Review of Strangford Lough Ferry Service Provision

1. Executive Summary

The current level of Strangford Lough Ferry Service provision is adequate for normal demand for the service. Demand can increase significantly on summer weekends and public holidays and planning for these events is on an ad hoc basis which is not always successful. This can result in long waiting times and traffic congestion, particularly in Strangford.

This review identifies the weaknesses in the current arrangements and makes recommendations for improvements in the following areas;

- Seek interest from within NICS for staff to be utilised as Weekend Casual Pursers.
- Increased use of Duty Managers to manage the potential of an enhanced service.
- Guaranteed provision of a second ferry on designated days.
- Improved liaison with organisers of local events.

2. Introduction

A Strategic Review of the Strangford Lough Ferry Service was carried out in 2013 and examined all aspects of the service including the level of service provision. The review concluded that the level of service provision at that time was appropriate. The Strategic Review Report is available on TRIM – DR1/13/156846.

This review re-examines the level of service provision in the light of recent changes in the available capacity and the level of demand, particularly at weekends and holidays. It also examines the use of the Strangford marshalling area as a means of minimising traffic congestion in Strangford. The review identifies weaknesses in the current arrangements and makes recommendations for improvements.

Significant changes since the last review have been

- The re-opening of Exploris in August 2016 and the corresponding increase in demand
- The outcome of a public consultation on service hours resulting in a proposal to provide an additional early weekday sailing from Portaferry
- The arrival of the MV Strangford II to replace the MV Strangford resulting in a consistent all year round capacity of 28 cars with no weight restrictions at any time.

3. Background

The Ferry Service operates 15 hours per day 364 days a year. For the vast majority of operating hours sufficient capacity is provided by one vessel. The times when demand exceeds capacity can be divided into 3 categories

- Weekday morning peak traffic from Portaferry

- Occasional spikes in demand caused by local events such as weddings, funerals, football matches and other sporting events such as racing at Kirkistown and Bishopscourt.
- Busy summer weekends and bank holidays weekends

In the past the Ferry Service provided a second ferry on Sunday from May to September and also on Saturday in July and August. In recent years the automatic provision of a second ferry at weekends was stopped and a pragmatic approach has been taken to public holidays, taking into consideration traffic volumes from previous years, local events and weather forecasts. When it is anticipated that passenger numbers will exceed 1000 vehicles the level of service is enhanced to the appropriate level. Enhancement measures include

- Running off schedule (load and go)
- Operation of the Strangford marshalling area
- Provision of a second vessel

4. Staffing Levels

Current crew levels are 2 crews of 6 and 1 crew of 5 following the loss of one post to VES. There is a possibility that this post could be restored by suppressing a post elsewhere in D&CS.

The minimum crew level on the ferry is 4 including 2 with a Boatmaster's Licence (BML). When the minimum 4 crew are on duty they all receive 30 minutes overtime in lieu of a lunch break.

As the crews work all public holidays except Christmas Day, they accumulate 11 days TOIL each year in addition to their annual leave. Shift Managers are encouraged to plan leave so that only one person is off at a time, however, because of accumulated TOIL and sick leave, it is quite common for two to be off leaving the minimum 4 crew on duty.

A standby system is in operation to cover unplanned absences but as it is strictly on a voluntary basis is not entirely successful. The operation of a second ferry depends entirely on voluntary overtime. The staff profile has changed in recent years and the higher number of younger staff with family commitments means that it can at times be difficult to man the second ferry. In general crew members are reluctant to do overtime unless they are guaranteed 8 hours.

It is essential that the ferry service has the flexibility to call upon casual staff to reduce / eliminate the risk of cancelled sailings and/or a second vessel when demand requires it. The Department have received negative press in the past for not bringing on a second vessel when demand requires it, and which can result in traffic congestion in Strangford.

- **Recommendation 1** – Seek interest from within NICS for staff to be utilised as Weekend Casual Pursers that will create more flexibility for staffing arrangements. The Casuals could not initially be counted as one of the minimum 4 crew but would receive training over a number of months. They would be required to live within one hour of Strangford or Portaferry and would be on standby and could be called in as needed for short periods to assist with fares collection or traffic management.

- **Recommendation 2** - Explore with DHR the possibility of a change to terms and conditions to introduce compulsory standby and overtime. This would not be started until agreement is reached on the extension to working hours to provide an early weekday sailing from Portaferry.

The routine operation of the ferry is managed by a Shift Manager who is a crew member. The Shift Manager will normally be on the ferry and may not be aware of traffic congestion as he cannot see the extent of queuing traffic. During office hours the Ferry Manager deals with any unusual situations. Outside office hours a Duty Manager is on call and can respond within one hour. One rare occasions the Duty Manager has difficulty getting into Strangford because of traffic congestion.

- **Recommendation 3** – Duty Managers to go to Strangford before 11.00 on all public holidays and summer weekends to formally assess the anticipated level of demand and traffic problems and call in additional resources as needed.

5. Running Off schedule

Running off schedule enables 5 sailings per hour instead of the normal 4 and will clear queues more quickly. However, it is of limited benefit when the minimum crew is on duty as with only two Pursers on deck they cannot manage to issue all tickets in the time taken to load the ferry and sail across. Shift Managers do not have authority to suspend charging to speed up the service.

- **Recommendation 4** – make use of Casual Pursers to ensure that 3 pursers are always on duty on summer weekends and public holidays.

6. Use of Strangford Marshalling Area

Use of the Strangford marshalling area reduces congestion in the village but requires advance planning as cones must be put out to prevent parking. This is done by the Night watchman early in the morning. The system also requires two people to implement and operate. In most circumstances queuing is not a problem and implementing the marshalling system would be a waste of resources.

- **Recommendation 5** – Explore with Traffic Section the use of the marshalling system on all public holidays and summer weekends by putting out cones which would reduce the already limited parking available in Strangford.
- **Recommendation 6** – make use of Casual Pursers for traffic management.

There have been recent changes to the layout of the Strangford slipway so that the left lane previously reserved for HGVs is now available for use by all traffic. This creates additional space for seven vehicles and will assist with reducing congestion. The change has had limited success as drivers tend to ignore the signage and queue as before. Once the queue in the right lane exceeds seven vehicles the left lane is blocked.

- **Recommendation 7** – review content and location of signage and lane markings.

7. Provision of Second Ferry

This is the most costly enhancement measure as it involves overtime for at least three crew and additional fuel costs. For the reasons outlined above it can be difficult to man the second ferry. Having two ferries in service will result in reduced waiting times.

- **Recommendation 8** – subject to agreement with crews to do overtime, give a commitment to provide a second ferry on designated days. The crews would be guaranteed eight hours overtime regardless of weather. It may not be possible to achieve this as all overtime is voluntary. Based on historic demand the suggested days are;
    - Easter Monday
    - Easter Tuesday
    - May Day Bank Holiday
    - End of May Bank Holiday
    - 2 days in July depending when holidays fall
    - Portaferry Gala Night (from 16.00)
    - August Bank Holiday

8. Additional Sailing on Weekday Mornings

A proposal to provide an early sailing from Portaferry by cutting late sailings on winter evenings was put to a public consultation in late 2015. The outcome was that users of the service were strongly opposed to the loss of evening sailings and were strongly in favour of the early sailing. The crews are largely in favour of extending their working hours to accommodate the early sailing and negotiations with trades unions are underway. The early sailing will require an extension to working hours of 50 minutes per week. It is intended to pay for this via the Strangford Ferry and Watchman Cleaners allowance which is already used to pay Saturday and Sunday Premium Payments.

Recommendation 9 – Introduce the early sailing as soon as the negotiations have been satisfactorily concluded.

9. Spikes in Demand

While spikes in demand are shortlived they can occasionally result in traffic congestion in Strangford. Portaferry does not experience the same traffic problems as the geometry of the ferry terminal allows the traffic marshalling area to be used all the time. With additional resources available for short periods of time it may be able to plan for these events

- **Recommendation 10** – Improve communication with organisers of local events, e.g. National Trust, GAA, Bishopscourt Racing, Kirkistown Racing.
- **Recommendation 11** – Monitor local press to identify other upcoming events

- **Recommendation 12** – Use Duty Managers and Casual Pursers to mange increased demand by enhancing the service for short periods.

Prepared by; Carrie Teggart, Acting PPTO, DaTA Section
Date; December 2016

Approved by; Mark McPeak, Head of D&CS

Date; January 2017

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Ms Naomi Bailie
naomibailiesf@gmail.com

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Address Line 2
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Tel:
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Your reference:
Our reference: COR/1078/2017
& COR/1082/2017

June 2017

Dear Ms Bailie

Thank you for your emails dated 13 May 2017 and 16 May 2017 regarding the operation of Strangford Lough Ferrry Service and the provision of a bridge across Strangford Lough. As your correspondence would normally be passed to the Minister, and given the Department currently does not have a Minister in post, I am replying to you on behalf of the Department.

Bridge

It has often been suggested that a bridge would be an ideal replacement for the Strangford Lough Ferry Service, however, such a project would require significant capital investment with substantial environmental challenges as Strangford Lough is designated as a Special Area of Conservation and an Area of Special Scientific Interest.

The Department's cost estimate for a bridge across Strangford Lough and associated infrastructure linkages is £300m. This estimate was based upon a review of the cost of bridges of a similar nature worldwide.

Currently, on average less than 600 vehicles make the ferry crossing each day and the annual fare income taken by the ferry service is approximately £1m. Given the

significant costs associated with the construction of such a bridge, it would therefore be difficult to demonstrate value, even taking account of tolling at a similar level to current fares.

Given the net annual funding provided to the Strangford Lough Ferry Service is typically around £1.2m, it is considered that the provision of the ferry service remains the most economically viable solution.

For these reasons, the Department does not currently intend undertaking any detailed investigations into the provision of a bridge across Strangford Lough.

Ferry Operation

Prior to the arrival of the MV Strangford II, the MV Portaferry II was the main vessel in service with the older and smaller MV Strangford in service only when needed as a back-up. Now that there are two interchangeable ferries the Department intends to rotate them with the aim of making equal use of each. The rotation will allow efficient, planned and timely maintenance of each ferry and will prevent problems that can arise if a vessel is not used for a lengthy period.

The MV Strangford II first went into service on 2 February 2017 and came out of service as part of its routine rotation on 19 April 2017 and replaced with the MV Portaferry II. During this period there were over 7,000 scheduled sailings. Of these, twelve sailings were missed because of mechanical problems, representing 99.7% service availability. Also, seventeen sailings were missed due to poor weather and high tide conditions that are beyond the control of the Department.

The MV Strangford II returned to service on 1 June 2017 as part of its routine rotation.

The ferries are maintained to a very high standard but, inevitably, as with all complex machinery, unexpected problems do occasionally arise. Unfortunately, when one ferry is undergoing maintenance work it may not be immediately available as a back-up if the other ferry develops problems.

All missed sailings are regrettable, and the Department apologise for any inconvenience that may have been caused.

