

**Information about meetings between the Scottish Executive and a commercial ferry company called Western Ferries, where the company's proposals to introduce a Users' Charter was discussed.**

**1. Meeting between the Scottish Executive and Western Ferries on 19 July 2004 – record of discussion on Western Ferries proposals for a Users' Charter**

Present at the meeting:

John Ewing, Scottish Executive  
David Hart, Scottish Executive  
Graham Laidlaw, Scottish Executive

Gordon Ross, Western Ferries  
Marjory Beattie, Western Ferries  
Sarah Chisnall, GPC International

Turning to the future Mr Ross indicated that Western Ferries were looking to give local ferry users guarantees over price and quality. He suggested a "Users' Charter" – covering both vehicles and pedestrians. This he indicated would be a binding agreement and fare increases would be controlled, subject to shocks to the market. In response Mr Hart indicated that there were no change in plans for the Gourock-Dunoon tendering. He further indicated that the process was still under consideration.

Gordon Ross did recognise local residents' concerns over lack of choice. Mr Ross stated that Western Ferries were looking to explore whether there is the potential for a tripartite agreement between:

- Western Ferries;
- Scottish Executive;
- Argyll & Bute Council

In his view it was important to include Argyll & Bute Council in this agreement for two reasons, firstly it provides local credibility and secondly they own Dunoon harbour and the new and existing linkspans. In respect of this Users' Charter/ tripartite agreement Mr Ross went on to say that it could consider issues of performance requirements. It would also need to consider fares increases.

Mr Ewing then raised a few concerns. The first of these was that a consequence of the tripartite agreement could be that the Minister would have a quasi/shadow-Director role in Western Ferries. The second point was how to make modest or major changes to the contract, particularly when there isn't unanimity on the proposed change. The final point was that when there is no subsidy flows what are the penalties for breach of agreement.

As a follow up action from the meeting David Hart stated there was a need to consider whether the Scottish Executive could enter into an agreement in advance of a tender.

Gordon Ross indicated he would welcome comment on Western Ferries' proposal for a User's Charter. Mr Hart replied that the Scottish Executive would consider whether they could become involved. As part of that TD4:2 will liaise with OSSE.

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**2. Text on Western Ferries proposals for a Users' Charter contained in a letter from Gordon Ross, Managing Director of Western Ferries, dated 26 July 2004, to John Ewing, Head of Transport Group, Scottish Executive**

During the meeting the development and ensuing benefits from a Users' Charter were debated at length. I now look forward to hearing back from you once you have had a chance to discuss this suggestion with your legal colleagues. I do appreciate that there is a need to fully consider all options and to be aware of any potential pitfalls for either side.

Once again thank you for taking the time to meet with Western Ferries. I look forward to hearing from you with regards the Users' Charter prior to our meeting with the Minister on 11<sup>th</sup> August.

In the meantime if I can be of any assistance please do not hesitate to get in touch.

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**3. Text on Western Ferries proposals for a Users' Charter contained in a letter from Graham Laidlaw, Scottish Executive, dated 6 August 2004, to Gordon Ross, Managing Director of Western Ferries**

Thank you for your letter of 26 July 2004 to Mr John Ewing regarding the above. John has passed your letter to me to respond as the lead official dealing with the tendering of the Gourock – Dunoon Ferry Services.

Can I first of all thank you, and your colleagues, for your time and contributions at what I thought was a very informative and constructive meeting on 19 July 2004. I believe it was helpful to hear your views first hand. I know that John Ewing and David Hart also found it useful.

In your letter you suggested further discussions on this matter and I would welcome that. I suggest that these discussions also cover Western Ferries' innovative proposals for a Users' Charter and a tripartite agreement between Western Ferries, the Scottish Executive and Argyll & Bute Council for the route. I have now had the opportunity to discuss your outline proposals with my legal advisors. We would find it useful if Western Ferries were able to set out their proposals more fully to allow matters to be considered in more detail. Quite clearly, as you yourself indicate, there are a number of issues and options that the Scottish Executive and Western Ferries would want to discuss more fully. To take matters forward can I ask that you set your proposals out in writing and forward them to me. I will then take more considered views from within the Executive and revert to you.

In relation to timing, given you are meeting with the Minister on 11 August I suggest you explain your position and your proposals to the Minister before following up with me on the above matters.

Finally, as was explained at the meeting, there are still a number of issues to be resolved before Ministers can clarify their proposals for the Gourock to Dunoon ferry service. Discussions are still ongoing but we hope that Ministers are able to make an announcement on the way forward in due course. The Executive are however grateful for the points which

you made and these will be considered carefully before coming to a decision on the best way forward for the route.

Thank you for making your views known to the Executive, and for your continuing interest in this issue. Might I suggest we speak after your meeting with the Minister and perhaps then we can schedule a date for the further discussions outlined above.

