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Jenny Marra MSP
Convener
Public Audit and Post-legislative Scrutiny Committee
Scottish Parliament
EH99 1SP

Date:
29/01/2018

Dear Jenny

Thank you for your invitation to attend the Public Audit and Post-Legislative Scrutiny Committee on 1 February 2018 to discuss the Audit Scotland report "Transport Scotland's ferry services".

As I noted in my written submission to the Committee of 20 November 2017, Transport Scotland welcomes the report, having fully participated in Audit Scotland's performance audit. I value the audit process in the support it gives to Transport Scotland's commitment to learn and to improve the public services it provides and supports.

Audit Scotland reported that the operators providing our ferry services are performing well and that customer satisfaction was high. Whilst I welcome that, I am not complacent and am keen to consider, respond to and take forward the recommendations set out in the report in support of our aim to provide the best ferry services we can whilst delivering best value for the public purse.

Following publication, we have commenced analysis of Audit Scotland's report and are developing an Action Plan to take forward its conclusions and recommendations. Internal governance arrangements for that work have been established and some initial work undertaken. This has focused on:

- Examining the methodological options for assessing the particular economic benefits to communities which can be ascribed to ferry services rather than economic factors or other government interventions;
- Refreshing our internal database tracking the delivery of the commitments set out in "*Scottish Ferry Services: Ferries Plan (2013 - 2022)*". Audit Scotland noted that significant progress has been made against these commitments less than halfway through its duration. A short summary of our delivery against these commitments is attached; we estimate that the majority of the Plan's commitments have been delivered;
- Early planning work on the production of a single long-term strategy that builds on our existing forward plans. The attached graphic presents a high-level summary of the key current and planned documents and the proposed format of the future single plan. This long-term strategy will update and build on the plans set out in "*Scottish Ferry Services: Ferries Plan (2013 - 2022)*" in good time for its expiry. We intend to produce this strategy within the



context of Ministers' wider Islands policy and future transport policies being developed through the reviews of the National Transport Strategy and the Strategic Transport Projects Review;

- Analysing the costs and trends behind the increase in public spending on ferry services highlighted in the Audit Scotland report in order to more fully identify how these reflect various policy initiatives and investments including the procurement of ferry service contracts, reduction of fares, introduction of new services and increased sailing frequencies, procurement and deployment of new vessels, upgrading of harbours etc - and where the opportunities are for reducing or containing costs based on alternative approaches or priorities;
- Considering the report's recommendations for future service contract procurement exercises, in particular the Gourock-Dunoon ferry service procurement exercise which has recently restarted following the Minister's announcement on 20 December 2017;
- Strengthening the ferries contract management team and ensuring that suitable staff resources are made available to the ferries procurement team;
- Continuing to engage fully with our key stakeholders and the representatives of ferry users. Last year we published an overview of our stakeholder engagement and we will be considering how to develop that, taking account of the Audit Scotland report and the views of the Committee.

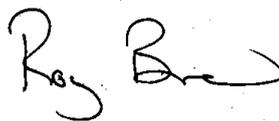
I look forward to discussion of Audit Scotland's report with Members and will await the Committee's own feedback before concluding our Action Plan and finalising our response to Audit Scotland. I am also keen to continue our positive engagement with Audit Scotland in developing and delivering our Action Plan ahead of their proposed progress review.

Please note that I will be accompanied at the Committee session on 1 February by the following Transport Scotland colleagues:

John Nicholls, Director of Aviation, Maritime, Freight and Canals
Graham Laidlaw, Head of Ferries
Graham Porteous, Head of Special Projects and Depute Director of Procurement

I look forward to meeting with you and the other Committee members.

Yours Sincerely



ROY BRANNEN