Under normal operations the service operates with one vessel. However, at busy periods, the service is enhanced by bringing the second vessel into operation. Easter weekend is always the busiest time for the ferry service. This year both ferries were in service on Easter Sunday, Monday and Tuesday and additional staff were on duty to assist with selling tickets and to manage traffic.

Passenger Complaint

The ferry management team have spoken to all the ferry crews about the incident raised in your email alleging that a passenger was overcharged and was subjected to poor customer service. Unfortunately no-one has any recollection of any such incident.

In relation to your comments about charges for trailers I can advise that the ferry crews have been issued with clear guidance on the fares to be charged and as such there should be no reason for any inconsistency in charging.

It would be helpful if the gentleman could provide a copy of the ticket issued on the ferry and details of the time and date of travel. This information will allow the Department to undertake a full investigation of the allegation.

The Department would encourage any passenger with a complaint or query about the fare charged, or any other aspect of the service, to report it to the Ferry Manager as soon as possible. Complaints can be made in person at the Ferry Terminal, by telephone to 03002007898 or by e-mail to Strangfordferry@infrastructure-ni.gov.uk.

Ticketing System

The Smartcard system replaced the old paper discount voucher system which had been in use for many years and operates on the same basis of advance purchase of journeys in return for substantial discounts. Smartcard journeys are valid for one year from the date of purchase and topping up the Smartcard extends all journeys for a further year. While the maximum savings are achieved if all journeys are used before

the expiry date, passengers can still benefit if they travel less frequently. For example six return journeys for a car and driver will cost £60 whereas twenty Smartcard journeys will cost £50. Allowing Smartcard journeys to last indefinitely would, in effect, make the discount available to all passengers regardless of how often they travel. In such circumstances, the Smartcard discount would no longer be a frequent traveller discount but would effectively become an advance payment discount.

Also, the Department acknowledge receipt of your email dated 24 May 2017, and a response will be issued in due course.

I hope you find this information helpful.

Yours sincerely

[redacted]
Private Secretary

DFI/COR/1078/2017 & DFI/COR/1082/2017

STRANFORD LOUGH FERRY SERVICE AND BRIDGE ACROSS STRANGFORD LOUGH

BACKGROUND

- Ms Naomi Bailie sent an email to DFI Private Office on 13 May 2017 requesting that an attached letter be communicated to Minister for Infrastructure Mr Chris Hazzard.
- Ms Bailie's letter raised issues relating to the operation of Strangford Lough Ferry Service and requested that consideration be given to the construction of a bridge across Strangford Lough including an accurate cost evaluation.
- Ms Bailie issued a further email on 16 May 2017 (COR/1082/2017) regarding a number of operational issues relating to the Strangford Ferry.
- A combined reply has been prepared to respond to the issues raised in both Ms Bailie's emails.

BRIDGE

- It has often been suggested that a bridge would be an ideal replacement for the Strangford Lough Ferry Service and this issue has been raised numerous times by many public representatives in the past.
- The provision of a bridge across would require significant capital investment. The Department has previously estimated the cost of provision of a bridge across Strangford Lough at £300m based upon a review of the costs of bridges of a similar nature worldwide.
- In addition, a construction of bridge in this area would have substantial environmental challenges as Strangford Lough is designated as a Special Area of Conservation and an Area of Special Scientific Interest.
- In 2013, a Strategic Review of the Strangford Lough Ferry Service was undertaken following a request from the Committee for Regional Development (CRD.

- As part of that Strategic Review, alternative proposals to the ferry service, including a bridge, were considered at a high level. The Strategic Review stated that "*The cost of a bridge spanning the narrowest part of Strangford Lough is likely to be in excess of £300m, (based on costs of recently constructed suspension bridges). Given that the net annual funding provided to the Ferry Service is typically around £1.2m, a bridge is not an economically viable solution."*

- In February 2017, the Strangford Lough Ferry Service introduced a newly constructed £6.2m vessel, MV Strangford II, into service, replacing the original MV Strangford which was built in 1969. The economic case for the replacement of MV Strangford did not consider the provision of a bridge since the central project objective was *"to enable the Strangford Lough Ferry Service to continue to operate the current scheduled service and enable the targets in the Customer Charter to be achieved".*

FERRY SERVICE OPERATIONAL ISSUES

- Prior to the arrival of the new vessel, the MV Strangford II, the MV Portaferry II was the main vessel in service with the older and smaller MV Strangford in service only when needed as a back-up.

- Now that there are two interchangeable vessels, management intend to routinely rotate the MV Strangford II and the MV Portaferry II into and out of service. The rotation will facilitate efficient, planned and timely maintenance of each ferry and will prevent problems that can arise if a vessel is not used for a lengthy period.

- The MV Strangford II first went into service on 2 February 2017 and was in continuous service until 19 April 2017.

- The MV Portaferry II was in dry-dock for annual refit from 1 March 2017 to 14 April 2017 and was not available as a back-up ferry.

- During the period 2 February 2017 to 19 April 2017 there were a number of minor mechanical problems on the MV Strangford II as follows:

- 15 February 2017 – electrical problem – MV Portaferry II brought into service – no missed sailings.
- 17 February 2017 – electrical problem – MV Portaferry II brought into service – no missed sailings.
- 11 March 2017 – difficulty starting engines – no back-up ferry available – 2 sailings missed.
- 20 March 2017 – difficulty starting engines – no back-up ferry available – 2 sailings missed.

- Both ferries were in service on Easter Sunday, Monday and Tuesday.

- On 19 April 2017 the MV Strangford II was withdrawn from service as part of the planned vessel rotation.

- On 27 April 2017 the MV Strangford II was undergoing sea trials following repairs to the electronic steering system. Technical problems with the electronic steering system developed and a manual steering system was used to take the vessel out of the flow of the tide. The anchor was deployed and repairs were carried out at sea. The Maritime and Coastguard Agency (MCA) were informed. The incident was reported by the local press. Final repairs to the steering system were completed on 8 May 2017.

- The MV Portaferry II had two minor breakdowns on 9 and 11 May 2017 as follows:

    - 9 May 2017 – hydraulic problem – MV Strangford II brought into service – 4 missed sailings while ferries were changed over.
    - 11 May 2017 – electrical problem - resolved quickly – 4 missed sailings.

- The MV Strangford II returned to service on 1 June 2017.

Customer Service Compliant – May 2017

- Further to the e-mail of 16 May, Ms Bailie provided information regarding the incident on the ferry:

    - A passenger was travelling in connection with his agricultural business. When the Purser came to his vehicle window he was on the telephone on an important call and couldn't hang up. The purser came back to him a few minutes later and issued a ticket.

It is alleged that the purser charged the driver an increased fare and said 'it was to teach him' that next time he wouldn't make the purser come back a second time to the vehicle.

- None of the ferry crews have any recollection of such an incident and neither could management discover any records of anything similar. Disagreements between passengers and crew are normally recorded in the ferry log book and are brought to the attention of the Ferry Manager.

- Deliberately charging a higher fare than was due would be a serious disciplinary offence. It is possible that drivers of long vehicles may be charged an incorrect fare because the Purser has guessed rather than measured the length. Without evidence or the recollection from crew or staff of the incident it is difficult to assess the circumstances of the allegation.

Charges for vehicles with trailers

- In 2014 Ferry Management became aware that drivers of vehicles with trailers were at times being undercharged. The ferry crews were issued with clear instructions as to how vehicles with trailers should be charged. This enforcement of the correct fares gave rise to many objections from passengers and elected representatives.

- This issue appears to have settled and there have been no complaints about charges for trailers since early 2015.

Previous Customer Service Complaints

- The last complaint received from Ms Bailie was in November 2016 and was in relation to the procedure for issuing Non-payment Reports to passengers unable or unwilling to pay the fare.

- The Ferry Service has not received any complaints from Ms Bailie about poor customer service.

- Complaints about poor customer service are rare and are usually a result of a disagreement about the fare charged or a passenger missing the ferry.

Smartcard System

- Frequent passengers can avail of substantial discounts by using the electronic Smartcard system. This requires the advance purchase of journeys in multiples of 20. Journeys are valid for one year from date of purchase or the last top-up.

- Smartcards were introduced in 2014 and replaced a system of paper discount vouchers. The discount vouchers were also valid for one year but expiry dates were not enforced for operational reasons.

- DSO has advised that the Department is acting correctly in enforcing Smartcard expiry dates.

- The next fares review will include a proposal to introduce additional Smartcard top-ups of 4 and 10 with correspondingly lower levels of discount.

Exhaust Fumes

- Ferry crews have raised concerns about exposure to exhaust fumes on the MV Strangford II. Initial air monitoring of personal breathing space has not highlighted any cause for concern. Longer term monitoring over a 2 to 3 week period will commence on 1 June 2017 when the MV Strangford II returns to service.

- One crew member has submitted a claim in relation to health problems as a result of exposure to exhaust emissions and a second claim is anticipated.

- The draft letter in response to Ms Bailie has no reference to the exhaust emissions issue.

SUBSEQUENT CORRESPONDENCE

- Naomi Bailie issued a subsequent email dated 24 May 2017 (COR/1091/2017) raising two further issues:

    - MV Strangford II vehicle capacity, and
    - Outcome of the consultation process for an early weekday sailing.

- This email was copied to the local press, the Down Recorder, who then published an article on 31 May 2017.
- A separate response will be prepared for this correspondence. Press Office will draw information from this response to inform the Down Recorder.

Drafted by: Liam McEvoy, 24 May 2017, [redacted], [redacted], 31 May 2017, [redacted]

Cleared by Head of Division: Simon Richardson, 24 May 2017, [redacted]
Mark McPeak, 1 June 2017, [redacted]

Cleared by Special Adviser: Please leave blank.

Copied to:

[redacted]

Background calculation of rough cost estimate for a bridge across Strangford Lough – Strangford to Portaferry to help with the response for TOF-1389-2024

A previous COR-1082-2017 was issued in 2017 that stated the cost of a crossing would be £300m. The £300m estimate was likely to have been extracted from a Strategic Review of the SLFS Report dated March 2013. The Report also outlined that *'a bridge crossing is not an economically viable solution.'*

The distance between Strangford and Portaferry is approximately 1000m. The distance perpendicular to Strangford across the Lough to land is estimated at approximately 800m. However, it is unlikely that a crossing would not be constructed at this point due to insufficient infrastructure arrangements in Strangford. If a crossing was to be constructed (subject to geological constraints and most economically viable location) it would likely be located south of Strangford and built perpendicular to the coastline landing south of Portaferry – this is the narrowest point estimated at 600m.

Ground conditions have not been examined but it is thought to be difficult and problematic, in particular over a very deep channel (60m deep) at the mouth of Strangford. Tidal surges through the narrowest point of the channel would mean engineering measures would be difficult to construct and would need substantial engineering measures – meaning very costly.

New approach road infrastructure would need to be constructed - a single lane in each direction. Significant land would need to be acquired.

