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NOTICE OF MEETING

Meeting	Solent Transport Joint Committee
Date and Time	Wednesday, 11th October, 2017 12.30 pm
Place	Council Chamber, Civic Centre, Southampton City Council
Enquires to	members.services@hants.gov.uk

John Coughlan CBE
Chief Executive
Hampshire County Council

John Metcalfe
Chief Executive
Isle of Wight Council

David Williams
Chief Executive
Portsmouth City Council

Dawn Baxendale
Chief Executive
Southampton City Council

FILMING AND BROADCAST NOTIFICATION

This meeting may be recorded and broadcast by the press and members of the public.

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

All Members who believe they have a Disclosable Pecuniary Interest in any matter to be considered at the meeting must declare that interest, and having regard to the circumstances described in Part 3 Paragraph 6 of the City Council's Members Code of Conduct, leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with Paragraph 6(4) of the Code. Furthermore, all Members with other Personal Interest(s) in a matter being considered at the meeting should consider whether such interest should be declared, and having regard to Part 4, Paragraph 13 of the Code, consider whether it is appropriate to leave the meeting while the matter is discussed, save for exercising any right to speak in accordance with the Code.

3. MINUTES OF PREVIOUS MEETING (Pages 3 - 10)

To confirm the minutes of the previous meeting.

4. DEPUTATIONS

To receive any deputations notified under Standing Order 12.

5. CHAIR'S ANNOUNCEMENTS

To receive any announcements the Chair may wish to make.

6. ISLE OF WIGHT TRANSPORT INFRASTRUCTURE TASK FORCE
(Pages 11 - 146)

To consider the final report and recommendations of the Isle of Wight Transport Infrastructure Task Force.

7. FINANCE UPDATE (Pages 147 - 152)

To receive a report providing an update on the financial position for Solent Transport.

8. PROPOSED MINOR REVISIONS TO SOLENT TRANSPORT'S CONSTITUTION (Pages 153 - 172)

To consider a report proposing minor revisions to Solent Transport's Constitution.

9. UPDATE ON TRANSPORT FOR THE SOUTH EAST (Pages 173 - 182)

To receive a report providing an update on the development of Transport for the South East and the newly formed shadow Sub National Transport Body.

10. TRANSPORT DELIVERY PLAN REFRESH PRESENTATION

To receive a presentation on the Transport Delivery Plan Refresh.

11. M27 SMART MOTORWAYS PRESENTATION

To receive a presentation on the M27 Smart Motorways.

ABOUT THIS AGENDA:

On request, this agenda can be provided in alternative versions (such as large print, Braille or audio) and in alternative languages.

ABOUT THIS MEETING:

The press and public are welcome to attend the public sessions of the meeting. If you have any particular requirements, for example if you require wheelchair access, please contact members.services@hants.gov.uk for assistance.

Agenda Item 3

AT A MEETING of Solent Transport held in The Wellington Room, Hampshire County Council, The Castle, Winchester on Tuesday, 21 March, 2017

Voting Members Present:

Chair:

Councillor Jacqui Rayment, Cabinet Member for Environment and Transport, Southampton City Council

Vice-Chair:

Councillor Rob Humby, Executive Member for Environment and Transport, Hampshire County Council

Councillor Jim Fleming, Cabinet Member for Traffic & Transportation, Portsmouth City Council

Councillor Ian Ward, Executive Member for Transport and Infrastructure, Isle of Wight Council

Solent Transport Officers

Andrew Wilson – Manager

Hampshire County Council Officers

Dominic McGrath – Strategic Transport Manager

Jackie Taylor - Democratic and Member Services

Jenny Wadham – Principal Accountant

Graham Wright – Strategic Transport

Isle of Wight Officer

Ashley Curzon – Head of Economic Development

Portsmouth City Council Officer

Alan Cufley – Director of Transport, Environment and Business Support

Southampton City Council Officers

Pete Boustred – Transport Policy Team Leader

PUSH

Councillor Tony Briggs, Deputy Leader, Havant Borough Council

Solent Local Enterprise Partnership

Jeff Channing

Highways England

John Henderson

Jim Doxford

Interested Parties

Department for Transport – Maureen Pullen

Network Rail – Alasdair Couper-Johnston

Gosport Ferry – Clive Lane

South Hampshire Bus Operators Association – Richard Soper

Bluestar – Richard Tyldsley

Observers

Eastleigh Borough Council – Ed Vokes, David Airey

Fareham Borough Council – Oli Seebohm

Test Valley Borough Council – Viv Messenger

120. APOLOGIES FOR ABSENCE

No apologies of absence were received.

121. DISCLOSURE OF INTEREST

Members were mindful that where they believed they had a Disclosable Pecuniary Interest in any matter considered at the meeting they must declare that interest at the time of the relevant debate and, having regard to the circumstances described in Part 3, Paragraph 6 of Southampton City Council's Members' Code of Conduct leave the meeting while the matter was discussed, save for exercising any right to speak in accordance with Paragraph 6(4) of the Code. Furthermore Members were mindful that where they believed they had a Non-Pecuniary interest in a matter being considered at the meeting they considered whether such interest should be declared, and having regard to Part 4 Paragraph 13 of the Code, considered whether it was appropriate to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with the Code.

There were no declarations made by Members.

122. MINUTES OF PREVIOUS MEETING AND MATTERS ARISING

It was confirmed that an update on the Rapid Transit Study work as discussed in Minute 116 would be provided in the Solent Transport Business Plan 2017-18 (Item 10 on the agenda).

The Minutes of the Meeting held on 29 June 2016 were agreed as a correct record and signed by the Chair.

123. DEPUTATIONS

There were no deputations on this occasion.

124. CHAIR'S ANNOUNCEMENTS

The Chair welcomed new Member, Councillor Ian Ward to the Joint Committee and thanked Members for re-arranging their diaries to accommodate the meeting at short notice. The Chair announced that to provide greater flexibility in nominating deputies for future meetings in the absence of an Executive/Cabinet Member, a report would be brought to the next Joint Committee meeting to amend this section in the Terms of Reference. Members also heard that there would be two formal Joint Committee meetings per annum, to be held in the Spring and Autumn, and two informal meetings to be held in between these.

The Chair informed Members about the formation of the Sub National Transport Board, and the membership of this.

The Chair also announced that The Isle of Wight Council, Southampton City Council and Hampshire County Council had successfully secured funding through the Department for Transport's Access Fund for a programme of sustainable transport initiatives over the next three years. The joint Southampton and Hampshire project secured £2.3 million and would focus on promoting cycling in the Southampton travel-to-work area. Members also heard that the Isle of Wight project secured £1.35 million and would focus on promoting sustainable travel initiatives in the tourism, business and education sectors.

The Chair was pleased to confirm that the Solent Go multi-operator travel ticket would soon be launched and the M-ticket will soon be available on mobile phones for customers to download and show to their bus driver. The Chair congratulated bus operator partners, and was pleased to see Solent Go evolving and continuing to launch new products. Members were invited to a photocall immediately proceeding the meeting for the launch of the Solent Go Mobile ticket.

The Chair also announced that with the help of grant funding from Hampshire County Council, the Solent's bus operators would be investing in contactless payment technology for their fleet of buses to enable passengers to be able to pay by debit or credit card which would make it easier for passengers to pay for bus travel as well as making it quicker for bus drivers, speeding up overall journey times. Members heard that this was another major improvement to bus travel in the Solent and would be introduced over the coming months. The Chair noted that the Solent fleet of buses already benefited from free WiFi on board and audio-visual 'Next Stop' announcements.

The full Chair's Announcements are appended to these Minutes in the Minute Book.

125. SOLENT TRANSPORT BUDGET 2016/17 AND 2017/18

Members received a report summarising the latest budget monitoring position for the revenue and capital budgets for Solent Transport outturns for the 2016/17 financial year and setting out a provisional revenue budget for 2017/18 (Item 8 in the Minute Book).

Members attention was drawn to Section 2 of the report, and approval for the remaining £76,000 surplus from Sub Regional Transport Model (SRTM) Commissions to be carried forward and ring-fenced as a contribution towards the next SRTM upgrade was supported by the Joint Committee, and was also seen as a base for future uplifts. Attention was also drawn to the £5,000 staffing underspend and Members supported that this should be carried forward to the 2017/18 revenue budget, which would allow for greater flexibility with future recruitment. It was noted that an update on the 2017/18 revenue budget would be provided at the next Joint Committee meeting.

Section 8 of the report and also Table 3 highlighted the provisional partner revenue contributions for 2017/18 and the officer highlighted that approval was sought for these to remain the same and in line with recent years.

RESOLVED:

That the Joint Committee:

- (a) Notes the forecast outturn for the 2016/17 revenue and capital budgets.
- (b) Approves the proposed carry forward of the anticipated unspent balance, including the proposal to ring-fence this in part to fund the next SRTM upgrade.
- (c) Approves the provisional partner revenue contributions for 2017/18.
- (d) Approves the provisional revenue budget for 2017/18.

126. **HIGHWAYS ENGLAND SMART MOTORWAYS PRESENTATION**

Members received a verbal update from representatives of Highways England on Smart Motorways schemes affecting the Solent area. The schemes were outlined as M3 Junctions 2-4a, M27 Junctions 4-11 and M3 Junctions 9-14. It was explained that the outcomes of the schemes were to reduce the amount of delays and congestion, and take pressure off the network at peak times. Collaborative working with Hampshire County Council and Southampton City Council would also help to identify pinch points.

It was noted that whilst supportive of the schemes, concerns were raised by representatives of the Bus Operators in relation to disruption to the network whilst the schemes were in development and Members raised concerns regarding possible negative effects such as “rat run” traffic through local towns and cities, as well as diversionary journeys. It was explained that work with local businesses and transport providers would assist in understanding employee travel patterns, as well as looking at other ways of travelling and additional support for traffic measures whilst the schemes were in development. Members reinforced the need for communication and reassurance to the public regarding the timescales for scheme completion and these would be discussed at the next Travel Demand Management Board.

The importance of communication, working closely with emergency services and signposting road users was emphasised and Members heard that this had been a key work stream. Queries were raised regarding whether work would continue past the junctions identified and it was noted that there were no plans to further develop the schemes at the moment, and the priority was to ensure that disruption to the road network was minimal at any one time.

Members noted the presentation and requested progress updates over the forthcoming months.

RESOLVED:

That the Joint Committee notes the presentation.

127. **M27 SMART MOTORWAYS TRAVEL DEMAND MANAGEMENT**

Members received a report setting out the role of Solent Transport playing a local co-ordinating role in working with Highways England to offset the impact of major works on the M27 during the implementation of the Smart Motorways project (Item 7 in the Minute Book).

Following on from the update from Highways England, Members were taken through the Report. Members welcomed the investment from Highways England as well as the opportunity to work closely delivering the Smart Motorways Schemes and the wider Highways England Road Investment Strategy projects. The engagement with Traffic Managers and the formation of a detailed communication plan was also emphasised, as well as the possibility of exploring other funding streams.

The Committee also noted the potential for additional bus services to alleviate pressure on the road networks during the delivery of the projects, and engagement with local businesses, the Solent LEP and other major stakeholders. Attention was also drawn to Section 1.4 of the report which highlighted other Highways England RIS 1 schemes and the importance of co-ordinating the delivery of these schemes.

Members agreed to amend slightly the original recommendations within the report to reflect the engagement with the Highways Authorities and the new recommendations are listed below.

RESOLVED

That:

- (a) The Joint Committee approves Solent Transport carrying out a co-ordinating role across the four Solent Transport highway authorities to engage effectively with Highways England, transport operators, local businesses, the Solent LEP and other major stakeholders to collectively deliver a programme of Travel Demand Management measures during the implementation of Smart Motorways on the M27 and the wider

Highways England Road Investment Strategy (RIS 1) projects in the Solent area.

- (b) That Solent Transport submits a bid for funding to Highways England which would propose that Solent Transport manages the Travel Demand Management programme in partnership with Highways England as part of the M27 Smart Motorways project.
- (c) That Solent Transport engages with the Highways Authorities, to help ensure that effective strategic traffic management is undertaken, and operational resilience of the road network is maintained during a time of significant works on the M27 and surrounding local road network.

128. ISLE OF WIGHT INFRASTRUCTURE TASK FORCE

Members received a report which detailed the work to date of the Isle of Wight Transport Infrastructure Task Force, and also seeking approval for continued support during 2017-18 (Item 9 in the Minute Book).

Members heard about the background to the establishment of the Task Force, and its main objective to assist the Isle of Wight Council in preparing an integrated Island-wide Transport Infrastructure and Services Development Plan, from gathering evidence and analysing background data. The importance of the continued mainland Highway and Transport authorities engagement in the work of the Task Force was also highlighted. It was noted that since its establishment in the summer of 2016, the Task Force had heard evidence and gathered information from approximately forty organisations, including businesses and bus and ferry operators, relating to future transport infrastructure and the Island. The Pro-Link campaign for an Island fixed link had also presented evidence and the background to the campaign was discussed. It was reported that evidence gathering had now concluded, and after analysis, initial findings would be identified in summer 2017.

It was heard that amongst the remit of its work, the Task Force assessed the impact of the Island Line on the Island's economy and examined the scope for extending the service. It was heard that the new franchise for operating the Island Line would soon be announced and Members discussed the importance of partnership working to ensure the sustainability and potential growth of the Island Line going forward.

The Sub Regional Transport Model and the new Solent Development Fund which was recently launched by the Solent Local Enterprise Partnership were also highlighted as opportunities for transport infrastructure project development on the Island.

RESOLVED:

That the Joint Committee notes the progress made by the Isle of Wight Transport Infrastructure Task Force and agrees to continue to support the work of the group during 2017-18.

129. **SOLENT TRANSPORT BUSINESS PLAN 2017-18**

Members received a report presenting the 2017-18 Business Plan as required by the Solent Transport constitution and to provide direction for Solent Transport over the 2017-18 financial year (Item 10 in the Minute Book).

The report was outlined to the Committee and Members noted the changing climate since the last Business Plan was adopted, with attention being drawn to the devolution debate. The different funding mechanisms for transport schemes were outlined to Members which included the Sustainable Travel Transition Year and the Low-Emission Bus Scheme. Attention was also drawn to Section 2.1 of the report which detailed Solent Transport's main areas of work over the last two years, and it was heard that secured funding had enabled the base year upgrade of the Sub Regional Transport Model (SRTM) which was now near completion.

The Officer took Members through the 2017-18 work plan, and key aspects of the main areas of work were highlighted. A discussion ensued around the work across the Solent Transport authorities to improve air quality management areas, and the focus on behavioural change and public awareness was noted. Members also discussed the formation and role of the Sub National Transport Board and it was noted that this would hold its first shadow Board meeting at the end of June 2017.

It was heard that in terms of deliverability of the Work Plan for 2017-18, there were still some adjustments to be made and it was highlighted that the staffing vacancy could be recruited to within the Budget. The Committee noted that the Solent Transport Senior Management Board were confident of the deliverability of the Solent Transport Work Plan for 2017-18 within the proposed resources, and Members were content to approve the recommendations.

RESOLVED:

- (a) That the Joint Committee approves the Solent Transport Business Plan 2017-18.
- (b) That Hampshire County Council, Isle of Wight Council, Southampton City Council and Portsmouth City Council be invited to ratify this adoption, through their respective decision-making processes.

130. **SOLENT TRANSPORT WORKING IN PARTNERSHIP**

Members received a report highlighting the contribution that Solent Transport and its predecessor Transport for South Hampshire have made and continue to make to transport investment in the Solent (Item 11 in the Minute Book).

The report was introduced and the Officer outlined the purpose of bringing the paper to the Committee to focus a discussion around collaborative working going forward. It was highlighted that Solent Transport would need to evolve in the future in response to local and national political change and as funding streams became more diverse. A discussion ensued and Members of the Committee emphasised the importance of joined up working, as well as defining a vision of

working, particularly in the light of current and future major transport schemes being developed in the Solent area. A more robust and collaborative approach to working was also seen as key for future government funding. The potential for a mapping project was also discussed as well as the need for frequent informal meetings between the Members.

Representatives from organisations attending the Committee meeting such as Network Rail, the Department for Transport and the Solent LEP endorsed the collaborative approach and the commitment from Solent Transport Members for strengthened partnership working and offered their support.

The Committee agreed an addition to the recommendation to highlight their commitment to begin work to further develop its relationships with its partners and stakeholders, and with this amendment the recommendation was agreed.

RESOLVED:

That, in the light of the changing local and national political picture, as well as the changing nature of funding opportunities, the Joint Committee is committed to and will begin work to further develop its relationships with its partners and stakeholders and to consider how a single Transport Delivery Plan for the sub-region can be delivered.

Chair,



Report to Solent Transport

Date: 11 October 2017

Report by: Andrew Wilson, Solent Transport Manager

tel: 01962 846984

email: andrew.wilson@hants.gov.uk

Subject: Isle of Wight Transport Infrastructure Task Force

Purpose of the Report

This report summarises the final report and recommendations of the Isle of Wight Transport Infrastructure Task Force, and seeks approval for Solent Transport to continue to support a number of the recommendations put forward by the Task Force in the areas of cross-Solent connectivity, travel information, integrated ticketing and the future of the Island Line rail service.

Recommendations

That the Joint Committee:

- (a) approves Solent Transport becoming a member of the proposed Cross-Solent Partnership Board.
- (b) approves Solent Transport continuing to work alongside Isle of Wight Council, South Western Railway and Network Rail in developing proposals to the Department for Transport which seek to secure the long term future of the Island Line.
- (c) approves that Solent Transport continues to work with the Solent's bus, rail and ferry operators to develop proposals to extend existing integrated ticketing schemes and multi-modal travel information systems to the Isle of Wight.

1 Introduction

- 1.1 The Isle of Wight Transport Infrastructure Task Force was established in July 2016, chaired by Christopher Garnett OBE. Groups represented

on the Task Force included Department for Transport, Solent Transport, Solent LEP, Isle of Wight Council, Business stakeholders, Chamber of Commerce and Tourism representatives. The Task Force sought to consider the transport infrastructure challenges to economic growth for the Island.

- 1.2 The primary aim of the Task Force was to assist the Isle of Wight Council in preparing an integrated Transport & Infrastructure Development Plan, ensuring that transport services to/from and on the Island are safe, secure, accessible and affordable.
- 1.3 The Task Force held evidence hearings with thirty-seven organisations including cross-Solent ferry transport operators, bus operators, major employers, supermarkets, NHS, the Fixed-link campaign group, Island Roads and tourism bodies.
- 1.4 The Task Force has now presented its full report and recommendations to the Isle of Wight Council. This is available at Appendix 1. The report is being considered by the Council during the autumn of 2017.
- 1.5 The Task Force commissioned a separate piece of work to understand the changing nature of ferry operations between the year 2000 and 2015 in an attempt to understand the impact of ferry services on the Island's economy. The full assessment is shown at Appendix 2.

2. Recommendations of the Task Force

- 2.1 The recommendations of the Task Force focus on four key areas and are summarised below:
 - Cross-Solent Links;
 - Island Gateways;
 - Reducing Congestion;
 - Sustainable Transport; and
 - Greater Use of Technology.
- 2.2 **Cross-Solent Links.** The Task Force recommends establishing a Cross-Solent Partnership Board which will seek to provide meaningful engagement between ferry operators, local authorities and Island businesses. The Board would aim to address key issues that came forward during the evidence hearings, e.g. the potential for increased off-peak services, improved offers for people in education or training and those accessing key medical facilities on the mainland. The Task Force recommended that the Board should develop and deliver a ferry strategy for the Island.
- 2.3 The Task Force also recommends that an independent study be carried out to assess the feasibility, costs, benefits and impacts of a fixed link across the Solent, linking the Isle of Wight with the mainland.

2.4 **Island Gateways.** The Island gateways create valuable first impressions of the Island for visitors, and many of those attending the hearings expressed concern about the quality of the current gateway. In addition, they provide for the opportunity to improve connectivity and integrated transport options for those travelling both within and to/from the Island. The Task Force recommends that the transport interchanges at Ryde Esplanade, Cowes and East Cowes are improved.

2.5 **Reducing Congestion.** A consistent issue that emerged from the hearings was that traffic congestion remains a significant problem, particularly on the Newport – Cowes and Newport – Ryde routes. Whilst the Task Force is aware of plans to address some of the worst areas, keeping traffic free flowing is critical to the performance and the growth potential of the local economy. Therefore, the Task Force recommends that:

- The funding for Newport junction improvements is welcomed, but should include signalling improvements to ensure improved traffic flows; and
- A longer-term strategy for congestion in and around Newport is needed.

2.6 **Sustainable Transport.** It was recognised through the hearings that considerable investment in sustainable transport related projects has been undertaken in recent years and in the interests of enabling the development of a continued multi modal approach to transport, the Task Force recommends that:

- In order to secure the long term future of the Island Line, the Council should work closely with South Western Railway, the Department for Transport and Network Rail to develop options;
- The Council should develop a local cycling and walking investment strategy, to include the completion of the Newport – East Cowes route; and
- Assess the feasibility of corridor improvements for bus services.

2.7 **Greater Use of Technology.** The Task Force's view is that the Island is home to a number of world class digital businesses putting the Island in a position to take advantage of the expertise that is locally based to drive economic growth. The Island has the potential to offer more environmentally friendly transport services, including the provision of electric car and bicycle charging points. Improvements to digital services will remove current barriers to the introduction of integrated travel information and smart ticketing. Recommendations in this area include:

- Work with the digital sector to explore how and where the delivery of improved digital services can be accelerated;

- Improve accessibility across transport modes through the introduction of integrated travel information for bus, train and cross-Solent operators, including wi-fi on all public transport;
- Work with mobile technology companies to improve network coverage across the Island;
- Work with transport operators to deliver smart ticketing, (for example, Solent Go) and in particular multi operator smart payment opportunities; and
- Investigate future investment opportunities for alternative transport modes e.g. hydrogen fuel and other low-carbon fuels; innovation in sustainable transport and/or autonomous vehicles.

2.8 The complete list of recommendations can be found in the full report at Appendix 1.

3. Evidence based Assessment of Cross-Solent Ferry Operations

3.1 In order to support the work of the Task Force, an evidence-based study was commissioned to analyse cross-Solent ferry services, where available data permitted, covering the period from 2000 to 2016. A number of the key findings are shown below.

3.2 **Operations.** Volumes of ferry sailings have reduced between 2000 and 2015. Sailings on the Fishbourne – Portsmouth route have reduced by 23.8%; Yarmouth – Lymington by 53.1% and Southampton – East Cowes by approximately 8.7%.

3.3 **Changes to capacity.** Whilst some individual craft have increased capacity, overall capacity on crossings has reduced broadly in line with the reduction in volume. For example, between 2012 and 2015, the annual vehicle capacity across the two Wightlink routes reduced by 21.4%. As a result of the reduction in volume of sailings, utilisation has increased on vehicle ferries.

3.4 All three operators have a programme of fleet upgrade or replacement. In 2016, Red Jet 6 was launched by Red Funnel, Hovertravel launched two new hovercrafts, and Wightlink will launch a new flagship vehicle ferry in 2018.

3.5 Performance

- Passenger volumes in 2016 are the same as in 2001;
- It is estimated that tourists account for approximately 50% of crossings;
- Southampton – East Cowes has experienced significant growth. Between 2004 and 2015, volumes of cars carried on this route increased by 31.9% and commercial traffic by 34.5%; and
- The most recent filed accounts for Red Funnel and Wightlink are summarised in Appendix 2.

3.6 Customer Experience

- Using in-house customer survey methodologies, Red Funnel and Wightlink achieve a rating of above 90% for customer satisfaction; and
- Analysis of Trip Advisor reviews indicates that the majority of customers have a positive experience. Only 4% and 7% are dissatisfied with Hovertravel and Red Funnel respectively, whilst 21% of reviewers are dissatisfied with Wightlink.

4. Conclusions

- 4.1 The work of the Isle of Wight Transport Infrastructure Task Force is now complete. Evidence was gathered from thirty seven wide-ranging organisations, supplemented by a study into cross-Solent ferry services. The report identifies a number of key areas where opportunities are available to improve the prospects of economic growth for the Island, namely Cross-Solent Links, Island Gateways, Reducing Congestion, Sustainable Transport and Greater Use of Technology.
- 4.2 The findings have been presented to Isle of Wight Council, and it is anticipated that the Task Force report will provide a framework to inform the development of an Island-wide Transport Infrastructure and Services Development Plan.
- 4.3 Going forward, Solent Transport is ideally placed to assist with a number of these areas of work particularly those relating to cross-Solent movements, which would provide enhanced transport connectivity and economic benefits not only to the Isle of Wight, but also to the mainland Solent communities.
- 4.4 Therefore, the recommendations in this report focus on areas where Solent Transport and its mainland constituent authorities have the relevant experience and expertise to potentially play a positive role, i.e. Cross-Solent Partnership Board, integrated ticketing and real time multi-modal travel information systems, and option development for the future of the Island's rail line.

Section 100 D - Local Government Act 1972 - background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE	LOCATION
Report of the Island Transport Infrastructure Task Force July 2017	Strategic Transport, Hampshire County Council. Isle of Wight Council
Evidence Based Assessment of Cross-Solent Ferry Operations June 2017	Strategic Transport, Hampshire County Council. Isle of Wight Council

Report of the Island Transport Infrastructure Task Force

July 2017

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Foreword

In September 2016, I was invited by the Isle of Wight Council to Chair a newly formed Transport Infrastructure Task Force (TITF) to consider the infrastructure challenges to economic growth for the Island. It is clear that the Council has set itself an ambitious vision for the Island and is engaged in a positive regeneration programme to aid economic growth on the Island, and critical to its success will be investment in infrastructure.

The TITF has been delighted with the number of organisations that wanted to talk to us and over the past 8 months we have met over 40 organisations to talk about the challenges and opportunities that transport has for Islanders.

As is to be expected a lot of issues were raised, but the overriding issue was in relation to the service that the cross-Solent operators provide for the Island. The Island is in an unusual position in the UK in that all the operators who provide the cross-Solent services are in the private sector and have no public service obligation and no service contract with the local authority or governing body. With a population of nearly 140,000 The Island is by far the largest Island in the UK not connected by a road bridge which currently has no direct influence on the provision of such a critical lifeline services. In many ways the Island gets a good service, but for some the fares are high and in some important respects it does not provide the Island with the service it needs. The TITF has made a critical recommendation to address this aspect and very much hopes that there can be a constructive dialogue between the Island and the operators to address the issues.

