalling some £35 million have been provided towards improving the infrastructure at the ports and harbours serving the lifeline ferry routes.

3. Aim of Process

3.1 The tendering is required earlier than anticipated under the existing subsidy contract with the present operator NorthLink Orkney and Shetland Ferry Services Ltd. The Minister for Transport announced on 8th April the need for tendering at this time, and the circumstances involved with NorthLink. The Executive recognises that a new tendering process presents a major challenge both for itself and for the island communities involved.

3.2 The Executive will do everything in its power to manage the process as efficiently as possible, so that any uncertainty and disruption to operations are minimised. The following key principles will guide the Executive's planning of the process, to ensure that a good quality lifeline ferry service for the Orkney and Shetland Islands is maintained on the routes;

- the paramount importance of the safe operation of the service, and the importance of operators complying with marine safety requirements;

- that the tendering process is open, fair and transparent, complying with the relevant procurement rules in Europe and in the Executive;
- that the needs of the islands are fully considered and taken into account throughout the process;
- that there is effective liaison during the tendering period with the existing operator;
- that the position of crew and staff presently on the routes is fully taken into account.

3.3 Operating within these principles the Executive seeks to complete the tendering process with due urgency.

4. Working with the Island Communities

4.1 The Executive sets considerable importance in working closely with the island communities throughout the process of the tender. At this stage, the focus is on the terms of the draft Service Specification. The Executive recognises that the timing for the process is tight, but hopes that the communities involved will recognise the need for progress to be achieved as quickly as possible.

4.2 The Executive also appreciates the wide range of interests in the communities through the vital economic needs of business and industry in the island, including agriculture, tourism, oil related work, fishing, marine fish farming and tourism. The ferry service also provides a vital social link and connection for many activities and interests in the islands. The Executive is also well aware of the strong base of knowledge and experience in all of these sectors and more, both within the islands Councils, local enterprise companies (LECs), and many other organisations.

4.3 The Executive cannot guarantee that each and every detailed comment can be accommodated, but can offer the assurance that all comments made shall be considered fully and very carefully.

5. Draft Service Specification

5.1 The draft service specification is attached. It forms the key part of the detailed tender documents. The service specification sets out what the Executive is seeking to achieve, and the remaining documents and draft legal contracts support and deal with the background and technicalities of implementing this requirement.

5.2 The draft service specification, therefore, aims to identify the “requirement” for the service. This is on the basis of providing an “output” specification. The Executive explains in this document what it wants to achieve, while setting out what the operator will be required to do, but leaving sufficient scope for operators to bring their own input and expertise about how the service might be run efficiently and effectively.

5.3 The Executive has identified key issues which may be of particular interest to the islands. The key issues highlighted below are offered to provide a focus for comment and to help explain the commercial terms which are being sought. Respondents are welcome to comment on these or any other detailed points in the draft service specification itself.

5.4 The Scottish Executive proposes and would seek views on the following:

5.4.1 Service Routes: these would remain as at present ie Aberdeen/Hatston/Lerwick, Aberdeen/Lerwick, Stromness/Scrabster;

5.4.2 Ports: the Executive envisages that existing ports and their facilities for these routes would be used, that is Aberdeen, Hatston, Stromness, Scrabster and Lerwick;

5.4.3 Timetables: the service specification envisages the existing timetable currently in use would be the basis of the service specification;

5.4.4 Passenger and Vehicle Service: a passenger and vehicle service is being sought;

5.4.5 Fares and Prices: it is proposed that the fares and price levels would be based on the existing operator's price structure and fare levels at the time of the planned handover, with indexing for inflation increases over the contract period;

5.4.6 Freight: there will be a comprehensive ro-ro freight service required, encompassing livestock and hazardous goods;

5.4.7 Hazardous Goods: this would form part of the comprehensive ro-ro freight service required, with the operator responsible for complying with the relevant legislation;

5.4.8 Livestock: the special needs and arrangements for livestock fall within the scope of the comprehensive ro-ro freight service. This will be defined in relation to capacity. This means that the service must be capable of carrying the total volume of livestock for export each year. The operator would be responsible for complying with the relevant legislation in transporting livestock;

5.4.9 Vessels: bids will be sought on the basis of using the existing 3 leased passenger/vehicle vessels, with bidders invited to set out proposals for providing additional capacity (including freight) and methods. Other assets, including the existing freight vessel (the Hascosay) and related shore handling equipment may also be made being made available at rates to be determined;

5.4.10 Change Mechanisms: will be provided for in relation to:

- adjusting fares within operator's discretion, with Executive approval required beyond set parameters;

- adjusting timetable within certain limits over the contract period, a maximum of 1 hour at the operator's discretion, with Executive approval required beyond these limits;
- additional routes/services, with Executive approval provided existing services are unaffected;

5.4.11 Local Consultation Arrangements: this would remain a requirement for the operator during the contract period;

5.4.12 Market Information: the service specification emphasises the need for the operator to assess and determine the market and how its needs can be met within the parameters of the service requirement of the Executive subsidy;

5.4.13 Existing Operator, Staff and Crew: the service specification recognises the importance of the tender process for the present staff and crew involved. The service specification explains the position in relation to the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) for the bidding process, though the issue itself is a matter of law. The service specification, however, asks bidders to prepare bids on the basis that TUPE does apply. It also provides, however, that if TUPE is subsequently found to apply and, as a result, the winning operator is able to reduce its budgeted staff costs, subsidy will be clawed back;

5.4.14 Handover Date: 31 May 2005 is the target handover date. This timetable is demanding, but is achievable if a constructive approach is taken by all those involved. The handover date will be kept under review in the light of progress, and local interests informed as required. The Executive recognises the difficulty in selecting an ideal time where a handover of contract is required. The aim is to ensure that any new operator would have maximum time for preparation, and that local interests are fully taken into account;

5.4.15 Vessel Safety: the Service Specification emphasises the paramount importance of vessel safety for the point of view of crew, passengers, freight and livestock;

5.4.16 Performance Regime: there will be close monitoring of operator performance, with targets and penalties included;

5.4.17 Financial Viability: a key criterion at each stage of the tender process will be ensuring the financial viability of the operator involved, its financial structure and backing, and proposals;

5.4.18 Harbour/Ports: the crucial role of the existing harbours and ports and the current service is acknowledged. As stated above the service will be based on continued use of these ports, subject to satisfactory agreement over the terms involved for use of the harbour by operators and its impact on ferry subsidy;

5.4.19 Marketing: the tourist sector relies on advance marketing. A marketing strategy forms part of the service specification requirements. It is acknowledged that in ideal circumstances there would be a sufficiently long lead time to allow marketing to be done in advance. The Executive is in discussion with NorthLink about ensuring as much continuity as possible in relation to marketing, ticketing, advance bookings etc.

5.5 The above section highlights what the Executive sees as key terms of the Service Specification. In many cases there is no substantial change to the service which has been in operation by NorthLink since October 2002. Given the particular circumstances of the need to tender, the Executive trusts that local interests recognise that seeking an element of stability and continuity of service underpins our thinking. That is not to say that no change can be considered where it adds value to the process, but we do not envisage whole scale changes at this stage.

5.6 The main substantial change from the existing arrangements is the incorporation of a comprehensive ro ro freight service (including livestock) as part of the service. As noted above this will reflect existing fare levels as the basis for a simplified price structure for freight.

6. Legislation

6.1 The Service Specification explains the basis of the European Union Regulation and other guidance which applies to support for maritime transport subsidy. The Executive will also be responsible for identifying the most appropriate legislative power as the basis for paying the subsidy under domestic law.

6.2 Subsidies for Maritime Transport within Scotland are a devolved matter, and the Executive remains accountable to the Scottish Parliament for this process, though compliance with the relevant European Union requirement is mandatory.

7. Process

7.1 The process following finalisation of the draft Service Specification will involve an invitation to tender to short listed bidders who have responded to the Executive's Official Journal of the European Union (OJEU) advertisement (also advertised widely in the Press). Bidding companies will be given time to prepare a technical bid, and bidders who comply with the Executive's requirement would be then be invited to submit a costed bid. The Executive envisages negotiating with a preferred bidder at that stage before concluding a contract.

7.2 The Service Specification will form part of the tender contractual documents and will have to be treated according to the Executive procedures for a procurement process, subject to any reporting required to Parliament. The Executive also has to respect any commercial sensitivities of potential bidders involved. The Executive will seek to keep the local community informed as far as possible about progress of the tendering process, subject to relevant documentation remaining commercially confidential where required.

The Scottish Executive Consultation Process

Consultation is an essential and important aspect of Scottish Executive working methods. Given the wide-ranging areas of work of the Scottish Executive, there are many varied types of consultation. However, in general Scottish Executive consultation exercises aim to provide opportunities for all those who wish to express their opinions on a proposed area of work to do so in ways which will inform and enhance that work.

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body. Consultation exercises may involve seeking views in a number of different ways, such as public meetings, focus groups or questionnaire exercises.

Typically, [Scottish Executive consultations](#) involve a written paper inviting answers to specific questions or more general views about the material presented. Written papers are distributed to organisations and individuals with an interest in the area of consultation, and they are also placed on the Scottish Executive web site enabling a wider audience to access the paper and submit their responses¹. Copies of all the responses received to consultation exercises (except those where the individual or organisation requested confidentiality) are placed in the Scottish Executive library at Saughton House, Edinburgh (K Spur, Saughton House, Broomhouse Drive, Edinburgh, EH11 3XD, telephone 0131 244 4552).

The views and suggestions detailed in consultation responses are analysed and used as part of the decision making process. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

If you have any comment about how this consultation exercise has been conducted, please send them to:

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¹ <http://www.scotland.gov.uk/consultations>

INVITATION TO TENDER

FOR

**NORTHERN ISLES LIFELINE FERRY
SERVICES**

DRAFT SERVICE SPECIFICATION



SCOTTISH EXECUTIVE

**Scottish Executive Enterprise Transport and Lifelong Learning Department
Transport Division 4**

MAY 2004

**NORTHERN ISLES LIFELINE FERRY SERVICES
DRAFT SERVICE SPECIFICATION**

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INVITATION TO TENDER NORTHERN ISLES FERRY SERVICES

1. General

1.1 Introduction

1.1.1 This document invites public transport shipping operators to tender for a subsidy that is available to operate passenger and vehicle ferry services between the Scottish mainland and the Orkney Islands and Shetland Islands. The Islands are described collectively in this document as the Northern Isles.

1.1.2 This document has to be read together with the separate Scottish Executive document setting out detailed terms and conditions for a contract.

1.1.3 The document is divided into the following sections:-

- **General** – section 1 sets out general information about the background to the need for tendering and sets out the Scottish Executive (the Executive) policy objectives.
- **Notices and Instructions** – section 2 explains the purpose and scope of the tender and the financial assistance available. It also sets out the key principles behind the detailed terms and conditions of the contract/tripartite grant agreement which will be awarded to the successful tenderer.
- **Declaration that Tender is a Bona Fide Competitive Tender** – section 3 requires tenderers to give a signed Undertaking that they have not colluded with any other party in the preparation and submission of their tender.
- **Form of Tender to the Scottish Executive** – section 4 requires tenderers to give a signed Undertaking to provide the services in the specification in accordance with the schedules and the Scottish Executive Conditions of Contract.

- **Service Specification** – section 5 sets out the Executive’s requirements for the service to be operated. It is structured as an output specification, explaining the services which are to be operated and provided, the routes/ports served, and arrangements for setting fares which will be set throughout the contract period. The specification is also written with the objective of supporting the economic and social needs of the communities in the Northern Isles.
- **Service standards** - section 6 summarises the key elements of the service standards and monitoring arrangements.
- **Bidding Process and Evaluation of Bids** – section 7 outlines the timetable for the tendering exercise. The timetable being pursued by the Executive is demanding, and bidders will be advised at each stage of the process of the critical path. The schedule also explains the process which the Executive will follow in evaluating tenders. (To follow).

1.2 **Definitions, Interpretations and Abbreviations**

1.2.1 The following abbreviations are used in the document:

[].

1.3 **Background**

1.3.1 A subsidised passenger and vehicle ferry service is currently provided to the Northern Isles by NorthLink Orkney and Shetland Ferry Services Limited (NorthLink). NorthLink has operated the services since October 2002.

1.3.2 The services were operated for a number of years by P&O Scottish Ferries Limited, however, in October 2002 NorthLink took over the subsidised service having won the contract to provide the services until 2007. The Scottish Executive, however, in line with NorthLink’s views about its commercial prospects under that contract, has agreed with the company that tendering for the next contract should be brought forward. Ministers announced their plans to begin the tendering process on 8th April 2004.

1.3.3 The Northern Isles services are currently provided for passengers and vehicles with a 2 or 3 return sailings per day between Scrabster and Stromness and a daily passenger and vehicle service between Aberdeen and Lerwick (with some sailings calling at Kirkwall). NorthLink also operates 2 freight vessels between Aberdeen and Lerwick (again with some calls at Kirkwall).

1.3.4 Under the terms of the existing agreement with NorthLink and Scottish Ministers, grant is provided to the company through an annual subsidy for the support of approved services. The revenue deficit subsidy paid by Scottish Ministers to the company effectively meets the operating loss incurred in operating the approved services on the approved routes. The Scottish Ministers present subsidy for sea transport services, covers passengers and accompanied cars only.