It is extremely difficult to estimate the cost of a bridge or a tunnel but undoubtedly it would be significant. Internet searches for cost of such schemes tend to vary depending on complexity and geological conditions, however, one figure was £1bn per km for a bridge. There is also the Silvertown tunnel in London that is 1.4km long under a river costing £2.2bn; https://www.bbc.com/news/articles/c0d3z1eegmgo

Very rough cost estimation for a bridge could be based on Narrow Water Bridge recent tender price of €102m (£87m). Actual construction costs generally increase during construction phase so with 10% addition brings the cost to approx. £96m. The Narrow Water channel is approx. 160m. The bridge / project construction length approx. 190m. This would equate to £0.5m per metre.

Converting this to a say 650m distance across Strangford Lough would be £325m. Would need to add additional cost due to difficulties due to water surges and access into such a large channel – guesstimate 40% increase say £130m. Additional costs for approach road infrastructure – guesstimate approx. £40m. Further additional costs for scheme development and design approx. £50m. This would amount to £545m + optimum bias (of say 20%) would give a **very rough cost estimate of £650m.**

The cost / benefit of accommodating on average 650 vehicles per day at a ferry charge (single car) fare of £7.70 (2024 fare) amounts to £5,000 per day. On this basis it would take 356 years to recoup costs. Alternatively, if the construction cost is to be recouped over a 30 year period then each journey would cost £91 - ie nearly 12 times more than what could arguably be considered as a reasonable price.

Mark McPeak, BEng(Hons), CEng, MICE, MIStructE
Southern DRM
7 August 2024

Department for Infrastructure
An Roinn Bonneagair
Depairtment fur Infrastructure
www.infrastructure-ni.gov.uk

From:	Mark McPeak DRM Southern Division	**Your Ref:** **Our Ref:**	 COR-1578-2024
Tel:	[redacted]		
Date:	22 August 2024		
To:	1. David Porter Director of Engineering 2. John O'Dowd MLA Minister for Infrastructure	**cc:**	Copy distribution below

COR-1578-2024: [redacted] – STRANGFORD LOUGH CROSSING

Issue:	[redacted] has written to DfI, DoE, DoF and TEO requesting a comprehensive analysis for the potential of a permanent crossing between Strangford and Portaferry to replace the ferry service, and that funding should be sought from the Shared Island Fund to take forward a feasibility study.
Timescale:	**ROUTINE** (clearance required within 5 working days).
Presentational Issues:	If a press query is received in relation to the correspondence, Press Office will liaise with officials on a response. [redacted] 22.8.24
FOI Implications	The contents of this case is likely to be fully disclosable.
Financial Implications:	N/A
Legislative Implications:	N/A
Section 75 Implications:	N/A
Executive Referral:	N/A
Recommendation:	That you: • Note the detail below, and • Clear the draft letter to issue.

BACKGROUND

- On 31 July 2024, [redacted] wrote to the Sharded Island Fund (SIF) regarding funding to consider the potential of a crossing between Strangford

and Portaferry. The Taoiseach's Office responded on 1 August outlining that the relevant Government Department should assess if the proposed project is relevant for consideration for SIF support and advised [redacted] to contact DfI. [redacted] subsequently wrote to DfI and a transportation focused response was issued on 13 August 2024 (TOF-1389-2024 refers).

- [redacted] replied seeking a comprehensive analysis of crossing options with a traffic analysis and asks the Department to discuss with SIF the merits of funding a feasibility study.

- [redacted] has also approached the below Departments seeking their views on the possibility of putting a proposal to the SIF for funding of an independent feasibility study into a permanent crossing;
    - Conor Murphy MLA, Minister for the Economy;
    - Caoimhe Archibald MLA, Minister for Finance; and
    - The Executive Office (TEO).

  Each of these Departments have transferred their correspondence to DfI.

- In addition, there was an article about a permanent crossing in the Down Recorder on 14 August 2024; http://www.thedownrecorder.co.uk/pages/index.asp?title=Strangford_Lough_bridge_debate_reignited. There are a number of quotes from elected representatives for a crossing including Chris Hazzard MP. The article also refers to the ferry service running at a loss of £4m over the past 4 years.

- There is a Facebook page that appears to be a campaign for a crossing which also refers to Narrow Water Bridge and SIF; https://www.facebook.com/p/Strangford-Lough-Bridge-100064325097178/. It is unclear if [redacted] is associated with this Facebook page.

Transport Strategy and Transport Plans

- The Department is currently preparing a new Transport Strategy and a suite of Transport Plans that will guide the development of our transport system through to 2035. The Transport Strategy is aiming to be issued for consultation towards

the end of this year and the Regional Strategic Transport Network Transport Plan (RSTNTP) in Spring 2025. The suite of Transport Plans consists of:

  - **Regional Strategic Transport Network Transport Plan** - covering the Trunk Road Network.
  - **Eastern Transport Plan** - covering the local transport movements for 5 council areas; Belfast City, Antrim & Newtownabbey, Ards & North Down, Mid & East Antrim, and Lisburn & Castlereagh.
  - **North West Transport Plan** - covering local transport movements for Derry City and Strabane.
  - **5 Sub Regional Transport Plans** - cover the remaining 5 council areas.

- The connection between Strangford and Portaferry does not form part of the strategic transport network, and is considered part of the local transport network so would be considered within the local transport plans. These are being prepared in alignment with the councils Local Development Plans (LDP). The Ards and North Down LDP and the Newry, Mourne & Down LDP are two of the LDPs that are least developed. It may be a couple of years before these are ready for consultation.

- The development of major road projects is based on range of factors, primarily economic benefit and road safety. The ability to show the value to the economy of potentially spending £650m (see below section on costs) of public funding on a bridge crossing to replace the ferry service to facilitate 650 vehicles daily would take approximately hundreds of years to justify the construction costs.

- A permanent crossing between Strangford and Portaferry would not appear to be a viable option economically.

Cost and Benefit of a Bridge

- The Department responded to the question of a crossing in 2017 (COR-1082-2017 refers) that gave an estimated cost of £300m. There is no known record of how this cost estimate was derived.

- To be able to respond to [redacted] previous correspondence a very rough cost estimate was calculated. While it is extremely difficult to determine an accurate cost estimate as it will depend on many factors we used the recent Narrow Water Bridge costs to establish an estimate which would be in the region of £650m.

- If a bridge was to be constructed;
    - Its location would probably be south of Strangford and built perpendicular to the coastline landing a few miles south of Portaferry at the narrowest point estimated at approximately 600m.
    - Ground conditions are thought to be very difficult and problematic, in particular, the channel at the mouth of Strangford is approximately 60m deep.
    - Tidal surges through the narrowest point of the channel would create huge forces creating substantial engineering challenges likely to result in high costs.
    - A clearance height or an opening bridge would need to be considered to cope with any navigable vessels, that could add significant costs.
    - A Bridge Order would be required.
    - A new network of approach roads would be needed to access the bridge.

- Strangford Lough is designated as a Special Area of Conservation and an Area of Special Scientific Interest. These are significant environmental constraints that would likely increase costs further.

- The cost / benefit of accommodating on average 650 vehicles per day at a ferry charge (single car) fare of £7.70 (2024 fare) amounts to £5,000 per day. On this basis it would take hundreds of years of operation to justify the construction costs for a bridge structure costing £650m. Alternatively, if the construction cost is to be recouped over a 30 year period (potentially via tolling) then each journey would cost **£91** - ie nearly 12 times more than a single ferry trip. In reality this cost would likely be substantially higher to include maintenance costs.

- [redacted] recent correspondence has requested the Department to consider other options and not just a bridge crossing, including the potential of a tunnel or a causeway. It is even more difficult to make any credible cost estimate for these types of construction, however they will be in excess of a bridge solution.

Shared Island Fund

- The Taoiseach's office responded to [redacted] on 1 August 2024 outlining;
    - SIF is ringfenced funding to enable delivery of all-island investment commitments and objectives and is allocated by the Irish Government to Government Departments and Agencies to take forward specific projects or programmes that deliver on Programme for Government priorities on Shared Island, working through all-island partnerships, with the Executive, UK Government, Local Authorities, education institutions and through island-wide funding programmes.
    - The relevant Government Department should assess if the proposed project is relevant for consideration for support under SIF taking account of views of NI counterparts and referred Mr Barry to DfI.

- Details of SIF current projects can be found here.

Strangford Lough Ferry Service

- The current Ferry Service is operated by DfI staff using 2 vessels owned by the Department.

- The ferry runs every day of the year except Christmas Day from early morning (07.30) to late at night (22.45). It operates nearly 22,000 sailings a year leaving Strangford and Portaferry every 30 minutes and normally operates at over 96% availability. On average the ferry carries approximately 650 vehicles per day.

- The Ferry Service costs approximately £2.3m each year to run and recoups approximately £1.3m in fares, meaning it is not operating on a full cost recovery basis. However, the 'actual expenditure' spent on the ferry service in 2023/24 totalled £1.1m. Vessel asset depreciation makes up a significant portion of the £1m deficit.

- The ferry mainly facilities the local community, particularly those from the Ards Peninsula but it also attracts local tourism.

- The Strangford Ferry is not a lifeline service as there is an alternative road connection although it takes approximately 70 minutes to drive the 46 miles from Strangford and Portaferry.

Conclusion

- The Department's suite of transport plans is the key driver for continued capital investment of the road network that is primarily based on economic movement of goods and services and road safety. The areas of Strangford and Portaferry are connected by the local road network and are a substantial distance from the Strategic and Trunk Road networks. There is no permanent linkage proposed between Strangford and Portaferry in the current draft transport plans.

- The traffic volumes currently using the Strangford Ferry Service would be insufficient to justify the major investment to construct a permanent crossing.

- Taking forward a feasibility study is not recommended as it would require public funding and divert resources away from other priority work. If taken forward only to discount the possible options, it would likely give false hope to elected representatives and the public of the possibility of a permanent crossing.

- It is not recommended that the Department approaches The Taoiseach's Office to seek SIF to take forward a feasibility study.

- The Ferry Service is currently the most economical method of providing a transportation link between Strangford and Portaferry.

Drafted by:	Mark McPeak, DRM, 22/8/2024 [redacted]
Cleared by Head of Division:	David Porter, 30/8/24, [redacted]
Cleared by Special Adviser:	Please leave blank.

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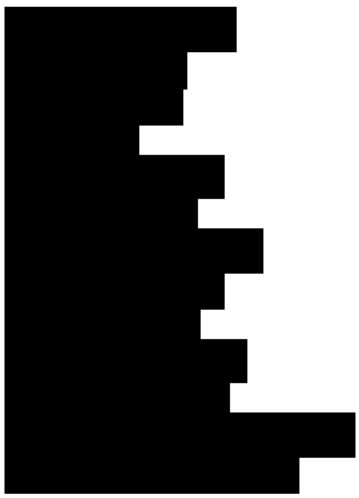

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From the office of the Minister for Infrastructure
JOHN O'DOWD MLA

Private Office, 3rd Floor,
James House, Gasworks Site,
2 - 4 Cromac Street,
Belfast, BT7 2JA
Telephone:
Email:

[redacted]

[redacted]

Your reference: XXXX
Our reference: COR-1578-2024
September 2024

Dear [redacted]

STRANGFORD LOUGH CROSSING

Thank you for your correspondence about a Strangford Lough Crossing dated 14 August 2024. Your letters sent to the Department for Economy, the Department for Finance, and, The Executive Office on this have been referred to the Department also. I am also aware that you responded to the Southern Divisional Roads Manager on 13 August 2024 on this same issue (TOF-1389-2024 refers). Please accept this letter as the response to all of your queries that centre around seeking a comprehensive analysis for the potential of a permanent crossing between Strangford and Portaferry to replace the ferry service, and that funding should be sought from the Shared Island Fund to take forward a feasibility study.