We are encouraged that the Island Line franchise has been let with also a clear requirement to engage with The Council over its future.

We discovered that a number of the Island's transport services are good and with focussed investment could provide real additional benefit for the Island.

The issue of traffic congestion around Newport is a big challenge, but we are hopeful the planned investment will help in the short term. However, in the longer term some major investment is likely to be needed.

I would like to thank my fellow Task Force members who gave up so much time and effort to this report on a voluntary basis. We all learnt things about the Island we did not know. The whole process has been very interesting and we are optimistic about the future.

We would like to review early next year how the recommendations we are making are being progressed. We are very committed to helping in whatever way we can to help improve the Islands transport to the benefit of both users and the providers.

Christopher Garnett
July 2017

1 Executive Summary

In November 2014, the Isle of Wight Council (The Council) endorsed the need for a consideration to be given to the infrastructure challenges faced by the Island. Following this, in September 2016, an independent Transport Infrastructure Task Force (TITF) was established and met for the first time.

Since then the TITF has held a series of hearings with a wide range of agencies and interested parties; the TITF is extremely grateful to all who attended and gave evidence at the hearings.

Throughout the hearings there was a strong sense from those that participated that there were clear challenges and opportunities for the Island. These are summarised as follows:

- Cross-Solent Links
- Island Gateways
- Congestion
- Sustainable transport
- Technology

The TITF consider that the following are the principal recommendations that were identified as infrastructure challenges to growth (they are set out in no particular order):

Cross-Solent links (including the potential for a fixed link)

Many of those attending the hearings raised the issue of cross-Solent transport as a potential barrier to growth, particularly the cost of travel. In the interests of the community as a material stakeholder in cross-Solent operations therefore, the TITF recommend to the Council that:

- It convenes and leads a cross-Solent operators' partnership board, to provide meaningful engagement with the cross-Solent operators. The objective of the board would be to work together for mutual benefit of the cross-Solent operators and the economic development of the Island. Amongst other matters the board should consider the impact of new investment on the flexibility of new services; the potential for provision of increased services in evenings and shoulders; and travel offers for those in education or training;
- The Council and partners lobby central government (e.g. NHS England) to get financial assistance for those who have to travel to visit family in hospital;
- An independent study should be undertaken to evaluate the cost benefit analysis and feasibility of a fixed link across the Solent (road or rail).

More detailed discussion and the full recommendations can be found in section 3.1 of this report.

Island Gateways

Island gateways create valuable first impressions of the Island for visitors, and many of those attending the hearings expressed concern about the quality of the current gateways. In addition, they provide for the opportunity to improve connectivity and integrated transport options for those travelling both within and to/from the Island. The TITF recommend to the Council that:

- The terminals at Ryde Esplanade, Cowes and East Cowes are improved.

Reducing congestion

Key issues emerging from the hearings are that whilst the contract with Island Roads is enabling the Island to upgrade the quality of its roads, congestion remains an issue, particularly on the Newport – Cowes and Newport – Ryde routes. Whilst the TITF has been made aware of plans to address some of the worst areas keeping traffic free flowing is critical to the growth of the local economy. There are concerns with the surface specification for rural road surfaces. Therefore, the TITF recommend to the Council that:

- The funding for Newport junction improvements is welcomed, but should include signalling improvements to ensure improved traffic flows.
- A longer-term strategy for congestion in and around Newport is needed.
- The Council and Island Roads should review the specification for surfacing on minor (rural) roads and in addition ensure that surfacing is taken to the edge of the road where appropriate.

More detailed discussion and the full recommendations can be found in section 3.3 of this report.

Sustainable transport

A number of parties attending hearings considered that there was a need for further investment in a multi modal approach to transport on the Island, including opportunities for walking and cycling, and access to means of travel other than the car. Attendees were concerned about the lack of maintenance on footpaths and bridleways.

It was reported that Southern Vectis generally provides a good service and the Council needs to ensure services are continued, and that opportunities to enhance community services are fully explored. Given the tourism nature of the Island opportunities for improved ticket initiatives for the occasional user would be beneficial.

First MTR have recently been announced as the new franchise holder for Island Line. The future sustainability of Island Line was a key element of the franchise award from the Department for Transport (DfT), due to the ongoing financial cost of the service and infrastructure improvements needed.

Considerable investment in sustainable transport related projects has been undertaken in recent years and in the interests of enabling the developing a multi modal approach to transport the TITF recommend to the Council that:

- In order to identify and develop options for reducing the cost of Island Line over the longer term the Council will need to work closely with First MTR, DfT Rail and Network Rail;
- To bring about the modernisation of the Island Line, including the introduction of a service operating to a 30-minute frequency and investment in the future sustainability of Island Line, the Council will need to fully engage with the new franchise owners;
- To inform investment in improvements to and new routes for sustainable transport, including ensuring routes are properly planned end to end the Council should develop a local

cycling and walking investment strategy, to include the completion of the Newport – East Cowes route;

- Assess the feasibility of corridor improvements for bus services;
- Review the funding for maintenance of footpaths and bridleways.

More detailed discussion and the full recommendations can be found in sections 3.4, 3.5 and 3.6 of this report.

Greater use of technology

The Island is home to a number of world class digital businesses and this puts the Island in a position to take full advantage of the expertise that is locally based to drive economic growth. The Island has the potential to offer more environmentally friendly transport services, including through the provision of electric car and bicycle charging points. Improvements to digital services will remove current barriers to the introduction of integrated information and smart ticketing. Therefore the TITF recommends that:

- Building on the Island’s expertise in digital technology, the Council should work with the digital sector to explore how and where the delivery of improved digital services can be accelerated.
- To improve accessibility across transport modes, and provide the ability to introduce integrated travel information for bus, train and cross-Solent operators, the Council should work with mobile technology companies to improve network coverage across the Island. Additionally, the transport providers should ensure their services are Wi-Fi enabled for passengers.
- The Council work with transport operators to encourage them to introduce smart ticketing opportunities (for example, Solent Go, Smart ticketing cards) and in particular multi operator use smart payment opportunities.
- National Rail information at Waterloo should include information on the Island and gateways.
- The Council should investigate future investment opportunities for alternative transport modes e.g. hydrogen fuel and other low-carbon fuels; innovation in sustainable transport and/or autonomous vehicles.

More detailed discussion and the full recommendations can be found in section 3.2 of this report.

2 Introduction

In November 2014, the Council endorsed the need for a consideration to be given to the infrastructure challenges faced by the Island. Following this, in early 2015, representatives from the Council, with the Island's MP, met with the Minister for Transport to discuss a proposal to establish an independently chaired Transport Infrastructure Task Force (TITF) for the Island.

In the summer of 2016 the Council asked Christopher Garnett to chair an independent review of the Island's transport infrastructure and the issues that needed to be addressed to improve the Island's economy. The independent TITF was established and met for the first time in September 2016; the list of members is shown in **Appendix 1**.

The vision of the TITF was to consider a multi modal transport system for the Isle of Wight that is safe, secure, accessible and affordable; and which promotes economic development and underpins the social and environmental wellbeing of the Island community.

The objectives and scope of works of the TITF are set out in full in **Appendix 2**, but in summary were to:

- be mindful of the economic logic of infrastructure challenges and requirements;
- assist the Council in preparing an integrated Island wide transport infrastructure and services development plan ensuring that transport services to/from and on the Island are safe, secure, accessible and affordable;
- prepare a capital investment strategy to enable the implementation of the infrastructure development plan (over the medium term 5-10 years) and associated sustainable revenue forecasts to support its delivery.

The TITF met monthly and a sub-group has met 37 different organisations, which either provide transport services for the Island or have views on the services provided.

During the hearings it became clear that the scope of the work that the TITF could undertake would need to be reduced, and it became more focussed on consideration of transport related issues that would support economic growth on the Island.

Therefore the TITF has not identified potential funding streams, nor has it considered how to ensure that changes to the infrastructure have a positive impact on the visual environment and maximise opportunities to reduce the Island's overall carbon footprint as this is something that should be built into the design and delivery of infrastructure and services.

2.1 The Island

With a population of 140,000, the Island is unique within the UK in having all its' mainland links provided by private sector companies with no public service obligation and/or no community-based service level agreement.

The Island is linked to the mainland by six cross Solent routes, three of which carry both vehicles and foot passengers and three operate only for foot passengers.

In 2016, circa 2.4m visitors used ferry services to access the Island, generating an estimated £296m contribution to the local economy¹. 5.5% of Island residents in employment rely on ferries for daily commuting to the mainland, this approximately includes 730 commuters to Portsmouth, 570 to London, and 520 to Southampton² Conversely, an estimated 3.7% of Island jobs are filled by mainland residents who commute to the Island.

The Isle of Wight is well known for the quality of its environment, with its landscapes and coastlines enjoying a high level of special designation and protection. Whilst this helps to give the Island its unique character, it also presents us with the challenge of protecting, conserving and enhancing the environment, whilst at the same time facilitating regeneration and development.

The Island Plan Core Strategy plans for 8,320 new dwellings by 2027. This equates to 520 dwellings per year over the plan period. The majority of this new development is planned to occur within and around the main urban areas, along with planned economic growth on employment sites.

In addition, the core strategy has identified that infrastructure improvements to facilitate the planned level of housing and employment will need to be in place by 2020 at the following locations:

- St Mary's roundabout
- Coppins Bridge
- Hunnyhill / Hunnycross and Riverway junction
- Medina Way via Coppins Bridge to the Asda Roundabout

The Island also has a range of employment sites with various property options, totalling over 26 hectares of development with the potential to generate nearly 7,000 jobs, including:

- St Cross Business Park: 13.4 hectares, Gurit and Vestas as anchor tenants, speculative office space and flexible office space in the Innovation Centre (3,000 jobs);
- Venture Quays: 2.6 hectare site, Homes and Communities Agency (HCA) owned waterfront mixed development site (600 jobs);
- Osborne Technology Park: a 4 hectare site, (HCA) owned serviced site adjacent to GKN Aerospace (1650 jobs);
- Kingston Marine Park: 6.4 hectares, (HCA) owned serviced employment site with some water access (1,500 jobs).

¹ Tourism South East (2016) *Isle of Wight Visitor Monitor*

² Census 2011: Location of usual residence and place of work by method of travel to work

The Island requires growth and investment to address the long-term sustainability of public services and the future economic prosperity of the Island. The following targets have been established in relation to key economic indicators for the Island:

Headline Indicators	Baseline 2015	Target for 2018	Target for 2020
JSA claimants (no. and rate)	2,072 2.6%	Reduce by 199 to 2.35% to halve performance gap with the UK	Reduce by 398 claimants to 2.1% in line with the UK
Resident Employment rate%	76%	Increase to 77%	Increase to 78% in line with LEP targeted increase
Number of jobs	60,000	Create an additional 650 jobs	Create an additional 1,250 jobs in line with the LEP targeted
Business Birth Rate	3.5 (per 1,000 population)	Raise the BBR to 3.6%	Raise in BBR to 3.8 in line with the LEP targeted increase
Business Survival (% after 3 years)	60.0%	Improve to achieve rate of 62%	Improve to achieve rate of 65%
GVA Growth	0.8%	Achieve growth rate of 2.7%	Achieve GVA growth rate of 2.8% in line with LEP targeted increase
Productivity (GVA per job)	£34,000	Min increase £2,764 (7.7%)	Min increase £5,896 (16%) in line with LEP targeted increase
Qualifications (% population level 4 and above)	28.8%	Increase number by 1,740 to achieve 32%	Increase number by 3,300 to achieve rate of 34% in line with LEP
GCSE attainment (5+ GCSE A* - C Including English)	45.3%	Increase number achieving 5 GCSEs to 48%	Try to achieve parity with national average.
Entry to Higher Education	43.7%	Increase by 10 to 45.1% to halve the gap with LEP	Increase number entering HE by 19 students to achieve
New homes completed	520 per year	1040 by 2018	2,080 by 2020

These economic indicators show that the Island’s economy is fragile, with weaker performance in relation to the South East regional and national averages. It is constrained by its location which

contributes to a high degree of self-containment in its job and labour market, which remains heavily reliant on tourism.

In its Regeneration Programme³ the Council recognises that one of the barriers to economic growth are issues with transport infrastructure, linked with reduced economic activity resulting from the ageing demographic and a working-age population reliant on low-skilled, seasonal employment.

However, notwithstanding these challenges, the Isle of Wight has great potential, with a strong, modern manufacturing base which has the opportunity to have a catalytic impact through the provision of targeted investments to overcome these distinct barriers to growth. This will help bring forward a rebalancing of the economy and reduce its reliance on seasonal activity linked to tourism and agricultural sectors in favour of investing in manufacturing, which is largely capital intensive and has deep and locally-based supply chains, and therefore concentrated multipliers.

Have we removed too much of the negative issues such as low wages and low GDP. The Council, through its Medium Term Financial Strategy⁴ (MTFP), has taken the decision to use its land and assets as an opportunity to drive growth to ensure the long-term sustainability of council services and the economic prosperity of the Island, identifying 11 key regeneration projects in three opportunity areas.

The Island has a history of innovation, research and engineering excellence, which spans over 50 years from the flying boat and hovercraft to rocket and satellite programmes through to today, where the Island is home to a range of world class advanced manufacturers in composites and technology and digital related business.

The Island's strengths include:

- Aerospace: GKN Aerospace, the Islands largest manufacturing employer produces advanced composite structures for the aerospace industry and is recognised as a world leader in composite material manufacturing;
- Renewable energy: Vestas, one of the world's leading wind turbine manufacturers, has their research and development facility on the Island. The Council, in partnership with the private sector are working towards creating a test bed facility for tidal energy just to the south of the Island;
- Composite materials: Gurit has a significant presence on the Island, providing materials and technology into the aerospace, renewable energy, marine and automotive industries.
- Marine: The Isle of Wight has a long tradition of boat building and a range of companies based in and around Cowes, the international home of yachting. Companies produce vessels from racing yachts through to specialised work boats for the offshore renewable energy market;
- Defence electronics: BAE Systems has a presence outside Cowes, producing advanced radar systems for defence and commercial markets.

³ www.iwight.com/Meetings/committees/Executive/15-12-16/PAPER%20C%20-%20APPENDIX%20A.pdf

⁴ www.iwight.com/Meetings/committees/Executive/13-10-16/Paper%20B.pdf

Infrastructure can impact upon access to employment and education. The 2011 census shows that with regard to mode of travel to work the island is significantly ahead in working from home and walking, but car use is in line with the national average.

In 2016, the Isle of Wight welcomed approximately 2.4m visitors; contributing over £263m to the local economy and generating an estimated 10m transport trips. Tourism related volume and value are vital to the Islands economy; currently 28.8% of all employment on the Island is in the tourism sector, a total of over 17000 jobs, over 42% of which are seasonal.

In July 2016, the UK's first county-wide Business Improvement District (BID) was created on the Island, known as the WIGHT BID⁵. New income streams raised by tourism businesses aim to increase the volume of new visitors who come to the Island, encourage them to stay longer and spend more in Island communities. The WIGHT BID forecasts £371,000 per annum in levy contributions and between £75,000 and £100,000 per year in voluntary contributions. The achievement of the WIGHT BID is a significant boost for the Island. Over its five-year term, the BID outcome forecasts include in excess of 370,000 additional visitors and £60m in direct additional visitor spend. Whilst the increase in visitor volumes achieved through the WIGHT BID will have significant benefits for the Islands visitor economy, one the key challenges will be managing the increased trip generation arising from 370,000 additional visits over the next five years.

There are a number of short and medium term projects on the mainland that the Island needs to be aware of when planning for the future. For example, the Southampton Clean Air Strategy will see the implementation of a charging regime for the most polluting commercial vehicles in Southampton from 2019/20 alongside other measures to promote cleaner air, including a Clean Air Partnership. As part of DEFRA's Air Quality Plan 2017 Consultation, there are a number of other areas in the Solent including Portsmouth and southern Hampshire that could see the introduction of further Clean Air Zones which will have a direct impact on freight traffic and visitors to the Island. The Island's freight operators will certainly need to plan for Clean Air Zones on the mainland and to establish the impacts on their businesses.

Further examples include Highways England's investment in Smart Motorways for the M27 and southern section of the M3, improvements to the A34/M3 interchange at Winchester, the development of the Solent Metro rapid transit concept, further Bus Rapid Transit routes in South East Hampshire and Portsmouth, significant commercial and residential development at Marchwood and Fawley Power Station, and the need for expansion of Southampton Port in the future to accommodate increased freight movements. These issues will all potentially impact on people's journeys to and from the Isle of Wight and therefore need to be taken into account when developing the Island's transport strategies.

⁵ <https://isleofwightbid.com/>

3 Hearings

This section of the report summarises the issues discussed and raised at the hearings.

A full list of hearing dates and attendees is set out in **Appendix 3**.

3.1 Cross Solent Transport

3.1.1 Hearing Discussion

The three cross-Solent ferry operators attended hearing sessions. Wightlink stated that when the Saint Class ships, St Cecilia and St Faith, were introduced their capacity was 142, but now with bigger cars these ferries could only hold 100 cars. The new ferry scheduled for launch in summer 2018 has the capacity to carry 178 cars, in comparison to 150 (with mezzanine used) for the St Clare. This results in increasing peak time capacity by 10% (approx. 34 cars) in a two hour period.

The introduction of the double deck link spans at Fishbourne and Portsmouth for the two large ferries would reduce turn round time to about 15 minutes, as both decks can be loaded simultaneously.

Wightlink reported that punctuality was being affected by increased harbour movements at Portsmouth and that this problem may increase when the new aircraft carriers are introduced. QHM Portsmouth, who control the harbour, would not allow any unsafe movement.

Traffic movements in Portsmouth were difficult at times, but the increase in car capacity at Portsmouth would help, particularly when there were delays.

As yet, Wightlink had made no decision on service frequency of the new ferry service, but that there had been discussion with users over evening sailings and in particular 2100 and/or 2200 services. Wightlink had received feedback that services on the hour were preferable to half hour services.

Wightlink did confirm that capacity had been reduced on the Lymington to Yarmouth route, but that the service now connected with the trains and the Yarmouth users group were satisfied with the service.

Foot passengers per annum total approximately 8.16m and the most popular route is the catamaran service between Ryde Pier Head and Portsmouth, with 30% of these passengers using onward rail travel. Wightlink was concerned about the lack of information on connections for the Isle of Wight at Waterloo station. Wightlink confirmed that the rail service at Ryde Pier Head was important to their operation and hoped that improvements would be made to this service.

Wightlink noted that the temporary closure of Wootton Bridge had adversely affected their business. Freight relationships were very important and Wightlink had noticed an increase in the number of commercial vans using the services.

With regard to offers and sponsorship, Wightlink explained the offer they provided for patients travelling to the mainland for treatment and also outlined the amount of sponsorship that they provide to events on the Island.

Red Funnel operates three car ferries on the Southampton to East Cowes route, which provide for approx. 870k vehicle movements per annum (about 1.2 million cars and 2.2 million passengers per annum). The Southampton to West Cowes Red Jet service carries about 1.2 million passengers, using up to 3 craft. A new Red Jet was recently introduced, which was built in East Cowes. Currently Red Jet services cannot carry bicycles, but all services to Cowes are met by a bus service that runs through to Newport. Improvements are required to the ticketing system. In Southampton a bus service operates from the terminal to Southampton Central station and approx. one third of Red Jet passengers use onward rail connections.

As with Wightlink, Red Funnel is also concerned about the lack of information for onward trips to the Island that was provided at Waterloo.

Red Funnel is concerned with the restricted access and parking provision in Cowes for both passengers and staff.

Currently Red Funnel has no plans to increase their car ferry capacity, although two ships have been recently refurbished with plans to upgrade the third in 2018. Night sailings have increased through the introduction of a 0400 service to meet demands from freight operators.

Red Funnel reported that it would be difficult to increase the size of their car ferries because of restrictions in Cowes Harbour and if more capacity were needed it would be necessary to have a fourth ferry and a second linkspan would have to be introduced in both terminals. This issue could be resolved in Southampton with a move to the new terminal, but remains an issue in East Cowes. If planning issues are resolved in East Cowes there would be capacity for a further link span. The current terminal arrangement at East Cowes leads to major congestion in busy period with slow loading times, congestion in surrounding roads and poor punctuality. Red Funnel did recognise that there were issues in relation to the properties in Dover Road.

Red Funnel provides a loyalty scheme and discounts for Island residents and additionally discounts are provided for patients going to hospital appointments on the mainland, jobseekers and students. In total discounts provided were the equivalent of 10% of their turnover. Sponsorship is also provided to many events and charities on the Island.

Hovertravel has recently introduced two new hovercraft on the service connected Ryde and Southsea. These craft were built by a sister company Griffon Hoverwork based in Hamble. Both companies are part of the Bland Group, the ultimate owners of Hovertravel.

The configuration of the new craft provides 80 seats and allow for more luggage space.

Hovertravel will now operate on only two craft as based on experience the third craft would only have a utilisation of 4.5%. It is straightforward for Hovertravel to increase service frequency in peak periods to a 15-minute frequency.

Hovertravel acknowledged that car parking capacity was limited at Portsmouth. At Ryde, Hovertravel has offered to have a car park machine in their terminal as there were occasions when the machine was not working and Hovertravel passengers incurred parking fines.

Hovertravel was concerned about the lack of information available via National Rail Enquiries about their service. In addition, a lot of stations in the UK did not give through tickets through Journey Planner for stations on the Island Line.

Hovertravel was also concerned that services didn't appear on the departure boards at Waterloo rail station. Given that outside the peak periods, the Wightlink Catamaran service only operated hourly where as Hovertravel were operating half hourly, the services with their bus connection should be shown. This is not just an issue with National Rail but it has taken two years to get the Hoverbus shown in the National Express system.

Hovertravel said that 85% to 90% of their crossings were day trips and that 70% of their passengers were tourists.

The Isle of Wight Chamber of Commerce noted that there was no public obligation placed upon the ferry services operating across the Solent, comparing this to European ferry journeys to Islands, which are often subsidised.

Businesses attending the hearings raised the issue of scheduling of services and the impact that this can have on investors and executives travelling to and from the Island, especially during the evening and during the winter months. This was raised as a particular issue by BAE.

The Federation of Small Businesses (FSB) reported that they had undertaken a survey of their membership at the end of 2016 and there were about 27 responses from their members. Of these responses, 63% said that they had problems getting things delivered to the Island in both terms of price extras and time. Only 37% were satisfied with the ferry service, 63% dissatisfied. There was a general view that Wi-Fi should be provided on all ferries. 93% did not think the ferries provided value for money.

The Federation of Small Businesses considered that there was a need for discounts for small businesses, who could not negotiate bulk discounts with the ferries.

The reduction of services on Yarmouth Lymington was only raised by a few attendees.

There was a general concern with regard to there being too many cancelled sailings and a lack of information being provided to those travelling and that there was a shortage of sailings in the evenings.

Visit Isle of Wight (VioW) was of the view that ferry prices are not a major issue for visitors to the Island, the cost was often included within the price for holiday breaks in many instances. However smaller accommodation providers (which have limited scale to negotiate discounts for their clients) found that the price of ferry travel had a negative impact on propensity to visit.

From discussions with all operators and interest groups it is clear to the TITF that there remains a real lack of information and transparency about ferry operations, despite the Office of Fair Trading (OFT) Report which asked all operators to publish additional information. There are a number of pricing 'deals' for local residents, but the TITF would question whether information is genuinely easily available and understood by residents.

The TTIF noted the investment that the ferries have made in the past and the current investment being made by the new owners of Wightlink in the terminals at Portsmouth and Fishbourne. The TTIF also welcomed the building of a new ferry for the Portsmouth Fishbourne service, due to be introduced in the summer of 2018. However, concerns were expressed that larger ferries would potentially result in a reduction in services.

The TTIF also noted the social/charitable work that the ferries undertake, which is understood to be in the order of £1m per annum.

The ferry companies do offer discounts to Island residents and other regular vehicle ferry users. However, whilst the two schemes are different both require an upfront investment in buying tickets, which is only of benefit to wealthier passengers.

One of the discount schemes that all the operators provide is for patients visiting the mainland for treatment and also includes a carer/helper. However, there is no discount for patients families visiting their relations in hospital on the mainland, but is this a discount the ferries should provide? A number of attendees raised concerns regarding the potential cost of hospital visits that are likely to arise from any changes in the way that healthcare is delivered on the Island. In addition, the Chamber noted that cost of travel for apprentices was an issue and this was also raised by the IW College. The IW NHS Trust reported that about 34,000 patients per annum are travelling to the mainland.

There were many representations about the capacity that the ferries offer in the shoulder periods especially in the evenings in comparison with previous years. The capacity issue applied to both operators but particularly on Portsmouth Fishbourne.

The reduction in capacity on the Lymington Yarmouth service was also an item that was discussed at length. The TTIF understands that the Yarmouth ferry users committee are now fairly satisfied with the service now that it regularly meets the train to Brockenhurst.

Freight operators were in the main satisfied with the service they received. However there was criticism of lack of capacity in peak periods and also during the nights and evenings. It was clear that once freight operator had enough volume to could negotiate very competitive rates with the operators.

The supermarkets made it clear that the cost of moving their products to the Island did not lead to higher prices in their stores on the Island in comparison to the mainland.

The TTIF also noted that when the planning issues around Red Funnel's terminal at East Cowes are resolved there would be the possibility of introducing a further linkspan, which would enable the service to be enhanced.

The issue of demand from the tourism industry may however also link to the supply and quality of bedstock. VloW was of the view that the Island has now effectively reached capacity in August, with approximately 100,000 visitors per week during that month. Capacity at this time of year is driven by the availability of ferry services rather than the availability of accommodation stock, however the TTF understands that the last survey on bedstock was undertaken some years ago and would therefore support a new survey to clarify this pint. Increasing volume in August can only be achieved through foot passengers, cruise ship visits or private sailings and this is where VloW will concentrate its

marketing efforts. For the remainder of the year VloW is of the view that there is still the opportunity to increase capacity in the shoulders.

Attendees generally raised concern that recent changes to service scheduling have reduced capacity in the market.

The Quality Transport Partnership (QTP) suggested that the Red Jet service could be improved by being able to take bikes on the service. In addition, parking provision for cycles at both Cowes and Southampton is needed. Note: Through its successful Sustainable Travel Transition Year funding the Council has recently advertised a prospectus for funding cycle hubs and Red Funnel have delivered a fully covered cycle hub, which provides safe and dry cycle parking at Cowes.