1.3.5 The transport of Northern Isles livestock is also subsidised, but under separate arrangements involving a flat rate grant enabling an approved shipping operator to reduce by 50% tariffs chargeable to those wishing to transport livestock between the Northern Isles and the Scottish mainland (the Tariff Rebate Subsidy (TRS) Scheme). The Scottish Executive (hereinafter referred to as "Executive") pays TRS in arrears on receipt of invoices from the shipping operator specifying the number of animals carried in the relevant claim period.

1.3.6 The Scottish Ministers have decided that TRS existing arrangements should be incorporated into the a single grant structure encompassing both freight and livestock for a lifeline ferry service awarded under terms of the Transport (Scotland) Act 2000 to a single shipping operator after a competitive tendering exercise. The issues relating to the requirement for a comprehensive roll on roll off freight service are explained in more detail in para 5.9.

1.3.7 Under this proposal the Executive considers that the subsidy arrangements would be easier to understand both for bidders and users of the service, provide greater transparency, would be easier to administer and understand, and would avoid the administrative complexities of arrangements to avoid cross-subsidy. This would also provide a coherent basis to implement the Executive's underlying policy to support lifeline services to the islands.

1.4 **European Union**

1.4.1 The European Commission has a duty under Article 88(1) of the Treaty to keep under review aids existing in Member States and to ensure that Member States apply the appropriate measures required by the progressive development, or the functioning, of the common market. This requires the Commission to keep aids provided in Member States under review, and to ensure that Member States apply the appropriate measures required for the progressive development, or the functioning, of the common market. There has to be a level playing field across the EU about how any subsidies are made available, with free and fair access to the market or for any grant.

1.4.2 Under EC legislation (EC Council Regulation 3577/92) Public Service Contracts may be concluded on a non-discriminatory basis in respect of all Community Ship Operators. The European Commission Communication (COM(2003)595 of 22 December 2003) and Guidelines (published 17 January 2004) provide guidance about pursuing a public service contract on a non-discriminatory basis.

1.4.3 Scottish Ministers, therefore, have concluded that assistance to shipping operators for a subsidised Northern Isles ferry service should comply with the Commission Regulation and Communication and Guidelines, and that an open public tender is necessary for a public service contract. Under the 2003 Communication the Commission recognises that special rules are required to protect maritime links not adequately served by the market. The Communication and Guidance offer clarification about the conditions laid down by the EC Regulation involved to ensure that public intervention is compatible with general European Treaty rules.

1.4.4 The Executive is, therefore, satisfied that a tendering process is required to enable the assistance to be made available as a public service contract within the terms of the relevant EU rules and guidelines. This tendering exercise, therefore, is essential to enable the Executive's policy of supporting the approved ferry services under a public service contract. The procedures adopted are designed to comply with EC Regulations and Guidelines/Communications on Maritime Transport, and on State aids and procurement, and under the Executive's own procurement best practice.

1.4.5 In particular, tenderers will wish to note that under the recent Commission Communication and Guidelines key tendering requirements include:-

- the duration of a public service contract should be limited and would normally be in the order of 6 years. A 6 year contract is required in this case;
- subsidy for the public service contract must be directly related to the deficit made by the operator for the service;
- the Executive will apply the award criteria as set out in para 2.18 to identify the tender which capable of providing the service at the least possible cost, and which fully complies with the service requirement set out in this specification.

1.5 Objectives

1.5.1 The Executive support for ferry services to the Northern Isles falls within the policy context of supporting lifeline ferry services throughout the Highlands & Islands of Scotland. The Executive Partnership Agreement of 2003 commits the Executive to promoting public transport and to continue to support and invest in lifeline ferry links.

1.5.2 The underlying policy aim for the Executive is to provide subsidy for sea transport where, in the opinion of Scottish Ministers, this is necessary for the social and economic wellbeing of the islands concerned. The ferry service subsidy is being tendered with that aim.

1.5.3 The exercise also fits with the Executive's wider policy objectives to meet islands and remote communities' needs by securing access by public transport links, which provide a continuing, safe, stable and affordable regime for users in line with European Union rules.

1.5.4 A subsidy is available to provide a sea transport service adequate to meet annual demand for passengers and vehicles between the Northern Isles and the Scottish mainland. This service must also involve the provision of effective, efficient and safe vessels fully compliant with current safety requirements and supported by appropriate shore infrastructure

adequate to deal with vessel operations, and the loading, carriage and discharge of hazardous goods and livestock.

1.5.5 The project is designed to identify, by competitive tender, the Tenderer meeting the award criteria to provide the defined service requirements and outputs. The key service requirements include operational issues, quality standards, vessel operation, capacity requirements, financial requirements, corporate structure, use of appropriate ports facilities, and service safety. The project is also designed to encourage appropriate operational and service innovation.

1.5.6 In pursuing these objectives Ministers have set the following key parameters for the tendering process that: -

the contract aims to commence on 1 June 2005 and terminate on 31 May 2011;

the service will operate all year round in line with the service schedule, routes and capacity designed to meet the expected pattern of demand;

the successful Tenderer shall comply with all of the relevant statutory requirements in relation to vessel, crew, passenger and operational safety, and for the transport of freight including the Animal Health Act 1981, the Welfare of Animals (Transport) Order 1997 as amended, the Environmental Protection Act 1990 and the Health and Safety at Work Act 1974.

The Executive will be proceeding with the project on the basis of the above objectives and parameters. The Executive reserves the right to reject Tenderers not complying with these terms, or the requirements set out in the service specification. The Executive will consider any practical innovative solutions about how the requirements set out in the requirement can be met within the contract conditions.

2. **Notices and Instructions to Tenderers**

2.1 **Introduction**

2.1.1 The following section sets out Notices and Instructions to tenderers in relation to meeting the service specification set out later in this document. This issue of an Invitation to Tender should not be construed as a commitment by the Executive to finalise a contract following the tendering exercise. This is subject to consideration of tenders received and compliance with the conditions set for the contract. Any expenditure, work or effort undertaken prior to the contract award is, therefore, a matter solely for the commercial judgement of the tenderer.

2.1.2 The Executive is undertaking the competition because:

- it allows the market to be tested for tenderers meeting the service specifications set out for this service on the basis of a fair allocation of risk between the Executive and the successful tenderer;
- the exercise meets the competition requirements under the relevant EC Regulation and State Aid Maritime Guidelines for supporting a shipping service as a Public Service Contract; and
- it allows the Executive to ensure that its minimum service requirements and outputs have been identified clearly by tenderers, and allows for costed tenders to be made to identify the lowest financial compensation to promote the service.

2.2 **Compliance Statement**

2.2.1 Tenderers will be invited to state that the offer is made in accordance with the Invitation to Tender. Offers made subject to additional or alternative conditions may not be considered and may result in the tender being rejected on the grounds of such conditions alone.

2.3 **Transparency**

2.3.1 Tenderers will be invited to confirm as part of the tender submission that they will comply with and provide all information which may be required in order to allow Scottish Ministers to comply with the provisions of Directive 80/723 (as amended) “The Transparency Directive” insofar as it applies to the successful tenderer’s operation of the Northern Isles lifeline ferry services.

2.3.2 The service specification encourages innovative solutions and refers to the possibility of additional services. Tenderers will understand that meeting the service requirement, but sharing the costs/assets involved in relation to the provision of other services, will mean establishing adequate systems to ensure that there is no cross subsidisation between the Northern Isles lifeline ferry services and any other ferry route or any other activities.

2.4 Responsibility for Operational Safety

2.4.1 The safety of the operation is of prime importance and it is the responsibility of the successful tenderer to ensure that the service is operated in a safe manner. There are no circumstances under which operational safety should be compromised in furtherance of commercial interests or in an attempt to adhere to an advertised schedule.

2.5 Compliance with Regulations

2.5.1 The tenders submitted by tenderers must contain a clear statement confirming that all aspects of the operations they propose and the vessels they intend to use will meet, and will be operated in accordance with, all relevant UK legislation and relevant International Conventions as applied by the Maritime and Coastguard Agency (MCA) to vessels trading in UK waters.

2.6 Allocation of Responsibility

2.6.1 The Executive will be responsible for the legislative authority for the payment of subsidy to be made, as explained elsewhere in the document. The Executive is managing the tendering process for the grant award and the Scottish Ministers will be the contracting party with the successful tenderer. The Executive will be responsible for providing the resources to

meet the grant bid, and the Executive will make the arrangements for grant payments following claims submitted by the successful tenderer. Once the Contract is in place and the service is in operation, the Executive will be responsible for its obligations in the Contract and for compliance and monitoring, which will be set out in the Contract, and in the detailed Terms and Conditions of the Final Contract.

2.7 Booking, Ticketing and Integrated Transport

2.7.1 The successful tenderer will be required to operate a common timetable, ticketing and fares database for all routes so that all possible reservations, sales and credit card payments can be made from their offices as well as from travel agencies in the UK and abroad. The contractor shall operate a central information and reservations system for phone and internet bookings for the network for the duration of the contract.

2.7.2 The contractor shall produce and market a brochure covering all routes. Following consultation with users, the contractor will be required to publish timetables annually. These should be published on an agreed annual cycle to meet the marketing needs of the coming year. Proposed changes should be submitted (along with details of consultation on these) to the Executive in good time for information and approval if required. In line with the Scottish Executive commitment to meet integrated transport objectives, the contractor is required, when publishing or advertising their timetable, to supply additional timetable information for connecting public transport services (for example, bus and rail services).

2.7.3 The contractor is also expected to work closely with the local tourist organisations and to co-operate as far as possible to meet timescales and participate in local initiatives. The contractor is also expected to work closely with and build partnerships with train and local bus operators to achieve integrated timetables. In the event that services are delayed the operator should liaise with rail and bus operators to agree contingency arrangements. Contractors will be expected to participate in integrated ticketing schemes, for which they may be eligible for capital cost assistance from the Scottish Executive.

2.7.4 The operator must take into account the needs of disabled people when providing information, timetables and booking reservation systems and in allowing time for intermodal transfer where timetable variations are being proposed.

2.8 Traveline

2.8.1 Traveline is a UK National, impartial and multi-modal public transport information system. It provides a telephone and internet enquiry service providing timetable and journey planning information. It aims to allow the traveller to make informed choices and encourages public transport. Traveline provides the information about journey itineraries, routes, service numbers, timetables and pre-planned alterations to most public transport modes. The contractor shall include the Traveline contact details on all timetable literature and advertising. The design and use of its marketing material is provided free to participating transport operators.

2.8.2 In the longer term, it is intended that Transport Direct will build on the Traveline service provision. Transport Direct aims to provide the traveller with all the information they need before and during a journey anywhere in the UK and with the ability to buy the associated ticket. It will ultimately cover travel by all modes, air, car, train, taxi, tram, tube, bus, coach, ferry, bicycle, foot and most importantly combinations of these modes.

2.8.3 The contractor will be required to join Traveline Scotland and collaborate fully in the Traveline initiative, and will wish to exploit the opportunities which Transport Direct will present as it is developed. The Contractor will be required to provide real time information to passengers and to road and public transport information systems for travellers to and from the network. The contractor shall include the Traveline contact details on all timetable literature and advertising. The design and use of this marketing material is provided free to participating transport operators.

2.8.4 Contractors will note that the performance regime allows, as relief events, for delays in services in order to facilitate integrated transport.

2.9 Ferry operations

2.9.1 The successful tenderer will be responsible for all aspects of the ferry operation, including the upkeep, manning, operation, loading and discharge of any vessel, the mustering, embarkation, carriage and disembarkation of passengers and vehicles and compliance with all relevant statutory requirements. The successful tenderer will be responsible for all vessel and

other operating costs, including harbour charges. The successful tenderer will also be responsible for advising all relevant interested parties about the commencement of the Contract, the tariffs and any adjustments to them that will be charged during the Contract period. The successful tenderer will also be responsible for publishing the planned timetable, advising interested parties about proposed sailing times, setting tariffs subject to maximum levels advised by the Executive, and charging users in accordance with tariff levels.

2.10 Harbour authorities

2.10.1 The role of the harbour authorities is to provide a harbour and appropriate harbour facilities as agreed with the successful tenderer, including means of access to and from any vessel agreed with the successful tenderer as suitable for the harbour. Harbour authorities will be responsible for the maintenance and development of the harbour and such facilities as were required by the successful tenderer for delivery of the ferry service and would be able to recover related costs through harbour charges imposed on the successful Tenderer.

2.10.2 As part of their technical submission, tenderers must set out detailed terms of any proposed agreements with the harbour authorities concerned. In particular they should address the issue of responsibility for mooring, unmooring, marshalling, loading and unloading passengers and vehicles, and the manning of shore based facilities.

2.10.3 At the costed submission stage, tenderers will be required to confirm the details of the practical and financial arrangements proposed with the harbour authorities. This will include the practical and financial implications in respect of the security arrangements at each port.

2.11 Allocation of Costs

2.11.1 The successful tenderer will be responsible for all costs arising out of the introduction of the service, the operation and upkeep of any vessel and the provision of any replacement vessel, when required. All tenderers will bear their own tender costs.

2.11.2 Should the tenderers propose using vessels other than those currently in use, such vessels will have to be suitable for berthing at the existing harbour facilities. The costs of managing and maintaining the harbour facilities fall to the harbour authorities.