There have been numerous requests for a permanent crossing between Strangford and Portaferry over the years however, such a project would require very significant capital investment in a very sensitive environment as Strangford Lough is designated as a Special Area of Conservation and an Area of Special Scientific Interest.

I agree that a permanent crossing would improve journey times compared to the current ferry service but regrettably it is considered that there would currently be insufficient economic benefits to justify such a major investment.

The Department's transport plans are the key driver for continued investment of our road network. A new Transport Strategy is being developed along with a suite of transport plans that will guide the development of our transport system through to 2035. The Department is aiming to issue a draft Transport Strategy for public consultation towards the end of this year and the Regional Strategic Transport Network Transport Plan (RSTNTP) in Spring 2025 that covers the Trunk Road Network. You are very welcome to respond to these consultations. Also, the Eastern Transport Plan covers the local transport movements for 5 council areas including Ards and North Down where Portaferry is located. Information relating to the development of the Eastern Transport Plan is probably more relevant to any new permanent linkage between Strangford and Portaferry and can be viewed at via the Department's website at; https://www.infrastructure-ni.gov.uk/articles/eastern-transport-plan-etp-2035.

At this time the Department would not have the economic justification to begin to explore a permanent connection across the water between Strangford and Portaferry. As such the Department has no plans to seek Shared Island Funding from The Taoiseach's Office to take forward a feasibility study particularly as there is currently no prospect of instigating such a major project at this location in the foreseeable future. Taking forward a feasibility study is not considered a good use of public funding particularly during a time when the Department is facing significant funding and resource challenges.

The Strangford Lough Ferry Service operates every day of the year except Christmas day from early morning to late at night and serves both the local community and local tourism. It provides a reliable service and is currently the most economical method of providing an effective transportation link between Strangford and Portaferry that complements the existing road network.

I hope you find this information helpful.

Yours sincerely

[redacted]
Private Secretary to the Minister

STRANGFORD LOUGH FERRY SERVICE STRATEGIC REVIEW REPORT

22 March 2013

Executive Summary

The Strangford Lough Ferry Service is an important transport link across Strangford Lough between the villages of Strangford and Portaferry. To travel the distance between Strangford and Portaferry by road is approximately 75 kilometres and takes about an hour and a half by car. By contrast, the ferry route is approximately 0.6 nautical miles with a typical crossing time of about 8 minutes.

This Strategic Review Report has been prepared following a request from the Committee for Regional Development (CRD) that the Department postpone the implementation of fare increases at the ferry service until such times as a strategic review of the ferry provision was undertaken, including the identification of efficiency savings, with the potential to offset the proposed increases.

The report has examined the findings of several reviews of the ferry service that have been undertaken over the past few years and considers in detail:

- Staffing and management structures;
- Level of service;
- MV Strangford;
- Future delivery options for the Strangford Lough Ferry Service;
- Effectiveness of the management and operation of the service; and
- Potential for cost saving;
- Conclusions and recommendations.

The report concludes the current level of service delivery at the Strangford Lough Ferry Service remains appropriate and continued in-house delivery of the service also remains appropriate at present.

The report recommends the Department continues to work towards procuring a replacement vessel for the MV Strangford, and following the procurement of the replacement vessel, the Department should review the future delivery options for the service.

The report notes the 2012/13 cost recovery at the Strangford Lough Ferry Service will be established following publication of the 2012/13 DRD annual accounts and proposes the 2013/14 fare review will take account of the actual cost recovery achieved in 2012/13 and the target for cost recovery in 2013/14.

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STRANGFORD LOUGH FERRY SERVICE
STRATEGIC REVIEW REPORT

March 2013

1 INTRODUCTION

The Strangford Lough Ferry Service has been subject to a number of reviews over recent years. This report collates and summarises the findings of these reviews.

Background

Roads Service operates the Strangford Lough Ferry Service across Strangford Lough between the villages of Strangford and Portaferry. To travel the distance between Strangford and Portaferry by road is approximately 75 kilometres and takes about an hour and a half by car. By contrast, the ferry route is approximately 0.6 nautical miles with a typical crossing time of about 8 minutes.

The Ferry Service operates every day except Christmas Day. The operating hours are 07.30 – 23.00 on weekdays, 08.00 – 23.30 on Saturday and 9.30 – 23.00 on Sunday.

The Strangford to Portaferry route is an important transport link in the local economy. Whilst not classified as a life-line route, such as Ballycastle to Rathlin, the route carries an average of about 1,570 passengers per day, including many schoolchildren to and from school.

The main vessel in service, the MV Portaferry II, was commissioned in 2002. The MV Strangford, built in 1969, is the backup vessel used when the MV Portaferry II is in refit or has broken down and as a second vessel on busy bank holidays and summer weekends.

A passenger only vessel, the MV Rachlyn, was acquired in 2009.

Typically, the Strangford Lough Ferry Service costs the Department just under £2.2m per annum, of which approximately 40% is currently recovered in income from fares.

Reviews of the Strangford Lough Ferry Service

The Ferry Service has been subject to several reviews over the past few years including:

i. Roads Service Internal Review of Strategic Options for the Future Delivery of the Strangford Lough Ferry Service – 2005;
ii. DID Business Consultancy Review of Strangford Lough Ferry Service Structure and Grading – 2006;
iii. DID Business Consultancy Review of Strangford Lough Ferry Management Structure – 2008;
iv. Review of MV Strangford – 2009;
v. Internal Audit – 2008;
vi. Review of ticketing – 2011;
vii. Fares reviews (2009 and 2011); and
viii. Strangford Ferry Customer Survey 2009 Report.

This report considers the main findings of the above reviews in the context of the following aspects of the Strangford Lough Ferry Service:

- Staff and Management Structures;
- Review of Level of Service;
- Review of the MV Strangford;
- Future Delivery Options;
- Effectiveness of Management and Operation of Service (including Fares Reviews);
- Potential for Cost Savings; and
- Conclusion and recommendations.

2 STAFFING AND MANAGEMENT STRUCTURES

Staff Structure

Over the past number of years, staffing levels and grades at the Strangford Lough Ferry Service have been subject to two separate external in-depth reviews by DFP Delivery and Innovation Division (DID).

In 2006, DID undertook a Business Consultancy Review of Strangford Lough Ferry Service Structure and Grading. This review sought to determine the appropriate structure and grading of duties performed by industrial staff at Strangford Lough Ferry Service; and to review and provide options for shift patterns. A summary of the main findings from the DID report is included in Appendix 1.

Subsequently, in 2008, DID undertook a Business Consultancy Review of Strangford Lough Ferry Management Structure. This review included a full grading and loading evaluation of the management and administrative roles at the Ferry Service. A summary of the main findings from the DID report is included in Appendix 2.

The current staffing structure and resource is based upon the recommendations of the two DID reviews. The staff at the ferry service includes:

- a Ferry Manager;
- a Ferry Clerk;
- a Maintenance Supervisor;
- a Maintenance Fitter;
- 3 crews which each include a Shift Manager, a Skipper, 2 Senior Pursers and 2 Pursers;
- 2 Nightwatchmen, one full time Sunday to Thursday and one part time Friday and Saturday.

Staff Costs

The Ferry Service staff costs in 2011/12 were £766K. These costs include wages, pension contributions and national insurance and allowances.

The ferry crews receive a Shift Disturbance Allowance for working a shift rota which includes an early shift, typically from 07:00 to 15:15, and a late shift, typically from 14:50 to 23:30.

In working this shift rota, the ferry crews work two out every three weekends. Additional payments due for working at weekends are averaged over a period of a year and paid as a further monthly allowance - the "Watchman Cleaner / Strangford Ferry Allowance".

Potential Staff Efficiencies

Whilst, based on the DID reviews, there is no scope to reduce the number of staff in each crew, the potential scope for reducing the number of crews has been considered. A high level assessment of these options is included in Appendix 3. A summary is given below.

Assessment of the impact of reducing the number of crews

Number of Crews	Crew Cost saving	Net Efficiency saving	Impact on service
3 (existing)	£0	£0	nil
2	£220K	£160K	37% reduction in normal operating hours
1	£440K	£240K	76% reduction in normal operating hours

Note: this assessment is based upon figures from the 2009/10 Memorandum Trading Account

Reducing the number of crews from 3 to 2 would result in a 37% reduction in the normal ferry working hours. Reducing the number of crews from 3 to 1 would result in a 76% reduction in the normal working hours.

It is recognised that such a reduction in the operating hours of the ferry service would be wholly unacceptable to local traders, public and politicians. This is evidenced by requests from the public and local politicians for an extension to early morning operating hours and requests from local business for an extension to late night operating hours.

3 REVIEW OF LEVEL OF SERVICE

Operating Hours

Strangford Lough Ferry Service runs for approximately 16 hours each day, 364 days per year, providing over 22,000 sailings.

The service normally operates with one vessel, leaving each slipway at 30 minute intervals; from Strangford on the hour and half hour and from Portaferry at a quarter past and a quarter to the hour.

From Strangford

Days	First Sailing	Last Sailing
Weekdays	7.30 am	10.30 pm
Saturday	8.00 am	11.00 pm
Sunday	9.30 am	10.30 pm

From Portaferry

Days	First Sailing	Last Sailing
Weekdays	7.45 am	10.45 pm
Saturday	8.15 am	11.15 pm
Sunday	9.45 am	10.45 pm

Customer Charter

The Customer Charter (1989) gives a commitment to:

- Provide 97% of scheduled sailings (excluding delays due to weather);
- Keep disruptions due to breakdowns to one hour maximum; and
- Provide a passenger only service when neither vehicle ferry is available.

Since the MV Portaferry II was commissioned in 2002, it has been extremely reliable with availability figures (weather delays excluded) in excess of 99%. Whilst the ferry operates over 5,500 hours per year, the backup vessel, the MV Strangford, has been brought into service for an average of 11 hours each year because of breakdowns on the MV Portaferry II.

Early Sailings

During the MV Portaferry II refit, a period of at least 6 weeks every Autumn, the MV Strangford is in full time service. During the refit period, the reduced capacity of the MV Strangford can cause difficulties in meeting demand on the first two sailings from Portaferry and occasionally on the peak evening sailings from Strangford. While this problem has lessened due to the economic downturn it has received a lot of negative media attention in the past.

In Spring 2011, a noise survey was carried out to assess the impact of introducing earlier sailings on weekday mornings. The survey found the noise levels associated with the ferry operation were above the level considered acceptable before 07.00 watershed. A change to the timetable could give rise to complaints from Strangford residents and result in enforcement action being taken by Down District Council to stop the early morning sailings.