The TITF is aware that there are a number of user groups that meet, but during our hearing sessions it became very clear that there was no body that met to debate cross-Solent activities at a strategic level.

Potential for new service

Wight Gateway attended a hearing, explaining the business case behind their proposal which seeks to provide a frequent new service from Portsmouth to a new facility to the west of Ryde specifically marketed at tourism, leisure visitors, commuters and business travel, without the requirement for a public subsidy. The TITF noted the detail of the proposal and recognised that this would provide welcome competition to the existing operators, and may lead to a period of general service changes arising from market adjustment.

Fixed Link

The case for an Isle of Wight Fixed Link has not been fully investigated and would require the cost to be calculated and assessed against the current and future activity and development prospects of the Island. The project proposal provided by PRO-LINK was noted by the TITF. Whilst a fixed link would address issues about connectivity and scheduling experienced with the ferry services, there are as yet a number of unknown issues in relation to the potential impact of a bridge or tunnel on the Island. Modelling work on impact at varying price bands would illustrate the likely impact in terms of volume of use of a fixed route and could also provide commentary on likely economic impact. Further investigation into the likely sources of funding is also required.

3.1.2 Additional Supporting Evidence

Given the scale and scope of views regarding cross Solent transit, a supplementary independent assessment of ferry operator activity was undertaken on behalf of the TITF. This included an analysis of additional operational information provided by the ferry operators and information from publicly available company accounts. The assessment is available in the separate study accompanying this report.

The key findings of the assessment include:

- The volume of passenger journeys generated in 2016 (8.9m) is the same as the volume generated in 2001. This is in the context of a 4.7% increase in resident population between 2001 and 2015.
- Tourist visitors to the Island are estimated to account for roughly half of all ferry passenger journeys, and sampling of visitors using ferries provides regular and robust market intelligence. Unfortunately, there is a lack of data on cross-Solent trips made by residents and other passengers who are not 'visitors' to the Island, so the journey purposes of the other half of the ferry companies' customers are unknown.
- Total volumes of cars carried has remained relatively consistent since 2000, at circa 1.7m units in each year. The total volume of cars carried in 2016 was 2.5% higher than the volume carried in 2000.
- Between 2000 and 2015, the volume of sailings on the Portsmouth- Fishbourne route reduced by 23.8%. In 2015 the same route achieved a utilisation for vehicles of 95% or more on 29% of its sailings.
- Total volumes of commercial traffic have reduced by 2% between 2004 and 2015, and 14% between 2011 and 2015.
- In comparison to other routes, the East Cowes – Southampton – East Cowes route has experienced significant growth since 2000. Between 2004 and 2015, volumes of cars carried on this route increased by 31.9%, and commercial traffic by 34.5%.
- Through analysis of filed company accounts (Red Funnel and Wightlink only) it is apparent that both operators are part of complex group structures, presumably established to minimise tax liabilities and maximise profits.
- The most recent filed accounts show earnings before interest, tax, depreciation and amortization (EBITDA) as £17.6m for Red Funnel and £20.7m for Wightlink, against turnover of profits of £48.4m and £62m respectively. Red Funnel operated with a sales margin of 42.8% and Wightlink 35.5%.

3.1.3 Recommendations

1. In recognition of the community as a key stakeholder in cross Solent transport it is recommended that the Council convenes and leads a cross-Solent operators' partnership board, to provide meaningful engagement with the cross-Solent operators. The objective of the board would be to work together for mutual benefit of the cross-Solent operators and the economic development of the Island. Amongst other matters the board should consider the impact of new investment on the flexibility of new services, the potential for provision of increased services in evenings and shoulders, and travel offers for those in education or training.
2. Membership should include the cross Solent-operators, the Council, Solent Transport and businesses the partnership board should seek to develop and deliver a ferries strategy that is for the benefit of the economic development of the Island.
3. The Council and partners should lobby central government (National Health) to get financial assistance for those who have to travel to visit family in hospital.
4. An independent study should be undertaken to evaluate the feasibility and cost benefit of a fixed link across the Solent (road or rail).

3.2 Technology

The Council awarded the contract to supply superfast broadband to BT in September 2013 and as at 2017 the volumes of premises on the Island with access to Fibre Broadband (including the previous commercial roll out and other communications provision) is at 99%.

In comparison, mobile coverage is variable, with many areas suffering signal problems.

The transport sector is at the beginning of a period of significant disruption, with new technologies, products and services fundamentally shifting customer expectations and opportunities. The market for Intelligent Mobility is rapidly developing as customers, transport authorities, businesses and governments understand the huge potential for unlocking major opportunities and improving a wide range of outcomes by taking a user-centric approach to looking at mobility opportunities for customers as part of a wider, integrated system. In the last 10 years technology has been introduced which has either directly delivered, or enabled, significant disruption across a number of sectors. The arrival of the smartphone has potentially been the most significant as it has enabled users to be permanently connected to a growing range of services and huge quantities of up-to-date information.

This is hugely important to the transport sector – as new technology is increasingly adopted by customers, it enables new services to be developed that are bringing real benefits; customers can now check live bus times or buy train tickets on phones as well as plan journeys and keep an eye out for any issues on the transport network, such as congestion, as it arises.

3.2.1 Hearing Discussion

Combined ticketing opportunities were raised by the Quality Transport Partnership (QTP). It is also an issue that VloW is keen to see developed as smart technology in integrated with transport information and booking; this is considered essential to maintain and grow the tourism offer. Smart ticketing was supported by the IWBRUG.

The TITF note that Southern Vectis provide Wi-Fi and USB charging on selected buses, as well as the availability of a Key Card. Southern Vectis also plan to use more live vehicle information, although mobile service has caused issues with these types of applications.

Isle Access was supportive of investment in next stop announcements on buses.

The general consensus from those discussing this issue at the hearings was that there was the potential for real improvement in this area with the use of more innovative approaches to providing information to passengers and providing passengers with smarter options for purchasing tickets.

Technological changes in different sources of fuel for vehicles and transport modes are an area that the Island could develop further. Electric vehicles are a good example, where large amounts of short distance journeys are the norm for travel arrangements. There have also been significant developments in the field of autonomous vehicles which the Island could take advantage of.

VloW consider that more can be done to promote and support car hire (electric and petrol) on the Island, especially as it is the cheapest way (for couples) to arrive on the Island by foot.

3.2.2 Recommendations:

5. Building on the Island's expertise in the digital sector, The Council should explore how and where the delivery of improved digital services can be accelerated.
6. To improve accessibility across transport modes, and provide the ability to introduce integrated travel information for bus, train and cross-Solent operators, The Council should work with mobile technology companies to improve network coverage across the Island. Additionally, the transport providers should ensure their services are Wi-Fi enabled for passengers.
7. The Council should work with transport operators to encourage the introduction of smart ticketing (for example, Solent Go⁶) and in particular multi operator use smart payment opportunities.
8. National Rail information at Waterloo should include information on the Island and gateways.
9. The Council should investigate future investment opportunities for alternative transport modes (e.g. hydrogen fuel and other low-carbon fuels; innovation in sustainable transport and/or autonomous vehicles). The Council may wish to consider a potential joint venture with a car company to test electric vehicles.
10. Technology can be used to support the implementation of The Councils parking strategy, both in terms of smart apps to pay for parking and opportunities to advertise parking space availability within towns.

⁶ <http://solentgo.co.uk/>

3.3 Highways and Interchanges

The Island has a road network comprising of 122 km of principal roads, 270 km of other classified roads and 400 km of unclassified roads. Whilst journey time reliability is a contributor to economic growth, congestion can occur as a result of road works, special events and through the volume of traffic at peak times. Tourism related traffic places an additional pressure the network.

The Council has secured Highways Private Finance Initiative (PFI) funding of approximately £364m which is a 25-year project that started in 2013. Over the 25-year period most of the Island's 803km public road network will be rebuilt or resurfaced, together with improvements to pavements, kerbs and cycleways. Also, included in the project are bridges, retaining walls and other structures on the road network and the Islands' 12,068 street lights and columns. The majority of the work will be undertaken in the first seven years of the PFI project. Thereafter the project will maintain the reconstructed network.

Newport, which is the hub of the Islands road network, is identified in the Local Transport Plan as one of the Islands congestion hot spots; 80% of private car journeys entering Newport are single occupancy. Connectivity options between Newport and Cowes include the A3080, the main road corridor which carried 5.1m car movements in 2014 and a dedicated traffic free cycling and walking route, which hosts 110,000 cycle trips. Bus passenger journeys along the A3080 corridor are between 1m and 1.5m per year.

The Council has recently secured grant funding of £9.6m to implement Newport junction improvements identified in the Island Plan Core Strategy. Work is ongoing to programme these works and complete the necessary assessment and design work with a view to delivery over the next four years.

Major infrastructure investments, particularly road widening to provide for additional lanes are constrained in urban areas by the historic development patterns and third party landownership issues.

The Newport town centre traffic signals operate using SCOOT⁷ (Split Cycle Offset Optimisation Technique) for managing and controlling traffic signals in urban areas. It is an adaptive system that responds automatically to fluctuations in traffic flow through the use of on-street detectors embedded in the road. The SCOOT setup has not been fully reviewed in some time (Coppins Bridge 2009) and there could be significant capacity gains in a thorough assessment and review. Bus priority at signals is a facility which is in use on the Island and Southern Vectis buses are equipped to take advantage of such technology.

Since 2000, The Councils Environmental Health team has been monitoring air quality across the Island for levels of: Benzene; 1,3-Butadiene; Carbon monoxide; Lead; Nitrogen dioxide; Particulate Matter (PM10); and Sulphur dioxide. Currently the Island does not have any designated air quality management areas (AQMAs) however pollutant levels are continually monitored at several key transport locations including close to ferry terminals, Lake Hill and central Newport – all of which are affected by seasonal tourism traffic.

⁷ www.scoot-utc.com/

3.3.1 Hearing Discussion

Isle of Wight Association of Local Councils (IWALC) expressed concern that there should not be a "one size fits all" approach to a parking strategy for the Island and that the strategy should be tailored to fit to local issues in local areas.

IWALC was concerned that there was no clear process or understanding of how locally identified schemes and projects that impact upon the highway network could be developed and progressed. It was acknowledged that IWALC could play a role in helping local communities take schemes forward should a process be put in place. The need for appropriate guidance for local communities was discussed.

The need to consider smart signalling was raised by various operators and interest groups. In particular issues in relation to bus punctuality, St Mary's roundabout, and at Westridge and Fishbourne Lane were identified as potential hot spots. The Isle of Wight Bus and Rail Users Group (IWBRUG) was particularly concerned about local issues at Beachfield Road, Sandown and Lake junctions as well as more general traffic delays at Coppins Bridge, Newport. Southern Vectis reaffirmed the views of the IWBRUG in that there were traffic queue issues for buses at Beachfield Road and Westridge Cross.

Various interested groups and operators raised the issue of congestion in and around Newport and Southern Vectis in particular was concerned that delays of between 20-30 minutes were experienced regularly at peak times. Congestion, traffic management and utility works can impact upon bus punctuality.

Southern Vectis reported that regular pinch point delays are experienced at: inbound to Newport - Medina Way/Forest Road/Parkhurst Road junction. Southern Vectis suggest that a signalised bus gate only at this location on the inbound section to Newport after St Mary's junction would provide significant timings and reliability improvements. In addition, outbound from Newport - Medina Way/Forest Road/Parkhurst Road should consider the incorporation of ability for buses to turn right.

At Coppins Bridge buses suffer delays from two directions. Any scheme to introduce improvements needs to look at how the whole gyratory functions and how flows can be improved at peak times. This should include reviewing the signalling technology utilised.

In relation to the eastern corridor of Newport bus lanes and bus priority schemes were discussed; there are complexities with delivery of bus lanes, particularly on the Island, where there is limited potential to introduce third lanes into the highway network.

The need for a Medina River Crossing was discussed with various attendees, along with the comparative traffic delays on the Isle of Wight compared to other mainland areas.

Whilst information on roadworks and liaison with Island Roads is generally good for transport operators, statutory utility works on-site at short notice can cause operational issues. Southern Vectis consider that a permit scheme, similar to that which operates in both Brighton and Hove⁸ and Southampton, where parties wishing to work on the highway apply and pay for a permit is a potential

⁸ www.brighton-hove.gov.uk/content/parking-and-travel/roads-and-highways/traffic-management-permit-scheme

solution. The scheme applies to any person or organisation who wishes to carry out road works on the highway, including works by utility companies and developers. Southern Vectis evidenced that for every £1 the scheme costs, the estimated return to the public is £5 of added value through reduced pollution, gained travel time, saved operating costs, reduction in accidents and lower fuel costs. In addition, there is less noise, lower emissions and more reliable journey times. Evidence from Southampton suggests that this has reduced the length of short term roadworks by about one third.

PFI Maintenance Contract

The IW Bridleways group were concerned about the maintenance of rural roads, particularly the edges of roads, where road surfaces were being replaced to contractual requirements, but edges were sometimes not level with the road surface, causing safety concerns. This point was also raised by other equestrian interest groups.

Representatives from supermarkets reported that there was a lack of engagement with Island Roads in relation to road closures, and that this did impact upon their routes for delivery on Island.

Ryde Interchange

A number of hearing attendees suggested that the Ryde transport interchanges require renewal as well as creating a better interchange between bus, train, ferry and hovercraft as foot passenger journeys through this location are often disjointed and do not create the best impression of the Island. All those attending who discussed this matter noted that Network Rail and DfT will need to be involved in any discussions to improve the interchange facilities.

The IWBRUG recognise that there is scope for improvement in cross Solent connections through better Interchanges; in particular, the Ryde Interchange, due to badly integrated ticketing and information services and outdated facilities. Pedestrian connectivity and wayfinding is also poor and the bus station is inadequate due to lack of space for buses to circulate efficiently. This issue was also raised by Keep Island Line in Franchise (KILF) as part of the need for wider improvements to Island Line and Ryde Town Council.

The QTP was concerned at the current access arrangements for all users of the railway bridge at Ryde Esplanade. The IWBRUG considered that any future scheme for improved interchange facilities at Ryde should address the link to Hovertravel.

Southern Vectis noted that access into the interchange terminal in Ryde was generally good, but not modern. Effectively Hovertravel is cut off from the interchange by a footbridge and easier access arrangements were essential. The interchange is a key gateway.

3.3.2 Recommendations

11. The funding for Newport junction improvements is welcomed, but should include signalling improvements to ensure improved traffic flows.
12. A longer-term strategy for congestion in and around Newport is needed. This could include investigation of the feasibility of a Medina Crossing.

13. That Council and Island Roads review the specification for surfacing on minor (rural) roads and in addition ensure that surfacing is taken to the edge of the road.
14. Transport interchanges at Ryde Esplanade, Cowes and East Cowes are improved.

3.4 Bus Services

Southern Vectis is the principal commercial bus operator on the Isle of Wight generating over 7m passenger journeys per annum.

Internal connections by public transport rely significantly on bus services. Southern Vectis has had a monopoly on commercial bus services on the Island in recent times, with the most regular services running between the major towns. There are three bus stations on the Island, located at Newport, Ryde and Yarmouth respectively and a park and ride site at Cowes.

Southern Vectis receives two payments from Isle of Wight Council. The first is to run buses and coaches for home-to-school transport, and was awarded following an open competitive tendering process. The operation is separate to the local bus network. The second payment is reimbursement for the fare foregone of England National Concessionary Travel Scheme card holders (older and disabled people), as the card holders themselves receive free travel. The reimbursement mechanism is designed by the DfT to ensure that the bus operator is 'no better or no worse off' as a result of participating in the Scheme.

Southern Vectis receives no subsidy for Island local bus services - the network is entirely commercially operated. The company has recently invested in the fleet, with the result that no regular bus is over nine years old; and of the fleet of 64 vehicles, 11 are less than one year old.

The service on the Island is one of the most comprehensive bus services in the country, with many areas still served late into the evening and on Sundays. The Island is one of the few parts of the UK to see Christmas Day services.

Population density is one of the main factors determining bus service level and viability. The Island's population density is similar to that of Hampshire, yet the level of service on the Island, is much higher. Services are designed to meet every passenger ferry arrival and departure, along with the last car ferry at Fishbourne.

The most recent Bus Passenger Survey, undertaken independently by Transport Focus, showed Southern Vectis customer satisfaction to be 91%.

There are a number of local community buses on localised routes, provided in partnership between the local community and Southern Vectis.

3.4.1 Hearing Discussion

The QTP considered that Southern Vectis run a good operation on the Island which is both reliable and regular. It is recognised as one of the highest performing rural service providers. The QTP considered that fares were high for individual journeys, but that there were opportunities to make use of Key Cards, which enable reduced fares for more regular passengers.

The QTP was particularly supportive of introducing more bus lanes, recognising the role that they play in improving services and were keen to stress that all existing bus lanes should be retained. The IWBRUG suggested that bus priority schemes should be investigated for South Street, Newport, Lake Hill/Beachfield Rd, Lake, Sandown Road - junction with Newport Road, Hunnyhill/Cowes, Fairlee Rd

into Newport and Blackwater Road/St George's approach into Newport. The IWBRUG was also concerned about the need for better bus connections at Shanklin Rail Station.

Both Southern Vectis and the IWBRUG were concerned about the impact of on street along a number of bus corridors, in particular in and around Bembridge and Seaview.

Some local communities had promoted and developed local solutions for passenger transport. Good examples include the FYT bus and the youth transport arrangement which Shalfleet had developed with Southern Vectis. This involved subsidising bus route 7 on a Monday and Tuesday so that young people from the parish could access youth activities in the West Wight.

QTP suggested further work could be investigated to cost the potential to replace evening buses with a taxi bus system.

Southern Vectis provided information on the significant investment that they have made over recent years, but also recognise that this investment is unlikely continue at the same rate.

The IW College was concerned about the bus service to Whippingham for the new college building. The point came through quite strongly that because of both the cost and difficulty of transport, a number of young people are not going onto further education or apprenticeships schemes.

3.4.2 Recommendations

15. Southern Vectis provides a good service and the Council should ensure services are continued and that opportunities to enhance community services are fully explored.
16. Investigate opportunities for improved ticketing initiatives for the occasional bus users.
17. The Council with Southern Vectis and the Isle of Wight College should investigate what improvements can be made to student access to transport. This could be linked to projects being delivered through existing sustainable transport programmes.
18. Next stop announcements and Wi-Fi on buses (see section 3.2) should be rolled out across all scheduled services.
19. Assess the feasibility of corridor improvements for bus services, including investigating the introduction of bus lanes where achievable.
20. Whilst the investment strategy of Southern Vectis should be recognised and noted, it is a rate of investment that is unlikely to be sustainable in the longer term and needs to be monitored.

3.5 Island Line

The Island has a 13.7 km railway network, linking the ferry at Ryde Pier Head, through Ryde Esplanade and St Johns stations to Brading, Sandown, Lake and Shanklin. Services are provided using former 1938 London Underground rolling stock. The Island also has a steam operated heritage railway which connects with Island Line at Smallbrook Junction, which is not road connected and runs to Wootton.

Island Line is unique amongst Britain's national railways, not only in its geographical separation from the rest of the network, but also in the way in which it is operated and maintained. Under the current contractual and management structure the infrastructure is from Network Rail (NR) on a 25 year lease till 2019 and operated as what is called a vertically integrated railway. Whilst the franchise holder is in the main responsible for the track itself all other structures are the responsibility of NR.

Island Line runs a two train per hour service on uneven intervals and only one of the two services connect with the ferry.

In March 2017, the government awarded the franchise for Island Line to FirstGroup and MTR (as part of the wider South Western Franchise). The franchise is effective from 23 August 2017.

3.5.1 Hearing Discussion

Many hearing attendees recognised that a critical factor to the success of Island Line will be its ability to attract additional patronage. This will necessitate a clear marketing strategy which sets out the benefits to both the local community and visitors to the Island. IWBRUG and KILF wished to see Island Line run a 30-minute schedule to meet onward connections across the Solent. This issue was also supported by a number of other hearing attendees.

There are some infrastructure challenges for Island Line, and KILF was concerned about tunnel at Ryde and the lack of an alternative solution to overcome the issues that are caused through flooding.

Isle Access was concerned about poor access at Ryde St John's Station.

At the time that the hearings were held the decision on the franchise award for Island Line had not been announced. All parties attending the hearing raised similar concerns over the longer-term viability of the line and in particular the need to fully assess the rail infrastructure along Ryde Pier, which was considered to be a vital part of the line.

It was noted that the DfT had set out a clear requirement for the franchise bidders to include consideration of the longer-term viability of the line beyond the franchise period.

3.5.2 Recommendations

21. In order to identify and develop options for reducing the cost of Island Line over the longer term the Council should work closely with First MTR, DfT Rail and Network Rail.

Collaboration will need to address the following:

- Resolution of the economic uncertainty of the Island Line;
- Provide for modernisation with new/up to date rolling stock;
- The future of the pier;

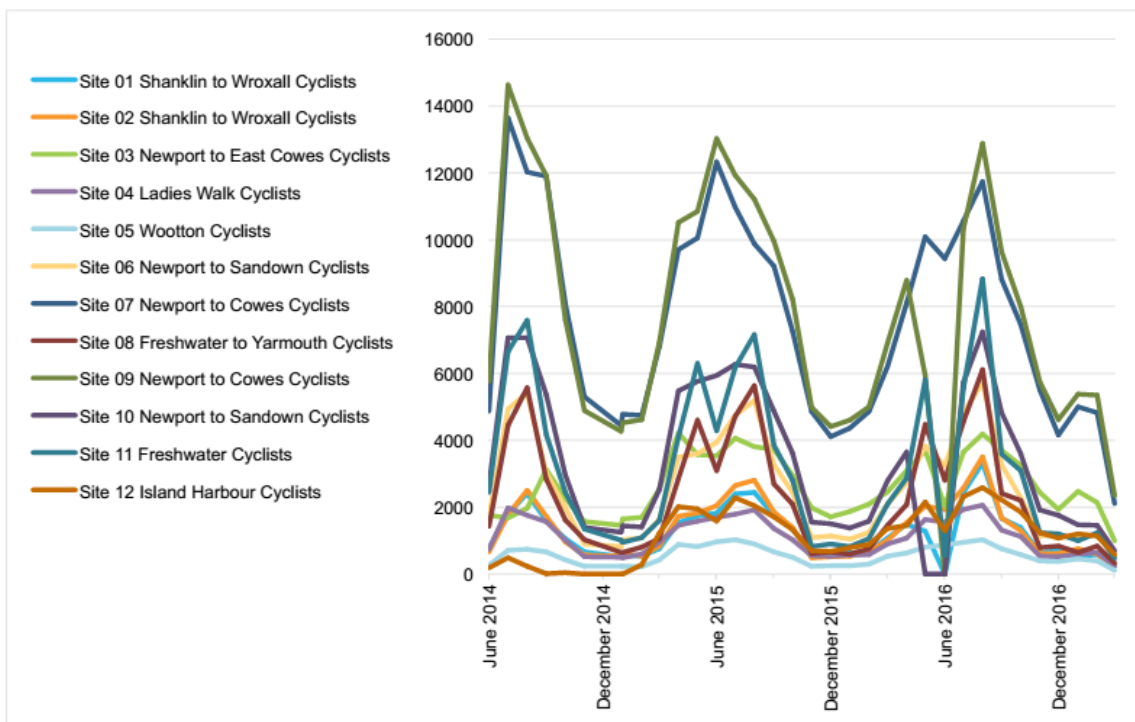
- Consider arrangements where the IOW steam railway could have access to Ryde St Johns Road;
 - Modernisation of all stations;
 - Provision of integrated travel information systems and smart ticketing options across different modes of travel;
 - How improvements at Ryde Interchange could provide for access for Hovertravel passengers from a new platform layout at the station.
22. To support the modernisation of the Island Line, including the introduction of a 30-minute service frequency and investment in the future sustainability of Island Line.
23. Ensure Island Line remains part of the franchised National Rail Network.

3.6 Cycling and Walking

The Island has over 820km of public rights of way linking towns and villages to the countryside and coast. Natural England has commenced work on the Isle of Wight section of the England Coast Path⁹ – a new National Trail around all of England’s coast.

The Council has been working with a number of organisations to improve the cycle network on the Island, which include the completion of an off-road route between Sandown and Newport (part NCN23), enhancement of a route between Wootton and Newport (part NCN22), upgrading of the existing Cowes to Newport cycle track (NCN23) and improvements to the Newport to East Cowes route.

In June 2014, 12 permanent cycle counters were installed on traffic free routes. The monthly data shown below indicates that there are clear seasonal variations in cycle use but no obvious trends in usage across the years. The time series for this dataset is relatively short and data over a much longer time period would be required to draw robust conclusions. The counters with the highest usage figures are on the Newport to Cowes cycle route, which supports over 110k annual cycling journeys.



The Council has been successful in securing consecutive rounds of external DfT funding to promote active travel. Implementation of the current sustainable transport programme¹⁰ is forecast to generate an additional 1.17m walking and 832k cycling trips by the end of 2020.

⁹ www.gov.uk/government/collections/england-coast-path-improving-public-access-to-the-coast

¹⁰ www.iwight.com/azservices/documents/1190-Access-Fund-Application-Form.pdf

3.6.1 Hearing Discussion

Many attendees noted the potential of the Newport – Cowes cycle track in offering a sustainable alternative to car journeys along the parallel 'A' road. The opportunity to look at how more residents and visitors can be incentivised to use the route for cycling, such as opportunities to link to ticketing on the cross-Solent routes should be investigated with the ferry companies. Some attendees suggested that the Newport – Cowes corridor would benefit from a dedicated bus rapid transit solution, and that the potential for this should be explored further.

Completion of the Newport to East Cowes route was cited as a high priority by many attendees. The current route links Newport with Island Harbour and onward access to East Cowes is an issue; a link to the new Isle of Wight College facility at Whippingham would be beneficial. The TITF notes that the Council has allocated capital funding to this project and would encourage the Council to also discuss how this scheme could develop as part of its work with Natural England and the England Coast Path route which has recently commenced.

Isle of Wight College considered that more students would cycle if additional, higher quality cycle routes were available. This could be accompanied by a bicycle loan scheme to let more students purchase a bicycle.

IWALC expressed concern with public rights of way network maintenance and in particular the reduced investment being undertaken by the Council. VIOW consider that walking paths, trails and routes should be considered a vital part of the Island's transport infrastructure, requiring appropriate investment and maintenance. VIOW is of the view is that the Island should aim to have the best maintained footpaths in the UK.