2.11.3 It will be for the harbour authorities to charge harbour dues as appropriate. It will be for tenderers to establish detailed arrangements for the operation of any particular vessel at the harbours involved. Annex B gives summary information and contact details for the harbour authorities at the harbours currently used. Each tenderer will be given the same information from the harbour authorities, but it is recognised that there may be differences about specific aspects for handling in relation to any particular vessel. The Executive has emphasised to all harbour authorities that they should treat all tenderers equally and fairly.

2.12 Constraints and Allocation of Risk

2.12.1 With the introduction and operation of the service certain commercial risks will exist. The Executive's objective is to identify a fair basis of allocating the risks involved, and to allocate risk where it can be managed most effectively. This section sets out the allocation of responsibility for some of the risks involved.

2.12.2 The Executive has considered the key risks involved in the project from the point of view of the successful Tenderer and the Executive. This has to be seen in the context of the EC legislation about the provision of financial assistance to shipping operators, explained earlier in Section 1. The EC legislation and guidelines set the legislative context and the key criteria for awarding subsidy for a public service contract.

2.12.3 Tenderers' attention is drawn to the importance the Executive attaches to the responsibility for the safety of lifeline ferry services, and the requirement for the successful tenderer to meet all applicable safety requirements for vessels, passengers, livestock and crew in operating these services. It is a key part of the requirement that the successful tenderer complies with all relevant national and international legislation, Conventions, Directives, as well as Industry Codes and Standards and the relevant statutory requirements covering animal welfare, health and safety and environmental issues.

2.12.4 The following table sets out the Executive’s analysis of the main risks anticipated for the tender exercise allocated between the successful tenderer and the Executive. This Table does not represent any formal commitment by the Executive to accept certain risks. In certain cases, in relation to the financial aspects of the costed bid stage, further details may emerge. It will be the final Contract that will establish the commitments of the Executive and the successful tenderer. The table is an indication to Tenderers of the contract envisaged by the Executive, to help them in the preparation of their technical bids, and to ensure a fair competition.

<u>Nature of Risk</u>	<u>Tenderer</u>	<u>Executive</u>	<u>Shared</u>
Vessel Performance, Reliability and Replacement	✓		
Weather			✓
Performance Standards	✓		
Operational Risk	✓		
Inflation Risk		✓	
Demand Volume Risk	✓		
Industrial Action (Contractors employees, crew or staff)	✓		
Changes in Requirement of Executive Transport Policy		✓	
Implementation of Maritime International Regulations for Safety and Ship Management	✓		

Employment/Employee Contracts	✓		
Contract Completion Costs			✓
Incorrect cost or time estimates for providing services	✓		
Force Majeure			✓

2.13 Assistance Available

2.13.1 The Northern Isles Lifeline ferry services will be the only sea transport service between the Northern Isles and the Scottish mainland which will qualify for financial assistance from the Executive to support its operations from the Executive. For the avoidance of any doubt, it will remain possible for ship operators other than the successful tenderer to offer shipping services on a commercial basis.

2.13.2 The Executive proposes to make the grant under the statutory and legal basis of Section 70 of the Transport (Scotland) Act 2000. Grant assistance available to the successful tenderer will be a grant towards the running costs of operating the service. This will be provided to supplement the successful tenderer's revenues as derived from its fares and any other income. Maximum fare charges will be determined by the Executive and will be applied throughout the contract period, plus an allowance for inflation as made annually by the Executive.

2.13.3 The grant would be for the whole of the grant period envisaged. It will be offered to the tenderer whose bid complies with the award criteria set out in para 2.18 capable of providing the services and complying with the service specification and conditions. Grant payments would be made in arrears on the basis of verified claims for an agreed period. Further details of the process and accounting requirements will be provided at the costed bid stage.

2.13.4 The Executive anticipates that the key criterion of the level of subsidy involved will be calculated on the basis of the expenditure necessary to meet the requirements in the service specification over the period of the contract, less any anticipated revenue generated. It is also anticipated that there will be a reasonable allowance made for a Return on Capital Employed (ROCE), or similar mechanism to represent a return for the tenderer.

2.13.5 There would be a sharing of any returns between the Executive and the Contractor of the financial return in excess of an agreed level set in advance in the contract between the Executive and the successful tenderer. This would be designed to allow the successful tenderer to realise a share of any returns which exceed agreed levels set in calculating the grant while providing some measure of protection for the taxpayer and a means of demonstrating that there was no overcompensation. This would be calculated over the full period of the contract (the mechanism would be monitored and audited on an agreed basis to be set out in the Terms and Conditions). Where a ROCE calculation is not considered appropriate the Executive will be prepared to consider an alternative mechanism if it can meet the aim of sharing equitably any greater than anticipated returns on the route.

2.13.6 The Executive will not be offering assistance to the successful tenderer for capital expenditure for the provision of a vessel or any refurbishment cost of a refit to meet the contract needs, or for upgrading any vessels used during the period of the contract. The Executive does not envisage any contingent liabilities or other guarantees on its part being part of the contract.

2.13.7 Tenders are being invited on the basis that grant will be for a maximum period of 6 years from 1 June 2005 to 31 May 2011. This will be offered to the tenderer whose bid meets and complies with the service specification as set out in this document, applying the contract award criteria.

2.13.8 The grant will be available to assist the costs of providing sea transport services for passengers and vehicles between the Northern Isles and the Scottish mainland.

2.13.9 The Executive encourages tenderers to explore innovative ways of meeting the service delivery requirements and if possible identify ways to deliver the requirement and if possible minimise the grant required. Tenderers are reminded, however, that the award of

grant has to be made under the EC Regulation and Guidelines involved, on the basis of the award criteria explained elsewhere in this document.

2.13.10 The grant must be in accordance with relevant EC, UK and Scottish legislation.

2.13.11 Tenderers should be aware that the service specification sets out the minimum requirements for the service for which grant will be paid. The grant will be awarded at levels set for each year or part year of the contract, although it is also envisaged that the terms and conditions of contract may allow for some variations of specific agreed terms to the contract. This, however, will only be for material, unforeseen or changed circumstances throughout the contract period.

2.14 Employment/Employee Contracts

2.14.1 The Executive recognises the importance of the tendering process for the existing marine staff (vessel crew and officers), staff and management of the existing operator. The Executive restates the importance it attaches to these issues. In particular the Executive seeks to ensure that the responsibilities involved are clear to potential bidders and employees affected.

2.14.2 The Executive is not the employer of the staff involved in providing the existing service. The staff are employed by the operator. The position of staff employed in relation to tendering process and staff transfers is a matter of law. The law involved reflects the Transfer of Undertakings (Protection of Employment) Regulations 1981 (“TUPE”) which implement the EC Acquired Rights Directive, to provide certain safeguards for employees where a business changes hands. The question of whether or not the Regulations apply in a particular case depends on the detailed circumstances of each case. Where there is a dispute, as in the case between the present operator and the previous operator, this can only be determined definitively by an employment tribunal or, on appeal, the higher courts.

2.14.3 The law in relation TUPE is subject to revision under the UK Government’s current Pensions Bill, where the Government have proposed to address the question of the application of TUPE in relation to pensions. This is not an Executive policy responsibility, but tenderers attention is drawn to the UK Government’s policy aim in the Bill to provide

greater clarity and certainty. The Bill seeks to provide a degree of protection for employees while avoiding placing an unreasonable burden on employers. The Bill has been published and is scheduled to come into effect in the Autumn of 2005 subject to completion of its Parliamentary stages.

2.14.4 In these circumstances the Executive recognises that there is some uncertainty over the implications for both the staff involved and for tenderers. The Executive therefore asks tenderers to prepare their bids on the basis that TUPE applies. The Executive, however, will also provide in the terms and conditions of the contract that if TUPE is subsequently found to apply and, as a result, the winning operator is able to reduce its budgeted staff costs, subsidy will be clawed back.

2.15 Financial Structure

2.15.1 Tenderers must satisfy the Executive as to their financial viability and also make full disclosure of any relationships with other companies. Tenderers will be required to account for subsidy in a transparent and auditable fashion such that they are able to demonstrate that there is no cross subsidisation with other business activities.

2.16 Deeds of Indemnity/Guarantee

2.16.1 The Executive may require a Deed of Indemnity or Guarantee, either from the parent company of the tenderer or from the tenderer's bank or insurance company. Tenderers are therefore required to state that a Deed of Indemnity or Guarantee will be provided to the Executive if required.

2.17 Contract Duration

2.17.1 The Contract duration is planned for a 6 year time period for a Public Service Contract under the EC Maritime State aid guidelines. A limited contract extension period may be offered to allow for some limited flexibility in relation to future tendering arrangements.

2.18 Award criteria

2.18.1 The award criteria for the contract will be based on the provisions of the Guidelines on State Aids to Maritime Transport. The Guidelines provide that financial compensation for public service contracts must fulfil the conditions of the relevant Council regulation (Article 4, Council Regulation number 3577/92), read with the EC Treaty State Aid Rules and procedures as interpreted by the Court of Justice. A public service contract also has to be consistent with the applicable EU procurement rules.

2.18.2 The Executive will apply award criteria based on these documents provisions. The objective will be to identify the tenderer capable of providing the requirement in the service specification at the least cost. The key criterion will be the level of subsidy required.

2.18.3 The Executive procedure for the bidding process will provide for technical bids to be submitted first in response to the service specification requirement, to be followed by costed bids about the level of subsidy required. At the technical bid stage the Executive will examine bids to ensure that their quality and technical merit comply with the requirements set out in the service specification. Only bidders who meet these requirements at the technical stage would then be invited to submit a costed bid.

2.18.4 The Executive would therefore expect to award the contract to a technically compliant bid capable of meeting the requirements which involves the lowest level of subsidy. If, in very exceptional circumstances, there was a significant economic advantage in relation to particular bid, then the Executive would reserve the right under the parameters of the legislation and guidance involved to take that into account in the selection process. This could arise if significant additional cost or other economic implications arose for the Executive which were not fully reflected in the costs of the bidders' subsidy. For the avoidance of doubt the Executive would be assessing the tenders against compliance with the minimum service levels and requirements set out in the tender documents.

2.19 Tender Documentation

2.19.1 The technical submission must include the tenderer's proposals to meet the requirements set out in Section 5. Tenderers must address each paragraph in Section 5 in the order in which they appear.

2.19.2 In support of their information, and in relation to other detailed requirements, the technical submission must also cover the information set out in the Summary of Tender Documentation: supporting material required in Annex F.

2.20 **Submission of Tenders**

2.20.1 The original plus 7 copies of the complete technical submission (excluding any pricing information) should be submitted in a sealed envelope bearing the attached label to the address shown thereon, for receipt before 1500 hrs on the due date [2004]. No undertaking can be given to consider tenders not received in time.

2.21 **Communication During Tender Period**

2.21.1 Correspondence connected with the tender which requires attention before the tender return date or communication stating that no tender will be submitted, should be sent in a separate envelope bearing no external reference to the tender number or return date and addressed to: -

Scottish Executive
Procurement and Commercial Services Division
3rd Floor
Meridian Court
Glasgow
G2 6AT

This procedure is designed to preserve equity between tenderers by ensuring no premature disclosure of tender details can take place.

2.22 **Information Disclaimer**

2.22.1 Information regarding the type and pattern of carryings by P&OSF and NorthLink is included in Annex A. It is for tenderers to satisfy themselves as to the accuracy and relevance of the information including any historical data, statistics or other information regarding passenger, vehicle and freight traffic.

2.22.2 Any additional detailed information made available to all tenderers will be provided directly to them, and as much as possible will be provided via electronic means.

2.22.3 While every effort has been made and will be made to provide accurate information, tenderers will wish to know that the Executive does not guarantee the accuracy of the information provided and it is provided for guidance only. It is the responsibility of the tenderer to verify and interpret the information provided. Tenders will be accepted by the Executive only on the understanding that the tenderer is deemed to have satisfied himself as to the scope of the requirement from the information provided.

2.22.4 Tenderers will be notified as early as possible about the outcome of this stage of the process. No useful purpose is served by enquiring in advance of that about the position reached.

2.23 Costed Bid Stage

2.23.1 Following announcement of the technical submissions, compliant tenderers only will be invited to submit a costed bid. Any technical submission not complying with the requirements set out in the service specification would be rejected at that stage and a costed bid would not be invited. Further details will be supplied at that stage.

2.24 Additional Notices and Instructions

2.24.1 All information supplied by the Scottish Ministers in connection with the Invitation to Tender shall be treated as confidential by tenderers except that such information may be disclosed for the purpose of obtaining sureties and quotations necessary for the preparation and submission of the tender.

2.24.2 In accordance with Executive policy on disclosure of information (as set out in the “Code of Practice on Access to Scottish Executive Information”) it may be necessary to make public, on request, information relating to this contract. Information may, however, be withheld if its publication would harm tenderers’ (or any other person’s) legitimate commercial interests. Tenderers are, therefore, requested to identify clearly in their tender

documents any information whose disclosure they believe would harm their commercial interests, or those of a third party. A brief explanation should also be provided.

2.24.3 The Executive reserves the right to use the services of an external consultant to assist in the tender evaluation process.

2.24.4 Tenderers may submit a tender using their own text creation facilities. However the content and layout must be identical to the Executive version of the relevant sections of the tender, and it must be in the same order. Tenderers should supply one original document and 7 further copies.