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#### **4. Meeting between the Minister for Transport and Western Ferries on 11 August 2004 – redacted record of discussion on Western Ferries proposals for a Users’ Charter**

Present:

Nicol Stephen, Minister for Transport  
John Ewing, Scottish Executive  
Graham Laidlaw, Scottish Executive  
Tom McMahon, Scottish Executive

Gordon Ross, Western Ferries  
Marjorie Beattie, Western Ferries  
Graeme Fletcher, Western Ferries  
Sarah Chisnall, GPC International

Gordon Ross then turned to WF’s proposal for a Users’ Charter and a Tri-partite Agreement between WF, SE and A&BC. Gordon went on to explain that the charter would cover both fare prices and level of service. He then outlined the main contributory elements to each of these:

- Fare prices were derived from a number of constituent costs;
  - Fuel
  - Staff Costs
  - Insurance
  - Etc

For the User’s Charter WF were proposing that any future fare increases would be tied to RPI (or some equivalent that best reflected the actual increases in each of these elements) plus something to cover Material Change:

- level of service
  - sailing times
  - operating hours
  - frequency of service
  - toilets
  - cleanliness
  - etc.

John Ewing responded by saying that the proposals warranted further discussion. He also indicated there would be a need to speak to A&BC. John also mentioned the need to consider the local political sensitivities. Graham Laidlaw indicated that he had just written to WF, following the meeting with officials on 19 July, and that his letter concluded by asking for further details of WF’s proposals in writing and welcoming further dialogue with officials. Although he had not yet received this letter Gordon Ross thanked officials for responding so timeously. A copy of the letter was then handed to Gordon during the meeting.

[Information redacted]

Following the departure of the Minister and the other Scottish Executive officials. Graham Laidlaw had a very short follow up meeting with the WF representatives.

[Information redacted]

As had been requested in his letter of 6 August, Mr Laidlaw asked WF for written details of their proposals. Graham asked for no more than 2 or 3 pages outlining the proposals in summary form. Graham indicated that he would then pass that around colleagues within the Executive for an initial view before further discussions with WF.

Graham then outlined some particular matters that such an agreement should address;

- Legal aspects,
- Role of Scottish Ministers and Scottish Executive,
- Mechanisms for making changes to the “Users’ Charter” and tri-partite agreement,
- Penalties for breach of agreement when there is no subsidy,
- Improving access to Dunoon town centre for business and tourism
- Links to integrated transport, and
- Interaction with proposed tender for G-D.

Gordon’s preference was not to commit WF’s proposals to writing at the moment but await a further meeting, probably involving WF, SE and A&BC to discuss the issues. Graham suggested that it would be more helpful to see WF’s proposals in advance to focus discussions at the meeting. It was left for Gordon to come back to Graham to suggest possible dates for a meeting.

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**5. Text on Western Ferries proposals for a Users’ Charter contained in a letter from Gordon Ross, Managing Director of Western Ferries, dated 26 August 2004, to the Minister for Transport, Nicol Stephen**

At our meeting we discussed our ideas for a Users Charter for Gourock-Dunoon passengers. We believe that an agreement between ourselves, Argyll and Bute Council and potentially the Scottish Ministers would be a positive step in allaying community concerns about fare increases and service levels, especially if a tender process results in Western Ferries becoming a sole vehicle ferry service provider. We are very happy for this discussion to take place in an open and transparent manner, to ensure that all parties, including the community feel that the end Charter is meaningful and gives the appropriate assurances to the people who use our services.

As we discussed, we have been in touch with John Ewing to arrange a meeting for all interested parties, including the Executive’s legal advisors, to start to explore how such a Charter might be structured and operate. In the meantime, I am working on a draft paper setting out our initial thoughts as to how it might work and will send this to John Ewing and Graham Laidlaw. I also understand that John and his team will be examining any legal issues with your advisors in relation to the Charter.

I am very positive about these first steps in working with the Executive and I look forward to being able to update you on our progress in the not too distant future.

Again, many thanks for a very useful and productive meeting.

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**6. Meeting between the Scottish Executive, Argyll and Bute Council and Western Ferries on 9 November 2004 - redacted record of discussion on Western Ferries proposals for a Users' Charter**

Present:

David Hart, Scottish Executive  
Graham Laidlaw, Scottish Executive  
Sally Thomas, Scottish Executive  
Dave Duthie, Argyll & Bute Council  
Stewart Turner, Argyll & Bute Council

Gordon Ross, Western Ferries  
Marjory Beattie, Western Ferries  
Graeme Fletcher, Western Ferries

It was agreed to use WF discussion document dated 8 October 2004 about the Users' Charter as the basis for discussion.

The Users' Charter would give WF the opportunity to offer the community more than at present in terms of ferry provision. If WF became the sole provider from Cowal to Inverclyde then it could plough any additional income generated back into the services.

The SE asked whether the Charter was dependant upon WF becoming the sole operator.

WF responded that if they were not the sole provider the situation would be much as now and there would be no need for a formal Charter. [Information redacted]. The SE made the point that it was possible that an unsubsidised vehicle service may arise if a third party was willing to offer such a service.

WF view was that if competition arose this would act as a constraint on fares and there would probably then be no need for the Charter since the main concern of the local community seemed to be that a monopoly position by WF would result in fare increases.

SE accepted WF's view that they saw the Charter as more appropriate for a sole operator situation. However the possibility of unsubsidised competition could not be ignored.