Attendees also raised the need to refresh the proposal for a Newport – Freshwater shared route. A project that was first established as part of the West Wight Landscape Partnership project (HLF funded) and which stalled due to the need for further involvement of local landowners.. Attendees considered that a new route would provide not only added value for the visitor economy, but would also provide an opportunity to promote cycling generally and improve general health and wellbeing of Island residents.

The Island is also well placed to make best use of alternative and flexible transport modes, such as electric bikes and cars. VIOW recognised that there had been significant investment in shared cycling and walking routes over the past three years, and that these are contributing to an increase in the volume of visitors participating in walking and cycling experiences. More routes with facilities along the way are required and can be a major benefit to the rural economy on the Island.

3.6.2 Recommendations

24. To best inform investment in cycling and walking infrastructure, the Council should develop a Local Cycling and Walking Investment Strategy¹¹, to include the completion of the Newport – East Cowes route, linking to the new Isle of Wight College campus at Whippingham.
25. The Council should review the funding for maintenance of footpaths and bridleways.

¹¹ www.gov.uk/government/publications/cycling-and-walking-investment-strategy

26. The Council should consider working with partners to review and refresh the West Wight Cycle Route, recognising that it is a longer-term project with regard to delivery timescales.
27. The TITF recognises that the grants received for sustainable transport related work is important to the Island and recommends that The Council continues to build on its successful work in this area and continues to seek new and innovative projects which can promote sustainable transport on the Island and to bid for appropriate funding as it is announced.

Appendix 1 - Membership

The membership of the TITF as follows:

- Christopher Garnett: Chair
- Wendy Perera: Isle of Wight Council
- Jayne Tyler: Isle of Wight Council (Administrator)
- Nicky Hayward: Business
- Claire Locke: Business
- Maureen Pullen: Department for Transport
- Alec Dabell: Chief Executive, Vectis Ventures
- Patrick Seely: Managing Partner of Moorland Partners
- Geoff Underwood: Isle of Wight Chamber of Commerce
- Stuart Baker: Solent LEP
- Andrew Wilson: Solent Transport
- Phillip Marshall: Solent Transport (July 2016 – December 2016)

Ad-hoc Membership:

- Peter Hayward: Independent Transport Consultant
- Chris Gregory: Independent Transport Consultant
- Dominic McGrath: Hampshire County Council

Appendix 2: Terms of Reference

Vision

A multi modal transport system for the Isle of Wight that is safe, secure, accessible and affordable; and which promotes economic development and underpins the social and environmental wellbeing of the Island community.

Objectives:

To be mindful of the economic logic and aware of the consequences of economic considerations that need to be ensured, so that the Island's transport system is optimised, to promote sustainable economic growth and development.

To assist The Council in preparing an integrated Island wide transport infrastructure and services development plan ensuring that transport services to/from and on the Island are:

Safe:

- The transport infrastructure and services provide safe and effective services, in accordance with minimum published standards and work to reduce the risk of crimes of all types.

Secure:

- The continued provision of the services are guaranteed in the short term but with the ability to make suitable alternative arrangements in the case of service failure.
- The effective management of capacity in the transport system does not place the Island's infrastructure at risk of failure (e.g. congestion / overcrowding).

Accessible:

- Services and facilities are integrated to be available at the times needed to support the effective operation of the Island.
- Services and facilities are located appropriately to provide sufficient capacity in the system and are sufficiently flexible to meet the demands of service users.
- Transport infrastructure and services connect people with employment and education opportunities, and connect businesses with markets and supply-chains.

Affordable:

Services are priced appropriate to the target markets and in accordance with the need to manage and operate capacity across the transport system as a whole.

To prepare a capital investment strategy to enable the implementation of the infrastructure development plan (over the medium term 5-10 years) and associated sustainable revenue forecasts to support its delivery.

Scope of the works

The development of the plan will include:

	Function	Achieved
1	An assessment of the current provision for cross Solent travel to include analysis of the challenges and opportunities in the market and proposals, if necessary to improve the resilience of the services.	✓
2	An analysis of the current plans and patterns for growth in cross Solent travel by transport mode, the likely impact of this growth on the current transport system and impact on the Island community.	✓
3	An assessment of the impact of Island Line on the Island’s economy and the opportunities for extending the service beyond its existing operation.	✓
4	Consideration of the role of the bus service in the transport system, the challenges and opportunities it faces and its capacity to adapt to a new transport model.	✓
5	An assessment of the current demands on the highways network including identification of pinch points and times when it is at over capacity. To consider the introduction of park and ride schemes to improve network capacity as required. To ensure capacity is considered during maintenance activity.	✓
6	Identification of the gaps and planned investments in transport infrastructure and services.	✓
7	Identification of funding streams and business models that could be used to support the delivery of the proposed transport network.	
8	Identification of the economic benefits that would be achieved through the proposed system.	✓
9	Ensure that changes to the infrastructure have a positive impact on the visual environment and maximise opportunities to reduce the Island’s overall carbon footprint.	

Mode of Operation

The task force will be led by an independent chair that will be free to choose its members with the correct balance of skills and experience to ensure the achievement of these terms of reference. As a minimum, the task force shall comprise senior representatives from:

- Department for Transport

- Isle of Wight Council
- Solent Local Enterprise Partnership
- Isle of Wight Chamber of Commerce and Tourism
- Business Stakeholders

The Council will provide organisational and administrative support to the task force as required.

Task Force Meeting Dates:

2016

- 20th July
- 02nd August
- 02nd September
- 07th October
- 4th November
- 9th December

2017

- 13th January
- 17th February
- 24th March
- 21st April
- 12th May
- 16th June

Agendas were sent out prior to the meeting and the meetings were formally minuted.

Appendix 3: Hearings

The Transport Task Force held a number of meetings with stakeholders and interested parties and these meetings were minuted. Details of attendances are as follows:

22nd August 2016			
Group	Attendee	Attendee	Attendee
First Group	Mark Wilkins	Owen Hazell	
5th September 2016			
Hovertravel	Neil Chapman		
Southern Vectis	Matt Kitchin	Ed Wills	Andrew Wickham
	Paul Walker		
9th September 2016			
Steve Porter Group	Steve Porter		
Red Funnel	Kevin George	Murray Carter	
Wight Gateway LTD	Nick Wakefield	Danny Fisher	
16th September 2016			
Wightlink	Keith Greenfield	John Burrows	Clive Tilley
	Karen Woods		
KILF	David Pugh	Stewart George	Mark Brinton
	Ed George	Chris Quirk	
23rd September 2016			
PRO-LINK	Carl Feeney	Kevin Price	
IWC Principal Contract	Stewart Chandler		
IWBRUG	Andy Morris	Stewart George	John Yunnie
Electric Train Museum	Bob Baines	Phil Marsh	
Isle Access	Jan Brookes	Jim Morey	
14th October 2016			
QTP	David Rogers		
VloW	David Thornton	Simon Dabell	
21st October 2016			
IWALC	Mike Wheeler	Helena Hewston	
IOW Chamber of	Kevin Smith	Tom Stroud	
Local Access Forum	Jennine Gardiner	Mark Earp	
11th November 2016			
CycleWight	Tim Thorne	Tania Rebel	George Wilks
	Martin Gibson		
IOW Steam Railway	Peter Vail	Jim Loe	Peter Conway
Morrisons	Karl Wight		
HIOW Police	Supt. Sarah Jackson		
18th November 2016			
Shanklin Town Council	Richard Priest	Jon Gilbey	
Isle of Wight College	Debbie Lavin		
IW Bridleways Group	Tricia Merrifield		
Highways PFI Contract	Jonathan Murphy		
28th November 2016			
FSB	Tim Hunter-		
Waitrose	Daniel Olive		

Tesco	Martin Pedley		
Ryde Town Council	Ian Stevens		
2nd December 2016			
BAE Systems	Tim Blake		
Sandown Airport	Daniel Subhani		
Small Business owners	Tim Brayford	Carol Bailey	
GKN	Sarah McCarthy-Fry		
9th December 2016			
Red Funnel	Kevin George		
16th December 2016			
Wightlink	Keith Greenfield	Sean Millward	
Island Roads	Paul Herbert		
13th January 2017			
Southern Vectis	Richard Tyldsley	Paul Walker	
Hovertravel	Neil Chapman	(via conference call)	
20th January 2017			
CAMRA	Tim Marshall		
CCG/NHS	Helen Shields	Mark Price	
17th February 2017			
Senior Licencing	Kevin Winchcombe		

Evidence Based Assessment of Cross-Solent Ferry Operations



July 2017



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1 EXECUTIVE SUMMARY

This report has been prepared to support the work of the Isle of Wight Transport Infrastructure Task Force (TITF). The report presents an analysis of a range of data associated with cross-Solent ferry services, where possible, covering the time series from 2000 to 2016.

Much of the data referenced in this report has been sourced from the public domain. These include datasets relating to economic indicators, available from the Office of National Statistics (ONS), crowd sourced customer feedback portals, and the ferry operator websites; the latter in response to a recommendation arising from the Office of Fair Trading's 2009 report *Isle of Wight Ferry Services Market Study Findings*. However, it has also been necessary to request specific data directly from operators; the intention behind this being to analyse and present findings consistently across the time series. The volume of data supplied in response to this request varies across operators, and in a number of instances prevents a full and robust assessment across the full time series.

The report considers available data across four distinct themes:

- **Operation:** routes, operators, frequency, capacity
- **Performance:** passenger and vehicle volumes, reliability, punctuality, utilisation, finance
- **Customer experience and quality of product:** Customer experience and quality of product
- **Economic Performance:** The impact of ferry services on an Island economy

The key findings of the assessment across the four themes are as follows:

OPERATION

- Volumes of vehicle ferry sailings have reduced between 2000 and 2015. Sailings on the Fishbourne – Portsmouth route have reduced by 23.8%, Yarmouth – Lymington – Yarmouth by 53.1%, and East Cowes – Southampton – East Cowes by an estimated 8.7%.
- Limited data has been provided around capacity, but whilst some individual craft have increased capacity, the overall capacity has reduced broadly in line with the reduction in volume of sailings. Between 2012 and 2015, the annual vehicle capacity across the two Wightlink routes reduced by 21.4%.
- As a result of a reduction in volume of sailings, utilisation has increased on vehicle ferries. In 2015, 29.3% of sailings on the Fishbourne – Portsmouth – Fishbourne route achieved >95% utilisation (as measured in Car Equivalent Units (CEUs)). For the East Cowes – Southampton – East Cowes route the >95% utilisation figure for 2015 is estimated at [REDACTED] of sailings.
- All three operators have a programme of fleet upgrade and/or replacement. In 2016 Red Funnel launched Red Jet 6, Hovertravel launched two new hovercraft, and Wightlink will launch a new flagship vehicle ferry in 2018.
- The same three operators (Red Funnel, Wightlink and Hovertravel), together with six operating routes, are extant across the time series.

PERFORMANCE

- The volume of passenger journeys generated in 2016 (8.9m) is the same as the volume generated in 2001. This is in the context of a 4.7% increase in the Isle of Wight resident population between 2001 and 2015.
- Total foot and coach passenger journey volumes have declined between 2004 and 2016. Car passenger volume has fluctuated across the time series, but by 2016 is broadly the same as in 2010 (+1.3% / 60,300 more crossings).
- Tourist visitors to the Island are estimated to account for roughly half of all ferry passenger journeys, and sampling of visitors using ferries provides regular and robust market intelligence. Unfortunately, there is a lack of data on cross-Solent trips made by residents and other passengers who are not 'visitors' to the Island, so the journey purposes of the other half of the ferry companies' customers are unknown.
- Total volumes of cars carried has remained relatively consistent across the time series at circa 1.7m units in each year. The total volume of cars carried in 2016 was 2.5% higher than the volume carried in 2000.
- Total volumes of commercial traffic have reduced by 2% between 2004 and 2015, and 14% between 2011 and 2015.
- In comparison to other routes, the East Cowes – Southampton – East Cowes route has experienced significant growth over the time series. Between 2004 and 2015, volumes of cars carried on this route has increased by 31.9%, and commercial traffic by 34.5%.
- Through analysis of filed company accounts (Red Funnel and Wightlink only) it is apparent that both operators are part of complex group structures, presumably established to minimise tax liabilities and maximise profits.
- The most recent filed accounts show earnings before interest, tax, depreciation and amortization (EBITDA) as £17.6m for Red Funnel and £20.7m for Wightlink, against turnover of profits of £48.4m and £62m respectively. The sales margin for Red Funnel was 42.8%, and 35.5% for Wightlink.

CUSTOMER EXPERIENCE AND QUALITY OF PRODUCT

- Using in house customer survey methodologies, both Red Funnel and Wightlink achieve a rating of over 90% for customer satisfaction.
- Analysis of Trip Advisor reviews shows that a large majority of travellers using the ferry services have a positive experience. Only 4% and 7% are dissatisfied with Hovertravel and Red Funnel respectively. There is much higher proportion of reviewers who are dissatisfied with Wightlink (21%).

ECONOMIC PERFORMANCE

- The Isle of Wight's economic trends show some limitations, such as a low rate of average pay and low Gross Value Added (GVA); these are comparable with other island economies but lower than other most other local authority areas in the South East.
- The rates of increase in these economic indicators, albeit from a lower baseline, are comparable with trends seen elsewhere, and in some instances the Island is out-performing mainland economies or an island with a fixed link e.g. between 2004 and 2015 the number of working age Isle of Wight residents qualified to NVQ3 level or above increased from 30,000 to

39,300. Despite some year-on-year fluctuations, the Island and all comparator locations show trends in keeping with the overall trend lines for the South East and England as a whole

- Despite the working age population falling and unemployment rising during the recession, there are signs these negative trends have stabilised and are starting to move in a more positive direction. The Island workforce is increasingly well qualified and rates of pay are increasing.
- Overall, the Isle of Wight's economy supports a conclusion that the Island is a less affluent region within the South East which has consequently felt the effects of recession more markedly. However overall the rates of change in most of the economic indicators assessed show that the Island's economy is largely improving at a similar rate to other locations.

2 INTRODUCTION

The Isle of Wight Transport Infrastructure Task Force (TITF) was established in summer 2016 to receive information and make proposals on a wide range of connectivity, integration, regeneration and funding issues vital to the Island's future. Representation on the group included the Department for Transport (DfT), the Solent Local Enterprise Partnership (SLEP), and local business interests.

The vision of the TITF is:

“A multi modal transport system for the Isle of Wight that is safe, secure, accessible and affordable; and which promotes economic development and underpins the social, and environmental wellbeing of the Island community.”

In realising its vision, a key objective of the TITF is to assist the Isle of Wight Council (IWC) in preparing an integrated Island wide transport infrastructure and services development plan ensuring that transport services to / from and on the Island are safe, secure, accessible and affordable.

Since being established, the TITF has received evidence from over 40 stakeholders, including transport operators, and representatives from the business, education, and tourism sectors. Whilst much of the evidence concerns a desire to improve transport on the Island, many stakeholders have raised issues relating to cross-Solent ferry services.

In order to ensure that proposals relating to cross-Solent transport are informed by facts, this report provides an evidence based assessment of ferry operations serving the Isle of Wight between 2000 and 2016 (where data is available).

The report considers available data across four distinct themes:

- **Operation:** routes, operators, frequency, capacity
- **Performance:** passenger and vehicle volumes, reliability, punctuality, utilisation, finance
- **Customer experience and quality of product:** Customer experience and quality of product
- **Economic Performance:** The impact of ferry services on an Island economy

2.2 DATA SOURCES

Information and evidence to inform the report has been sourced from a range of secondary sources, including:

- *Cross-Solent Statistics* dataset held by IWC;
- Operators: three cross-Solent ferry operators were invited to supply specific data (see Appendices);
- Previous reports, particularly:
 - *Isle of Wight Ferry Services Market Study Findings*, Office of Fair Trading (OFT), 2009
 - *Cross Solent Movement Study*, MVA, 2006
- Submissions to the IWITG;
- Other public domain data sources, including:
 - Office for National Statistics (ONS)
 - Trip Advisor
 - Companies House

Where data is available, the report presents analysis of available data between 2000 and 2016, with a particular focus on the period since 2010. The review of company accounts is limited to the most recent filed accounts.

No primary research has been undertaken to inform this assessment.

2.3 FORMAT OF REPORT

The report is structured as follows:

- **Section 3** provides background to the ferry operations;
- **Section 4** sets out an overview of volumes of ferry traffic;
- **Section 5** presents information relating to the operation and performance of each route;
- **Section 6** presents a review of the most recent filed company accounts for Wightlink and Red Funnel;
- **Section 7** presents an assessment of customer experience and quality of product;
- **Section 8** sets out the economic performance of the Island since 2000, comparing it with that of England and the South East region, and four other localities.

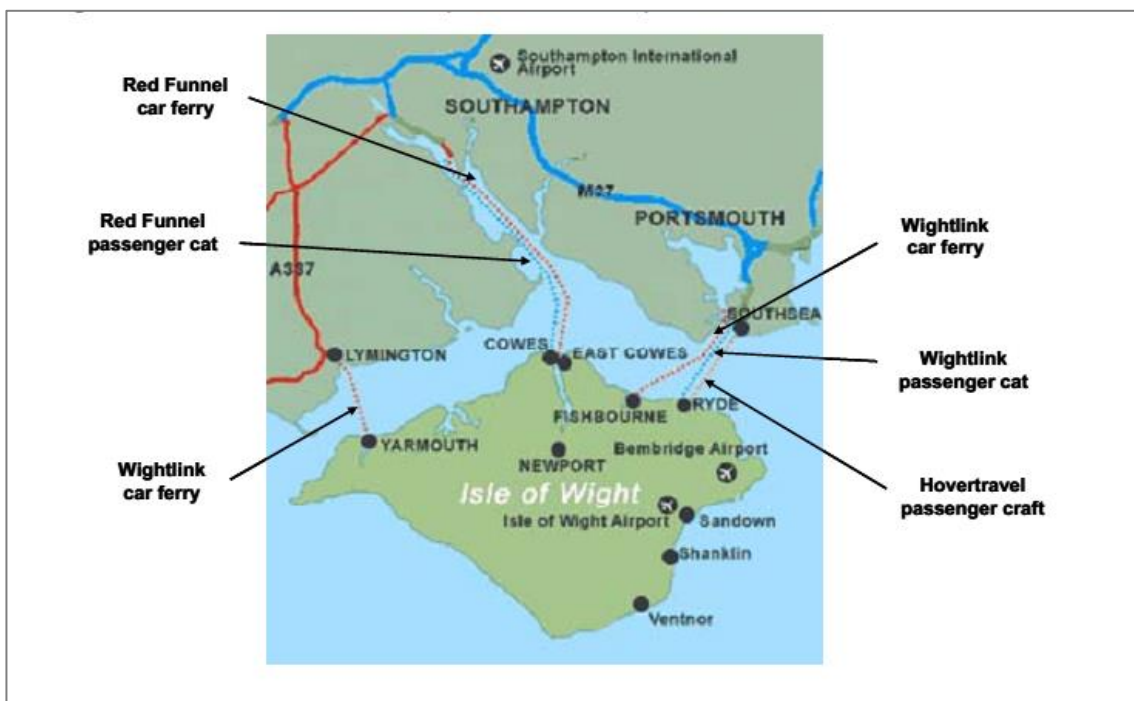
Where appropriate, each section is summarised in a chapter specific conclusion, or set of key points.

3 BACKGROUND

Isle of Wight ferry services play a vital role in the transit of people and goods between the Island and the mainland. There are no scheduled air services, or fixed link, so the Island is dependent on its ferry links with the mainland for the delivery of, or access to, many essential goods and services. In 2016 circa 2.4m visitors used ferry services to access the Island, generating an estimated £296m contribution to the local economy¹. 5.5% of Island residents in employment rely on ferries for daily commuting to the mainland, this approximately includes 730 commuters to Portsmouth, 570 to London, and 520 to Southampton². Conversely, an estimated 3.7% of Island jobs are filled by mainland residents who commute to the Island.

The Isle of Wight is served by six ferry routes. Vehicle ferry services connect Fishbourne to Portsmouth, East Cowes to Southampton, and Yarmouth to Lymington. Foot passenger ferry services connect West Cowes with Southampton and Ryde Pier with Portsmouth Harbour. A hovercraft service operates between Ryde Esplanade and Southsea. The routes and operators are shown in **Figure 3.1** below.

Figure 3.1 Cross-Solent ferry routes by operator



Map Credit: Market Study Findings Report, OFT 2009.

WEST COWES – SOUTHAMPTON – WEST COWES

Red Funnel operates a high-speed foot passenger service linking West Cowes with Southampton. Branded '*Red Jet*', the crossing takes approximately 25 minutes and is available on a 'turn up and go'

¹ Tourism South East (2016) *Isle of Wight Visitor Monitor*

² Census 2011

basis only. The service operates to a summer and winter timetable and is fulfilled using a combination of Red Jet 3, Red Jet 4 and Red Jet 6, a new craft launched in 2016.

EAST COWES – SOUTHAMPTON – EAST COWES

Red Funnel operates a vehicle ferry linking East Cowes with Southampton. Crossing times are approximately one hour, although total journey time is extended by the requirement to check in a minimum of 30 minutes before departure. The ferries which provide the service are the Red Eagle, Red Osprey and Red Falcon. Average capacity is 214 Car Equivalent Units (CEU) and 892 foot passengers. The service operates to summer and winter timetables.

RYDE PIER – PORTSMOUTH – RYDE PIER

Wightlink operates a high-speed foot passenger catamaran linking Ryde Pier with Portsmouth Harbour. Journey times are approximately 22 minutes. Tickets can be pre-booked in advance or are available on a turn up and go basis. The service is provided using Wight Ryder I and Wight Ryder II, both providing capacity for 260 passengers.

FISHBOURNE – PORTSMOUTH – FISHBOURNE

Wightlink operates a vehicle ferry linking Fishbourne with Portsmouth. Crossing times are approximately 45 minutes but journey times are influenced by the requirement to check in 30 minutes before departure. The service is provided by the St Cecilia, St Faith, St Clare and Wight Sun vessels.

YARMOUTH – LYMINGTON – YARMOUTH

Wightlink operates a vehicle ferry linking Yarmouth with Lymington. Crossing times are approximately 45 minutes but journey times are influenced by the requirement to check in 30 minutes before departure, as well as speed restrictions on the Lymington River. Services are provided by the vessels Wight Light and Wight Sky, each with a capacity of 360 passengers, 65 cars and 110m of freight.

RYDE – SOUTHSEA - RYDE

Hovertravel operates a foot passenger-only service between Ryde and Southsea. With journey times of 10 minutes, this service delivers the fastest passenger crossing on the Solent. During peak times, services depart every 15 minutes, representing the most frequent cross-Solent operation. Two new hovercrafts, each with capacity for 88 passengers, were launched in 2016.

4 OVERVIEW OF CROSS-SOLENT TRAFFIC

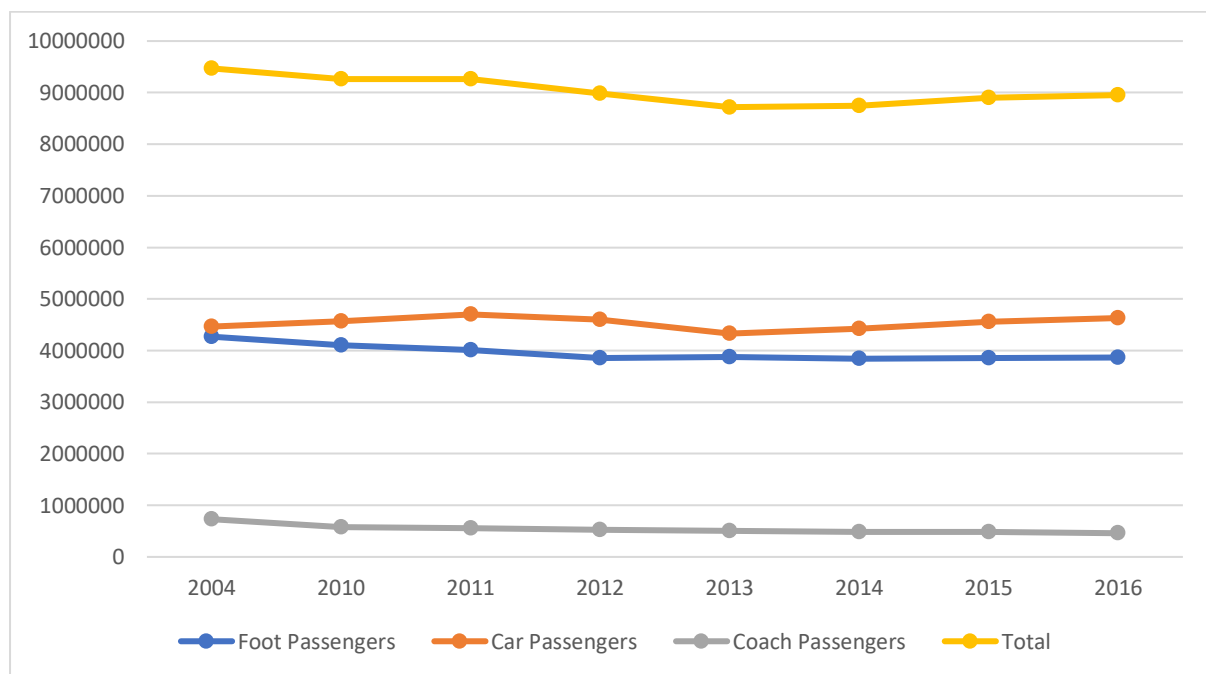
This section presents an overview of cross-Solent traffic. Data is sourced for 2010 to 2016 from *Cross-Solent Statistics*, a dataset maintained by IWC generated by weekly returns from each of the three ferry operators. Comparison data for 2004 is extracted from the *Cross Solent Movement Study* (MVA, 2006).

4.1 PASSENGER CROSSINGS

Figure 4.1 shows the total annual volume of passenger journeys by mode. From a base of circa 9.2m, the chart illustrates a gradual decline in total volumes of passengers to 2013, with a modest increase between 2013 and 2016. In 2016 passenger volumes were 5.0% lower than in 2010, representing 430,000 fewer passengers.

Passenger journey volumes for 2016, circa 8.9m, match the total volume of passenger journeys recorded in 2001³, despite a 4.7% increase in resident population between 2001 and 2015 (see **Figure 8.1**).