2.24.5 Tenderers should note that the responses to any questions raised during the tendering period would be circulated to all tenderers in the form of a Circular Advice Note. The closing date for raising questions is ***** and the Scottish Executive will circulate answers to tenderers not later than *****.

2.24.6 The evaluation criteria will include emphasis on quality as well as price. Each tender will be subject to a Technical, Commercial and Financial Analysis. The aim of the evaluation is to select the tender that represents the lowest financial compensation. The Technical Analysis will ensure that the tenderers have met the minimum criteria set down in the Specification and Tender Schedules and that tenderers comply with all of the relevant statutory requirements for the sea transport of hazardous goods and livestock between the designated ports. The Commercial and Financial Analysis at the costed bid stage will establish the full price of tenders. To achieve all of this a tender rating system will be used and this will cover the following aspects:

- general understanding of the requirements, i.e., provision of a lifeline ferry service between the designated ports;
- status of the tenderer including analysis of financial viability and technical ability;
- operational proposals with particular emphasis on quality and performance measurements.

2.24.7 Tenderers are required to provide the following background information:

Name of Contact for this Tender

Position

Address

Telephone

Fax

E-mail

2.24.8 Any tender that does not accord with all the requirements herein and in the covering letter may not be considered.

2.24.9 Tenderers are encouraged to consider additional services on the above routes over and above the minimum requirement set. Tenderers should note that the inclusion of additional services on the above routes is a matter for them, provided that any additional service is not likely to prejudice or have an adverse effect on the minimum requirement. Tenderers need to be aware that the subsidy award will be decided solely on the basis of the award criteria, with or without any enhancements.

2.24.10 It is also for tenderers to decide whether they wish to offer a service on any other route, provided that any additional services are not likely to prejudice or have an adverse effect on the minimum requirement. Tenderers' attention is also drawn to the transparency of financial structure required to ensure that there is no cross subsidisation between the Northern Isles lifeline ferry services and any other ferry route or any other activities.

2.24.11 It is the responsibility of tenderers to obtain for themselves at their own expense any additional information necessary for the preparation of their tender.

2.24.12 Tenderers should provide details (including contact name and telephone number) of 2 existing or past clients to whom comparable Services have been provided who may be contacted for the purpose of obtaining a reference.

2.24.13 Tenderers should provide bank details (if not already provided) for financial reference purposes and audited accounts covering the past 3 years.

3. **Declaration of Bona Fide Competitive Tender**

DECLARATION THAT TENDER IS A BONA FIDE COMPETITIVE TENDER

Tender for: NORTHERN ISLES LIFELINE FERRY SERVICES

Returnable by: 3PM *Day/Date/Month/Year*

The essence of selective tendering is that the Scottish Ministers/Purchaser shall receive bona fide competitive tenders from all those tendering. In recognition of this principle, we certify that this is a bona fide tender, intended to be competitive, and that we have not fixed or adjusted the amount of the tender by or under or in accordance with any agreement or arrangement with any other person. We also certify that we have not done and we undertake that we will not do at any time before the hour and date specified for the return of this tender any of the following acts:

communicate to a person other than the person calling for those tenders the amount or approximate amount of the proposed tender, except where the disclosure, in confidence, of the approximate amount of the tender was necessary to obtain premium insurance quotations required for the preparation of the tender;

enter into any agreement with any other person whereby he will refrain from tendering or as to the amount of any tender to be submitted;

offer or pay or give or agree to pay any sum of money or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused to be done in relation to any other tender or proposed tender for the said work any act or thing of the sort described above.

In this certificate, the word “person” includes any individual, partnership, association, or body either corporate or unincorporated; and “any agreement or arrangement” includes any such transaction, formal or informal, and whether legally binding or not.

Signature

:

Date:

Name:

**BLOCK
CAPITALS**

Position in Company:

Signed for and on behalf

of:

Name
Address
Postcode

4. **Form of Tender to the Scottish Executive**

FORM OF TENDER TO THE SCOTTISH EXECUTIVE

(* DELETE AS APPROPRIATE)

*I/We the undersigned do hereby contract and agree on the acceptance of the Tender by the Scottish Ministers, to provide the services in the Specification, at the prices entered in the Pricing Schedule and in accordance with the Scottish Executive Conditions of Contract which appear in this set of documents.

*I/We the undersigned undertake to submit a tender in accordance with the following documents:

Instructions for Tenderers (Schedule);

the Specification for the Provision of the Northern Isles Lifeline ferry services (Schedule);

the Form of Tender (Schedule);

Declaration that the Tender is a Bone Fide Competitive Tender (Schedule);

Technical Proposals, in accordance with the format of Schedule ;

*I/We agree to abide by this tender from 3pm on *date/month/year* the date fixed for receiving tenders, until the Award of Contract.

*I/We understand that the Scottish Ministers are not bound to accept the lowest or any tender and shall not be bound to use the contractor as a sole supplier.

*I/We understand that the *goods/service* provision will commence on *date/month/year* and end on *date/month/year* unless the Contract is terminated in accordance with the provision in the Contract Terms and Conditions.

Signature:

Name:

(BLOCK CAPITALS)

Designation:

Duly authorised to sign Tenders for and on behalf of:

Name of Tenderer

Nature of Firm

Address

Telephone No

INCLUDE AREA CODE

Date

It must be clearly shown whether the Tenderer is a limited liability company, statutory corporation, partnership, or single individual trading under his own name.

5. **Service Specification**

5.1 **Output specification**

5.1.1 This is an output specification setting out the core requirements for this service. As an “output” specification, the Executive seeks to define the minimum output that would meet the needs of a Northern Isles lifeline ferry service. This reflects the objectives set for the project, the needs of the communities and businesses served, and takes into account the opportunities and constraints of the facilities available.

5.1.2 The outputs sought specify the minimum service levels that the successful tenderer will be required to provide. It is on the basis of meeting these service requirements that the subsidy is offered.

5.1.3 In setting the outputs required, the Executive has sought to achieve a balance between giving a comprehensive specification of the service required, while also leaving scope for the contractor to use its expertise to provide innovative solutions and responses within the overall requirement. The Executive recognises that tenderers may welcome some degree of flexibility about how the service requirements can best be met. The Executive is willing to consider solutions which may lead to a more efficient and effective quality of service, and to achieve the most effective use of the grant, provided that the core requirements and outputs of the service are supplied.

5.1.4 The successful tenderer will be responsible for ensuring that the minimum requirements of the service specification are met.

5.1.5 The objective set for the service recognises the importance of the economic and transport benefits of the service. Tenderers are encouraged in preparing their tenders to take into account the views of local organisations, relevant businesses and elected representatives, as key stakeholders in the project. The terms and conditions of the contract will also require that the successful tenderer must consult with local interests in Orkney and Shetland on a regular basis throughout the contract period.

5.2 **Service Operation**

Northern Isles – Scottish mainland

5.2.1 The Executive would require the successful tenderer to provide an advertised scheduled service in accordance with the minimum service requirements as detailed below:-

Aberdeen/Lerwick passenger vessel		Year round
Both directions		1 sailing per day
of which via Kirkwall		Year round
Both directions		3 sailings per week
Aberdeen/Lerwick Freight vessel		Year round
Both directions		1 sailing per day
of which via Kirkwall		Year round
Both directions		1 sailings per week
Scrabster – Stromness		Year round
Both directions	Monday - Friday	3 sailings per day
Both directions	Sat-Sun	2 sailings per day

5.3 Service Requirement

5.3.1 Tenderers must make appropriate provision to maintain the service during the period for the refit/servicing of vessels where there might otherwise be no service. The precise timing would be a matter for tenderers to determine, but it is envisaged that the successful tenderer would use a period with the least effect on potential carryings. The period could also straddle calendar months.

5.4 Service quality

5.4.1 The service requirement will have to meet quality standards. Quality will be a key a key criterion to ensure that modern passenger and vehicle ferry standards are maintained, in terms of management crew, staff, and quality of service for customers. Bidders are required to provide a quality plan as set out in Annex C.

5.5 Timetable

5.5.1 Tenderers must continue with the current timetable as set out in Annex I. The Executive anticipates that provision will be made in the contract for adjustments to the timetable where a case is made following consultation with users' representatives, and agreed by the Executive. In line with the Executive's policy of encouraging integrated transport links, we would encourage operators to contact providers of connecting service transport and arrange for the most effective relative timetabling. We would also encourage operators to respond to the extra demand generated on special occasions by including extra services in consultation with users.

5.6 Service Ports

5.6.1 The Executive will continue subsidising the services for routes between the ports used on the existing services i.e. Aberdeen, Lerwick, Kirkwall, Scrabster and Stromness. The ports involved have been invited to give technical and operational details and a summary of the facilities at the ports and this information is in Annex B. This information will need to be supplemented by direct contact with the harbour trusts or authorities involved.

5.6.2 It is for bidding operators to consider, in discussion with the port authorities concerned, the implications for port facilities and feasibility of their proposed arrangements. The Executive will require to see evidence that the implications have been considered, but the details and cost of any proposed alterations may affect the competitiveness of the bids. Any such works will be primarily a matter for the ports concerned, and will not be part of the passenger ferry services subsidy arrangements. Bidding operators are invited to report on the implications for the port/harbour authorities involved in providing services.

5.6.3 The Executive plans to commence the lifeline ferry services contract on 1 June 2005. Accordingly, tenders conditional on significant new investment, either in terms of vessels or harbour facilities, may not meet the requirement of the technical evaluation.

5.6.4 It is also for Tenderers to consider the financial and cost implications of using each harbour including the charges for their use. Tenderers must detail the full financial and cost

implications in their financial submissions. The ports and harbours involved are being invited to provide the consistent information on charging and pricing to all bidders.

5.7 Tariffs

5.7.1 The pricing plan must be agreed by the Executive and maximum tariffs must be published. It is expected that tariffs will be set at the rates charged by the current operator adjusted in line with inflation. The Executive will also require any proposed changes in passenger fares or freight tariffs to be submitted for the Department's approval. Where these changes do not represent an increase greater than inflation they will generally be accepted.

5.8 Concessions

5.8.1 Details of special packages or discounts to be applied should be provided and included in revenue estimates. In line with Executive policy, we would require that the successful operator allows free travel to registered blind people resident in Scotland. The Executive requires that a system of preferential tariffs for passenger and accompanied car journeys originating in the Northern Isles will be in place with at least similar effects to those currently available. Where this discount applies this must be shown on ticketing. Where not specified otherwise, the operator will have the commercial discretion to discount rates as appropriate.

5.8.2 Tenderers should note in this context the arrangements for any clawback of greater than anticipated return on capital employed (or similar measure), which will form part of the terms and conditions of the contract.

5.9 Freight

5.9.1 The specification requires a comprehensive roll-on roll-off freight service. This extends the policy adopted for the existing and predecessor ferry service. The scope of the existing service requirement excluded freight from the subsidy arrangements, reflecting policy reviews implemented in the 1990s. The Executive sees advantages in a comprehensive service because it provides greater transparency about the services required, it avoids any

difficulties in separating arrangements for non-subsidised services to avoid cross-subsidisation, and it brings freight charging and tariffs within the service requirement.

5.9.2 The Executive considers that the development of freight should be pursued on a commercial basis, reflecting the current operators' rates so that the market can develop and respond effectively to market needs. It is essential, however, that bringing freight within the service specification offers a degree of security and stability in the market to underpin the economic and social benefits to the islands which is the basis of the Executive's policy. The Executive, therefore, requires that facilities and capacity for freight carriage are provided in return for being covered within the terms of the service agreement, on the condition that there are adequate controls over the methods and level of tariffs charged.

5.9.3 The method of charging freight is crucial. The Executive requires a charging mechanism which is clear, as simple as possible to use and understand and is transparent. There are different methods of charging which have been used in the past for different categories of freight, but the Executive will require a consistent method as the basis for the charging methods. This is necessary to comply with EU rules on State aids so that there is no preferential treatment or distorting the market in particular sectors of freight.

5.9.4 The present lane metre charge system, therefore would be the basis for the new service for all categories of freight which would be included within the service requirement. A lane metre charging system is widely used in the ferry business. It is recognised that the system can evolve, and may include some adjustments or variations at the margins for any additional on vessel services, or special facilities which might be required for specific types of trailer or truck (e.g. for access to power for refrigeration services etc). The method of charging must not make distinctions between specific categories of business or traffic, but reflect only the cost of the services being provided.

5.9.5 The tender documents require a pricing plan. This will provide the level of charges for vessel users. For freight, the charging levels used in the tender documents should reflect the current operators' rates adjusted in line with inflation. The Executive will provide further details about dealing with inflation at the costed bids stage, where it is anticipated that bids will be required at the price base of the present financial year, with inflation indexing added to the pricing mechanism.

5.9.6 This in effect means that in broad terms the pricing levels currently applying to the lane metre pricing structure and method would continue to apply. The current levels of charges for freight by the present operator are included in Annex H.

5.10 Livestock

5.10.1 It follows from the general policy set for the carriage of freight that it should apply to all sectors of the freight market, including livestock. It is recognised that livestock is a vital sector of the market for the Northern Isles economies, and the Executive's objective is to ensure the continued availability of a satisfactory system which meets the islanders' needs, but which also complies with EU State aid rules. It is critical, therefore, that encompassing livestock within the comprehensive ro-ro freight service envisaged is firmly based on the principles and framework outlined above. This applies to the shipping of the livestock from quayside to quayside, but also has implications for how the movement of livestock is organised.