During the 2011 refit of the MV Portaferry II, following consultation with Strangford residents, a temporary early sailing from Portaferry was provided to make available additional capacity. The temporary early sailing was also provided during the 2012 refit of the MV Portaferry II and, subject to agreement with residents, it is intended this arrangement will be repeated in subsequent years for as long as the MV Strangford remains in service.

As the replacement for the MV Strangford would have the same capacity as the MV Portaferry II, the issue of early morning capacity during the refit would be resolved when the replacement ferry goes into service.

Late Sailings

The owner of the Portaferry Arms Hotel met the Minister in November 2011 to request an extension to the night time operating hours.

The request was considered in view of a number of factors such as noise regulations, staffing issues, the likely level of demand and the cost implications.

The conclusion was that it would not be it viable for the Department to consider extending the operating hours as requested at this time.

Sailing Frequency

The service currently provides 4 sailings per hour. A reduction in frequency of sailings, for example one hourly sailing instead of two in each direction, would result in a relatively minor cost saving but would have a significant impact on the level of service provided.

Future Level of Service

Roads Service provides a very high quality of service on this route by maintaining two ferries and a backup passenger vessel. The service operates every day except Christmas Day sailing every 15 minutes for 15.5 hours Monday to Saturday and 13.5 hours on Sunday.

To maintain the current level of service, two reliable vehicle ferries should be available at all times. Delivery of the ferry service with only one vehicle ferry would inevitably result in a reduction in the level of service, particularly during the period of the annual refit of the MV Portaferry II (6 weeks).

Such a reduction in level of service could be mitigated somewhat by contracting-in a replacement vessel during the annual refit period of the main service vessel, although the availability and operational requirements of a suitable replacement

vessel is uncertain. Furthermore during urgent essential maintenance, the ferry service would be limited to the provision of a passenger-only service.

Any reduction in service is certain to attract a lot of negative media attention and opposition from local residents, traders and politicians.

To continue to deliver the ferry service with two reliable vehicle ferries beyond 2016 will require a significant financial investment, with expenditure accruing in 2014/2015 and 2015/2016. This issue is further discussed in section 4 of this report.

4 REVIEW OF THE MV STRANGFORD

Since the entry into service of the MV Portaferry II in 2002, the MV Strangford has been used primarily as a relief vessel and only comes into operation whenever:

- The Portaferry II is undergoing its annual refit (about 500 to 600 hours per year);
- The Portaferry II has broken down (up to 40 hours per year – average 11); or
- Capacity needs to be supplemented at peak holiday times (between 50 and 130 hours per year).

The MV Strangford and its systems are therefore idle for around 88% of the year, resulting in inevitable deterioration. Maintenance costs have increased in recent years and are likely to continue to increase because of the age of the vessel.

Due to its current role as a relief vessel, it is important the MV Strangford is reliable during those periods when the MV Portaferry II is out of service.

Blyth Bridges Study

In April 2010, Blyth Bridges Marine Consultants were commissioned to advise on the future of the MV Strangford, on alternatives for continuing to provide the existing level of service and to make recommendations for Roads Service to consider. A summary of the main findings of the Blyth Bridges report is included in Appendix 4.

The Blyth Bridges report concludes the operational life of the MV Strangford should not extend beyond 2016.

The study found that extending the life of the vessel is not viable because:

- maintenance costs will in future rise at a progressively increasing rate;

- as the vessel ages the probability of a serious breakdown will increase; and
- the vessel is no longer fit for purpose in terms of capacity.

Blyth Bridges considered a number of options for replacing the MV Strangford, including:

- Charter a vessel, as required, when the MV Portaferry II is out of service;
- Long term full time lease of a new vessel;
- Purchase of new vessel.

Small Ferries Project

Ports and Public Transport Division, in DRD, has been involved in a 'Small Ferries Project'. The aim of this partnership project between the governments of Ireland, north and south, and Scotland was to deliver a common procurement and design strategy which could be used by each of the partners to provide new small ferry vessels to serve routes off the Irish and Scottish coasts. The Ballycastle to Rathlin route was included in the project.

None of the four vessel designs proposed by the Small Ferries Project exactly meets the requirements of the Strangford to Portaferry route. Some changes to the most suitable design would be required to cope with strong winds and strong tides particular to Strangford Lough.

The Small Ferries Project Report estimated a possible saving, from common vessel design and bulk procurement, of just over £1m.

There are no plans at present for the three governments to proceed with a joint design and procurement project and, because of the timescales involved, it is unlikely that the Strangford Lough Ferry Service will be able to benefit from any future project.

Alternative Solutions

Bridge

The cost of a bridge spanning the narrowest part of Strangford Lough is likely to be in excess of £300m, (based on costs of recently constructed suspension bridges). Given that the net annual funding provided to the Ferry Service is typically around £1.2m, a bridge is not an economically viable solution.

PPP / PFI

Blyth Bridges advised that potential PPP / PFI bidders are unwilling to embark on procuring a new ship for the service unless the term of the agreement matches the useful life-span of the vessel they would be obliged to procure - typically 30 years. At the end of a shorter term, if the operator were to buy a £6 million ship specifically designed for a given route (like Strangford- Portaferry), they would have an asset which is of limited value for other routes.

Given the relatively small level of capital expenditure, it is unlikely such a PPP / PFI scheme would be attractive even if a longer term view were adopted. It is also noted the DFP document ' NI Guide to Expenditure Appraisal and Evaluation (NIGEAE) section on PPP Projects and Procurement' states that PPP solutions are not appropriate for individually procured projects with capital expenditure of less than £20m. DRD Economics Branch has advised this threshold reflects contract set up and management costs which would be excessive in relation the cost of such small projects.

Because of the uncertain availability of a suitable vessel to charter and the prohibitive cost of leasing, the only viable option is for the Ferry Service to purchase a new vessel. The estimated cost of a replacement vessel was in the region of £5M (2010 prices).

Following procurement of a new vessel, there would remain the option to involve the private sector within the delivery of the ferry service, in effect, by leasing the

vessels to an outside operator. Blyth Bridges also advised of the potential risks of the contracted operator not maintaining the ship adequately and so the value of an expensive asset would deteriorate faster than it should.

A Business Case for a replacement vessel for the MV Strangford has been prepared and submitted to DfP for approval. Subject to the necessary approvals and the availability of funding, it is proposed to engage Marine Consultants to assist with the procurement and design of the new ferry during 2013/14. It is expected that the design and construction of the new ferry will take approximately three years, with delivery anticipated in 2016, again subject to the availability of funding.

Section 5 of this report considers future delivery options for the Strangford Lough Ferry Service.

5 FUTURE DELIVERY OPTIONS FOR THE STRANGFORD LOUGH FERRY SERVICE

In considering potential future delivery options for the Strangford Lough Ferry Service, it is important to note that, over the past 10-15 years, there have been a number of unsuccessful attempts at involving the private sector in the running of the service.

In 1998, efforts were made to seek a private sector partner to provide a new vessel and take over the running of the service under a Private Finance Initiative (PFI) concession agreement. The negotiations were at a very advanced stage when, in February 1999, the preferred bidder pulled out and the PFI project foundered.

Then, in 2001, following the procurement of a new vessel through conventional public sector funding when the MV Portaferry II was put into service, there was a renewed interest from the private sector. A new procurement process was started in November 2001 to establish a Public Private Partnership (PPP) to run the service. This procurement process was however subsequently suspended to allow:

- A reasonable settling down period following the introduction of the new vessel.
- The introduction of a new driver information system at key locations on the approach road network. (Six remotely controlled electronic signs came into operation in January 2004).
- Completion of a review of the proposed service enhancements requested by a local pressure group.

In 2005, Roads Service undertook a Review of Strategic Options for the future delivery of the Strangford Lough Ferry Service. A summary of the main findings from the review report is included in Appendix 5.

The review concluded that an operational contract (i.e. contract out the operational management of the Ferry service) could potentially offer Value for Money and result in savings to the Department.

The review also noted the Client role (i.e. the overseeing management of the operational contract) would be best carried out by DRD Ports and Public Transport Division given their similar role with the Rathlin Ferry service.

This review was approved by the Roads Service Board in August 2005 and a supporting submission to the Minister was prepared recommending the procurement of a private sector firm to manage the provision of, and provide the labour to operate the ferry service. It was also agreed that responsibility for the client role should be reconsidered once a contract is in place.

At that time, there was uncertainty over what functions would transfer to the local Councils under RPA. As such, it was considered that procurement of a ferry management contract pre-RPA implementation could be seen as pre -empting any decision which the local Councils may make regarding operation of the ferry service.

In May 2006 the Roads Service Board decided to reconsider this proposal once RPA had been implemented and the Staff Structure and Grading review, which was underway, had been completed.

Recent consideration of contracting out the management of the ferry service has identified a number of advantages and disadvantages. The main advantages of contracting-out the service operation and maintenance activities include the potential for:

- Savings in running costs – maintenance, crew and administration;

- Improved cost recovery;
- Flexibility in crew arrangements to facilitate tailoring level of service to travel demand; and
- Attracting expertise in the management control of marine operations.

It is however recognised there are also some disadvantages to proposals to contract-out the service and maintenance operations, including:

- Problems maintaining a high quality of service and flexibility to enhance service at busy times;
- Age of the MV Strangford and associated uncertainty regarding maintenance requirements;
- Timing of procurement of a new ship;
- Market interest;
- Political and public acceptability;
- Potential for industrial action; and
- Previous unsuccessful attempts to involve the private sector.

In terms of market interest, whilst market soundings indicated a strong interest in 2005, it is now recognised the wider economic conditions have changed and the potential market for such services would need to be re-tested in the context of current market conditions to confirm the feasibility of any contracting out proposal.

The potential for the market to offer an enhanced quality of service at a competitive cost is dependent on the degree to which bidders can accurately assess the potential costs of the delivery of the service and also any associated risks or uncertainty which could impact on these costs. Considering the age of the MV Strangford and associated uncertainty regarding maintenance requirements, it is likely that bidders will reflect these risks within their costs.

The potential to maximise opportunities for the private sector to offer an enhanced quality of service at a competitive cost would therefore be limited until after the Ferry Service has completed the procurement of a new vessel.

As such, it is concluded that, whilst opportunities to involve the private sector will be reviewed following the procurement of a new ship to replace the MV Strangford, the continued in-house delivery of the Strangford Lough Ferry Service remains appropriate at present.

In this context, section 6 of this report considers the effectiveness of the current management and operation of the Strangford Lough Ferry Service.

6 EFFECTIVENESS OF THE MANAGEMENT AND OPERATION OF THE SERVICE

Internal Audit Report

In 2008 DRD Internal Audit carried out a review of the Strangford Lough Ferry Service as part of an agreed overall audit plan for Roads Service. A copy of the Recommendation Action Plan from the Internal Audit report is included in Appendix 6.