Figure 4.1: Volume of passengers by mode



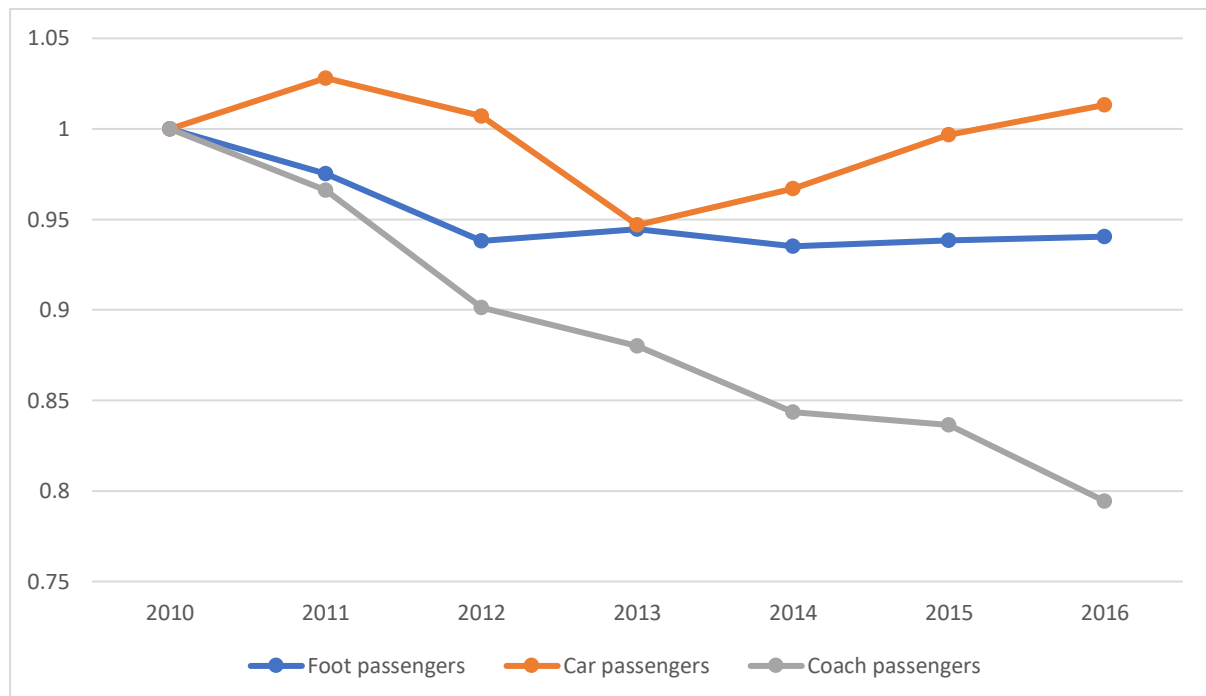
Source: Cross-Solent Statistics, IWC

The changes in volume for each mode can be most clearly seen in **Figure 4.2**, which indexes passenger crossings against the baseline of 2010. Car passenger volume has fluctuated but by 2016 is broadly the same as in 2010 (+1.3% / 60,300 more crossings). Foot passenger volume has been stable since 2012, but is 6% lower (244,000 fewer crossings) than in 2010. By 2016 the annual volume of coach

³ A total passenger market of 8.9m in 2001 is referenced in the *Cross Solent Movement Study*.

passengers had dropped significantly by 20.6% (119,000 passengers) compared to 2010. This is in the context of Visit England reporting the long-term prospects for the coach holiday sector as good, with the demand for coach travel expected to increase due to the demographic boost of an ageing population⁴.

Figure 4.2: All passenger types (indexed)



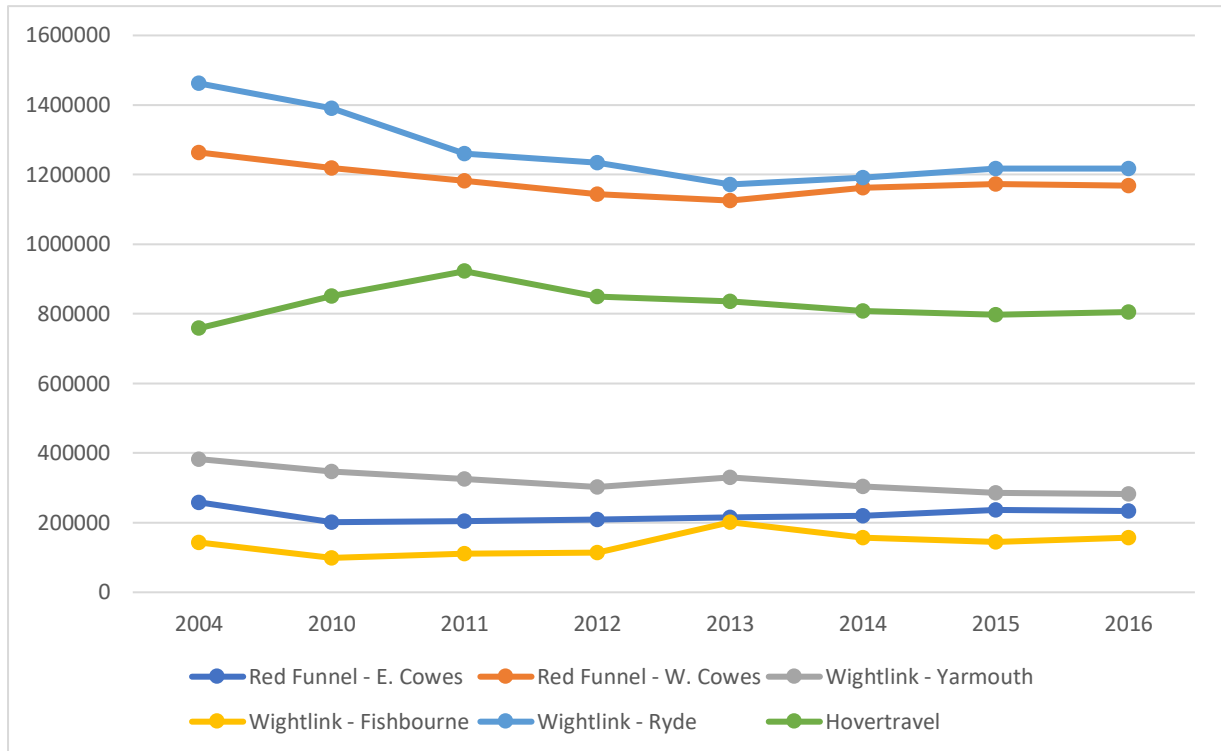
Looking at foot passengers in more detail, **Figure 4.3** shows the volume of these by route. The Wightlink Fastcat and Red Funnel Red Jet service accommodate the majority of foot passenger journeys; both services show a decline in volumes through to 2013, with more stable trends between 2013 and 2016. Between 2010 and 2016, foot passenger journeys have reduced by 12.5% (174,000 journeys) on the Fastcat and 4.1% (50,000 journeys) on the Red Jet. Hovertravel shows a 5.5% reduction (47,000 journeys) over the same period.

Foot passenger volumes on vehicle ferries are significantly lower. Of the three vehicle ferry crossings, the Yarmouth – Lymington – Yarmouth route on the west of the Island is significantly further from a ‘fast’ passenger-only service than the other two routes, which will contribute to market share. Between 2010 and 2016, volumes of foot passengers using the Yarmouth – Lymington – Yarmouth route reduced by 18.5%, or 64,000 passenger journeys.

Conversely, foot passenger volumes on the Fishbourne – Portsmouth – Fishbourne and East Cowes – Southampton – East Cowes routes increased 58.6% (58,000 journeys) and 15.9% (32,000 journeys) respectively between 2010 and 2016.

⁴ www.visitbritain.org/sites/default/files/vb-corporate/Documents-Library/documents/England-documents/guidance_coach_prospectus.pdf

Figure 4.3: Volume of foot passengers by route



Source: Cross-Solent Statistics, IWC

4.2 VEHICLE CROSSINGS

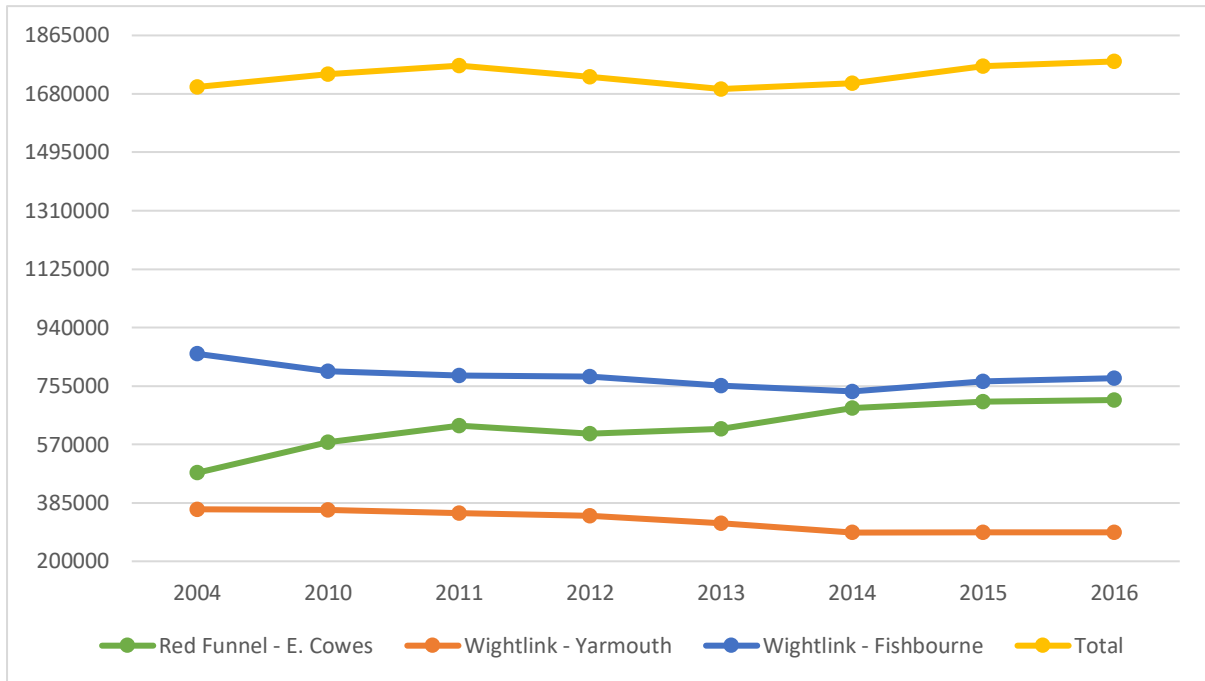
Figure 4.4 presents the volume of car traffic as a total and across the three vehicle ferry routes. Total volume of cars remains relatively consistent across the time series at circa 1.7m units in each year. The volume of cars carried in 2016 was 2.3% higher (41,000 cars) than the volume carried in 2010.

East Cowes – Southampton – East Cowes is the only vehicle ferry route to show significant growth over the time series. Volumes of cars increased from 578,000 in 2010 to 711,000 in 2016, an increase of 23.0%.

Between 2010 and 2015 volumes of cars on the Fishbourne – Portsmouth – Fishbourne route reduced to 22,000 units, a reduction of 2.7%. On the Yarmouth – Lymington – Yarmouth route volumes of cars reduced by 19.4% (70,000 cars) over the same time period.

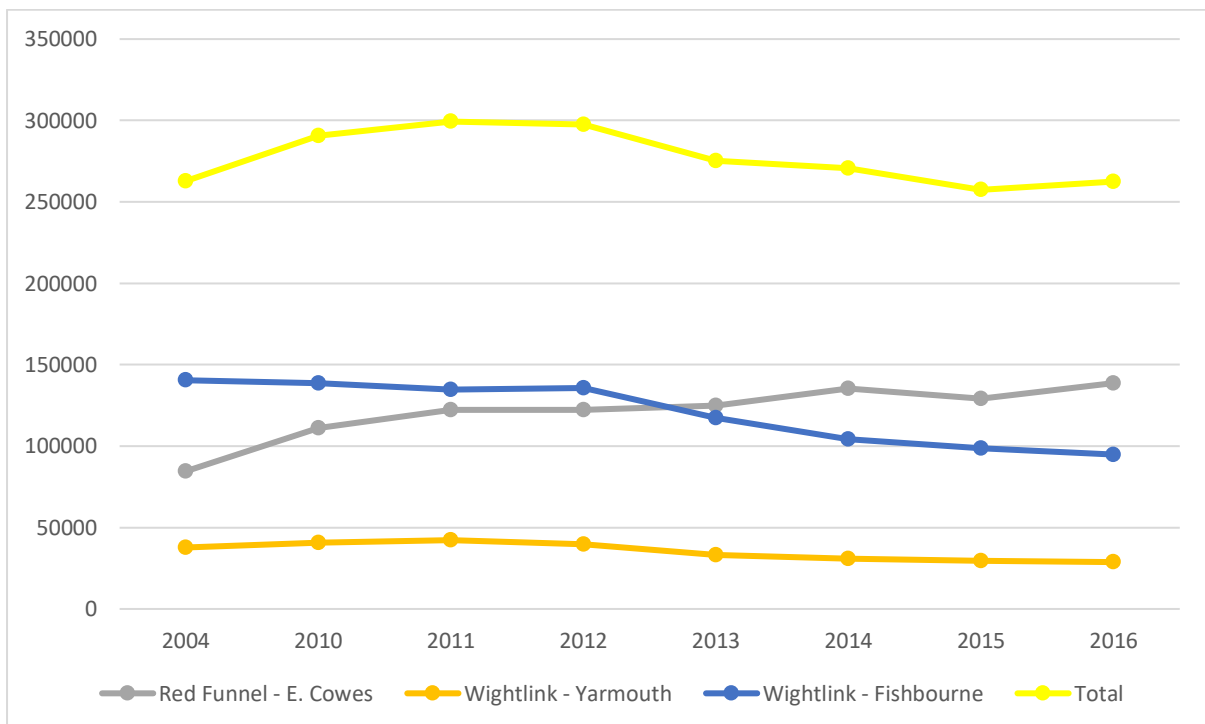
Total volumes of commercial traffic were higher in 2011 than 2004, but have been in decline since 2012. Compared to 2010, commercial vehicle crossings had fallen 9.7% (28,000 vehicles) by 2016. As shown in **Figure 4.5**, both Wightlink routes have lost significant market share to Red Funnel.

Figure 4.4: Volume of cars (total, and by route)



Source: Cross-Solent Statistics, IWC

Figure 4.5: Volume of commercial traffic



Source: Cross-Solent Statistics, IWC

The relatively stable number of car crossings overall and the decline in crossings by coaches as well as commercial vehicles is clearly shown in **Figure 4.6**, which indexes vehicular crossings since 2010. Despite a rise against the trend in 2013, coach crossings fell 15.4% (3,000 coaches) between 2010 and 2016.

Figure 4.6: Total volume of vehicle crossings by type (indexed)

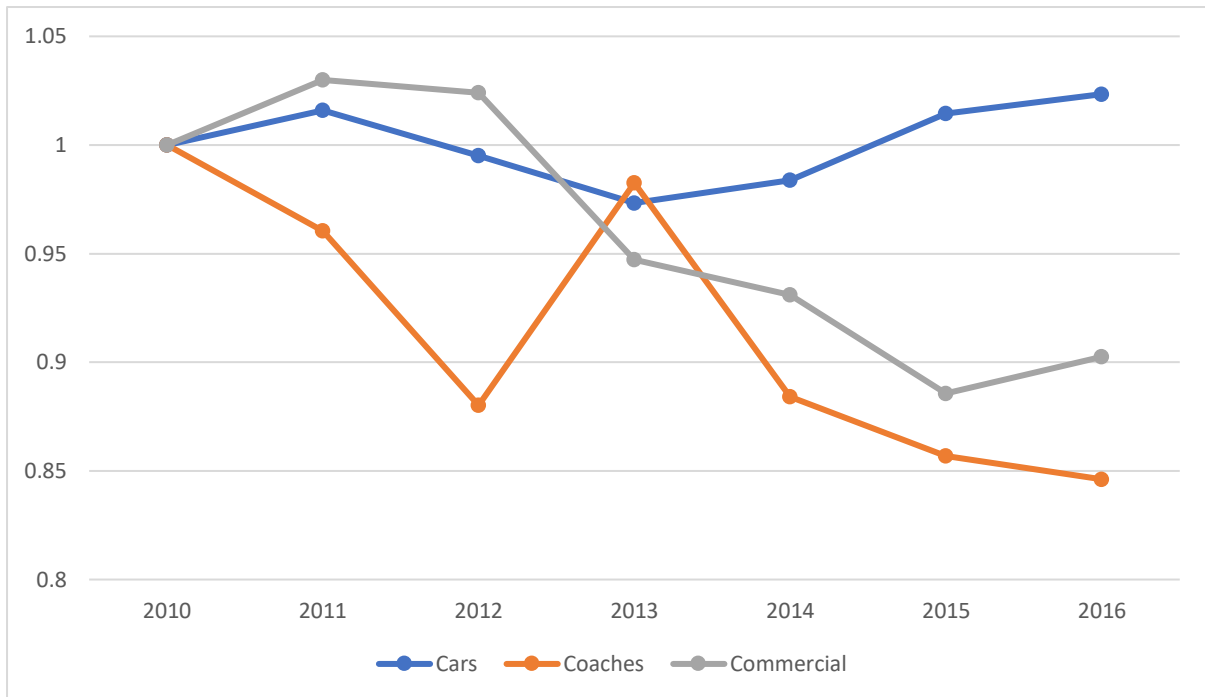


Figure 4.7: Total coach and coach passenger crossings (indexed)

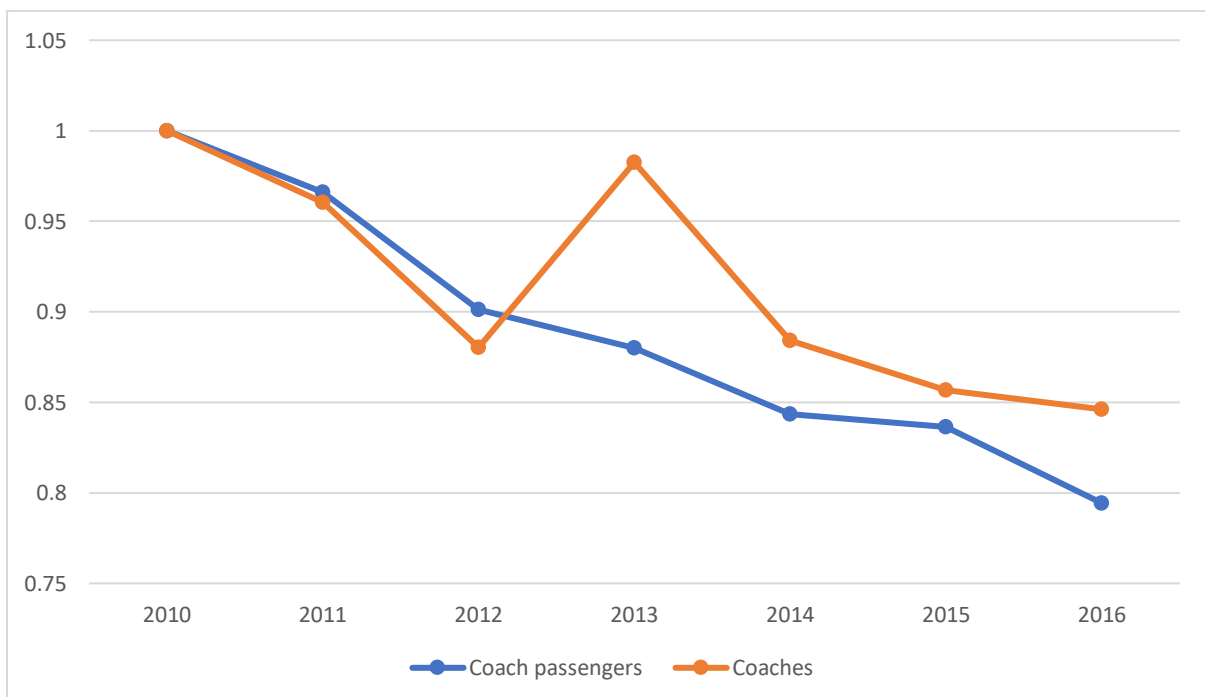
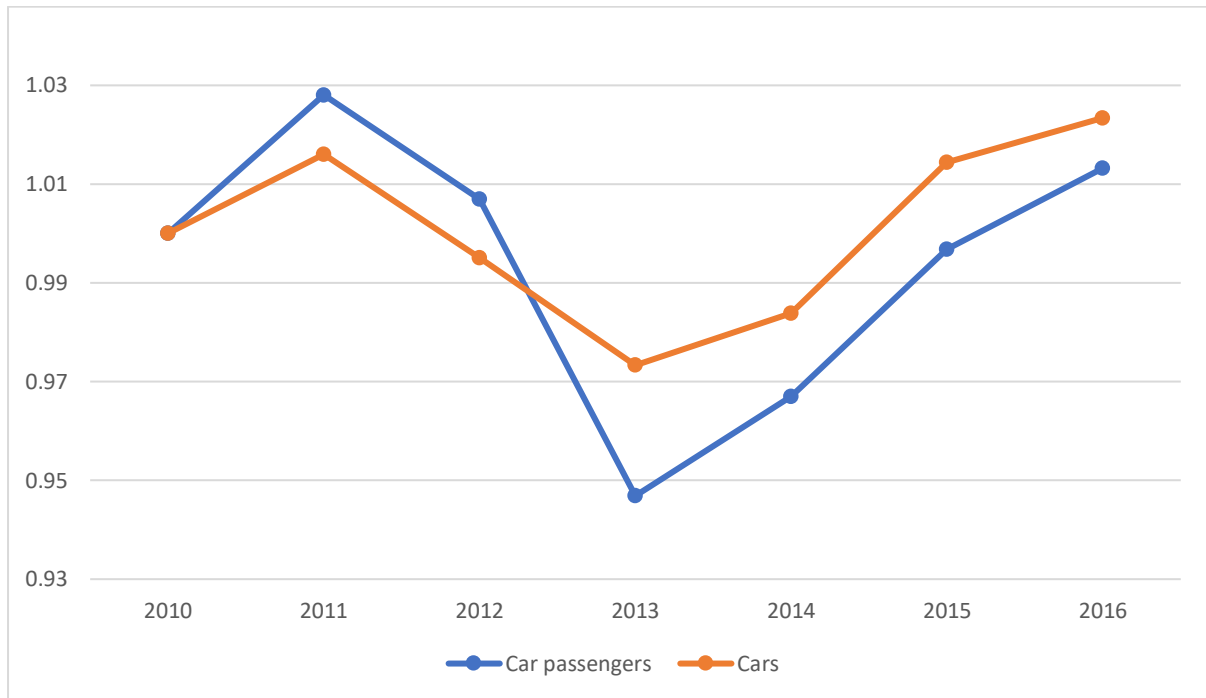


Figure 4.7 indexes coach volumes and coach passenger volumes, showing that the number of passengers is falling faster than the number of vehicle – which may be indicative of a decreasing ratio of passengers per coach.

Similarly, **Figure 4.8** shows that car crossing volumes are increasing at a faster rate than car passenger volumes, which may be indicative of a lower number of passengers per vehicle (i.e. more crossings by lone drivers or couples as opposed to families or groups).

Figure 4.8: Total car and car passenger crossings (indexed)



4.3 KEY POINTS

Overall there has been a 3.3% decrease in passenger volumes since 2010 (303,000 passengers). The most significant contributor to this is the fall in coach passenger numbers, which are in steady decline. Foot passenger volume has been stable since 2012 and car passenger volume has fluctuated but is currently at a slightly higher level than in 2010.

Car crossing volumes are also slightly higher than in 2010, while both commercial vehicle and coach crossings volumes are currently in overall decline. There is evidence that Red Funnel is securing an increasing amount of the vehicle crossing market.

5 ANALYSIS BY ROUTE

This section presents the available data for each of the six cross-Solent routes, illustrating passenger and/or vehicular crossing numbers; capacity and utilisation of boats (i.e. how many passengers they can hold and how full they typically are); and frequency and reliability of the service. It provides an assessment of the performance of the individual services and the likely impact of these changes on their customers.

Key data sources for this analysis were the IWC's *Cross-Solent Statistics*, the *Cross Solent Movement Study* (MVA, 2006), *Isle of Wight Ferry Services Market Study Findings*, Office of Fair Trading (OFT, 2009), and data supplied by operators (see ANNEX 1 to 6).

5.1 RED FUNNEL: SOUTHAMPTON – WEST COWES – SOUTHAMPTON



Red Funnel operate the foot passenger-only service on the West Cowes – Southampton – West Cowes route. Each way crossings take approximately 25 minutes.

The route is well established with the first of the Red Jet fast passenger catamarans introduced in 1990. The service runs to a half-hourly timetable during the peak, and an hourly off-peak frequency. The service operates to a seven-month summer timetable and a five-month winter timetable. A complimentary bus connection is available to Red Jet customers, linking the berth at Town Quay with Southampton Central rail station.