5.10.2 The present pricing structure involves a headage count system as the basis for pricing, and the previous livestock support scheme of the Tariff Rebate Scheme was built round that arrangement. Given the potential difficulty that continuing with that system would involve under the State aid rules, the Executive has concluded that the livestock charging system under the future requirement has to be based on the same system of charging as applies to other forms of freight. The livestock element therefore will have to operate within the framework described above if it is to comply with these requirements, and fit with the general structure and method for pricing within the service requirement.

5.10.3 The requirement placed on the operator will be to provide sufficient capacity for shipping livestock to meet the market requirement. That is likely to mean in the medium term at least matching the provision currently provided in terms of the capacity of vessels available, including the availability and timing of any additional vessels required in the main livestock season. It is accepted that the market and demand may change over time, and that the terms and conditions of the contract therefore would need to allow for any significant change to ensure that there is security of supply of the shipping services needed.

5.10.4 In summary the requirement falling in the operator under the proposed subsidy scheme would be:

- to provide the vessel capacity and level of service to meet the market needs;
- to provide a minimum service schedule to be set out in the general requirement for the freight service timetable, with flexibility about detailed implementation;
- to secure shore-handling arrangements for the livestock to be shipped, in consultation with the industry and ports and harbours involved. This could be provided either directly by the operator or by sub-contractors;
- to charge a level of tariffs within the control regime for charges, and for any adjustments to be subject to approval of Scottish Ministers;
- to provide a structure of charging for livestock handling and shipping on the same lane metre basis as for general freight. Where livestock is shipped using non-containerised systems, the Executive will require the charging system to be based on groupings equivalent to those carried in conventional containers.

5.10.5 This specification will require consideration by tenderers, together with the livestock industry, and ports and harbour authorities involved. The Executive would wish the successful tenderers to establish a system which meets the specification and which provides co-ordinated arrangements to deliver the most efficient and effective means of shipping livestock in compliance with the relevant statutory requirements. Tenderers' proposals should give details of how the requirements of all the applicable regulations would be met. It is for tenderers to determine the means by which any livestock are to be transported. The Executive encourages tenderers to liaise with the livestock interests involved in assessing market potential and needs

5.11 **Hazardous Goods**

5.11.1 The prospective operator will be expected to provide services for the carriage of hazardous goods as part of the freight service requirement. Annex A gives details (to be added) of the quantity and type of hazardous goods carried in previous years. Operators should ensure that suitable arrangements can be made for carrying at least the classes of freight mentioned in the Annex. The carriage of such goods may be achieved by the use of a suitably designed freight vessel or through a contractual arrangement with another operator. In either case, the successful bidder will be responsible for ensuring that a sufficient and satisfactory standard of service is provided.

5.11.2 It is the responsibility of the operator to make sure that the arrangements which are to be put in place for the carriage of hazardous goods meets the statutory requirements applicable to ships within UK Territorial waters. Where this entails the incorporation of specific features of vessel design or the granting of dispensations from the regulatory authorities, the company must give details of approval granted or arrangements in place for seeking approval for the intended arrangements. Operators are reminded that the weather conditions which can be met with on these routes may preclude the operation of an open-decked vessel.

5.11.3 Where livestock or hazardous goods are not to be carried on the main passenger ferries, details of alternative arrangements should be provided. These details should include potential contractual arrangements to be entered into with third parties, or proposals for the chartering or deploying of specialised vessels.

5.12 **Conditions of Carriage**

5.12.1 Tenderers must provide as an Annex to their technical submission a copy of the conditions of carriage under which they would operate the service.

5.12.2 Facilities on the vessels for disabled passengers were developed on the basis of input and suggestions received from Disability Shetland and the vessels have disabled access from the car deck via lifts. In addition, the facilities at the port are as follows:

Aberdeen - full disabled access including ramps to terminal and lift to boarding level

Kirkwall (Hatston) - ramp to terminal and lift to boarding level

Stromness - Short walk from terminal and then lift to boarding level

Lerwick - ramps to terminal and then lift to boarding level

[Scrabster - lift to boarding level]

5.12.3 Tenderers must specify any additional arrangements which will be in place for disabled passengers, and the successful tenderer will be expected to demonstrate that they have taken into account any relevant aspects of the Disabled Persons Transport Advisory Committee (DPTAC) Guidance. (More information about DPTAC is available at <http://www.mobility-unit.dft.gov.uk/dptac/guideship/index.htm> and <http://www.dptac.gov.uk>).

5.12.4 Tenderers must also confirm that they will have regard for and have taken full account of the relevant requirements of the Disability Discrimination Act 1995. The operator should also liaise with the harbour authorities about the facilities which the ports and harbours make available for disabled travellers at the ports involved, to ensure co-ordination between the port and the operators arrangements.

5.13 Service Vessels and Safety

5.13.1 The Executive is making available the three passenger and vehicle vessels currently serving the routes. Tenderers will be expected to use and operate the three ro-ro passenger vessels, which were purpose-built for the routes. Bids should therefore be for the operation and management of these vessels. Further details of the vessels and arrangements for viewing are set out in Annex G.

5.13.2 The three passenger and vehicle vessels involved are leased from Royal Bank Leasing. Under the transfer of assets clauses of the existing tripartite agreement between the leasing company, the present operator and the Executive, a similar agreement would be required with the successful tenderer. This arrangement removes the vessel ownership risk from the operator's in the bidding process, and allows for continuity of vessels which have been specifically designed for use on the route, and for which upgraded facilities at the ports and harbours concerned have been introduced. The precise responsibilities for the operation and management of the vessels will be set out in the terms and conditions. The leasing costs for the three vessels will be made available to tenderers to allow them to provide costed bids.

5.13.3 Accordingly, the invitation to tender document does not specify the detailed requirements for the passenger and vehicle vessels required to meet the service outputs identified. In meeting the capacity requirements, however, tenderers will have to secure vessel provision to meet the freight-only elements of the schedule and capacity required. Tenderers will have responsibility to provide the vessels required to meet these requirements

to the level currently serving the routes by the present operator. It will be for the bidding operator to identify the most appropriate vessel, design, freight configuration and performance specification which would meet the Executive's service requirements.

5.13.4 Bidding operators must provide full details of any such additional vessels and specifications proposed to meet the Executive's service requirements. The current operator uses two ro-ro freight vessels in response to the demand for the carriage of freight, including livestock and hazardous goods, on the Aberdeen/Shetland route. The Executive will consider proposals for other configurations of vessels, but only where they clearly meet the service schedule and capacity required.

5.13.5 The present operator has offered to make available for [purchase/lease] one of the freight vessels they currently use on the route. It is a matter individual bidders whether they make use of this option or not, or secure other tonnage. The vessel specification is set out in Annex G.

5.14 Vessel capacity

5.14.1 The Executive does not specify the freight capacity, including livestock and hazardous goods, required for vessels on each route. However, total vessel capacity must as a minimum provide for the current volume of carryings on the routes (see Annex A) including peak period carryings. The Executive wishes tenderers to explore the potential for making the most effective use of vessel capacity. In particular, vessels should be of a size and design that will enable the master to comply with his statutory obligations.

5.15 Scope of Project

5.15.1 The scope of the project is limited to the market for sea transport services between the Northern Isles and the Scottish mainland. It is a matter for tenderers themselves if they wish to consider the scope for generating alternative revenue streams over and above the minimum service requirements, or add value beyond the publicly supported project. This would need to be referred to in bidders plans, and would be acceptable provided that it does not prejudice or put at risk any of the requirements of this specification or any subsequent contract. There would be no assessment of any additional economic value through additional services and costs in any variant bids over and above the minimum requirement. The award criteria are set out in para 2.18.

5.15.2 The inclusion of any additional activity will not affect the decision on selection of the successful tenderer (that as noted earlier will be on the basis of the technically acceptable bid that meets the award criteria). The inclusion by tenderers' of any additional activity generating extra revenue may, nevertheless, reduce the level of subsidy required and thus indirectly improve the competitiveness of the bid.

5.15.3 The Northern Isles Lifeline ferry services will be the only lifeline ferry services between the Northern Isles and the Scottish mainland to be operating as a result of a public service contract. There are, however, existing ship operators providing passenger, vehicle and freight (including livestock) shipping services between the Northern Isles and the Scottish mainland. It will be for tenderers to consider the market for Northern Isles lifeline ferry service in that context.

5.16 Commencement Date

5.16.1 It is the Executive's intention that the service should commence on 1 June 2005. Tenderers should prepare their bids on this basis.

5.17 Terminal Operation

5.17.1 Tenderers must set out the arrangements which will be in place for the manning of harbour facilities for the purposes of loading and discharge of vessels, including any arrangements related to the service as agreed between them and the harbour authority.

5.18 Consultation with Users

5.18.1 Tenderers should consult Northern Isles-based users' representatives prior to submitting their technical submission, in order that their proposals reflect user requirements. The technical submission must contain details of the groups consulted.

5.18.2 This is in addition to the requirement for regular consultation with Northern Isles-based users' representatives referred to in the specification.

5.19 Marketing

5.19.1 The successful Tenderer will be responsible for marketing the service. Tenderers must provide a marketing plan as part of their technical submission. The Executive makes this a key part of the service requirement because it is an important component to supporting the lifeline nature of the routes and the economic and social benefits which are being sought. Marketing is also important in encouraging usage of the services, and helping to minimise the subsidy requirement for the route. This is particularly important for the tourism industry, but also in other sectors of the economy.

5.20 Market Information

5.20.1 The Executive does not hold market information on all of the ferry and shipping services to the Northern Isles. The information provided in this document has been supplied by the existing operator about the services it has provided. It is for bidders to investigate the market themselves and appraise the opportunities and risks involved themselves in the context of this tender. The Executive is not responsible for any other information which tenderers may use.

5.20.2 Tenderers are encouraged, however, to investigate the market thoroughly. The Executive will be encouraging local interests in the Northern Isles to respond positively and consistently to any enquiries they receive from tenderers for information.

5.21 Sub Contracts

5.21.1 The existing operation involves sub contracting of various services.

5.22 Cyclists

5.22.1 The Executive's policy commitments include provision to take the needs of cyclists into account in future rail and ferry franchises into account. This will be fulfilled by making appropriate arrangements for cycles on passenger vessels. The existing operator does not charge for cycles.

6. **Service Standards and Performance**

6.1 **Purpose**

6.1.1 The Executive seeks high quality service standards. These should meet the level of performance expected in a modern, efficient and effective passenger ferry service. The bids should specify standards for service and quantifiable targets. The service standards and performance regime will focus on reliability of the service. The standards set are designed to encourage efficiency and provide an incentive to the successful tenderer.

6.1.2 The successful tenderer shall ensure that the service is met. The service standards, however, will remain subject to the successful tenderer's responsibility for the operational safety of the vessel, crew and passengers, which will remain paramount at all times.

6.2 **Performance Regime**

6.2.1 The proposed performance regime is summarised in Annex C. There will be a reduction in the subsidy in the event that the targets identified are not met. The terms and conditions of the contract will set out the arrangements in more detail. The Executive will require to approve a system for regular monitoring of performance against these targets. In no circumstances, however, should targets be viewed as a justification for taking action which in any way jeopardises the safety of the vessel, its crew or passengers.

6.3 **Monitoring of Operations**

6.3.1 The Executive will monitor the successful tenderer's performance against the requirements of the specification and the successful tenderer's other obligations under the contract. The Executive will conduct whatever audits it feels are required. The successful tenderer shall co-operate in these arrangements and provide accurate auditable information to the Executive. This will enable such audits to be carried out to the Executive's required standards.

6.4 **Consultation**

6.4.1 The successful tenderer shall consult with Northern Isles-based users representatives quarterly throughout the year. The Executive will have the right to be represented at the consultation meetings, as they feel necessary.