A&BC stated that the Council were seeking certainty. This would have a positive impact on the local economy and increase the attractiveness of the area for jobs and for the population. They were seeking to reassure the local community and to boost the regeneration of the area. They would like Dunoon to have the benefit of a link to rail and to bus.

[Information redacted]

The meeting then turned to the detail of the draft Charter document.

[Information redacted]

A&BC and the SE expressed the view that the Charter should set a minimum frequency which was timed to connect with other forms of public transport. It was suggested that some research should be undertaken to assess whether passengers were seeking improved integration with rail or bus services.

A&BC asked why WF would still improve the berthing at Hunter's Quay if they moved the bulk of their operations to Dunoon. WF explained that Dunoon was quite exposed and Hunter's Quay would be required as a bad weather alternative. It was also required for overnight berthing for WF vessels.

[Information redacted]

In summary WF stated that the draft Charter assumed that they would be the sole provider of vehicle services from Cowal to Inverclyde. Indeed WF considered that much of the Charter was already in operation on an informal basis. WF realised that the tendering process could deliver a vehicle service from Gourock to Dunoon – WF had no difficulty with this provided there was no cross subsidy taking place.

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**7. Text on Western Ferries proposals for a Users' Charter contained in a letter from Gordon Ross, Managing Director of Western Ferries, dated 16 December 2004, to David Hart, Scottish Executive**

In all previous communications Western Ferries have stated their intention to work with the Executive to resolve the current problems and that is still our preferred option. This can be evidenced by the users' charter which, as stated by your colleagues, is now going to be utilised as part of this commercial invitation. It is also worth noting that despite the current announcement Western Ferries is still keen to develop the draft into a living document.

I look forward to your response.

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**8. Text on Western Ferries proposals for a Users' Charter contained in a letter from David Hart, Scottish Executive, dated 20 January 2005, to Gordon Ross, Managing Director of Western Ferries**

As indicated to Western Ferries at previous meetings, particularly the meeting on 9 November 2004, the Scottish Executive see a number of merits in the Users' Charter proposed by Western Ferries. The Executive, along with representatives of Argyll and Bute Council, provided a number of comments on the proposal at the 9 November meeting. If, following consideration of these comments, Western Ferries would like to forward an updated draft then the Executive would certainly be prepared to consider further.

I trust this is helpful and look forward to further discussions with you on the subject of this letter and other issues.

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**9. Text of a letter from Gordon Ross, Managing Director of Western Ferries, dated 11 July 2005, to Minister for Transport, Tavish Scott**

I would like to take this opportunity to congratulate you on your appointment as Minister for Transport and Telecommunications.

We had a useful meeting with your predecessor, Nicol Stephen, on 11<sup>th</sup> August 2004, and would, therefore, welcome the opportunity to meet with you to discuss our thoughts and concerns as to the future of these services.

I look forward to hearing from you. In the meantime, if I can be of any assistance, please do not hesitate to get in touch. Lastly, may I offer my best wishes for the future in your new role.

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**10. Text of a letter from Minister for Transport, Tavish Scott, dated 9 August 2005, to Gordon Ross, Managing Director of Western Ferries**

Thank you for your letter of 11 July congratulating me on my appointment and asking for a meeting to discuss the Gourock to Dunoon ferry service.

You may be aware that I recently met the European Commission Vice-President, Jacques Barrot, in Brussels to discuss the tendering of the Clyde and Hebrides ferry services. I am now reflecting on that discussion and intend to report back to the Scottish Parliament in September on how the Executive intends to proceed. In doing so, I intend to make clear what relevance, if any, my discussion has for the Gourock-Dunoon route. As you know, the market testing exercise has been on hold until I have reported back to the Parliament.

I would however be pleased to meet you to discuss your thoughts and concerns about the future of the Gourock-Dunoon route. I think it would be sensible if the meeting was to coincide with my return to Parliament in September. When the date for this is confirmed, I will ask my diary secretary to contact your office to agree a mutually convenient date for our meeting.

I look forward to meeting you.

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**11. Meeting between the Scottish Executive and Western Ferries on 22 September 2005 - record of discussion on Western Ferries proposals for a Users' Charter**

Present:

Tavish Scott, Minister for Transport  
Graham Laidlaw, Scottish Executive  
John Davidson, Scottish Executive

Gordon Ross, Western Ferries  
Graeme Fletcher, Western Ferries  
Ian Price, Fleishman Hillard

Mr Ross explained that the company had previously discussed the introduction of a Users' Charter with the previous Transport Minister and officials. He said that if Western Ferries were successful in the market testing exercise, it would be willing to enter into an agreement with the Executive and Argyll and Bute Council to guarantee certain service issues i.e. fares, timetables, staff conduct. The Minister said he would bear the offer in mind.

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**12. Text on Western Ferries proposals for a Users' Charter contained in a letter from Gordon Ross, Managing Director of Western Ferries, dated 30 September 2005, to Minister for Transport, Tavish Scott**

As discussed during the meeting the Company would be happy to talk further about the concept of a Users' Charter if Western Ferries did become the sole supplier of vehicular traffic between Inverclyde and Cowal.