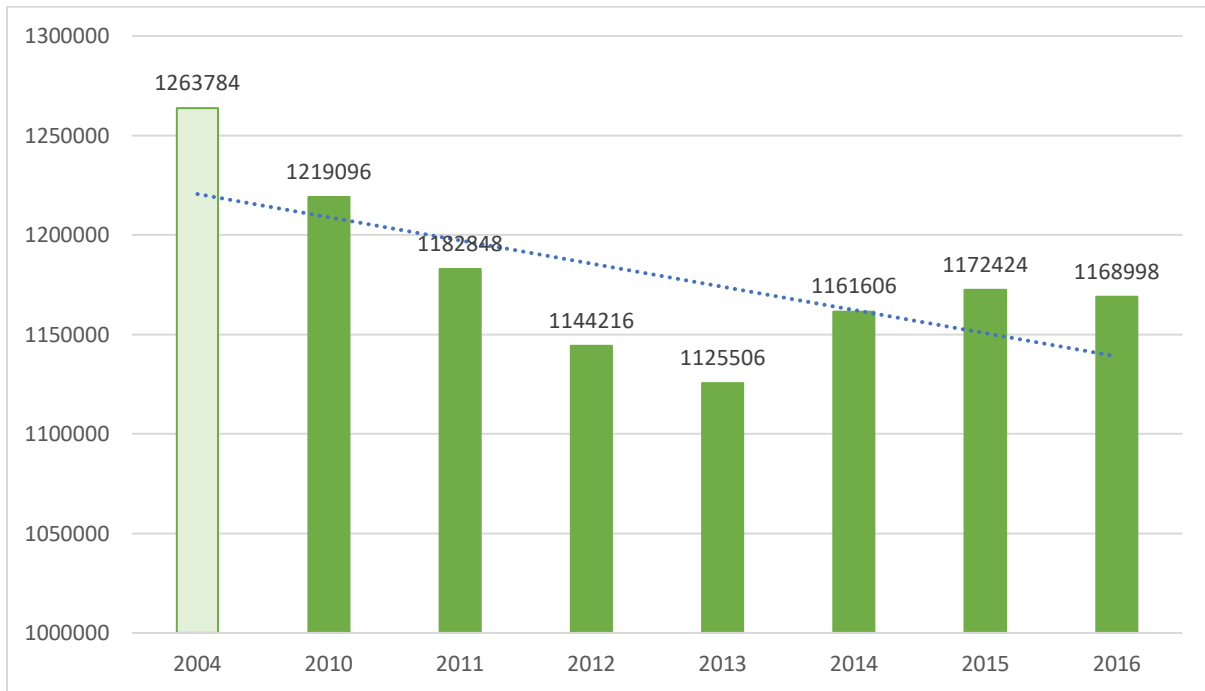
A new craft, Red Jet 6, was launched in 2016, and a Red Jet 7 is under consideration⁵.

Figure 5.1 illustrates that passenger journey numbers have increased in recent years, following a period of decline. Passenger journey volumes were 138,000 units higher in 2004 than 2013 (noting

⁵ www.passengership.info/news/view,red-jet-6-and-more-to-follow_44982.htm

that no data has been provided for the period between 2004 and 2010). Between 2010 and 2013, passenger journey volumes fell by 7.7%.

Figure 5.1: Annual Red Jet passenger journey volumes



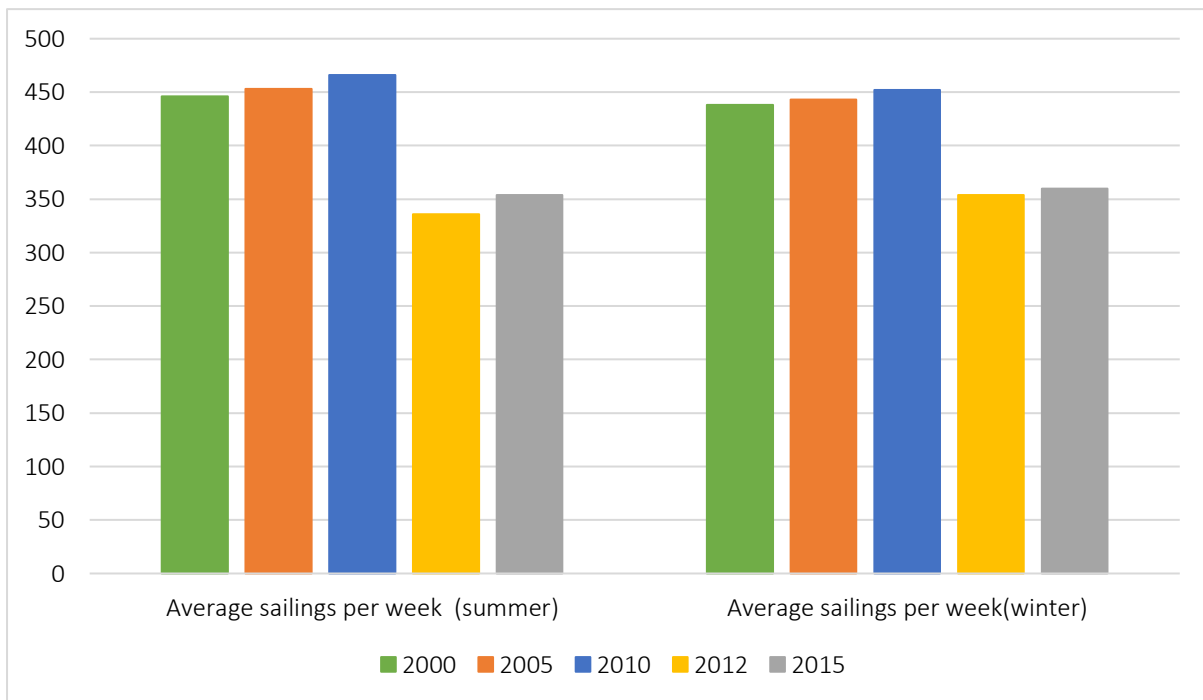
Source: Cross-Solent Statistics, IWC

Despite an overall reduction in cross-Solent foot passenger journeys, the Red Jet share of the foot passenger market increased by 0.58% between 2010 and 2016.

FREQUENCY

Data provided by Red Funnel presents the Red Jet timetable for an average summer and winter week for each of the five years in the time series. **Figure 5.2** shows a modest increase in volumes of sailings across 2000, 2005 and 2010, compared with significantly fewer sailings in 2012 and 2015.

Figure 5.2: Average sailings per week



Source: Red Funnel

It is possible to estimate the volume of annual sailings by multiplying the weekly sailings by the number of weeks which fall into winter and summer timetables; broadly 22 weeks of winter timetable and 30 weeks of summer timetable. **Table 5.1** sets out the findings and again, there is a clear reduction in volume of sailings between 2000-2010 and in particular 2012-2015. The percentage reduction between 2010 and 2015 is 23.3%.

Table 5.1: Estimated Red Jet annual volume of sailings

	2000	2005	2010	2012	2015
Estimated sailings per year	23,016	23,336	23,924	17,868	18,540

CAPACITY AND UTILISATION

Foot passenger capacity on the West Cowes – Southampton – West Cowes route will vary depending of which craft, or combination of craft, fulfil the timetable on any given day. **Table 5.2** sets out the foot passenger capacity of each craft which was in service over the time series. Although outside of the time series, it should be noted that Red Jet 6⁶, with a foot passenger capacity of 275, was introduced in summer 2016. Red Jet 5 was sold in summer 2016⁷

⁶ www.redfunnel.co.uk/redjet6

⁷ <http://shipsmonthly.com/uncategorised/red-funnel-sells-red-jet-5-to-an-italian-ferry-operator/>

Table 5.2: Red Jet craft capacity

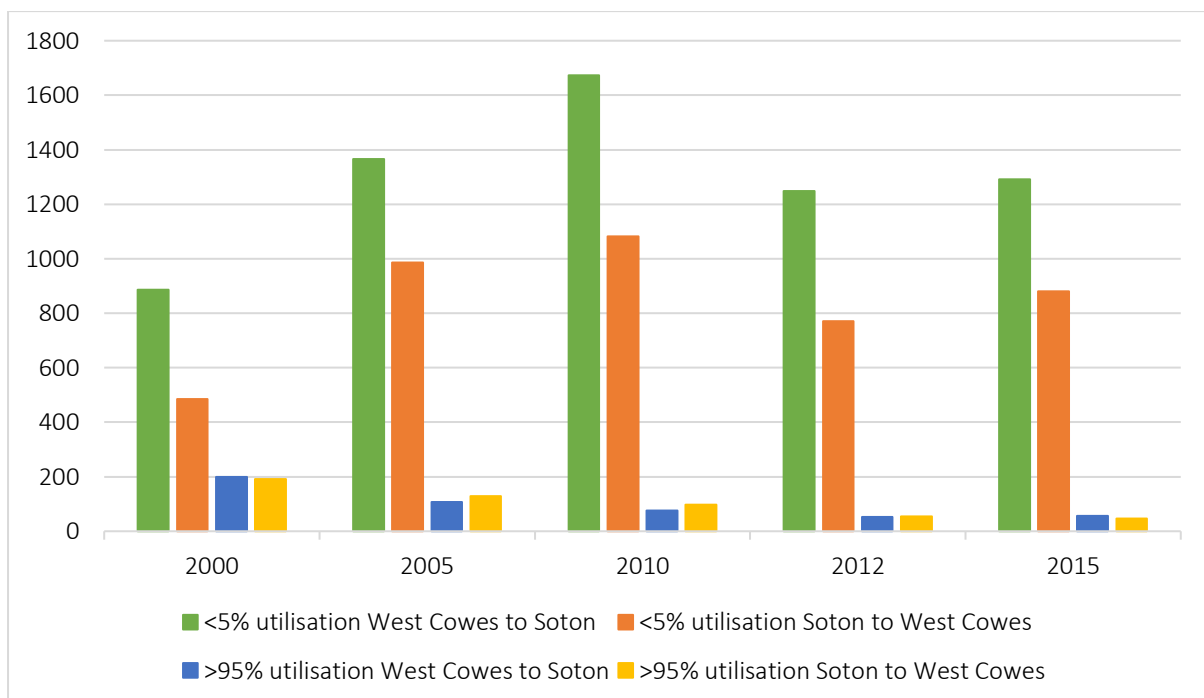
	2000	2005	2010	2012	2015
Red Jet 1	138	138			
Red Jet 2	138	138			
Red Jet 3	174	174	174	174	174
Red Jet 4		274	274	274	274
Red Jet 5			168	168	168
Utilisation	31%	26%	25%	28%	28%
Capacity			4,876,384	4,084,851	4,185,554

It is possible to estimate total annual capacity by extrapolating the utilisation percentages against the total volume of foot passenger carried between 2010 and 2015 (this is not possible for 2000 and 2005 as total foot passenger volume data has not been supplied for these years).

Utilisation reduced by six percentage points between 2000 and 2010, and remained consistent at 28% in 2012 and 2015.

Red Funnel has supplied data setting out the volume of sailings, listed as each individual sailing, which achieve <5% utilisation and >95% utilisation. **Figure 5.3** presents the results.

Figure 5.3: Volume of sailings with <5% and >95% utilisation



Less than 200 sailings have achieved >95% utilisation over the time series, and the volume has reduced consistently over the time series. The volume of sailings with <5% utilisation is significantly higher,

peaking in 2010 with 1,674 sailings between West Cowes and Southampton. Utilisation as a percentage of total estimated sailings is set out in **Table 5.3**.

Table 5.3: <5% and >95% utilisation as a percentage of total estimated sailings.

	2000	2005	2010	2012	2015
<5% utilisation	1,372	2,352	2,756	2,019	2,173
>95% utilisation	390	236	174	107	102
Estimated sailings per year	23,016	23,336	23,924	17,868	18,540
Percentage of sailings with <5 utilisation	5.96%	10.08%	11.52%	11.30%	11.72%
Percentage of sailings with >95% utilisation	1.69%	1.01%	0.73%	0.60%	0.55%

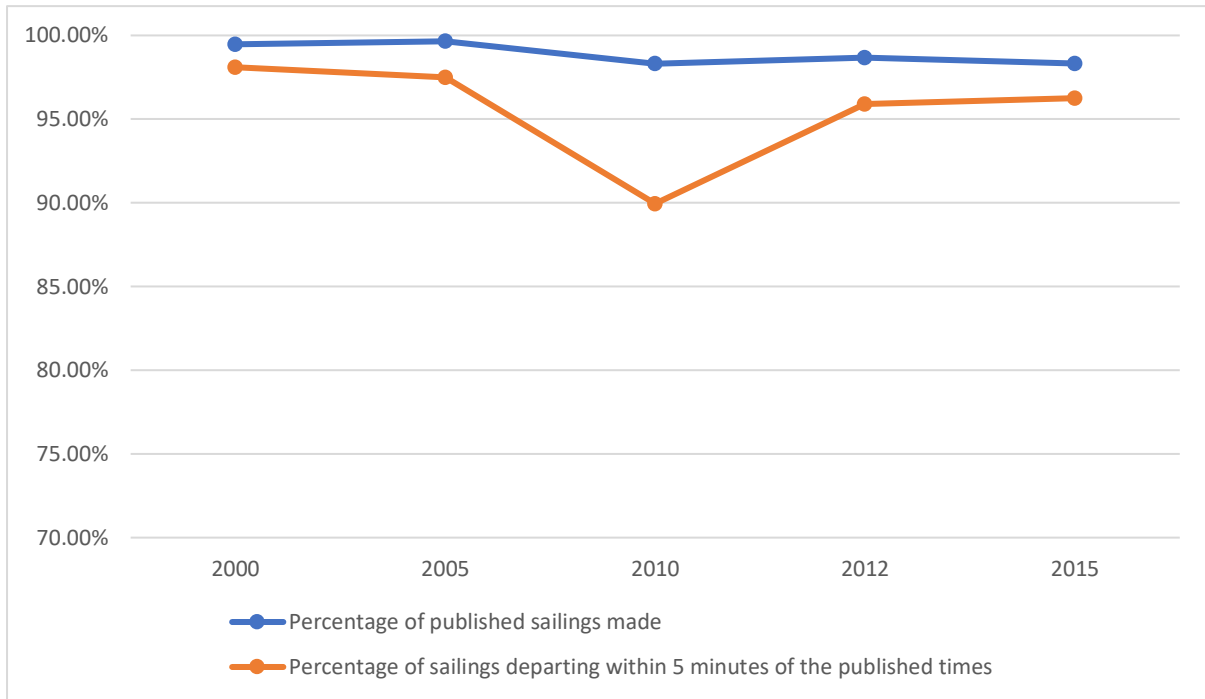
RELIABILITY AND PUNCTUALITY

Figure 5.4 shows that there has been a 1.13 percentage point reduction in the number of published sailings made since 2000 and a 1.85 percentage point reduction in sailings departing within 5 minutes of published times since 2000.

Although these reductions are relatively small, they may have negative consequences for customer satisfaction with this service; especially as customers are also experiencing busier sailings (as passenger volumes rise and the volume of sailings falls).

Unfortunately, the customer satisfaction data available from Red Funnel (see **Section 7**) only dates from 2014, so it is not possible to review customer satisfaction trends against this reliability and punctuality data. However, it is interesting to note that ‘punctuality and reliability’ features in both the list of Red Funnel’s ‘strongest’ and ‘weakest’ areas, according to customer feedback.

Figure 5.4: Reliability and Punctuality



5.2 RED FUNNEL: EAST COWES – SOUTHAMPTON – EAST COWES

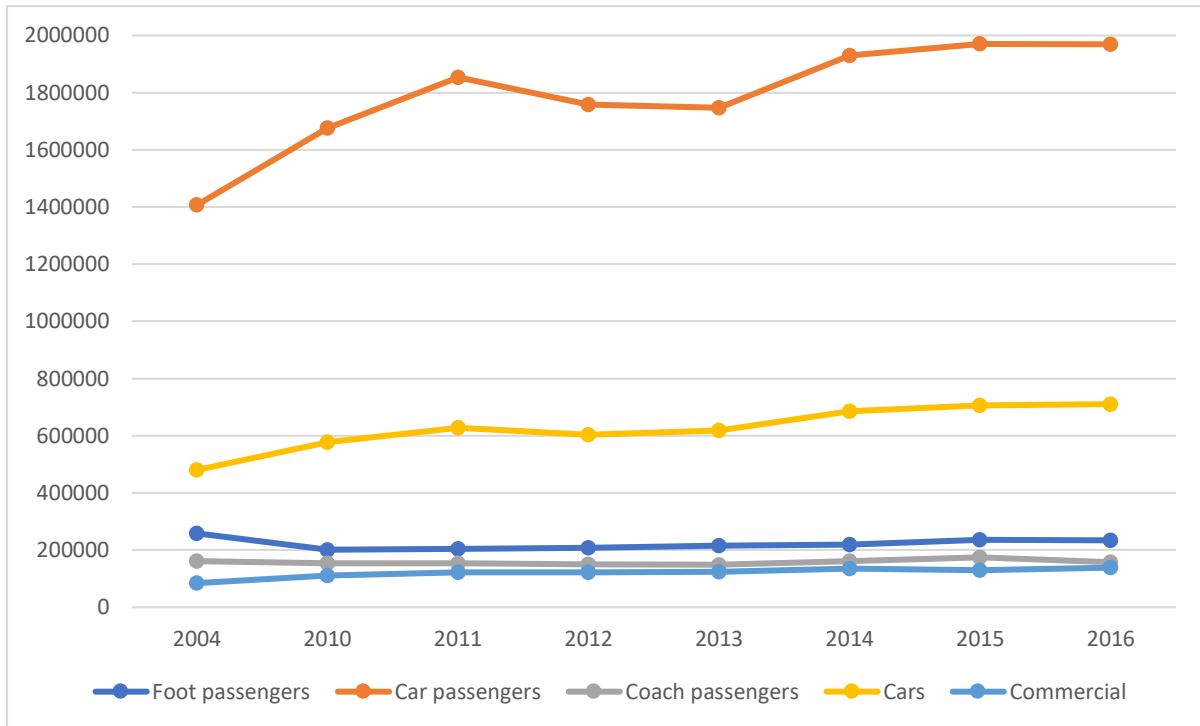


Red Funnel operates the vehicle and foot passenger ferry on the East Cowes – Southampton – East Cowes route. The route is serviced by three vehicle ferries; Red Osprey, Red Falcon and Red Eagle. Journey times are approximately one hour with the service operating a five-month winter timetable and a seven-month summer timetable.

Most information supplied by Red Funnel covers the full time series. Missing data, where comparable, has been sourced from previous reports in the public domain.

Figure 5.5 shows the volume of traffic carried on the East Cowes – Southampton – East Cowes route over the time series. All modes have experienced growth between 2010 and 2015, with the volume of cars and car passengers delivering significant growth. Car volumes have increased by 127,956 units (22% growth) and car passenger volumes have increased by 294,481 (17.2% growth).

Figure 5.5: Annual volume of traffic



Source: Cross-Solent Statistics, IWC

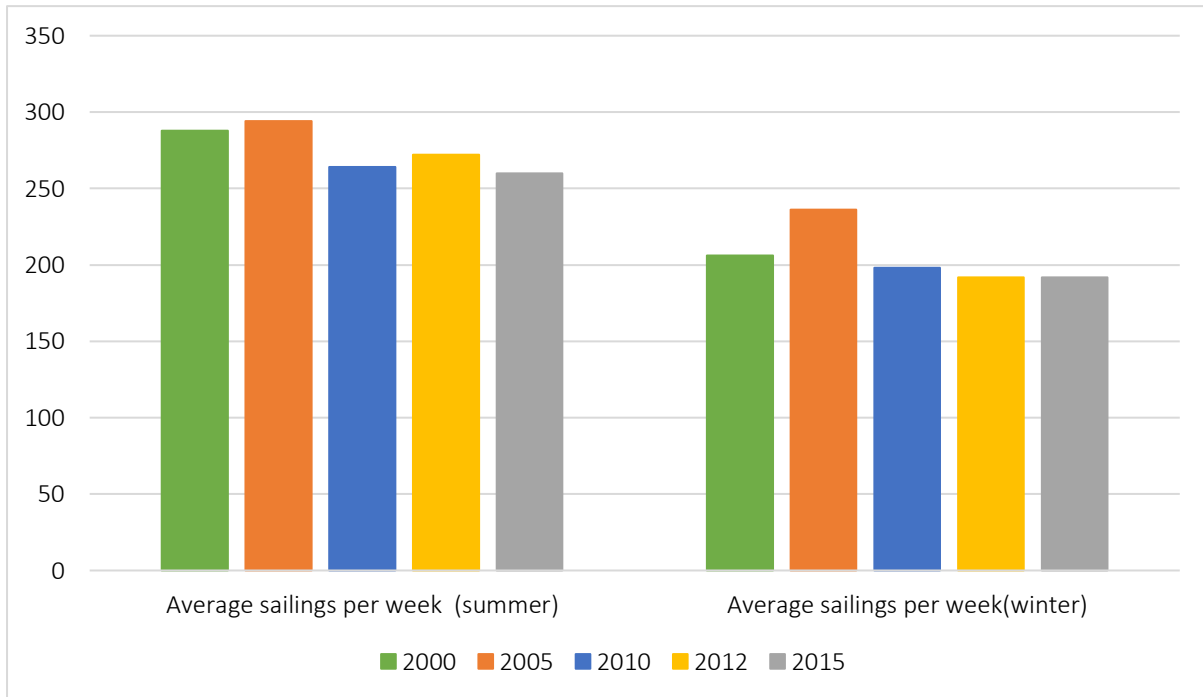
*Volumes of coach passengers are estimated

For car traffic, market share has increased from 28.2% to 39.8% between 2004 and 2016. The route has also gained market share in commercial and coach traffic.

FREQUENCY

Data provided by Red Funnel presents the vehicle ferry timetable for an average summer and winter week for each of the five years in the time series. **Figure 5.6** shows a modest decrease in the volume of sailings across the time series. There are 28 fewer weekly sailings in the summer in 2015 compared to 2000, and 14 fewer in the winter.

Figure 5.6: Average volume of sailings per week



Source: Red Funnel

It is possible to estimate the volume of annual sailings by multiplying the weekly sailings by the number of weeks which fall into winter and summer timetables; broadly 22 weeks of winter timetable and 30 weeks of summer timetable. Using this methodology, the estimated reduction in sailings is 1,988 between the peak in 2005 and the lowest volume in 2015.

Table 5.4: Estimated vehicle ferry annual volume of sailings

	2000	2005	2010	2012	2015
Estimated sailings per year	13,172	14,012	12,276	12,384	12,024

CAPACITY AND UTILISATION

Vehicle ferry capacity per sailing, has remained relatively constant across the majority of the assessment period. CEU volume increase by 84 units between 2000 and 2005, but no other changes are evident.

Table 5.5: Average capacity CEU/foot passengers per sailing (Red Eagle/Red Falcon/Red Osprey)

	2000	2005	2010	2012	2015
CEU	130	214	214	214	214
Foot passengers	892	892	892	892	892

Figure 5.7 shows the volume of sailings which achieved <5% utilisation and >95% utilisation over the time series



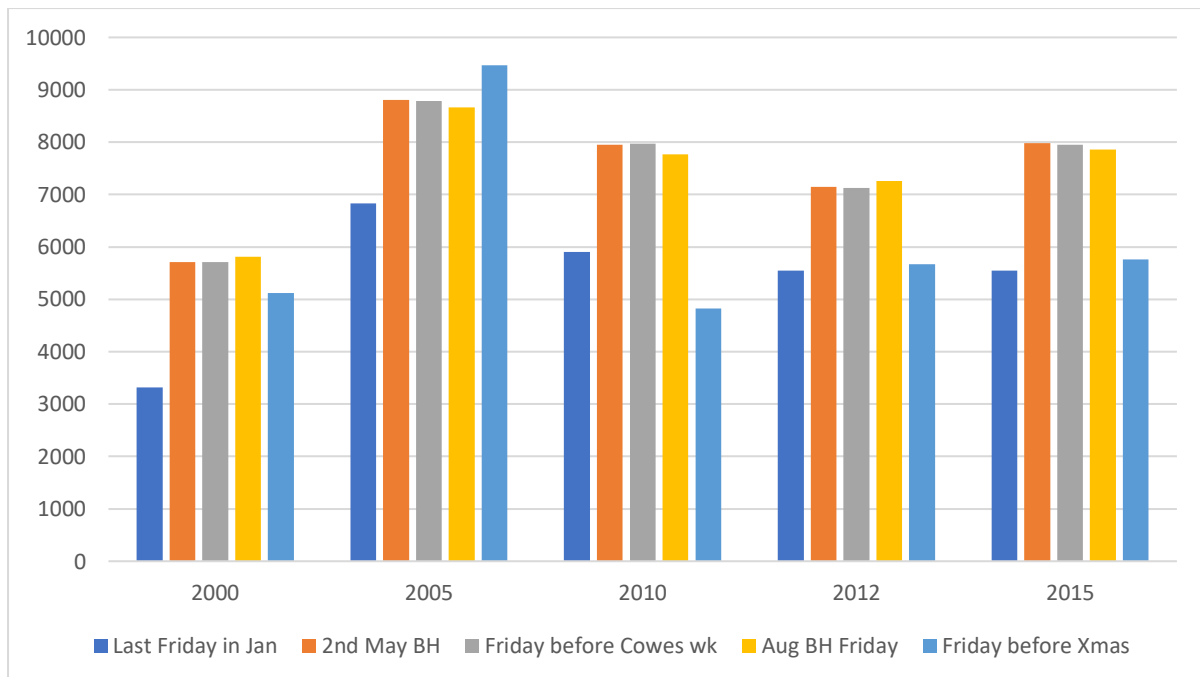
Figure 5.7: Sailings with <5% and >95% utilisation

[Chart redacted]

Source: Red Funnel

Red Funnel has supplied data across the time series to evidence CEU capacity on five specified Fridays. The data shows the highest capacity during Fridays when the summer timetable is in operation and lower capacity for January and December Fridays. Capacity in 2015 exceeds capacity in 2012 for the three middle Fridays by circa 9%.

Figure 5.8: Capacity on specific Fridays



Yield per customer type is set out in **Figure 5.9** and relates to yield generated for each journey leg. The average yield figures are a combination of published fares and discounted fares.