7. **Bidding Process and Evaluation of Bids**

7.1 To follow

Passenger carryings

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Lerwick Aberdeen													
Northlink Pax 2003-04	7791	4825	4860	4293	2989	6014	7970						38742
Northlink 2002-03	5758	2655	3251	3098	2682	4503	6191	6654	10582	10537	12277	7185	75373
P&OSF 2001-2002	5542	2246	3420	2601	1709	3318	4045	6057	8813	10827	9991	6583	65,152
P&OSF 2000- 2001	4484	2295	3068	2211	1576	2453	3951	5540	7784	11100	9908	5629	59,999
P&OSF 1999-2000	0	0	0	2156	1360	2787	4680	6006	8076	10242	9489	5339	50135
P&OSF 1998-1999	4750	2256	2539	2196	1476	2631	4868	5876	7292	10691	11375	0	55950
P&OSF 1997													65144
P&OSF 1996													62541
Kirkwall Aberdeen													
Northlink Pax 2003-04	2801	2330	2706	1637	981	1898	3318						15671
Northlink 2002-03	1985	998	1374	989	850	1777	1448	1920	2591	2992	3355	2568	22847
P&OSF 2001-2002	1310	187	912	608	417	1072	776	1440	3108	3646	3967	1716	19,159
P&OSF2000-2001	2295	837	1196	326	9	282	787	1134	3182	4558	3978	1829	20,413
P&OSF 1999-2000	0	0	0	291	82	586	1187	1246	3373	3831	13955	1942	26,493
P&OSF 1998-1999	1313	840	942	262	28	69	996	1435	3418	4963	4192	0	18,458
P&OSF 1997													23,210
P&OSF 1996													21956
Lerwick Kirkwall													
Northlink Pax 2003-04	823	441	350	347	209	857	1228						4255
Northlink 2002-03	693	288	239	211	213	595	737	1274	2291	2858	3221	1555	14175
Stromness Scrabster													
Northlink 2003-04	12623	7261	6763	5135	5563	8605	12143						58093
Northlink 2002-03	7475	4675	6238	3572	4315	7237	9999	12746	15354	19878	22938	13784	128211
P&OSF 2001-2002	11,729	6720	6490	4934	4949	8748	9527	9968	12741	16162	18057	9685	119,710
P&OSF2000-2001	13,422	5690	6060	4589	4355	6788	12225	11683	14468	18560	18786	11654	128,280
P&OSF 1999-2000	0	0	0	5015	4876	6915	14655	13982	18083	26547	26856	15742	132671
P&OSF 1998-1999	13315	5674	5886	4550	4040	7993	13817	14889	17583	27255	27696	0	142698
P&OSF 1997													156903
P&OSF 1996													151802

NOTE

These figures do not include passengers carried across the Pentland Firth by Pentland Ferries and John o' Groats Ferries.

Car carryings

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Lerwick/Aberdeen													
Northlink 2003-04	1407	946	942	778	607	1048	1326						7,054
Northlink 2002-03	1387	704	736	630	576	937	1192	1225	1649	1822	2210	1382	14450
P&OSF 2001-2002	1115	628	660	552	414	711	844	1151	1401	1878	1753	1087	12,194
P&OSF 2000-2001	1027	632	565	483	373	529	822	927	1198	1894	1711	1132	11293
P&OSF 1999-2000	0	0	0	511	303	663	829	1104	1393	1909	1731	1018	9461
P&OSF 1998													11254
P&OSF 1997													11531
P&OSF 1996													12006
Kirkwall/Aberdeen													
Northlink 2003-04	394	391	418	295	166	333	438						2,435
Northlink 2002-03	413	165	276	199	168	320	378	364	370	407	470	414	3944
P&OSF 2001-2002	233	41		106	80	228	118	240	458	624	634	232	2994
P&OSF 2000-2001	181	97	159	73	0	59	139	200	489	678	660	251	2986
P&OSF 1999-2000	0	0	0	52	16	101	194	171	554	679	612	300	2679
P&OSF 1998													3173
P&OSF 1997													3317
P&OSF 1996													3364
Lerwick/Kirkwall													
Northlink 2003-04	166	79	56	69	27	128	185						710
Northlink 2002-03	99	67	62	52	16	110	144	193	426	245	496	162	2072
Stromness/Scrabster													
Cars 2003-04	3,992	2391	2237	1541	1599	2625	3378						17,763
2002-03	2342	1828	1872	1170	1449	2395	2700	4027	4197	5623	6338	4204	38145
P&OSF 2001-2002	3464	2400	2157	1695	1652	2752	2712	2970	3655	4372	5064	2688	35581
P&OSF 2000-2001	3940	1931	1956	1462	1331	2085	3535	3661	4063	4879	5023	3346	37212

P&OSF 1999-2000	0	0	0	1570	1511	2069	3950	4363	5603	7692	7681	4816	39255
P&OSF 1998													0
P&OSF 1997													44842
P&OSF 1996													42312

NOTE

These figures do not include cars carried across the Pentland Firth by Pentland Ferries.

Coach carryings

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Lerwick/Aberdeen													
P&OSF 2001-2002	0	0	0	0	0	3	2	6	10	10	8	10	49
Kirkwall/Aberdeen													
P&OSF 2001-2002	0	0	0	0	0	0	1	0	1	6	3	2	13
Scrabster/Stromness													
P&OSF 2001-2002	0	0	0	0	0	2	6	13	22	26	28	17	114

NOTE

NorthLink does not provide separate statistics on coaches carried.

Freight

		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTAL
Lerwick/Aberdeen														
Northlink 2003/04		16584	15679	13996	12346	10744	14582	12747						96678
Northlink 2002/03		5269	4736	4729	9072	8740	10343	10603	8430	13200	14000	13728	15941	118791
P & OSF 2001/02	SPV	115	84	81	84	129	137	134	86	69	114	102	93	1228
	CT	949	1040	763	971	1086	1117	986	1114	1051	1020	1186	898	12181
	TC	139	136	89	94	126	161	167	143	121	104	123	138	1541
P & OSF 2000/01	SPV	162	120	87	121	102	125	106	121	120	113	125	94	1396
	CT	813	884	712	600	655	728	657	779	705	769	762	829	8893
	TC	80	118	80	95	82	144	120	121	136	96	122	118	1312
P & OSF 1999/00	SPV	0	0	0	72	83	90	103	80	125	116	133	121	923
	CT	0	0	0	557	624	674	644	664	642	640	668	672	5785
	TC	0	0	0	81	97	137	152	128	124	92	104	146	1061
Kirkwall/Aberdeen														
Northlink 2003/04		2512	1995	1409	1400	1492	2171	3126						14105
Northlink 2002/03		334	43	260	300	300	413	380	474	2000	1890	1957	2144	10495
P & O SF 2001/02	SPV	26	19	30	20	20	28	18	15	31	16	28	16	267
	CT	144	130	128	167	223	216	164	126	205	277	277	202	2259
	TC	56	22	26	15	19	32	18	15	32	57	46	28	366
P & O SF 2000/01	SPV	28	19	25	16	11	8	18	41	26	49	59	21	321
	CT	93	111	114	109	134	202	72	136	163	148	127	177	1586
	TC	33	25	21	18	18	34	27	33	60	36	27	45	377
P & O SF 1999/2000	SPV	0	0	0	16	11	15	32	11	24	36	37	35	217
	CT	0	0	0	145	126	165	120	84	104	80	130	94	1048
	TC	0	0	0	15	22	42	51	17	58	35	51	31	322
Lerwick/Kirkwall														
Northlink 2003/04		296	499	474	275	298	516	650						3008
Northlink 2002/03		65	61	301	0	0	104	142	300	150	245	496	162	2026
Stromness/Scrabster														
Northlink 2003/04		8737	8080	8019	5849	5414	7567	6659						50325
Northlink 2002/03		8778	7822	8215	8030	8451	9633	7706	7953	7500	7647	7077	6856	95668
P & O SF 2001/02	SPV	188	290	216	240	244	261	213	197	143	108	182	137	2419
	CT	405	430	419	439	472	562	508	559	528	550	509	530	5911
	TC	74	63	50	58	66	64	52	42	35	32	24	45	605

P & O SF 2000/01	SPV	236	212	180	141	198	155	175	187	139	136	153	160	2072
	CT	316	316	307	219	316	307	316	460	416	426	440	366	4205
	TC	80	69	38	25	43	44	64	86	46	52	34	42	623
P & O SF 1999/2000	SPV	0	0	0	137	205	215	251	293	232	292	252	230	2107
	CT	0	0	0	243	262	273	252	287	280	360	303	269	2529
	TC	0	0	0	34	56	66	55	177	69	63	48	70	638

NOTE

1. These figures do not include freight carried by Pentland Ferries across the Pentland Firth in 2001-2004, nor freight carried by Norse Island Ferries between Lerwick and Aberdeen between September 2002 and June 2003.
2. P&OSF provided the numbers of freight vehicles carried. NorthLink provides the number of lane metres of freight carried.

LIVESTOCK

		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	TOTAL
Lerwick/Aberdeen														
Northlink 2003/04	Cattle	312	52	0	63	109	147	139						822
	Sheep	42483	1579	1050	728	502	184	944						47470
Northlink 2002/03	Cattle	0	6	55	94	16	37	2	86	19	72	16	101	504
	Sheep	0	208	1060	239	222	295	238	80	393	364	414	48,419	51932
P & OSF 2001/02	Cattle	621	38	134	69	47	44	307	195	58	85	60	108	1766
	Sheep	47161	12863	5728	1975	60	304	1019	240	123	45	450	54739	124707
P & OSF 2000/01	Cattle	590	175	12	55	15	0	62	320	75	36	50	94	1484
	Sheep	34954	3830	2248	635	95	0	0	0	100	27	200	49718	91807
P & OSF 1999/00	Cattle	0	0	0	77	40	144	239	227	85	70	93	81	1056
	Sheep	0	0	0	345	300	231	470	191	73	52	785	57638	60085
Kirkwall/Aberdeen														
Northlink 2003/04	Cattle	3232	886	655	1012	1402	1099	704						8990
	Sheep	1840	1356	850	268	910	1077	248						4314
Northlink 2002/03	Cattle	0	534	388	850	859	1535	1067	548	5	870	1302	4149	12107
	Sheep	0	1344	398	677	884	1283	481	968	299	350	978	2832	10494
P & OSF 2001/02	Cattle	3567	843	646	948	1324	1200	916	720	420	519	850	3582	15535
	Sheep	8349	4394	705	1279	1040	701	370	850	605	491	400	1981	21165
P & OSF 2000/01	Cattle	2552	281	4	54	261	0	340	1100	241	366	1300	3298	9797
	Sheep	2914	1299	70	0	0	0	0	800	860	438	500	1931	8812
P & OSF 1999/00	Cattle	0	0	0	178	282	364	361	548	140	230	360	1676	4139
	Sheep	0	0	0	6	0	25	232	27	0	54	0	860	1204
Lerwick/Kirkwall														
Northlink 2003/04	Cattle	12	0	0	9	3	88	45						157
	Sheep	1937	0	0	0	0	0	0						1937
Northlink 2002/03														
Stromness/Scrabster														
Northlink 2003/04	Cattle	382	3	0	9	8	119	22						543
	Sheep	969	646	252	0	68	493	43						2471
Northlink 2002/03	Cattle	0	0	12	16	26	41	45	44	35	38	8	542	807
	Sheep	0	0	27	0	0	524	381	122	8	167	1	237	1467
P & OSF 2001/02	Cattle	343	117	30	216	212	154	211	210	91	73	250	613	2520
	Sheep	7235	4692	6992	3966	2986	1114	331	520	257	119	200	4735	33147

P & OSF 2000/01	Cattle	1150	421	327	757	614	0	0	140	40	76	200	704	4429
	Sheep	9126	7423	2069	2372	633	0	0	350	0	0	300	1265	23538
P & OSF 1999/00	Cattle	0	0	0	573	675	744	595	411	204	509	379	1143	5233
	Sheep	0	0	0	2463	1633	1654	676	582	375	335	1417	5774	14909

NOTE

These figures do not include livestock carried by Orcargo between Kirkwall and Aberdeen in 1999-2001, by Pentland Ferries across the Pentland Firth in 2001-2004, nor by Norse Island Ferries between Lerwick and Aberdeen between November 2002 and June 2003.

INFORMATION ON PORTS

This Annex specifies facilities at the 5 ports currently used, but discussions with port manager may be required. Tenderers should discuss any proposals to use other ports with the port managers concerned.

Aberdeen Contact: Barclay Braithwaite
General Manager
Aberdeen Harbour Board
16 Regent Quay
Aberdeen
ABB11 5SS

Kirkwall Contact: Captain Nigel Mills
Orkney Harbour Authority
Harbour Office
Scapa
Orkney
KW15 1SD

Lerwick Contact: Alan Wishart
Lerwick Port Authority
Albert Building
Lerwick
Shetland
ZE1 0LL

Scrabster Contact: Donald Allan
Scrabster Harbour Trust
Caithness
KW14 7UJ

Stromness Contact: Captain Nigel Mills
Orkney Harbour Authority
Harbour Office
Scapa
Orkney

ABERDEEN

		Jamiesons Quay	Commercial Quay	Matthews Quay
Number of ro-ro berths		1 (Passenger and Freight)	1 (Freight only)	1 (Freight only)
Number of other berths		1 (Livestock berth)	0	0
Maximum ro-ro vessel size	Length	125m	130m	160m
	Beam	22m	22m	22m
	Draught	6m	6 m	8.5m
Private Vehicle Assembly Area		Yes	No	No
Ro-ro Berth Capacity	Length	125m	130m	160m
	Draught	6m	6m	8.5m
Linkspan	Width	6.5m (5.23m between kerbs)	15.5m (ship ramp)	16m (ship ramp)
	Centre from pier face	9.98m from fenders	10.42m	10.24m from fenders
Passenger Terminal Facilities		Yes (see port facilities below)	No	No
Livestock Pens		Yes (within lairage building)	No	No
Lairage Facilities		Yes (7,527 sq m of yard with 1,400 sq m lairage building)	No	No
Freight Marshalling Area		Yes (12,980 sq m passenger and freight terminal area)	If required	If required
Operating Hours		24 hours	24 hours	24 hours
	Normal working hours (extra charges for work done outside these times)	8.00am to 5.00pm	8.00am to 5.00pm	8.00am to 5.00pm
Existing Lease Arrangements	Passenger Terminal	Operator will be required to enter into a full repairing and insuring lease with Aberdeen Harbour Board for the passenger and freight terminal	Not applicable	Not applicable
	Lairage Facilities	Yard and lairage building is available on a full repairing and insuring lease from Aberdeen Harbour Board.	Not applicable	Not applicable