The purpose of the review was to provide senior management with an opinion on the adequacy and effectiveness of risk management, control and governance. The audit encompassed a review of:

- The receipt, custody and lodgement of monies;
- Operating and Maintenance procedures; and
- Management Information

The overall finding of the review was 'Satisfactory'. The report recommended changes in procedures in various areas, particularly the keeping of maintenance records and planning surveys by the Maritime and Coastguard Agency.

All the recommended changes have been implemented.

Customer Care Survey

In 2009, a customer satisfaction survey for the Strangford Lough Ferry Service was carried out by the Central Survey Unit (CSU) of the Northern Ireland Statistics and Research Agency (NISRA) on behalf of DRD Roads Service. The Executive Summary from the NISRA report is included in Appendix 7.

Overall customers were very pleased with the service and singled out the crews for special thanks.

A common complaint was that first weekday sailing from Portaferry was often full. This is no longer an issue as passenger numbers have dropped due to the economic downturn. The difficulties in extending the operating hours are outlined in the previous section.

Customers also complained about early morning capacity problems during the MV Portaferry II refit. During the 2011 & 2012 refits, this issue was resolved by providing an earlier sailing form Portaferry. Subject to agreement of residents and staff this arrangement will be repeated until a new ferry goes into service.

A further issue raised was the lack of availability of multi-journey tickets outside office hours, in particular to residents on the peninsula. It is hoped that this issue will be resolved with the award of a contract for a new ticketing system during 2013. A key feature of the new system will be that it will allow the purchase of multi-journey tickets at various locations outside office hours. In the interim, the ferry service has established an arrangement with Portaferry Post Office which enables the public to purchase multi-journey tickets at the Post Office.

28% of customers considered the ferry complaints procedure to be good or very good. As the few complaints received are dealt with promptly it is assumed that this poor response is a reflection of the low number of passengers who have experience of the procedure. Information on the complaints procedure is clearly displayed on the vessels and on the slips.

31% rated the condition of the on shore toilet facilities as good or very good. Since then the Ferry Service has entered into a Service Level Agreement with Down District Council to extend toilet opening hours and ensure that minor repairs are carried out promptly. The toilets are cleaned twice a day.

77% rated the cleanliness and state of repair of the waiting facilities for cars as good or very good. Since then new barriers have been erected at both slipways, the signage in Portaferry has been replaced and damaged bollards have been

replaced. During 2011 a programme of weed removal was implemented in Portaferry at the request of Portaferry Regeneration Ltd.

Review of Ticketing

During 2011, Roads Service commissioned its partner consultant Amey to investigate alternative ticketing systems for the Strangford Lough Ferry Service.

Their report concluded that an electronic ticketing system, such as a smartcard system, would reduce the level of administration required and be more convenient for regular users of the service.

The Ferry Service is currently proceeding with the procurement of a new ticketting system which is anticipated to be in place in 2013.

Cost Recovery

Managing Public Money Northern Ireland (MPMNI) states that the full cost of providing a public service should be recovered by charges for the service, subject to any policy decision by the Minister. Paragraph 6.1 permits recovery of less than full cost if approved by the Minister.

MPMNI also states “If Ministers decide on a financial target short of full cost recovery, there should be a plan to achieve full cost recovery within a reasonable period. If this is not intended, it is important to decide (and document) clearly why and how long any deliberate public subsidy should last” (ref 6.2.8).

A Roads Service Internal Audit Review in 2010 recommended that fares should be reviewed annually.

The 2008 fares review submission to the then Minister (Conor Murphy MLA) in October 2008 set the cost recovery target for the Strangford Ferry Service at 50%.

In the 2009-10 financial year increased running costs together with a fall in income resulted in the target of 50% recovery of costs not being achieved. The percentage recovery in 2009-10 was 45%.

The increased running costs were largely due to additional staff costs as a result of the implementation of the DFP recommendations on staffing.

The reduction in income appeared to be a result of the general economic situation.

The previous Minister approved a cost recovery target of 40% for the 2010-11 and 2011/12 financial years on the understanding a fares review in the 2011/12 financial year would enable a return to 50% cost recovery by 2012/13.

2008 Fare Review

A review of fares was carried out in 2008 and made the following recommendations which were approved by the then Minister.

- The development of a relationship structure between fare types based on the single passenger and single vehicle fares. This allowed for greater consistency in the fares structure and transparency in how fares are derived.
- A long term aim of reducing multiple journey discounts to a maximum of 40% in line with Translink and practice elsewhere.
- A new schedule of fares (introduced in November 2009).

These recommendations followed comment from Internal Audit who identified inconsistencies in the discounts offered and a divergence over time of the relationship between fares, as well as a divergence from similar discounts relationships offered by other organisations. Internal Audit also noted the current fare structure offers over 55% discount to motorcycle riders and car drivers, but only 40% discount to drivers of larger vehicles and pedestrians.

2011 Fare Review

A review of fares was carried out in 2011 and recommended a new schedule of fares designed to recover 45% of costs in 2012/13.

Following a presentation on the proposed fare increase to the Committee for Regional Development, the Clerk of the Committee wrote to the Departmental Assembly Liaison Officer, requesting the Minister / the Department postpone the implication of the fare increases until such times as a full strategic review of the Ferry provision was undertaken, including the identification of efficiency savings with the potential to offset the proposed increases.

In the context of the postponed 2011/12 fare review, the Minister has approved a cost recovery target of 40% for the 2012/13 financial year. The actual cost recovery for the 2012/13 financial year will be established following publication of the 2012/13 DRD annual accounts.

Following publication of the 2012/13 DRD Annual Accounts, the 2013/14 fare review will be undertaken. The fare review will take account of the actual cost recovery achieved in 2012/13 and also the target for cost recovery 2013/14.

7 POTENTIAL FOR COST SAVINGS

This section of the report outlines the costs associated with providing the Strangford Lough Ferry Service and discusses potential for cost savings.

Memorandum Trading Account (MTA)

For each financial year, a Memorandum Trading Account (MTA) is produced for the service. A summary of the Ferry MTA showing the cost recovery for each of the past 3 financial years is shown below.

	2009/10	2010/11	2011/12
Income	**£915K**	**£864K**	**£911K**
Direct Costs	£1,312K	£1,430K	£1,857K
Other Costs	£703K	£746K	£771K
Total Costs	**£2,015K**	**£2,176K**	**£2,628K**
Deficit	**£1,099K**	**£1,312K**	**£1,717K**
Cost Recovery	**45%**	**40%**	**35%**

As outlined earlier in this report, the previous Minister approved a cost recovery target of 40% for the 2010/11 and 2011/12 financial years on the understanding that a fares review in this financial year would enable a return to 50% cost recovery by 2012/13.

Based upon the 2011/12 MTA, excluding the exceptional maintenance costs, achieving 50% cost recovery without any additional revenue from fares will require significant cost savings of about **£380K** (about 25% of typical annual direct costs**).**

The MTA includes all of the costs associated in providing the service. The account includes the direct costs incurred, in terms of staff wages, fuel, materials and maintenance costs. The MTA also includes indirect costs.

The indirect costs at the ferry include notional costs for insurance, the notional cost of capital, notional administration charges and the cost of depreciation. A large proportion of these indirect costs are based upon a percentage of the valuation of the assets of the service, typically the MV Portaferry II.

A more detailed breakdown of the 2011/12 Ferry costs is shown below.

2011/12 Outturn

Income		**£911K**	
Expenditure			
Direct Costs	Staff Costs	£766K	
	Material and Stores	£666K	
	Exceptional Maintenance	£425K	(*)
Indirect Costs	Notional	£498K	
	Other	£59K	
Assets	Depreciation	£160K	
Administration	0.55% of Roads Service notional costs	£54K	
Total Costs		**£2,628K**	**(£2,203K *)**
Deficit		**£1,717K**	**(£1,292K *)**
Cost Recovery		**35%**	**(41% *)**

* *The 2011/12 MTA includes one-off exceptional costs of £425K relating to essential ferry maintenance as required by the Maritime and Coastguard Agency. 41% Cost Recovery would have been achieved under normal operating circumstances.*

Taking account of the exceptional maintenance costs incurred in 2011/12, 41% of the annual operation, maintenance and management costs were recovered in 2011/12. Excluding the exceptional maintenance costs and given there is minimal scope to extract savings from the indirect costs, of the £2,203K total annual expenditure on the ferry service, any potential savings would have to be realised from within the direct costs of £1,432K. The direct costs are made up from staff costs (£766k) and material and stores costs (£666k).

It is also noted the full outturn costs of providing the ferry service for each financial year since 2005 are comparable to the projections within the 2005 Review of Strategic Options report. The Review projected a full cost of £2,113K for 2010/11 and the outturn costs were £2,176K.

Staff Costs

Overtime

Whilst overtime for crews is kept to a minimum by planning annual leave and management of absenteeism, occasionally there is a requirement for staff to work overtime.

Typically the need to work overtime arises during busy periods over the summer and at bank holiday weekends when the service is enhanced by running the second boat to minimise any delays to passengers. Additionally, overtime is sometimes required for staff training and to facilitate testing and inspection of the vessels during refits.

In 2011/12, the cost of overtime was £47k – approximately 6% of the overall staff costs. The potential for efficiency savings in overtime costs exists if the second boat is not used to provide additional capacity in busy periods. Appendix 4 presents an assessment of this scenario and indicates a potential staff cost saving of £20K although it is also noted that this would also result in a loss of income of approximately £25K.

Materials and Stores – O&M Expenditure

Materials and Stores costs principally cover operation and maintenance costs. Excluding exceptional maintenance, the £666K operation and maintenance expenditure for 2011/12 is broken down as follows.

Total	**£666K**
Fuel	£206K
MV Portaferry II Annual Refit	£82K
MV Portaferry II Maintenance	£124K
MV Strangford Annual Refit	£120K
MV Strangford Maintenance	£50K
MV Rachlyn Annual Refit	£1K
MV Rachlyn Maintenance	£6K
Other (Terminal running costs, harbour maintenance, etc)	£77K

Fuel Costs

Fuel is purchased through a central government contract ensuring best value for money.

Each sailing costs just over £9. A reduction in operating hours of one hour per day would result in an annual saving of £13K.

The potential for fuel savings exists if the operating hours are reduced or if the second boat is not used to provide additional capacity in busy periods.

An assessment of a number of potential options is included in Appendix 3. A summary is given the following table.

Option	Fuel saving
Reducing to 2 crews and associated reduction in operating hours	£75K
Reducing to 1 crew and associated reduction in operating hours	£160K
Remove backup ferry – no vehicle ferry for 4-6 week refit of main vessel	£15K
Remove 2nd ferry at busy times	£5K

Note: this assessment is based upon figures from the 2009/10 MTA.

Maintenance Costs

Following the recommendations of the 2006 DID Business Consultancy Review of Strangford Lough Ferry Service Structure and Grading, a Maintenance Supervisor was appointed in 2010.

The appointment of a Maintenance Supervisor in addition to the Maintenance Fitter has resulted in an improved preventative maintenance regime and closer supervision of contractors.