Figure 5.9: Average yield per customer type

[Chart redacted]

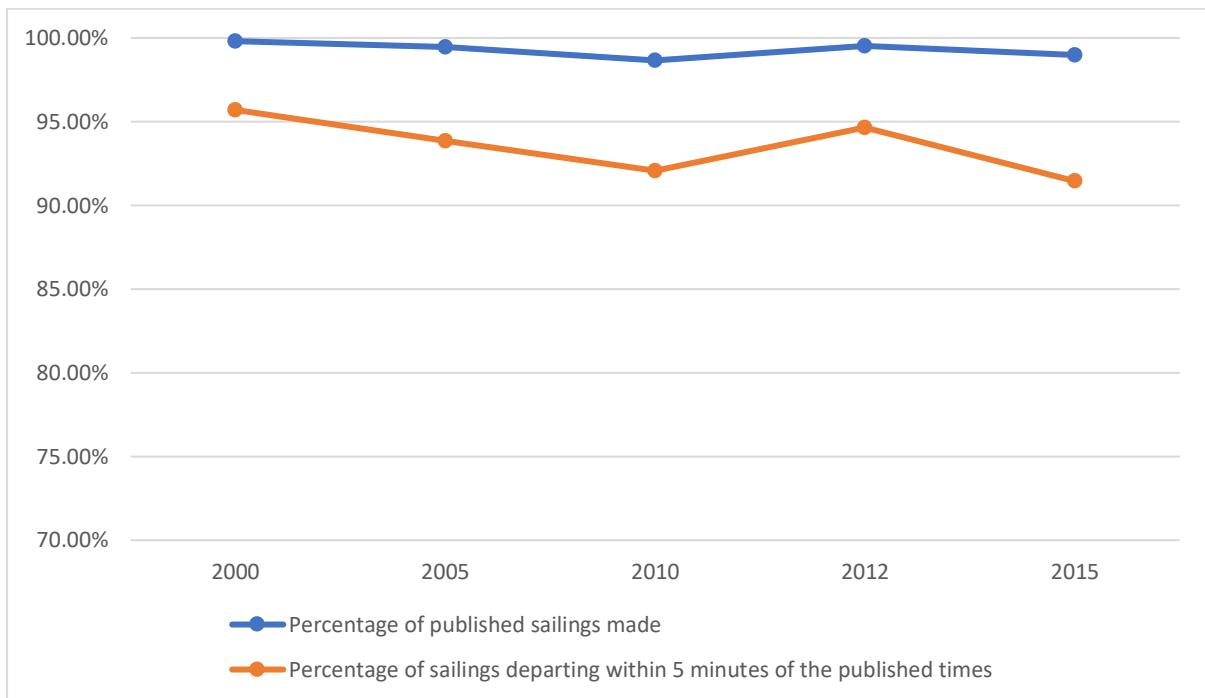
RELIABILITY AND PUNCTUALITY

Figure 5.10 shows that there has been a small 0.82 percentage point reduction in the number of scheduled sailings made since 2000, although this may be within the bounds of year-on-year fluctuations (it is difficult to ascertain this however due to the lack of data). More significantly, it shows a 4.25 percentage point reduction in sailings departing within 5 minutes of published times since 2000, with particular troughs of poor punctuality in 2010 and 2015.

Although car and car passenger volumes on this service are increasing, against a backdrop of fewer sailings and higher capacity on remaining sailings this reduction in reliability and punctuality could be contributing to an increase in negative customer perceptions of this service.

Unfortunately, the customer satisfaction data available from Red Funnel (see Section 7) only dates from 2014, so it is not possible to review customer satisfaction trends against this reliability and punctuality data.

Figure 5.10: Reliability and punctuality



5.3 WIGHTLINK: RYDE – PORTSMOUTH HARBOUR – RYDE

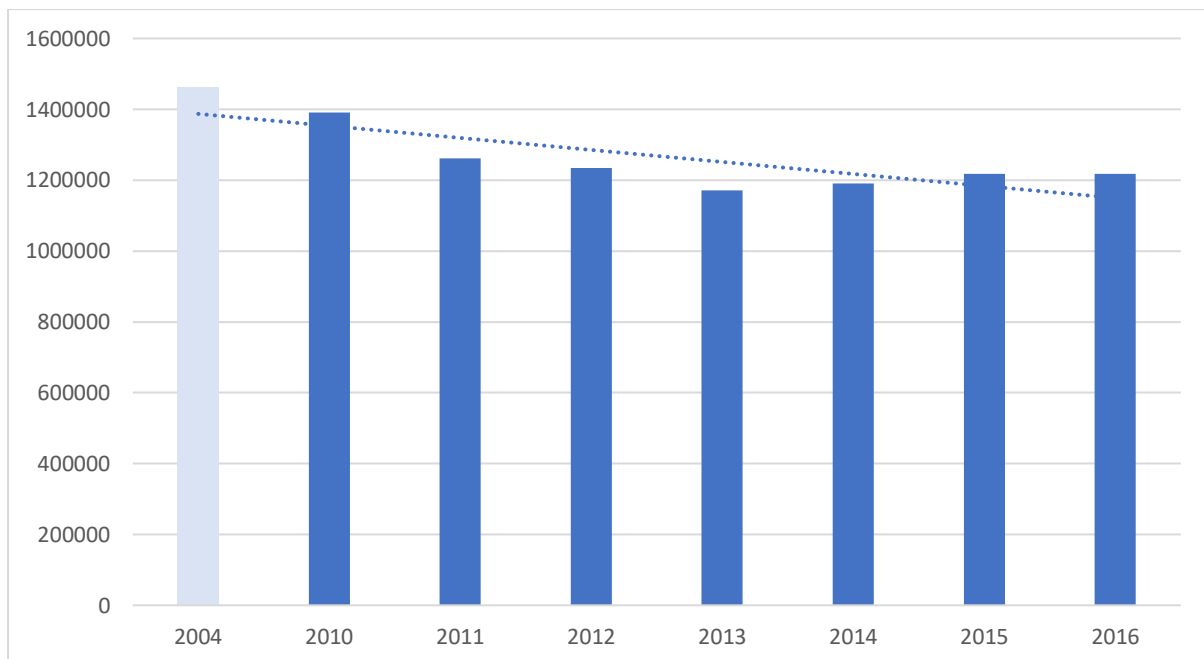


Wightlink operate the foot passenger-only service on the Ryde Pier – Portsmouth Harbour – Ryde Pier route. The route has been served by a ferry since 1825, with Wightlink commencing operations on the route in 1986. The service runs to a half-hourly timetable during the peak, and an hourly off-peak frequency.

Data supplied by Wightlink covers the time series 2012 and 2015 only. Wightlink was unable to provide data covering 2000, 2005 and 2015; comparable, has been sourced from previous reports in the public domain.

Figure 5.11 presents the volume of annual passenger journeys and shows a gradual reduction over the time series to 2013, with a modest upswing since. The volume of passenger journeys is 173,295 lower in 2016 than in 2010, a 12.4% reduction over six years.

Figure 5.11: Volume of passenger journeys



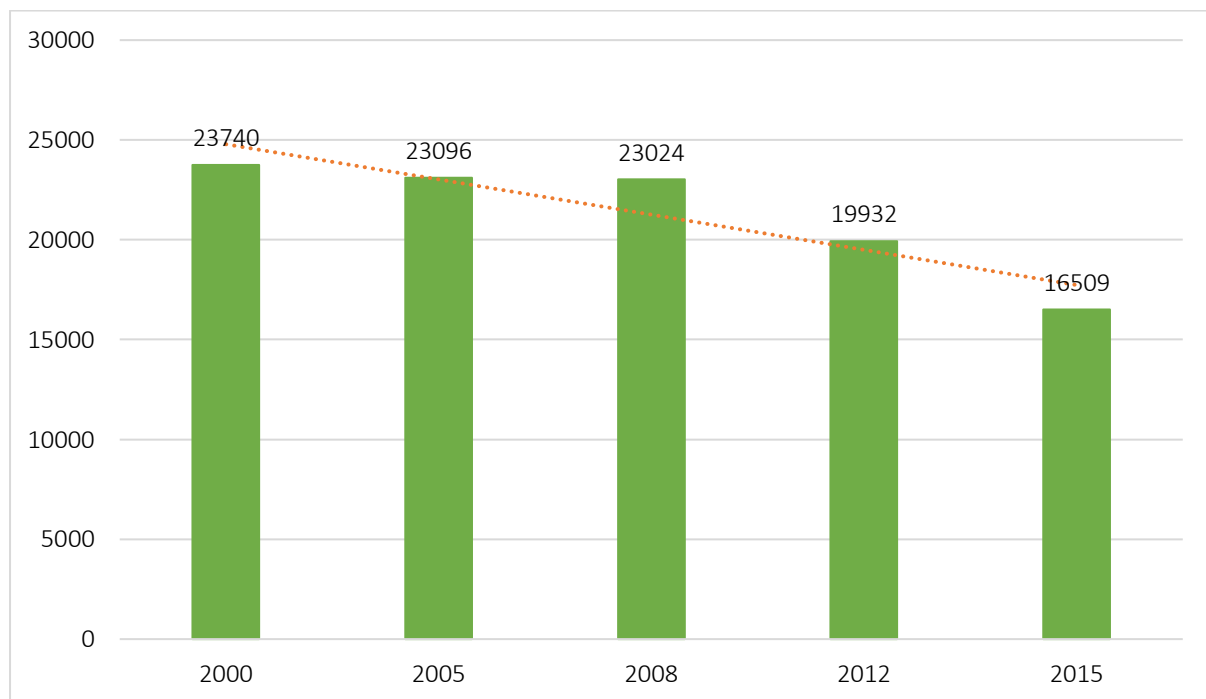
Source: Cross-Solent Statistics, IWC

The route has the highest market share of foot passengers; the 2016 market share was 31.5%, 1.2 percentage points higher than the West Cowes – Southampton – West Cowes route. However, market share has reduced from 33.9% in 2010.

FREQUENCY

Figure 5.12 shows how the volume of sailings has reduced over the time series. The total volume of annual sailings is 7,240 lower in 2015 than in 2010, a reduction of 30.4%. Due to variations in the supply of data, a direct comparison with passenger volumes over the full time series is not possible, however it is useful to note that between 2004 and 2015, passenger volumes fell by 16.6%, and between 2005 and 2015, the annual volume of scheduled sailings reduced by 28.8%.

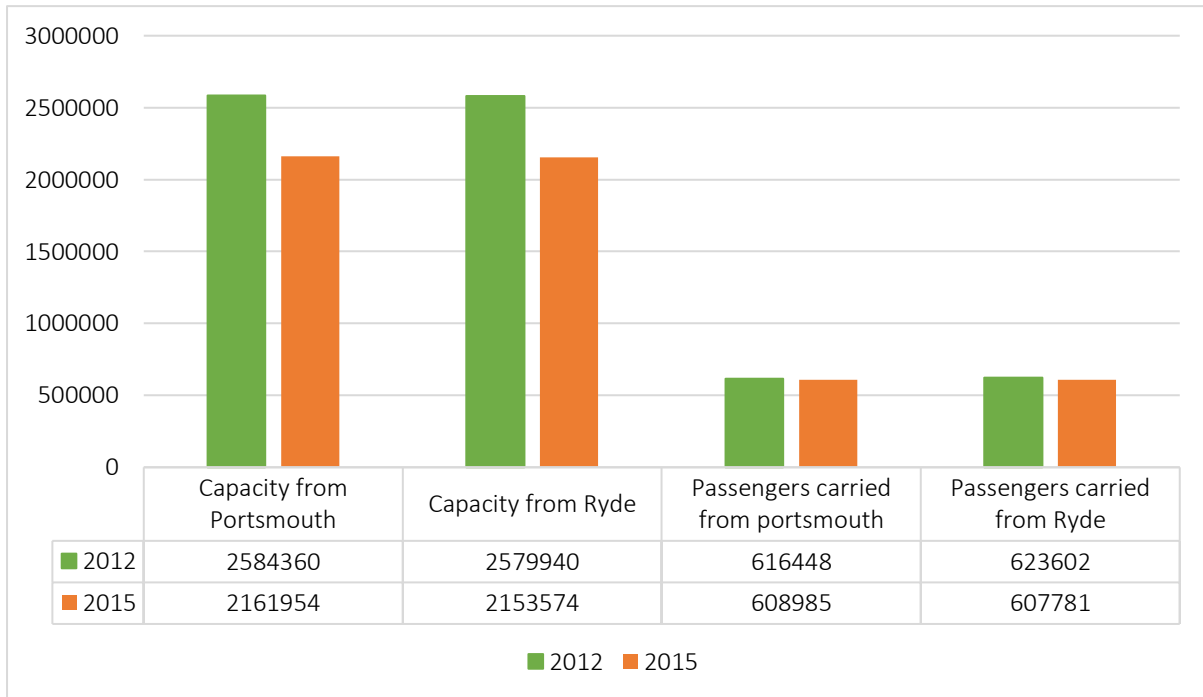
Figure 5.12: Annual volume of scheduled sailings



CAPACITY AND UTILISATION

Capacity and volume of passengers carried is set out in **Figure 5.13**. Data has only been supplied for 2012 and 2015 but there is a clear reduction in capacity between these years. The volume of passengers carried has reduced slightly but at a much lower rate, resulting in an increase in utilisation on departures from Portsmouth from 23.9% to 28.2% and the same for departures from Ryde from 24.2% to 28.2%.

Figure 5.13: Capacity and utilisation



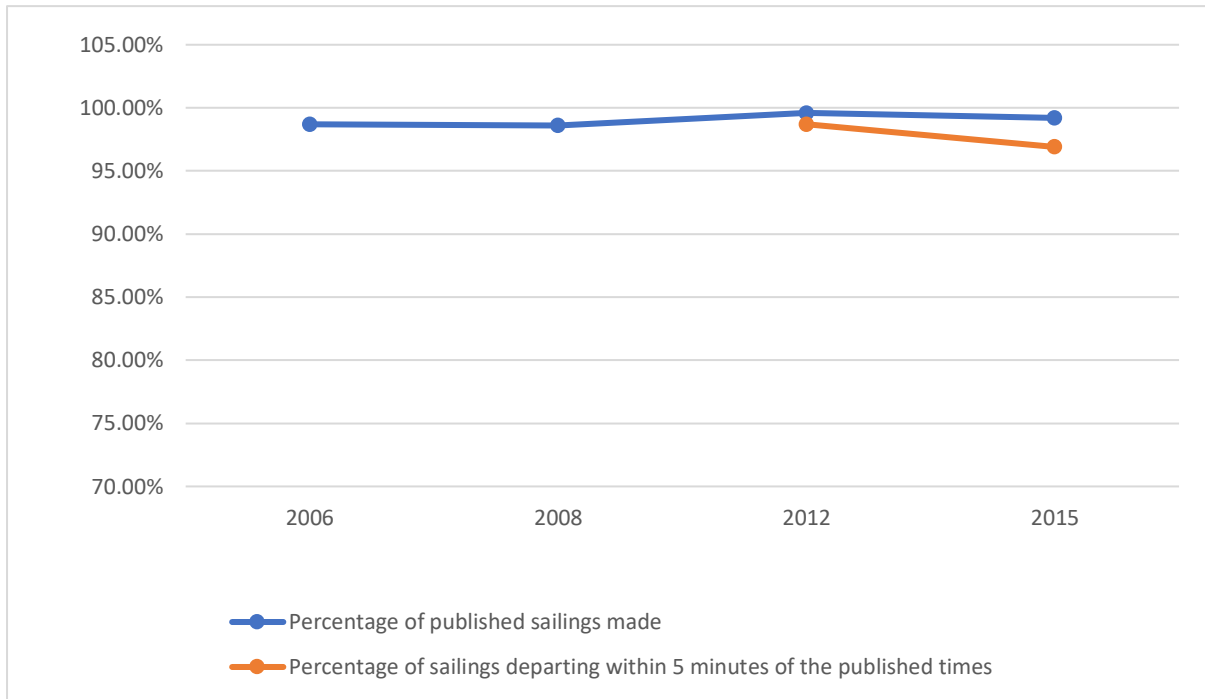
RELIABILITY AND PUNCTUALITY

Available data on reliability and punctuality of this service is limited and does not allow for analysis over regular time intervals. However, **Figure 5.14** shows that there has been a small (>1 percentage point) increase in the number of published sailings made since 2006. It also shows a 1.8 percentage point reduction in sailings departing within 5 minutes of published times between 2012 and 2015. Without further data it is unclear what the broader trends are regarding punctuality of departure.

With passenger volumes on this service decreasing at a slower rate than the declining volume of sailings, the remaining sailings are becoming busier. Customer dissatisfaction about any negative impacts of busier sailings may be offset by better reliability of the service against the published timetable.

Wightlink was unable to supply historic customer satisfaction data, so it not possible to look for any correlation between changes in reliability and punctuality and customer satisfaction.

Figure 5.14: Reliability and punctuality



Source: Wightlink

5.4 WIGHTLINK: FISHBOURNE – PORTSMOUTH – FISHBOURNE



Wightlink operate the vehicle ferry on the Fishbourne – Portsmouth – Fishbourne route.. Journey times are approximately 40 minutes.

The current route is served by:

- MV St Clare: the biggest ship in Wightlink's fleet, able to hold 878 passengers and 186 cars
- MV St Celicia: with capacity for 771 passengers and 142 cars
- MV St Faith: with capacity for 722 passengers and 142 cars
- Wight Sun: with capacity for 360 passengers and 65 cars

Wightlink has commenced an investment programme designed to increase capacity, improve reliability and punctuality, and reduce carbon emissions⁸. Improvements include:

- A new flagship ferry, which will have two fixed vehicle decks to hold the equivalent of 178 cars and more than 1,000 customers. It will use sustainable hybrid battery technology (as well as conventional fuel), reducing its carbon footprint and making arrivals and departures quieter;
- Extending the top deck of the current flagship ferry - St Clare – to increase vehicle capacity;
- New double deck boarding ramps at both Portsmouth Gunwharf and Fishbourne.

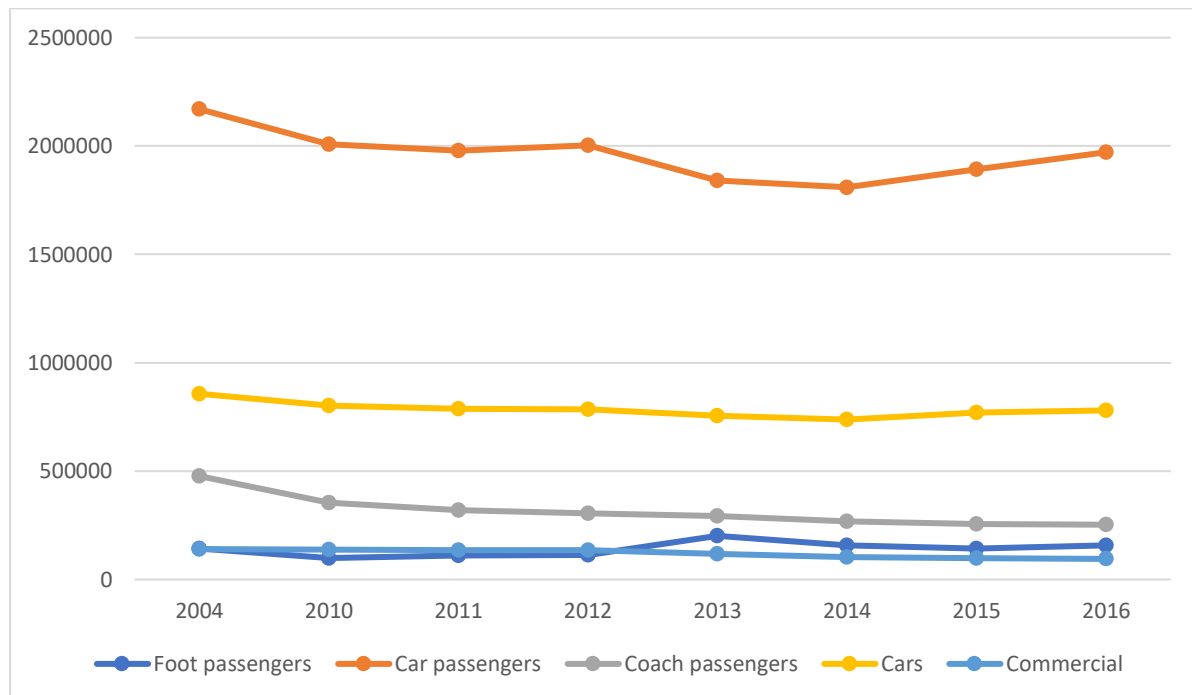
Port improvements are due to be completed by summer 2017, and the new ferry is expected to arrive in spring 2018.

Data supplied by Wightlink covers the time series 2012 and 2015 only. Wightlink was unable to provide data covering 2000, 2005 and 2015; where comparable, this has been sourced from previous reports in the public domain.

⁸ www.wightlink.co.uk/information/investing-for-the-future/

Figure 5.15 shows the volume of all traffic on the Fishbourne – Portsmouth – Fishbourne route. Cars and car passengers account for the highest volumes, although volumes of both have reduced across the time series. Car passenger volumes are 199,674 lower in 2016 than in 2004 (-10.1%) and cars are 73,030 lower (-25%). Over the same period, volumes of coaches have reduced by 43% and volumes of commercial traffic by 29%. However, foot passengers have increased by 57,951 (58.6%) between 2010 and 2016.

Figure 5.15: Volume of traffic



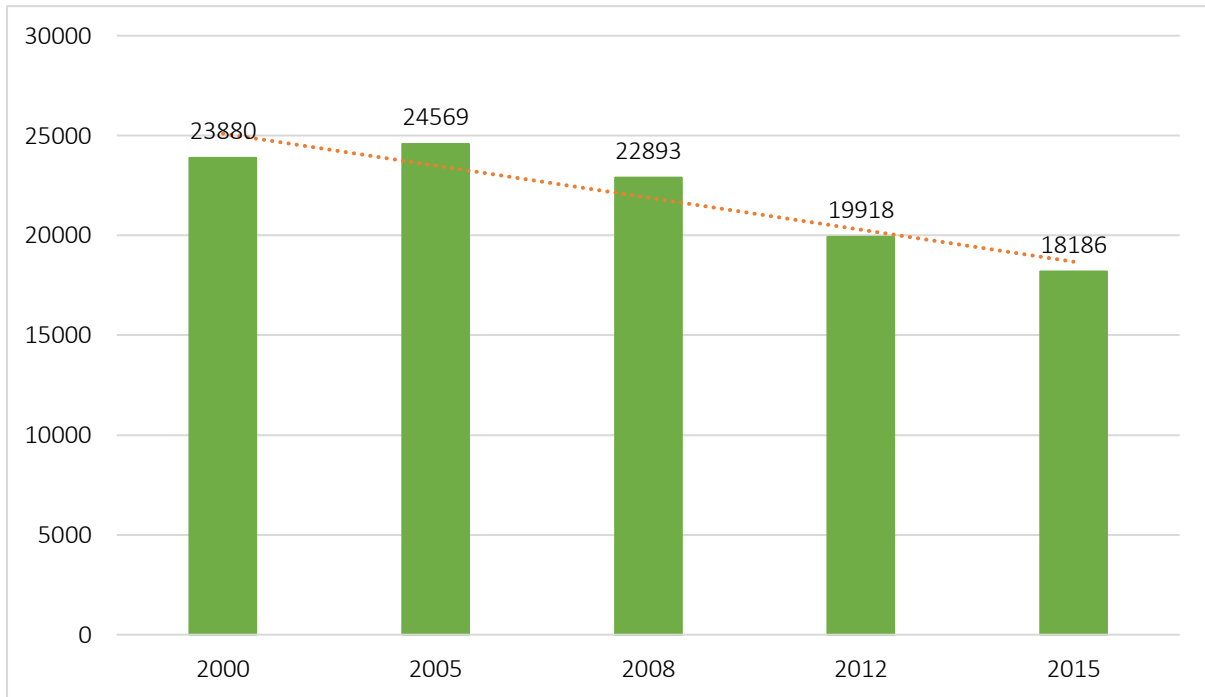
Source: Cross-Solent Statistics, IWC

Market share for cars has reduced from 49% in 2004 to 43% in 2015; this route carries the most cars across the Solent. Commercial traffic has lost considerable market share, reducing from 53% of the market in 2004 to 38% in 2015, much of this traffic has shifted to the East Cowes – Southampton – East Cowes route, which increased market share from 32% to 50% over the time series.

FREQUENCY

Wightlink has provided volumes of scheduled sailings for 2012 and 2015, comparable data for 2000, 2005 and 2008 has been sourced from the OFT Report (2010 data is not available). **Figure 5.16** shows that sailings on the Fishbourne – Portsmouth – Fishbourne routes have reduced by 5,694 between 2000 and 2015, a reduction of 23.8%.

Figure 5.16: Annual volume of scheduled sailings



Sources: OFT Report for 2000, 2005 and 2008. Wightlink for 2012 and 2015

CAPACITY AND UTILISATION

As shown in **Figure 5.17** and **Figure 5.18**, passenger and vehicle capacity has reduced between 2012 and 2015; with overall vehicle capacity from Portsmouth reduced by circa 650,000 CEU, and by circa 610,000 on sailings from Fishbourne. The number of passengers and vehicles carried also reduced, but at a slower rate than the reduction in capacity.