Contact Details:

Owned by: Aberdeen Harbour Board
Address: Harbour Office
16 Regent Quay
ABERDEEN
Tel: 01224 597000
Fax: 01224 571507
e-mail: info@aberdeen-harbour.co.uk
Contact: R Barclay Braithwaite, Chief Executive

Opening Hours: Harbour Office - 8.30am to 5.00pm
Car Parking adjacent to Passenger Terminal: Chargeable short-term and long-term car parking available within multi-storey car park at Commercial Quay (subject to space availability).
Port Facilities: The passenger terminal at Jamiesons Quay comprises a modern two-storey building with a waiting area, passenger and baggage check-in and toilets on the ground floor with staff offices and facilities on the upper floor. The building is served by a lift and provides passenger access to the vessel via a covered walkway at first floor level.
Operator Offices: 130 sq m or thereby
Ticketing/Reservation: Responsibility of passenger terminal operator
Waiting Room (seats): 38 (passengers usually board vessel immediately on arrival)
Public Telephone: Yes
Toilets (public and staff): Yes
Baby Changing Facilities: No
Vending Machines: Yes
Left Luggage: Yes (luggage check in facilities available)
Loose parcels accepted: Yes
Company towmotors: Responsibility of passenger terminal operator
Disabled Facilities:
Toilets: Yes
Seating: Not applicable
Access: Yes
Parking: Yes
Wheelchair on request: Responsibility of passenger terminal operator
Disabled Reporting: Contact passenger terminal operator
Procedures: Contact passenger terminal operator

ORKNEY-KIRKWALL-HATSTON

Number of ro-ro berths		1
Number of other berths		1
Maximum ro-ro vessel size	Length	161 m
	Beam	19.5 m
	Draught	8 m
Private Vehicle Assembly Area	With power points	Both on the pier and in the upper marshalling area prior to barding
Ro-ro Berth Capacity	Length	m
	Draught	Berth dredged to xm C.D.
Linkspan	Width	m
	Centre from pier face	m
Passenger Terminal Facilities		See details below.
Livestock Pens		None
Lairage Facilities		Temporary lairage facilities which enable the sorting of animals but no holding facilities as the peir has no method of disposing of effluent.
Freight Marshalling Area		Some freight on pier prior to lading and in the upper marshalling area
Operating Hours	Normal working hours (extra charges for work done outside these times)	24 hours to suit operation
Existing Lease Arrangements	Passenger Terminal	None
	Lairage Facilities	None

Port Facilities		Disabled Facilities	
Ticketing/Reservation			
Waiting Room (seats)	76		
Public Telephone	No		
Toilets	yes	Yes	
Baby Changing Facilities		yes	
Vending Machines	Hot drinks but no food although space to fit a machine has been allocated		
Left Luggage	Not at present		

<p>Loose Parcels Accepted</p> <p>Company Towmotors</p>	<p>Accepted at present. The port accepts unaccomated baggage but it may be subject to search as prescribed under the ISPS code Provided by third party stevedores, limited fork lift facilities provided by the port authority.</p>		
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LERWICK

Number of ro-ro berths		3
Number of other berths		10
Maximum ro-ro vessel size	Length	165 m
	Beam	30 m
	Draught	8 m
Private Vehicle Assembly Area	With power points	70 cars
Ro-ro Berth Capacity	Length	165 m
	Draught	8 m
Linkspan	Width	20 m
	Centre from pier face	14.4 m
Passenger Terminal Facilities		See port facilities
Livestock Pens		Provided by haulier
Lairage Facilities		Quayside available
Freight Marshalling Area		Yes
Operating Hours	Normal working hours (extra charges for work done outside these times)	24 hours if required – overtime outwith normal hours
Existing Lease Arrangements	Passenger Terminal	None
	Lairage Facilities	None

Port Facilities		Disabled Facilities	
Ticketing/Reservation	yes	Toilets	yes
Waiting Room (seats)	125	Seating	yes
Public Telephone	yes	Access	yes
Toilets	yes	Parking	yes
Baby Changing Facilities	yes	Wheelchair request	on Shipping Company
Vending Machines	yes		
Left Luggage	yes		
Loose Parcels Accepted	conditional		
Company Towmotors	Shipping company		

SCRABSTER

Number of ro-ro berths		2
Number of other berths		2
Maximum ro-ro vessel size	Length	125m
	Beam	20m
	Draught	8m
Private Vehicle Assembly Area	With power points	Yes
Ro-ro Berth Capacity	Length	150m
	Draught	9m at Chart Datum
Linkspan	Width	11m
	Centre from pier face	11.3m
Passenger Terminal Facilities		Yes
Livestock Pens		No
Lairage Facilities		Yes
Freight Marshalling Area		Yes
Operating Hours		24 hours
	Normal working hours (extra charges for work done outside these times)	24 hours
Existing Lease Arrangements	Passenger Terminal	Yes
	Lairage Facilities	No

Port Facilities		Disabled Facilities	
Ticketing/Reservation	Yes		
Waiting Room (seats)	Yes (80)		
Public Telephone	Yes		
Toilets	Yes	Toilets	
Baby Changing Facilities	Yes	Access	
Vending Machines	Yes	Disabled Reporting Procedures	

Left Luggage	No		
Loose Parcels Accepted	No		
Company Towmotors	No		

ORKNEY - STROMNESS

Number of ro-ro berths		1
Number of other berths		
Maximum ro-ro vessel size	Length	131
	Beam	
	Draught	6
Private Vehicle Assembly Area	With power points	yes
Ro-ro Berth Capacity	Length	m
	Draught	Berth dredged to xm C.D.
Linkspan	Width	m
	Centre from pier face	m
Passenger Terminal Facilities		See port facilities
Livestock Pens		None
Lairage Facilities		None
Freight Marshalling Area		yes
Operating Hours		24 hours
	Normal working hours (extra charges for work done outside these times)	
Existing Lease Arrangements	Passenger Terminal	None
	Lairage Facilities	None

Port Facilities		Disabled Facilities	
Ticketing/Reservation			
Waiting Room (seats)	30		
Public Telephone	no		
Toilets	yes	yes	
Baby Changing Facilities		yes	
Vending Machines	Both drinks and snacks		
Left Luggage	Not at present		
Loose Parcels Accepted	At discretion of the operator.		
Company Towmotors	Operated by subcontractor		

PERFORMANCE STANDARDS

This Annex summarises the proposed service quality and performance standards.

Service Quality Standards

The Executive seeks high quality service standards. These should meet the level of performance expected in a modern, efficient and effective passenger ferry service. The bids should specify standards for service and quantifiable targets. The Department will require to approve a system for regular monitoring of performance against these targets. In no circumstances, however, should targets be viewed as a justification for taking action which in any way jeopardises the safety of the vessel, its crew or passengers.

Key minimum standards include:-

- 98% operation of scheduled services excluding those services cancelled for safety reasons e.g. weather conditions significantly worse than normal.
- 95% of sailings punctual (i.e. no more than 10% longer than scheduled duration of sailing) excluding those services delayed for safety reasons e.g. adverse weather conditions.
- 98% of advertised on board facilities available on sailings
- complaints to be acknowledged within one week of receipt and resolved within 4 weeks, except in exceptional circumstances.

These and other key quality factors should be identified as part of the Quality Plan.

Monitoring Procedures

The operator shall supply the reports to the Scottish Ministers in accordance with this provision.

1 PERFORMANCE OF THE APPROVED SERVICES

- 1.1 reports (in a form to be agreed) on Performance Measures for Reliability included in the Schedule for routes, period to be measured, and classification of reliability over the period;
- 1.2 information (in a form to be agreed) on the deduction regime for reliability as set out in the Schedule;
- 1.3 Relief Events;
- 1.4 a summary (in a form to be agreed) of the position in relation to Performance Measures for Reliability before Relief Events are taken into account, and Performance Measures for Reliability and Punctuality after Relief Events are taken into account in the light of the operators' comments/assessment;
- 1.5 the operator should have monthly information covering the above matters available for the Executive to see on request if necessary, within 6 weeks after the month concerned;
- 1.6 the Executive should receive a report (in a form to be agreed) from the operator covering the 6 month periods envisaged in the Reliability Performance Measurements. This would be received 6 weeks after the end of that period;
- 1.7 a summary of the monitoring regime should be made available for public consumption and in the operator's annual report, and for use by the Executive as necessary. The same information should also be made available to the members of the quarterly consultation meetings with users.

2 EXPENDITURE AND ACCOUNTABILITY

Monitoring Information: General

2.1 The operator shall provide monitoring information over and above the items specified as follows -

- (a) the operator shall provide carryings information summarised from its management systems on the basis of the attached Appendix ;
- (b) the information should allow detailed breakdown on the 3 routes in question, and on the freight services by month and to be available to the Executive as necessary on request;
- (c) routinely the operator should submit quarterly reports summarised on the basis of Appendix 1. The quarterly returns should be received within 6 weeks of the end of that quarterly period. The format of the information can be adjusted by mutual agreement between the Scottish Ministers and the operator;
- (d) the operator should submit information on vessel capacity utilisation. This should provide information on a broadly similar pattern as in Appendix 11. The information should analyse capacity usage by season, if appropriate, or such other breakdown of the year as is suitable reflecting the timetable in place.

Appendix I - SAMPLE REPORT

All figures given are numbers of units carried

		Accounting Period
<u>Aberdeen – Shetland</u>		
Passengers	=	
Accompanied Cars	=	
Livestock:		
Cattle	=	
Sheep	=	
Freight:		
Self-propelled vehicles	=	
Commercial trailers	=	
Trade cars	=	
<u>Aberdeen – Orkney</u>		
		Accounting Period
Passengers	=	
Accompanied Cars	=	
Livestock:		
Cattle	=	
Sheep	=	
Freight:		
Self-propelled vehicles	=	
Commercial trailers	=	
Trade cars	=	
<u>Scrabster – Stromness (Pentland Firth)</u>		
		Accounting Period
Passengers	=	
Accompanied Cars	=	
Livestock:		
Cattle	=	
Sheep	=	
Freight:		
Self-propelled vehicles	=	
Commercial trailers	=	
Trade cars	=	

Appendix II - Sample Current Vessel Capacity Report

VESSEL CAPACITY		WINTER - AVERAGE		WINTER – PEAK	
		Monthly Sailings	Capacity	Monthly Sailings	Capacity
Passengers					
Cars					
Freight					

VESSEL CAPACITY		SUMMER - AVERAGE		SUMMER– PEAK	
		Monthly Sailings	Capacity	Monthly Sailings	Capacity
Passengers					
Cars					
Freight					

FINANCE AND EFFICIENCY INFORMATION

The Executive requires the submission of audited annual accounts and other information.

As part of the monitoring arrangements for the contract the Scottish Ministers require a submission of information, either in the annual accounts themselves or submitted separately -

- efficiency and financial information at the end of each financial year;
- detailed statements of both revenue and operating costs on a route basis where appropriate differentiating between ship and operating costs, shore and terminal costs, catering and other service costs, administration costs, marketing costs and other costs;
- separate financial statements for grant supported passenger and accompanied car activities and freight and livestock traffic, which clearly demonstrates that there is no cross subsidisation;
- revenue subsidy per passenger;
- operating costs per passenger;
- revenue subsidy as a percentage of turnover;
- revenue earned per employee;
- operating cost per PCU capacity kilometre.

With respect to grant clawback, at the end of each financial year the operator shall provide a summary analysis of its Rate of Return on Capital Employed in providing the Approved Services and ensure that the proper systems are in place to allow its Rate of Return on Capital Employed to be measured at the end of the full Grant Period.