Planned maintenance is largely dictated by the recommendations of the manufacturers of the various systems on board including engines, gearboxes, propulsion units and generators.

Legislation requires the ferries to have a valid Passenger Ship Safety Certificate issued and renewed annually by the Maritime and Coastguard Agency (MCA). The MCA operate a thorough inspection regime to check that the vessels are maintained to the required high standard. A major survey of the hull and machinery is undertaken during the annual refit and sea trials are carried out

before the vessel returns to service. A further mid-term inspection is undertaken within 6 months of the refit and 3-4 unannounced spot checks are made throughout the year. The MCA inspections confirm that the level of maintenance is satisfactory and occasionally identify additional work to be carried out.

An estimated 20% of all maintenance is reactive maintenance as a result of breakdowns. Breakdowns are unavoidable because of the complexity and the age of the machinery however a good preventative maintenance regime ensures that they are kept to a minimum.

Specialist or large scale maintenance is carried out by external contractors as required.

New maintenance contracts were awarded in September 2011. The contract award process followed Departmental procurement guidelines to ensure best value for money.

The potential for annual routine maintenance savings of about £100K – £120K (based on 2009/10 MTA) exists if the backup vessel is removed from the service. Noting the backup vessel is more than 40 years old, in addition to routine maintenance, it is anticipated that this vessel will require an increasing amount of exceptional maintenance in the future. It is also noted that the removal of the backup vessel would result in a significantly reduced service, in particular during the annual refit of the main vessel when the service would not be able to provide a vehicle ferry. This issue is further discussed in section 3 of this report.

A MCA survey of the MV Strangford early in 2011 identified extensive corrosion of the vehicle ramps to the extent that new ramps were required. The ramps were manufactured and fitted in dry dock by Harland and Wolff through a direct award contract. At the same time the entire hull was shot blasted and re-painted. The cost of the work was £425K.

Summary

Achieving 50% cost recovery without any additional revenue from fares will require cost savings of about £380K.

The potential for savings principally exists within the direct costs staff costs at £766K and material and stores costs at £666K.

The required cost savings equates to:

- half of the annual staff budget;
- almost all of the annual maintenance budget; or
- over twice the annual fuel budget.

Whilst there is potential for significant savings in staff costs by reducing the number of crews, there would be an associated reduction in the operating hours of the service.

It is noted that any proposed reduction in the operating hours of the service would also yield savings in fuel costs however this would be offset by a greater loss of fare revenue income.

Fuel savings associated with the removal of the backup vessel are relatively minor whereas the associated potential savings in routine maintenance costs could be about £100K – £120K (based on 2009/10 MTA).

Any proposed reduction in the operating hours of the service would most likely be unacceptable to local traders, public and politicians.

8 CONCLUSION AND RECOMMENDATIONS

This report has examined the findings of various reviews that have been undertaken on the Strangford Lough Ferry Service since 2005. The report considers in detail:

- Staffing and management structures;
- Level of service;
- MV Strangford;
- Future delivery options for the Strangford Lough Ferry Service;
- Effectiveness of the management and operation of the service; and
- Potential for cost saving;
- Conclusions and recommendations.

The report concludes that:

- the current level of service delivery at the Strangford Lough Ferry Service remains appropriate;
- the Department continues to work towards procuring a replacement vessel for the MV Strangford;
- continued in-house delivery of the Strangford Lough Ferry Service remains appropriate at present;
- future delivery options of the Strangford Lough Ferry Service to be reviewed once a replacement vessel for the MV Strangford has been procured;
- taking account of the essential capital expenditure on exceptional maintenance in 2011-12, the Strangford Lough Ferry Service achieved the Ministerial cost recovery target of 40% under normal circumstances;
- the actual cost recovery for 2012/13 will be established following publication of the 2012/13 DRD annual accounts; and
- following publication of the 2012/13 DRD Annual Accounts, the 2013/14 fare review will be undertaken. The fares review will take account of the

actual cost recovery achieved in 2012/13 and also the target for cost recovery in 2013/14.

APPENDIX 1

DID Business Consultancy Review of Strangford Lough Ferry Service Structure and Grading 2006

Summary

1. In 2006, the Delivery and Innovation Division within the Department of Finance and Personnel undertook an external review of the organisational structure and grading at the Strangford Lough Ferry Service.

2. The terms of reference for this review were:

   - to determine the appropriate structure and grading of duties performed by industrial staff at Strangford Lough Ferry Service; and
   - to review and provide options for shift patterns.

3. It is noted that at the time of the review, the organisational structure within the Ferry Service had been in place for over 30 years. The review found that the organisational structure within the Ferry Service did not conform to good practice and created difficulties in meeting the requirements of Maritime and Coastguard Agency (MCA) regulations.

4. The review included the following recommendations:

   - a new organisational structure, which provides for one skipper to be allocated additional management responsibilities including managing one of the three Ferry Service teams.
   - that an additional Fitter role be created and that the current Fitter be given supervisory responsibility;
   - that the Fitter role be reviewed so as to ensure that all allowances applicable to the role are included;
   - that the Fitter as Ticket Collector role is suppressed; and

- that the night watchman role is retained.

5. The review also noted that Ferry crews were not provided with statutory breaks and it recommended that regular breaks are provided for staff, noting that this may increase staff numbers.

6. The review noted that breaks between shifts could be short and two days could not normally be taken off in a row without resorting to annual leave. The review recommended the implementation of a revised shift pattern which eliminates these concerns, allowing for one full weekend off every three weeks and is straightforward to operate.

7. All of the recommendations on organisational structure have been implemented.

8. A new shift pattern was agreed with the staff and has been implemented. It allows for two consecutive days off in every six and one full weekend off every six weeks.

APPENDIX 2

DID Business Consultancy Review of Strangford Lough Ferry Management Structure 2008

Summary

1. In 2008, the Delivery and Innovation Division within the Department of Finance and Personnel, undertook an external review of the management structure and grading at the Strangford Lough Ferry Service.

2. The terms of reference for this review included a full grading and loading evaluation of the management and administrative roles at the Ferry.

3. The review included a thorough examination and evaluation of each role, conducted in line with Cabinet Office Best Practice and using the Job Evaluation and Grading Support (JEGS 2000) methodology.

4. The review included the following conclusions for the key roles at the Ferry Service:

   - the **Ferry Manager** role is of high quality within the boundaries of the NICS Staff Officer / HPTO grade. In addition the role was found to be overloaded and it was recommended that additional PTO post be recruited under the Ferry Manager role to undertake technical related activities.

   - the **Ferry Clerk** role is of good quality within the boundaries of the NICS Administrative Officer grade. The role was found to be fully loaded and it was recommended that an administrative stand-by pool of staff be established to cover leave and or sickness absences, for this particular role.

5. Both of these recommendations have been implemented.

APPENDIX 3 Impact of Staffing Reductions (Note: this assessment is based upon the 2009/10 MTA)

Measure	Saving	Impact on Service	Impact (Public / Political)
Reduce from 3 crews to 2 **(Reduction of 6 staff)**	Fuel Saving £75K Crew Saving £220K **Total Annual Saving £295K** **(15% of 2009/10 expenditure)** Loss of income (15%) **-**£135K Approx 25% of passengers travel outside these operating hours **Net Saving £160K** **(15% of 2009/10 deficit)**	Maximum Service Operating Hours Weekday 07:30 – 18:15 Saturday 11:30 – 18:15 Sunday 11:30 – 17:15 **37% reduction in normal operating hours**	This option would represent a substantial reduction in service. Whilst accommodating commuters and school children, the reduction in evening operating would raise substantial concerns with local traders, public and politicians
Reduce from 3 crews to 1 **(Reduction of 12 staff)**	Fuel Saving £160K Crew Saving £440K **Total Annual Saving £600K** **(30% of 2009/10 expenditure)** Loss of income (40%) **-**£360K Approx 64% of passengers travel outside these operating hours **Net Saving £240K** **(22% of 2009/10 deficit)**	Maximum Service Operating Hours Weekday AM 07:30 – 09:15 Weekday PM 15:30 – 18:15 Saturday 15:30 – 17:45 Sunday No service **76% reduction in normal operating hours**	This option would result in a minimal level of service, useful only to commuters and school children. The reduction to interpeak and evening operations would eliminate tourism traffic and would be largely unacceptable to local traders, public and politicians.

Measure	Saving	Impact on Service	Impact (Public / Political)
Remove second vehicle ferry **(Reduction of 0 staff)**	MV Strangford Annual Refit £100K MV Strangford Maintenance £15K Refit Fuel Saving £10K Refit Crew Saving £0K Peak Service Fuel Saving £5K Peak Service Crew Saving £20K **Total Annual Saving £150K** **(7% of 2009/10 expenditure)** Loss of income **-**£95K Peak Season - average based on 2007/08 and 2008/09 (-£25K) Refit - 8% - based 4 week refit (-£70K) **Net Saving £55K** **(5% of 2009/10 deficit)**	No vehicle ferry during MV Portaferry II annual refit Approx duration 6 weeks (subject to inspection findings) Potential to minimise refit duration with additional maintenance costs No second vehicle ferry during peak season Option to use passenger ferry during refit and peak season **Approx 13% reduction in current operating hours**	This option would result no vehicle service being available for a minimum 4-week period for the annual refit of the MV Portaferry II. There would also be no backup vessel if the MV Portaferry II was subject to breakdown. This would fail to meet the target to ensure that the vehicle ferry is available for 97% of planned sailings. Whilst the passenger ferry could be introduced, the withdrawal of the vehicle ferry for the significant period of the refit would be unacceptable to local traders, public and politicians.

APPENDIX 4

Blyth Bridges Report on the MV Strangford

Summary

1. In April 2010, Blyth Bridges Marine Consultants were commissioned to advise on the future of the MV Strangford, on alternatives for continuing to provide the existing level of service and to make recommendations for Roads Service to consider.

2. The Blyth Bridges report concludes that the operational life of the MV Strangford should not extend beyond 2016.

3. The study also found that extending the life of the vessel is not viable because:
   - maintenance costs will in future rise at a progressively increasing rate;
   - as the vessel ages the probability of a serious breakdown will increase; and
   - the vessel is no longer fit for purpose in terms of capacity.

4. Blyth Bridges considered a number of options for replacing the MV Strangford, including:
   - Charter a vessel, as required, when the MV Portaferry II is out of service;
   - Long term full time lease of a new vessel;
   - Purchase of new vessel.

5. Their conclusion was that purchasing a new vessel is the only viable option because of the uncertain availability of a suitable vessel to charter and the cost of leasing.

Cost Estimates

6. Estimated future exceptional maintenance costs for the MV Strangford over the next 5 years are as follows (2010 prices). These costs are in addition to the annual routine refit costs of £100K - £120K.

Year	Estimated Maintenance Cost £000
2011	325*
2012	120
2013	190
2014	240
2015	397
Total	**1,634**

*An MCA survey in 2011 revealed extensive deterioration of the vehicle ramps which required them to be replaced. While the vessel was in dry dock the opportunity was taken to shot blast and repaint the hull. The total cost of this work was £425K.

