



Economy & Infrastructure Committee

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Corran Replacement Funding

- Funding approval for **£1.6m** in June 2021
- Estimated Expenditure profile:
 - Project Design Unit (PDU) - **£190,000**
 - Small Vessels Replacement Programme (SVRP) - **£70,000**
 - Appointed Consultant – Slipways / Infrastructure / Terminal Building - **£1.2m**
 - Stantec OBC Development Support - **£40,000**
[This builds on the work undertaken previously via the STAG in 2018 and the Socio-economic study completed this year]
- The expenditure and work required to be completed is vital to sourcing investment (estimated capital investment **£57m**) and paramount to the local communities, as **without investment there is a severe risk of service failure**



Why is the Corran Ferry so well used?

- The five peninsula communities are amongst the most geographically remote and sparsely populated areas of mainland Scotland (*All classed as **Very Remote Rural Areas** – Scottish Government Urban Rural Classification*) – **2,177 people in 2019**
- The **economic vitality** of the peninsula is dependent on connections to Lochaber and beyond for:
 - *Commuting*
 - *Employment & employment opportunities*
 - *Accessing health and education*
 - *Leisure pursuits*
 - *Supply-chain movements*
 - *Public service delivery*
 - *Tourism*
- The scale of these economic interactions is only possible because the Corran Ferry **reduces the geographic peripherality** of the peninsula, it effectively acts as a **bridge** between the peninsula and Lochaber
- Without the ferry the time and cost to undertake a journey would both increase significantly to and from the peninsula
- The scale of these economic interactions and the importance of the ferry to them is **highlighted by its increasing ferry usage – Compound Annual Growth Rate of 2.1%** between 2013 and 2019



What are the implications of a 'No Ferry' scenario for residents?

- Residents would **experience poorer employment outcomes** and thus a significant **reduction in disposable income** – *£440,000 annually for peninsula residents (aggregate loss in disposable income)*
- Potential for **reduction in the number of jobs**, both directly and indirectly – *106 jobs on the peninsula (inc. crew)*
- Reduction in income and employment would potentially increase the number of people **claiming benefits** (net cost to society) – during covid when tourist sector was closed, *UC/JSA claims increased by 170% peninsula and 135% wider area*
- Loss of disposable income would **reduce aggregate demand** on the peninsula and may incentivise families to leave the area – *9% of survey respondents noted they would leave the area*
- Loss of population would be detrimental to the peninsula, **weakening critical mass to maintain economic viability**
 - *Increase age profile and dependency ratio*
 - *Threaten viability of local services – schools, bus services*
 - *Reduce the attractiveness of the peninsula*
 - *Increase the perception of isolation and rurality*

Overall, the 'no ferry' scenario would **significantly reduce the ability for residents to access employment, employment opportunities, key services, and social activities.**



What are the implications of a ‘No Ferry’ scenario for businesses?

- The size of the **customer base would diminish**, particularly on peninsula – *heavily tourism based, 300 jobs in accommodation & food services on peninsula and 2,800 in wider study area, accounting for a third of all employment*
- The size of the **labour pool would reduce**, making it harder to fill vacancies or match skills to jobs, which would negatively impact productivity – *14% increase in jobs density over past 5 years, just under a job per head, which if continues may lead to more jobs than people of working age*
 - *May further exacerbate existing labour supply issues in hospitality*
- Business **costs would increase**, particularly for those businesses moving goods – *to Ballachulish; £49 7.5tn, £66 18tn, £73 36tn, £89 44tn³*
- Rural haulage businesses – or the rural operations of regional / national haulage businesses – are generally marginal operations, where even small increases in cost can make the **operation unviable**
- The key **risk for the peninsula** outwith increased costs of delivery is the **withdrawal of one or more haulage businesses** in the area, which could threaten an already marginal supply-chain.

Overall, the ‘no ferry’ scenario implies an **immediate increase in the cost of serving and doing business in the peninsula**

³ £1.50, £2, £2.25, £2.75 per mile



What are the implications of a 'No Ferry' scenario for visitors?

- Visitor Survey suggests that there would be a **significant reduction** in day-trippers to the peninsula
 - *reducing direct expenditure in peninsular businesses with consequential multiplier effects*
- Potential **redistribution** of the remaining visitor trips as a result of the changes in journey times
 - *Geographic 'winners' & 'losers'*
- The NCN78 would be severed thus **reducing passing trade** for peninsular businesses and the overall attractiveness of long-distance cycle trips to and from the area
 - *increase the THC subsidy for the Camusnagaul Ferry*
- Car-based visitors, rerouting to avoid the peninsula would result in a **loss of passing trade for businesses**
- There would also be a **reduction in overnight stays** in the peninsula
 - *Most **significant tourism impact** as they spend more, and loss of direct expenditure would be amplified by multiplier effects*
 - *a long-term contraction in demand would lead to the **gradual diminution of the supply-side (e.g. bed stock, cafes / restaurants etc)***
 - *From survey average multi-night stayer spends £451 (exc accommodation) & £714 on accommodation (per travelling party)*

Overall, it is unquestionable therefore that, in a 'no ferry' scenario, **the scale of the peninsular tourism market would reduce**, and there could also be negative impacts in Lochaber



What is the cost of a 'No Ferry' Scenario?

Two components to the 'cost' of a no ferry scenario

The monetised disbenefit that current ferry users would experience as a result of changes in **longer journey times** and **high vehicle operating costs** - *these are the (dis)benefits typically accounted for in the 'Transport Economic Efficiency' (TEE), discounted over 60-years*



The economic impact of ferry withdrawal on employment and Gross Value Added (GVA). These values are discounted over 30-years and represent the impact to the peninsula. **106 jobs out of 990.**





Conclusion

- Patronage on the ferry is growing (CAGR 2.1%) and this is before staycation trends are taken into account post 2019
- **Impact of three main users:**
 - The 'no ferry' scenario would significantly reduce the ability for **residents** to access employment, employment opportunities, key services, and social activities
 - The 'no ferry' scenario implies an immediate increase in the cost of serving and doing **business** in the peninsula
 - In a 'no ferry' scenario, the scale of the peninsular **tourism market would reduce**, and there could also be negative impacts in Lochaber
- The **impacts** on each of the **user groups** would overlap and thus **reinforce the negative consequences** of a 'no ferry' scenario
 - *For example, the loss of peninsular jobs would be compounded by a reduction in visitor income and a potential increase in supply-chain and delivery costs. Multiplier effects would compound these losses creating a vicious circle of decline*
- All of these impacts would ultimately coalesce around a threat to the **economic viability** of the area
- Increased costs, reduced income, and difficulty accessing employment, personal business and leisure opportunities would act as a **significant 'push' factor to out-migration**, particularly amongst younger cohorts, and would also act as deterrent to families minded to in-migration
- In fragile rural communities, it only takes a small number of families to leave for local businesses to become **unviable and services reduced**, creating (or more accurately recreating) the **cycle of decline**

In short, in the absence of a fixed link across the Narrows, the provision of a frequent, reliable, and high-capacity ferry service at Corran is fundamental to the economic viability and future sustainability of the peninsula