Deduction Regimes

1 Definitions:

“**Aberdeen Services**” mean the following Approved Services -

- Aberdeen to Lerwick
- Lerwick to Aberdeen
- Aberdeen to Orkney to Lerwick
- Lerwick to Orkney to Aberdeen

“**Pentland Firth Services**” mean the following Approved Services -

- Stromness to Scrabster
- Scrabster to Stromness

2 Deduction Regime Provisions for Reliability

Performance Measures for Reliability	<p>A passenger ferry service on a service forming part of the Approved Services operates in accordance with the Performance Measures for Reliability if it completes the service.</p> <p>For this purpose a passenger ferry service shall be deemed to have completed a service if it completes a voyage between the commencement port of that route and the destination port, or the final destination port if there is more than one destination port as the case may be, of that particular route PROVIDED THAT a service which fails to complete or to commence a voyage as a consequence of a Relief Event shall be deemed to have been operated in accordance with the Performance Measures for Reliability.</p>
Periods to be measured	<p>First six months after the Commencement Date of this Agreement and each successive period of six months thereafter</p>
Classification of reliability over period	
<p style="text-align: center;">A</p>	<p>98%-100% (“Compliance Band”)</p>
<p style="text-align: center;">B</p>	<p>75% - 98% (“Default band”)</p>
<p style="text-align: center;">C</p>	<p>50% - 75% (“Deduction Band C”)</p>

D	less than 50% (“ Deduction Band D ”)
Deduction Regime for Reliability:	
A	No Deduction
B	Option B
C	Deduction C
D	Deduction D
Implementation of Option B	The Scottish Ministers may require the operator to explain this default in the provision of services. Such explanation to be given in any manner and within any reasonable timescale specified in writing by the Scottish Ministers.
Deduction C	Deduct 25% of the Grant payable in terms of this Agreement over the period concerned
Deduction D	Deduct 50% of the Grant payable in terms of this Agreement over the period concerned

3 Deduction Regime Provisions for Punctuality

Performance Measures for Punctuality:	<p>A passenger ferry service on a service forming part of the Approved Services meets the Performance Measures for Punctuality if -</p> <ul style="list-style-type: none"> · in the case of a Pentland Firth Service, the service arrives at destination port within 20 minutes of the scheduled time as varied from time to time in compliance with Clause 9.1. · in the case of an Aberdeen Service, the service arrives at the final destination port within 1½ hours of the scheduled time as varied from time to time in compliance with Clause 9.1. <p>PROVIDED THAT a service which does not meet the Performance Measures for Punctuality either because it is late, or fails to run, as a consequence (in either case) of a Relief Event shall be deemed to have met the Performance Measures for Punctuality</p>
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Periods to be measured	Six months after the Commencement Date of the Contract and each successive period of six months Thereafter
Classification of punctuality over period	
A.	95% - 100% "compliance band" of the Approved Services are Punctual
B	75% - 95% of the Approved Services are Punctual
C	50% - 75% of the Approved Services are Punctual
D	less than 50% of the Approved Services are Punctual
Deduction Regime for Punctuality:	
Deduction to apply to classification	
A	No Deduction
B	Option B (P)
C	Deduction C (P)
D	Deduction D (P)
Implementation of Option B (P)	The Scottish Ministers may require the operator to explain this default in the provision of services, Such explanation to be given in any manner and within any reasonable timescale specified in writing by the Scottish Ministers
Deduction C (P)	5%
Deduction D (P)	10%

**SUMMARY OF TENDER DOCUMENTATION: SUPPORTING MATERIAL
REQUIRED**

The Tenderer's full response to the requirements set out in Section 5.

Details of the Tenderer's Safety Record

1. Details must be provided of the Tenderer's safety record over the past year to December 2003. Details of accidents to passengers, crew and freight should be included, as should particulars of all serious vessel incidents such as grounding, collision, fire, or loss.

Operational Management Plan

2. Tenderers must provide a clear operational management plan for the service.

3. This should include -

- The tenderer's management structure showing where operational responsibility for the service lies.
- The names of key personnel with responsibility for
 - ✓ Operational Safety
 - ✓ Quality
 - ✓ Technical management
 - ✓ Booking arrangements
 - ✓ Co-ordination with local shipping interests
- Crewing proposals, including source of crew.
- An outline emergency response plan should be provided, showing areas of responsibility and contact procedure in the event of an emergency.

Financial Management and Bidding Structure

4. The Executive will require full details of the Tendering Company and its existing or proposed financial structure. Details of any existing or intended relationships within any Group of companies, or composition of any Joint Venture will be required, since the Executive must be satisfied regarding the precise status, composition and financial viability of the Tenderer before considering any formal Contract.

5. The Executive must also be satisfied that the Tenderer will have a clearly identified organisational and accounting structure to allow for the subsidy to be transparent and auditable, and ensure compliance with the Executive's requirements. This is necessary to ensure that there are proper systems in place to provide evidence that the subsidy is not subject to cross-subsidisation with other ferry activities or business operations.

Vessel Specification

6. Full details of any additional vessel proposed for use on the route should be provided. These should include particulars of where and when built, port of registry, previous names, service speed and consumption, carrying capacity and class.

7. A copy of the current Safcon, load line and LSA certificates must be provided, along with a general arrangement drawing and a note of the date of the next special survey. Tenderers should provide details of the vessels' port state inspection record, covering the last two years of operations, with full details of any detentions.

8. The Executive may wish to inspect the vessels as part of the Tender evaluation process. Details of where this can be done should be provided.

9. Where the vessel proposed for any of the routes is not currently in the ownership of the bidder, clear evidence of the vessel's availability must be provided.

10. Where the vessel is to be purchased, a copy of the memorandum of agreement between the Tenderer and the vessels present owner should be provided.

11. Where a vessel is to be chartered, a copy of the charter party to be used should be provided along with a written statement from the vessel's owner or current Contractor, to the effect that the vessel will be available to the Tenderer for use on the route.

Marketing Plan

12. Tenderers are encouraged strongly to consult with local interests when considering marketing issues associated with the operation and development of the service. Tenderers must provide an outline-marketing plan containing details of their proposals for the marketing of the route

Insurance

13. Tenderers must provide details of the arrangements to be put in place for third party liability insurance in respect of their performance of the Contract, including the operation of any vessel.

14. Tenderers must supply full details of the insurance arrangements in place for any additional vessels and for their own operation. These will consist of;

The name of the P&I Association with which the vessel is entered along with a copy of the certificate of entry.

A Certificate of Hull and Machinery Insurance for the vessel.

Identity of the underwriters with whom third party risks is placed along with details of the extent of cover.

Quality Plan

15. A Quality Plan must be provided, containing:

Details of the Tenderer's current operational accreditation, such as ISO 9002, or ISO 1400 with a copy of the certificate.

Details of the Contractors ISM Accreditation, along with copies of certificates.

Details of any accreditation towards which Tenderers are currently working with planned compliance dates.

Detailed proposals for managing quality on the route.

16. Issues to be covered will include:

Outline routine formal audit programme for the route.

Proposals for monitoring service standards on a day-to-day basis.

The Contractor will be required to provide appropriate performance statistics to representatives of Northern Isles-based user-groups, and to make the figures available to the Executive as and when required.

Proposals for monitoring customer satisfaction, including regular consultation with Northern Isles-based users' representatives.

The Contractor must be prepared to respond to unscheduled requests for consultation, from either the Executive or Northern Isles-based user-groups, should the issues raised warrant it.

Details of the complaints procedure which the Contractor will implement, with target timescales for the resolution of the issues.

Environmental Considerations

17. Tenderers must provide full details of their policy in relation to environmental protection and should describe any particular steps they will take in order to help preserve the routes' environment.

Risk Assessment

18. Tenderers must carry out a risk assessment for the operation. Details of this must be provided as part of the technical submission.

Implementation Plan

19. Tenderers must produce a detailed implementation plan demonstrating that they have considered all relevant risk factors associated with lifeline ferry services and setting out the means they intend to adopt to manage the risks and minimise their effect.

20. The Implementation Plan should include reference to:

Any human resource or industrial relations issues that the Tenderer feels may arise surrounding the recruitment and retention of crew and staff.

Arrangements for staff training.

Identification of any other training requirements and the arrangements and timetable for achieving them.

Vessel trials, including trial berthing, where necessary.

Achievement of required safety certification.

Arrangements for setting up the booking system.

The implementation plan must include a timetable for the activities detailed above, covering the period between contract award and service implementation.

Tendering Process and Timetable

21. Contractor's timetable for the implementation.

VESSEL DETAILS

To follow.

Tariff 2004	Scrabster - Stromness			Aberdeen - Lerwick		
	Low	Mid	Peak	Low	Mid	Peak
(All fares single passage) PASSENGERS						
Adult Single	12.00	13.00	14.00	19.25	24.50	29.50
Child Single (age 5-15yrs)	6.00	6.50	7.00	9.63	12.25	14.75
Infant (age 0-4yrs)	FREE	FREE	FREE	FREE	FREE	FREE
VEHICLES						
Car (<6m)	38.00	39.00	43.00	78.50	100.00	105.50
Motorhome (<6m)	38.00	39.00	43.00	78.50	100.00	105.50
Bicycle	FREE	FREE	FREE	FREE	FREE	FREE
Motorcycles/Scooters	11.50	13.00	14.50	16.50	18.00	20.00
Long and Towed Vehicles (>6m) (supplement per m)	7.00	8.25	9.00	8.50	10.50	12.50

Private light goods vehicles or car derived vans carrying goods or tools for commercial use contact 01856 850239 for enquiries and bookings.

	Low	Mid	Peak	Low	Mid	Peak
CABINS						
Per cabin, per journey						
Premium Outer 2 berth	-	-	-	72.00	92.00	100.00
Outer 2 berth	30.00	30.00	35.00	52.00	72.00	80.00
Inner 4 berth	-	-	-	50.00	70.00	78.00
Outer 4 berth	30.00	30.00	35.00	-	-	-
Daytime Cabins	20.00	20.00	20.00	-	-	-
Cabin Share Scheme						
Berth in outer 2	-	-	-	26.00	36.00	40.00
Berth in inner 4	-	-	-	17.00	24.00	26.00

Tariff 2004	Aberdeen - Kirkwall			Lerwick - Kirkwall		
	Low	Mid	Peak	Low	Mid	Peak
(All fares single passage) PASSENGERS						
Adult Single	14.75	18.50	22.50	12.50	14.75	17.75
Child Single (age 5-15yrs)	7.38	9.25	11.25	6.25	7.38	8.88
Infant (age 0-4yrs)	FREE	FREE	FREE	FREE	FREE	FREE
VEHICLES						
Car (<6m)	58.25	76.00	80.00	45.00	65.25	73.75
Motorhome (<6m)	58.25	76.00	80.00	45.00	65.25	73.75
Bicycle	FREE	FREE	FREE	FREE	FREE	FREE
Motorcycles/Scooters	13.00	15.50	18.00	13.00	15.00	17.00
Long and Towed Vehicles (>6m) (supplement per m)	7.75	9.25	10.50	7.50	9.00	10.00

Private light goods vehicles or car derived vans carrying goods or tools for commercial use contact 01856 850239 for enquiries and bookings.

	Low	Mid	Peak	Low	Mid	Peak
CABINS						
Per cabin						
Premium Outer 2 berth	72.00	92.00	100.00	72.00	92.00	100.00
Outer 2 berth	52.00	72.00	80.00	52.00	72.00	80.00
Inner 4 berth	50.00	70.00	78.00	50.00	70.00	78.00
Outer 4 berth	-	-	-	-	-	-
Daytime Cabins	-	-	-	-	-	-
Cabin Share Scheme						
Berth in outer 2	26.00	36.00	40.00	26.00	36.00	40.00
Berth in inner 4	17.00	24.00	26.00	17.00	24.00	26.00

Concessions 10% discount available on standard fares to senior citizens, those in full time education and disabled.

Low Season	Mid Season	Peak Season
January, February, March, November, December (excluding 19th Dec - 9th Jan)	April, May, June, September, October, 19th Dec - 9th Jan (to include Christmas and New Year period)	July, August

2004 Freight Rates

	Advance Booking /Standby		3 Day Premium	
	self prop	drop trailer	self prop	drop trailer
Lerwick - Aberdeen	£38.00	£38.50	£42.00	£46.00
Kirkwall - Aberdeen	£26.50	£27.50	£33.00	£35.00
Scrabster - Stromness	£17.70	£17.70	£26.00	£31.00
Lerwick - Kirkwall	£23.00	£25.00	£26.00	£31.00

2004 TIMETABLE

Scrabster - Stromness

Departs	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Stromness	0345	0345	0345	0345	0345	-	-
Scrabster	0600	0600	0600	0600	0600	-	-
Stromness	0900	0900	0900	0900	0900	0900	0900
Scrabster	1200	1200	1200	1200	1200	1200	1200
Stromness	1630	1630	1630	1630	1630	1630	1630
Scrabster	1900	1900	1900	1900	1900	1900	1900

Crossing time: 90mins

Aberdeen - Kirkwall (Hatston) - Lerwick (northbound)

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Dep Aberdeen	1900	1700*	1900	1700	1900	1700	1700
Arr Kirkwall	-	2300+	-	2300	-	2300	2300
Dep Kirkwall	-	2345+	-	2345	-	2345	2345
Arr Lerwick	0730	0730	0730	0730	0730	0730	0730

* Departure Aberdeen 1900 from 1 Jan -31 Mar & 1 Nov - 31 Dec

+ No Kirkwall call from 1 Jan - 31 Mar & 1 Nov - 31 Dec

Lerwick - Kirkwall (Hatston) - Aberdeen (southbound)

	Mon	Tues	Wed	Thurs	Fri	Sat	Sun
Dep Lerwick	1730*	1900	1730	1900	1730	1900	1900
Arr Kirkwall	2300+	-	2300	-	2300	-	-
Dep Kirkwall	2345+	-	2345	-	2345	-	-
Arr Aberdeen	0700	0700	0700	0700	0700	0700	0700

* Departure Lerwick 1900 from 1 Jan -31 Mar & 1 Nov - 31 Dec

+ No Kirkwall call from 1 Jan - 31 Mar & 1 Nov - 31 Dec

Freight Timetable

Day	M.V. Hascosay	M.V. Clare
Monday	Kirkwall - Aberdeen	Layover in Lerwick
Tuesday	Aberdeen - Lerwick	Lerwick - Aberdeen
Wednesday	Lerwick - Aberdeen	Aberdeen - Lerwick
Thursday	Aberdeen -Lerwick	Lerwick -Aberdeen
Friday	Lerwick - Aberdeen	Aberdeen - Lerwick
Saturday	Layover in Aberdeen	Layover in Lerwick
Sunday	Aberdeen - Kirkwall	Layover in Lerwick

All departures are at 18:00 unless otherwise stated. All arrivals at 08:00.