7. New build costs for ships are difficult to estimate as they are very sensitive to global economics. On the basis of the cost of the MV Portaferry II, Blyth Bridges have estimated the cost of a new ferry of the same size at between £4.3m and £4.9m in 2010 prices.

8. In 2007 the Department for Environment Food and Rural Affairs (DEFRA) issued a UK ship recycling strategy. This states that if a Government owned vessel is close to the end of its working life it should be recycled rather than sold.

Perceived wisdom in the shipping industry is that in most cases the value of the scrap materials very approximately offsets the cost of scrapping. The current value of the MV Strangford is therefore assumed to be nil.

APPENDIX 5

Roads Service Review of Strategic Options for the Future Delivery of the Strangford Lough Ferry Service

Summary

1. In 2004, Roads Service undertook a review of options for the future delivery of the Strangford Lough Ferry Service. The purpose of the review was to address two fundamental questions:
   - Who is best placed to operate a ferry service?
   - Who is best placed to ensure that adequate service is provided?
2. The terms of reference of the review were:
   - consider procurement options and assess if a PPP type contract was viable;
   - examine the potential for other forms of procurement including a management contract for the future delivery of the service;
   - consider maintaining the status quo; and
   - make a recommendation to the Roads Service Board on the future delivery of the Strangford Lough Ferry Service.

   All the options were considered and scored in terms of various criteria including capital cost, potential for cost savings, marine management expertise and risk.

PPP/PFI

3. The review report noted the view of the then Minister (John Spellar) that a full blown PPP/PFI type contract was not appropriate. A previous failed attempt at PFI was examined and it was concluded that PFI was a long and costly process with no guarantee of return.

MANAGEMENT CONTRACT

4. The review found that a management contract would address all the key issues, providing marine expertise and the management structure needed to continue to provide a quality service.

5. Under a management contract the Department would retain ownership of the vessels and a management company would operate the service and arrange and undertake all maintenance work.

STATUS QUO

6. The review report noted that the Ferry Service did not fit well into Roads Service which is a civil engineering focused organisation. The service is dependent on external professional advice and support from specialist external mechanical and electrical engineering services.

7. At the time of the review only the Ferry Manager and the Marine Fitter had any practical experience of the service. This is no longer the case due to staff changes and recruitment.

LABOUR ONLY CONTRACT

8. A ‘labour only’ contract was considered and rejected as it did not address the need for external expertise. In addition, an earlier ‘labour only’ contract had resulted in significant cost increases.

Operation Options Analysis

9. Of the options considered the Management Contract was considered to be the solution which best addressed the key issues.

10. The review included an assessment to identify a suitable accountable public body to oversee the operation of the service. Bodies considered were:

- Roads Service
- DRD Ports and Public Transport Division
- Translink
- District Councils
- New NI Ferries Body

11. Each body was assessed in terms of Marine Knowledge, accountability, Public Transport Focus, and Government Policy on Staffing (the need to recruit additional staff). The conclusion was that DRD Ports and Public Transport Division was the body best suited to this role. It was noted that PPTD did not agree with this conclusion.

FINANCIAL APPRAISAL

12. To ensure that the Management contract option provided value for money a financial appraisal was undertaken. The financial appraisal assumed that ownership and responsibility for maintenance of the vessels and buildings would remain with Roads Service. As PPTD were reluctant to take on the overseeing of the service it was assumed that Roads Service would continue to incur some costs.

13. The conclusion was that the Management Contract option would result in value for money and cost savings over a 10 year period to 2013/14.

RECOMMENDATION

14. The review recommended that the PPTD would be better suited than Roads Service to undertake the 'Client' function for the Ferry Service and that a contract for the operation and management of the service should be awarded to a private sector marine based organisation.

APPENDIX 6

Internal Audit Report on Strangford Ferry 2011

AUDIT RECOMMENDATIONS ACTION PLAN

AUDIT REPORT: **Strangford Ferry within Roads Service**
REVIEW DATE: **November 2010**

Para. Ref	Recommendation	Priority	Accepted / Rejected	Action Required	Target Date	Responsible Officer
2.1.5	Security of Ferry Terminal Building Management should remind staff that access to the terminal building must be restricted at all times to prevent unauthorised persons gaining access to the building. The exterior doors to the workshop should be kept closed, particularly where the workshop is unattended.	**2**	Accepted	Combination lock and door closer fitted to door between workshop and office. Staff reminded about security.	31 March 2011 **COMPLETED**	
2.1.9	Non-compliance with Roads Service / DRD Accounting Procedures Management should ensure that receipt, custody and lodgement of cash, cheques and other valuable items (i.e. ticket books) is carried out in accordance with DRD Accounting	**2**	Accepted	Introduce checking of lodgments by EOII. Write procedure for checking of lodgment records by Ferry Manager	31 May 2011 **COMPLETED**	[redacted] [redacted]

Para. Ref	Recommendation	Priority	Accepted / Rejected	Action Required	Target Date	Responsible Officer
	Procedures / Roads Service Finance Manual.			Procure secure cash register		[redacted]
2.1.13	Procedural Guidance We recommend that the existing procedures are reviewed and updated to ensure they remain relevant and up-to-date. The updated procedures should be circulated to all relevant staff and should be reviewed periodically thereafter.	**3**	Accepted	Written procedures updated and a system put in place to review procedures annually.	31 March 2011 **COMPLETED**	
2.2.5	Planned Maintenance Schedule & Maintenance Records We recommend that a review of the Marine Maintenance computer system is carried out to determine if this system is fit for purpose. If the maintenance system is considered not fit for purpose then management should ensure that an appropriate	**1**	Accepted	MV Portaferry computerised maintenance system is now in use. The maintenance spreadsheet in use for MV Strangford will be developed to plan future maintenance	31 March 2011 **COMPLETED** 30 JUNE 2011 **COMPLETED**	[redacted]

Para. Ref	Recommendation	Priority	Accepted / Rejected	Action Required	Target Date	Responsible Officer
	maintenance schedule is prepared for each vessel operated by the Strangford Ferry Service. Management should also ensure that a detailed record of all maintenance / repair work carried out on each vessel is formally maintained and retained for management / audit purposes.					
2.2.9	<u>Passenger Certificate & Domestic Safety Management Certificate</u> Management should ensure that all mandatory surveys and safety management system audits are carried out in a timely manner. Where a survey becomes due management should ensure that the MCA are promptly notified and the survey / audit scheduled for the earliest opportunity. Approval to	**1**	Accepted	A system to alert the Ferry Manager to survey dates has been put in place	31 March 2011 **COMPLETED**	

Para. Ref	Recommendation	Priority	Accepted / Rejected	Action Required	Target Date	Responsible Officer
	continue ferry services until such time as the survey / audit is carried out should also be requested from MCA and retained for management / audit purposes.					
2.2.13	Essential Training Records Management should ensure that a formal record of essential training completed by crew members is maintained and kept up-to-date.	**3**	Accepted	Personal training files to be created. Training section of SM15 to be revised	**30 June 2011**	[redacted] [redacted]
2.3.5	Ticket Sales Database Management should liaise with ISB and ensure that the ticketing database is repaired as soon as practically possible.	**2**	Accepted	Database has been repaired	31 March 2011 **COMPLETED**	

APPENDIX 7

Executive Summary - NISRA Strangford Ferry Customer Survey 2009 Report

EXECUTIVE SUMMARY

HEADLINE FIGURES OF THE STRANGFORD CUSTOMER SURVEY 2009

- 888 ferry passengers participated in the survey over the six-day period.
- The frequencies for sex indicate that more males appear to utilise the ferry service than females (63.8% male to 36.2% female).
- The most popular age group utilising the ferry service are those aged between 35 and 49 years (30.3%).
- The most popular town of residence was Portaferry (30.2%).
- The vast majority of customers travelling over the six-day period were car drivers (81.3%).
- Over half of the customers surveyed (50.1%) would use the ferry at least once a week.
- The most common reason given by passengers for travelling on the ferry was for work (41.8%).
- The most common ticket type purchased for the ferry was the multi-journey ticket (37.4%).
- In addition, the majority of passengers who travelled with multi-journey tickets purchased these from the ferry terminal (89.5%).
- Similarly, customers listed this as their most preferred method of purchasing tickets (39.4 %).
- 95.3% of all customers felt that the cleanliness of the ferry was important to them.
- 92.9% of all customers rated the cleanliness of the ferry as good or very good.
- 98.6% of all customers felt that the helpfulness of staff on-board the ferry was important to them.
- 96.7% of all customers rated the helpfulness of staff on-board the ferry as good or very good.
- 96.9% of all customers felt that the availability of information on ferry services was important to them.
- 76.5% of all customers rated the availability of information on ferry services as good or very good.
- 91.4% of all customers felt that the cleanliness and state of repair of the on-shore waiting facilities for cars was important to them.
- 77.2% of all customers rated the cleanliness and state of repair of the on-shore waiting facilities for cars as good or very good.
- 93.4% of all customers felt that the cleanliness and state of repair of the on-shore waiting facilities for passengers was important to them.
- 63.7% of all customers rated the cleanliness and state of repair of the on-shore waiting facilities for passengers as good or very good.
- 95.4% of all customers felt that the cleanliness and state of repair of the waiting areas on board the ferry was important to them.
- 64.5% of all customers rated the cleanliness and state of repair of the waiting areas on board the ferry as good or very good.
- 96.0% of all customers felt that the cleanliness and state of repair of the on-shore toilet facilities at Strangford was important to them.
- 30.9% of all customers rated the cleanliness and state of repair of the on-shore toilet facilities at Strangford as good or very good.
- 99.0% of all customers felt that the reliability of the ferry service was important to them.
- 88.2% of all customers rated the reliability of the ferry service as good or very good.
- 79.7% of all customers felt that the ferry complaints procedure was important to them.
- 28.1% of all customers rated the ferry complaints procedure as good or very good.

- Of the 888 customers surveyed, 197 (22.8%) said that they would regularly use the first service on weekday mornings.
- 12.2% of all customers surveyed (97 in total) said they were likely to use an earlier service from Strangford if it was available.
- 18.5% of all customers (156 in total) said they were likely to use an earlier service from Portaferry if it was available.
- The most frequently given response when customers were asked to list the best aspects of the ferry service was the frequency of the service (27.3%), closely followed by the attitude and helpfulness of staff on-board (25.9%).
- The least frequently given response when customers were asked to list the best aspects of the ferry service was the fares/cost of service (10.8%).
- The most frequently given response when customers were asked to list the worst aspects of the ferry service was the fares/cost of the service (74.7%).
- The least frequently given response when customers were asked to list the worst aspects of the ferry service was the attitude of the staff on-board (just 1.7%).
- 65.7% of customers surveyed (583 passengers) feel that details of the fares/cost of the Ferry Service should be provided for them.
- 64.1% of customers surveyed (569 passengers) feel that timetables of the Ferry Service should be accessible to them.
- 57.6% of customers surveyed (511 passengers) feel that details of the reliability of the Ferry Service should be provided for them.