Figure 5.17: Vehicle capacity and utilisation

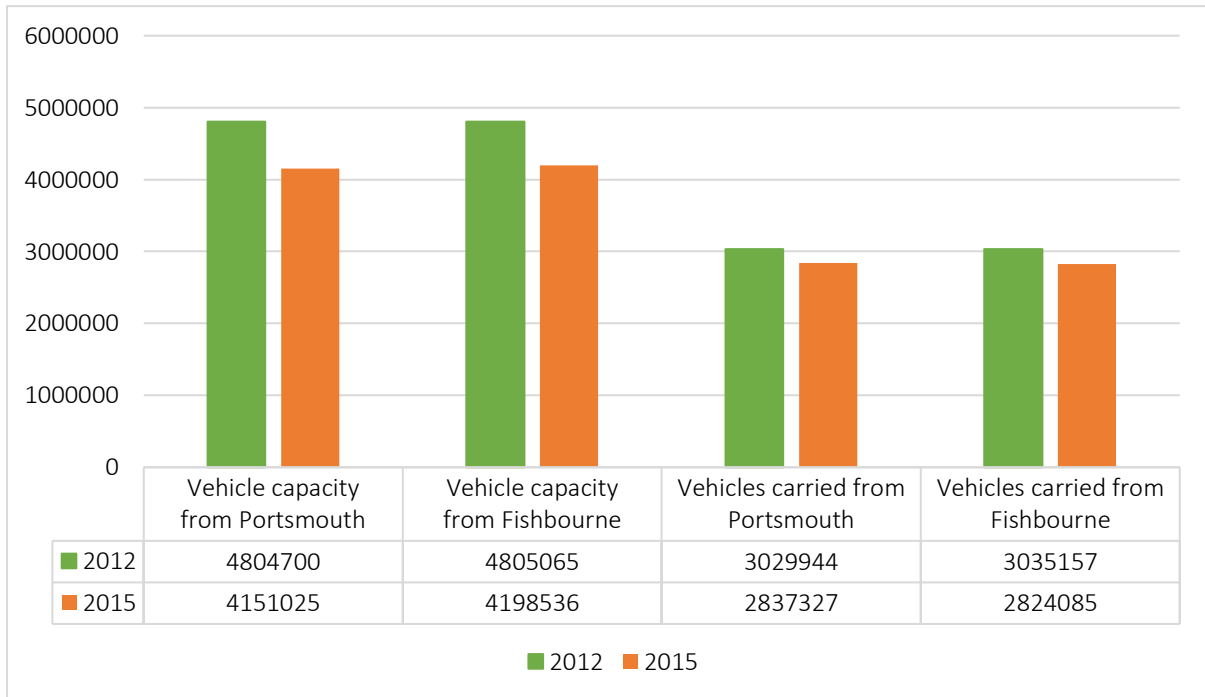
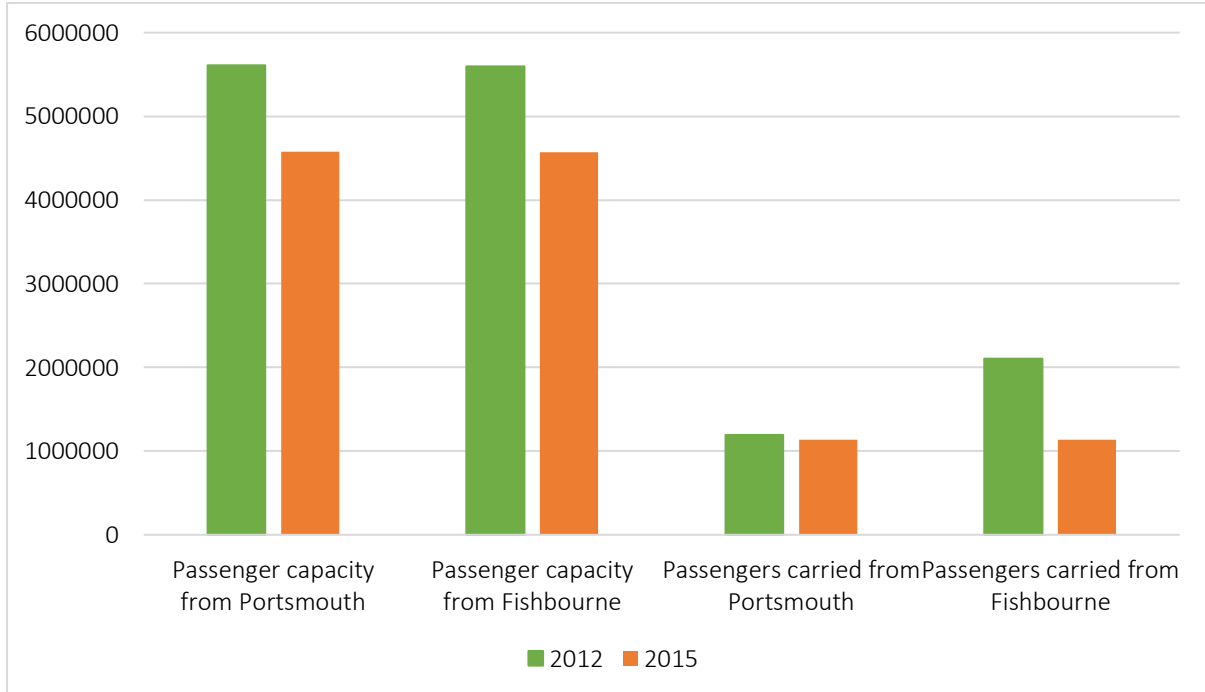


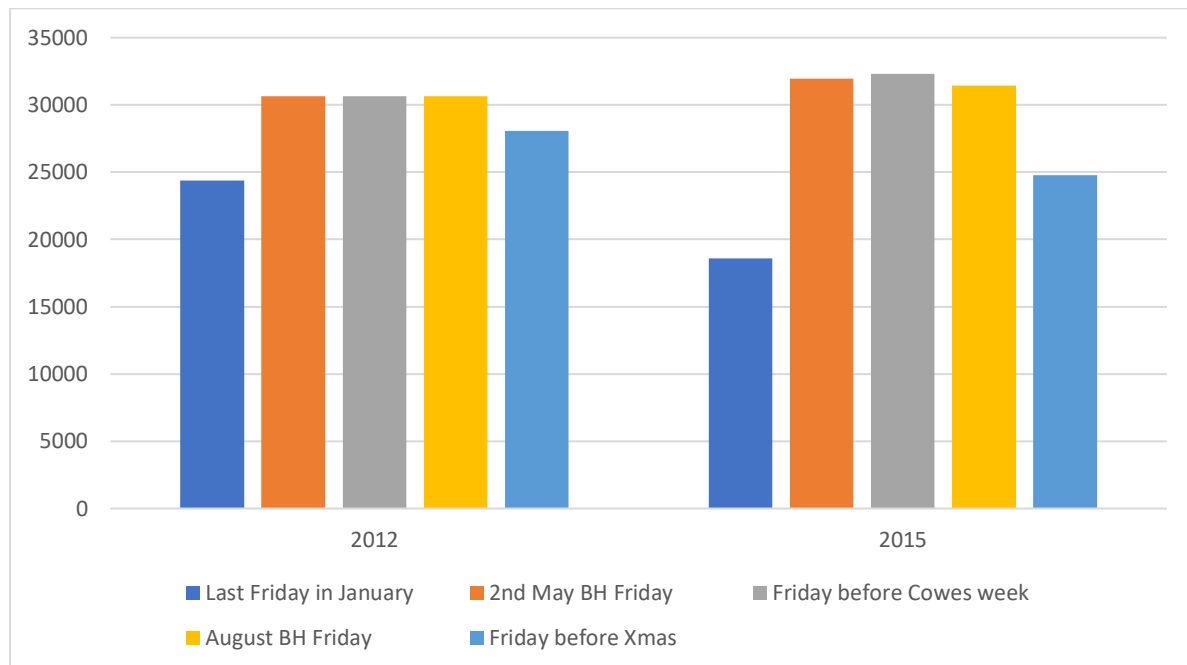
Figure 5.18: Passenger capacity and utilisation



In 2015 5,276 sailings (29.3%) were more than 95% full and 74 sailings (0.004%) were less than 5% full. There is no available comparison data to show how this has changed over time. However it is likely that the number of sailings more than 95% full has increased over time, as capacity has reduced.

Wightlink has supplied data across the time series to evidence CEU capacity on five specified Fridays, as plotted in **Figure 5.19**. The data shows that between 2012 and 2015, CEU capacity has reduced outside of main visitor season; capacity on the last Friday in January has reduced by 5785 units and capacity on the Friday before Christmas has reduced by 3284 units. In contrast, capacity during peak times has increased, with the largest increase of 1664 units applicable to the Friday before Cowes week.

Figure 5.19: CEU Capacity on five Fridays



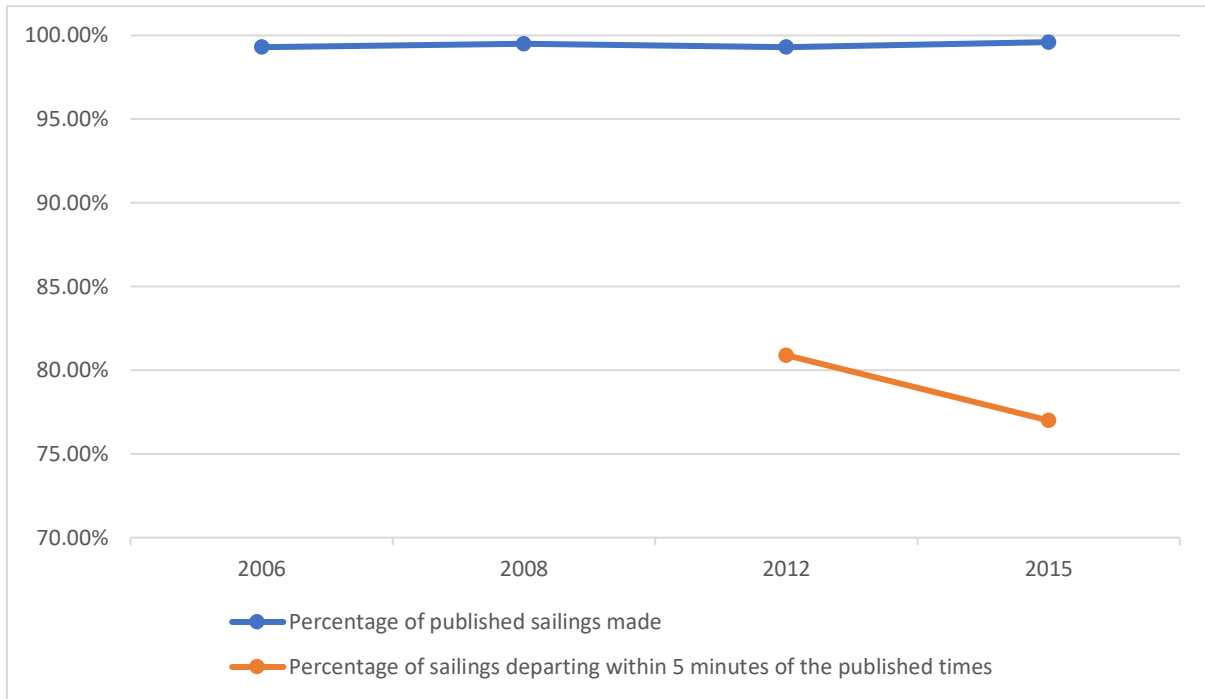
RELIABILITY AND PUNCTUALITY

Available data on reliability and punctuality of this service is limited and does not allow for analysis over regular time intervals. However, **Figure 5.20** shows nearly all published sailings go ahead, providing passengers with a consistent service. It also shows very little change in the percentage of sailings departing within 5 minutes of published times between 2012 and 2015. However, at around 80%, this is much lower punctuality than that achieved by other services (which are typically achieving over 90% of sailings within 5 minutes), shipping movements in Portsmouth Harbour are recognised as a key contributor to the punctuality of this service.

With car and passenger volumes on this service decreasing at a slower rate than the declining volume of sailings, the remaining sailings are becoming busier (nearly a third of sailings were over 95% utilised in 2015). Therefore while customers on this service can rely on regular departures, they are suffering from high levels of delay and busier sailings.

Wightlink was unable supply historic customer satisfaction data, so it not possible to look for any correlation between changes in reliability and punctuality and customer satisfaction.

Figure 5.20: Reliability and punctuality



5.5 WIGHTLINK: YARMOUTH – LYMINGTON – YARMOUTH



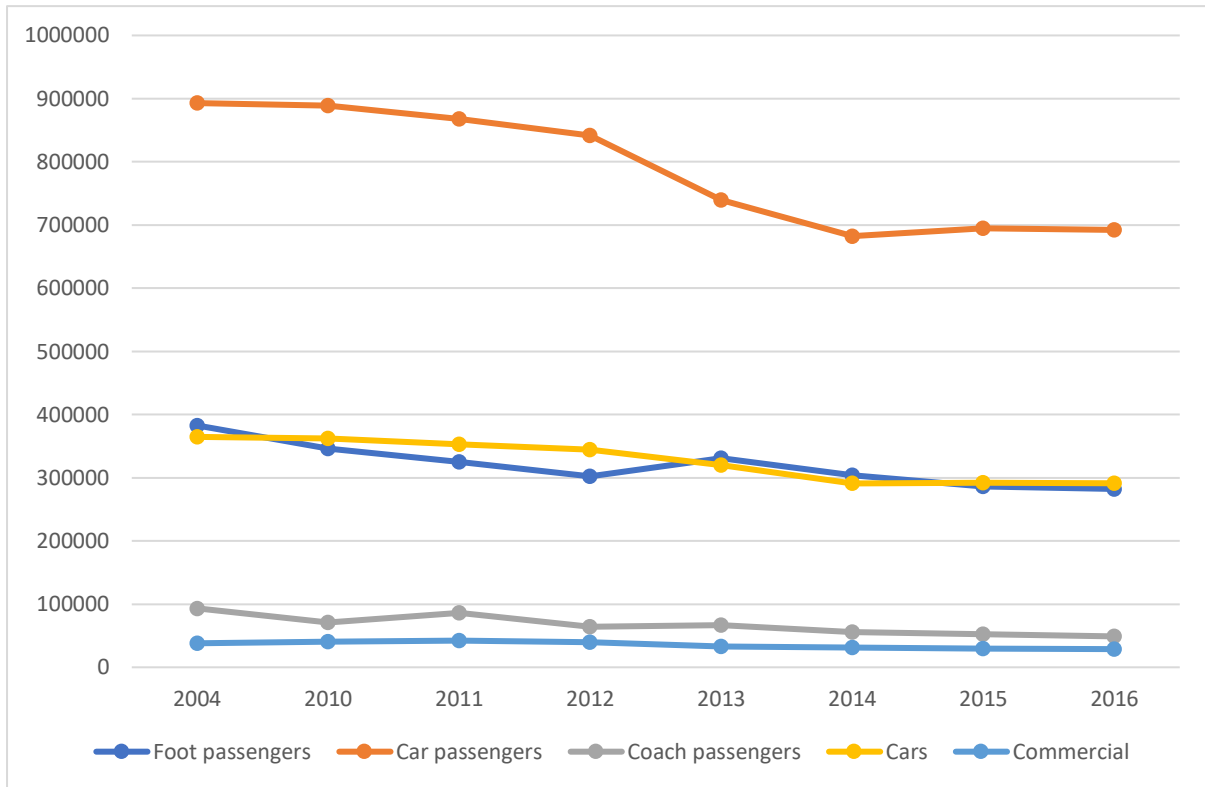
Wightlink operate the vehicle and foot passenger service on the Yarmouth – Lyminster – Yarmouth route. The route is serviced by the Wight Light and Wight Sky vessels and journey times are approximately 45 minutes

Data supplied by Wightlink covers the time series 2012 and 2015 only. Wightlink was unable to provide data covering 2000, 2005 and 2015; where comparable, this has been sourced from previous reports in the public domain.

VOLUME

The volume of traffic on the route has reduced significantly over the time series (**Figure 5.21**). Between 2004 and 2016, car volumes have decreased by 25% and car passenger volumes by 28.9%. Volumes of coaches have reduced by 26% and volumes of coach passengers has nearly halved. Market share for cars has reduced from 21.4% in 2004 to 16.3% in 2016.

Figure 5.21: Volume of traffic

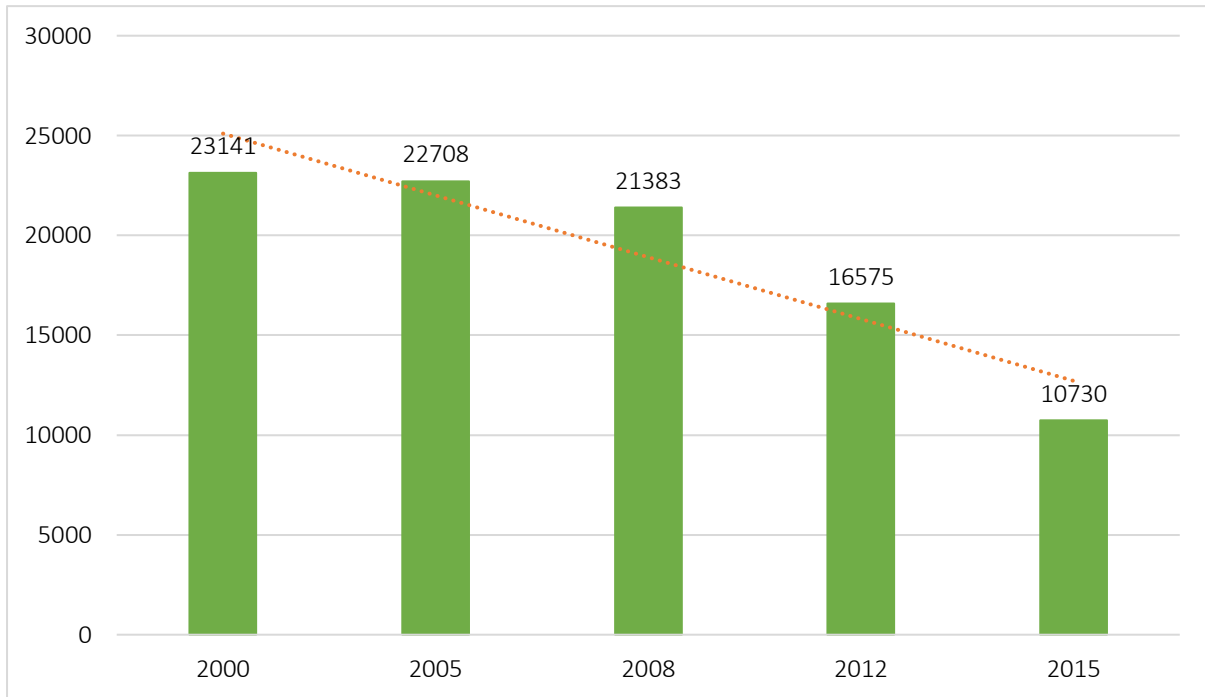


Whilst this route is the most lightly used vehicular ferry route across the Solent, it carries significantly more foot passengers than the other two vehicle ferry services. Factors contributing to this include the connectivity with the rail network at Lymington Pier, and the lack of dedicated foot passenger ferry in the vicinity of the route (as is the case with the other two vehicle ferries).

FREQUENCY

Figure 5.22 show the volume in scheduled sailings on the route between 2000 and 2015. Volumes of sailings in 2015 have reduced by 12,411 since 2000, a reduction of more than half (53.1%).

Figure 5.22: Volume of scheduled sailings

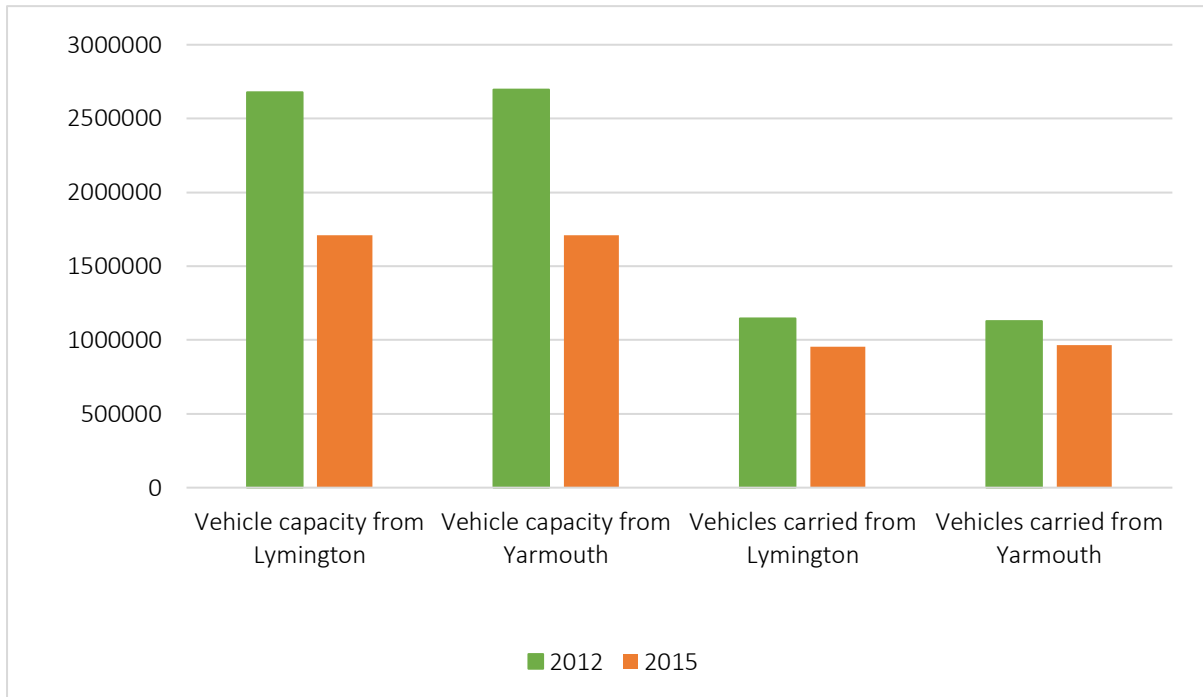


Sources: OFT Report for 2000, 2005 and 2008. Wightlink for 2012 and 2015

CAPACITY AND UTILISATION

In line with the reduction in the volume of scheduled sailings, the vehicle capacity on the route has also reduced significantly. **Figure 5.23** shows the reduction in capacity between 2012 and 2015, a 36% reduction in both directions, or a total reduction of 1,953,485 CEU.

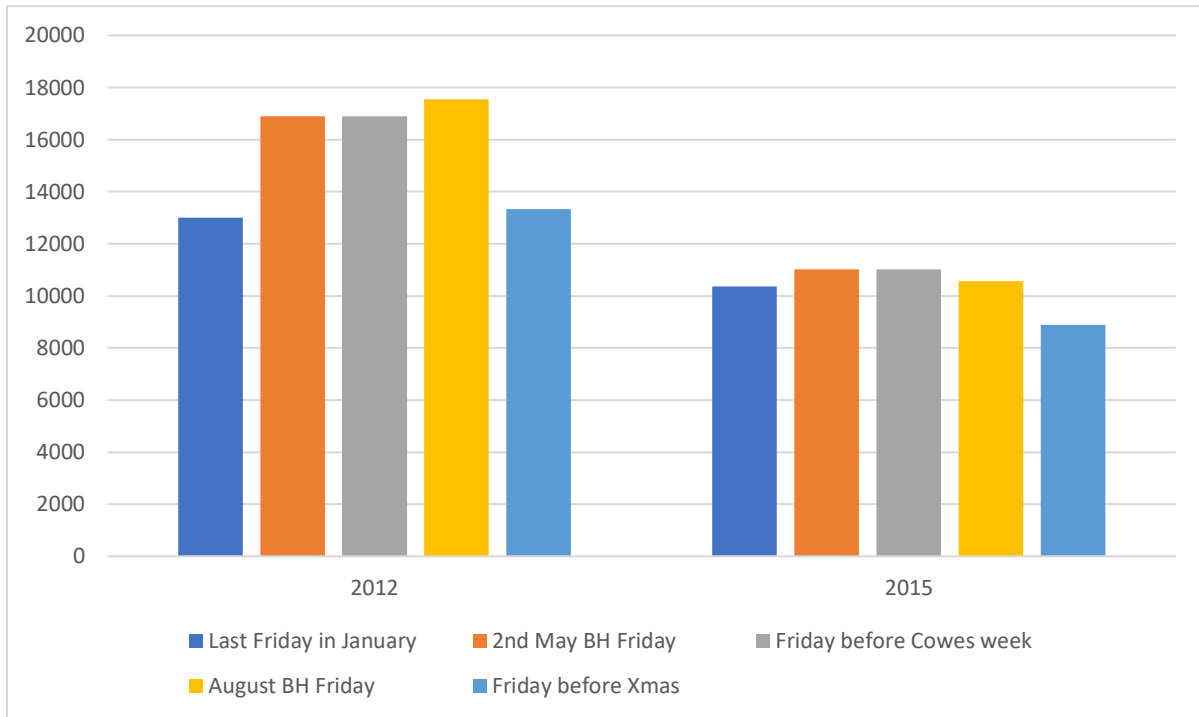
Figure 5.23: Vehicle capacity and utilisation from Lymington and Yarmouth



Volumes of vehicles carried has reduced but at a slower rate than the vehicle capacity reduction, the volume has reduced by 354,559 between 2012 and 2015, a reduction of 15.5%. This results in an increase in utilisation of 13.8%, from 42.3% in 2012 to 56.1% in 2015. In 2015, 19% of all sailings (2011) were more than 95% full, 3% of all sailings (321) were less than 5% full.

CEU capacity across five selected Fridays is set out in **Figure 5.24**. Due to the reduction in scheduled sailings there is an expected reduction in capacity between 2012 and 2015. Percentage reductions across both years ranges from 20.2% (January) to 37.4% (August Bank Holiday) – indicating that the biggest fall in capacity has taken place during the peak season. For 2015, the volume of two-way sailings which were >95% full was 21, 26 and 22 across the May, Cowes Week and August Bank Holiday Friday respectively.

Figure 5.24: CEU Capacity on five Fridays



Source: Wightlink

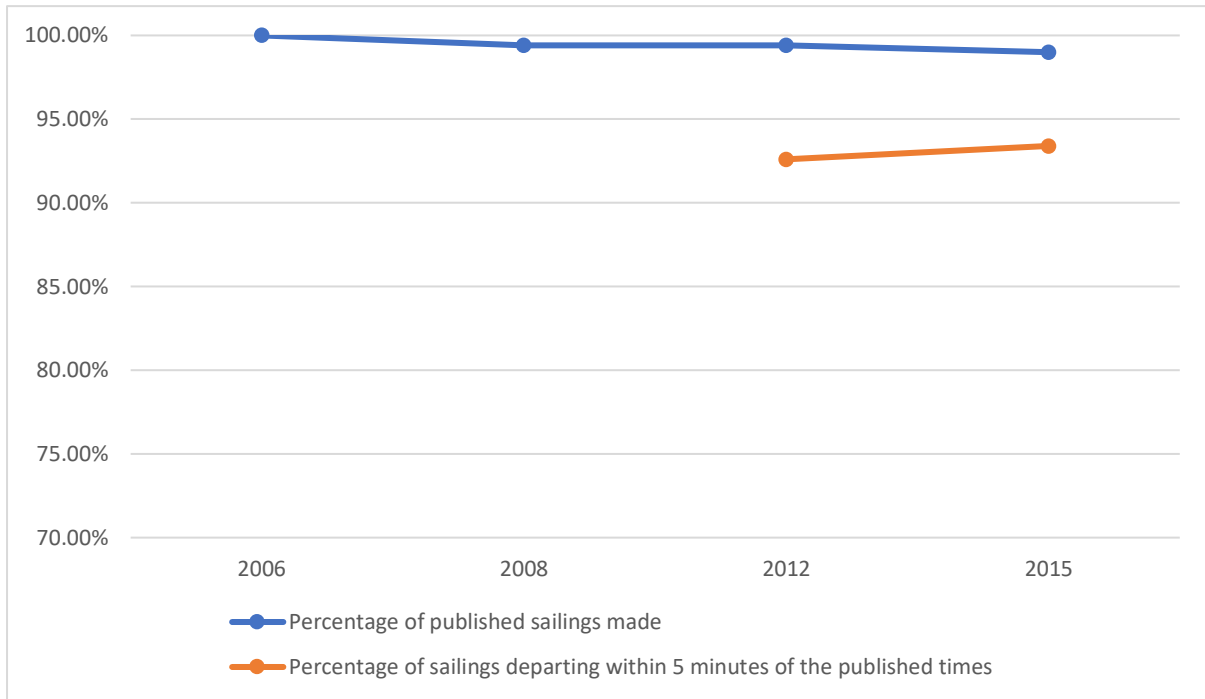
RELIABILITY AND PUNCTUALITY

Available data on reliability and punctuality of this service is limited and does not allow for analysis over regular time intervals. However, **Figure 5.25** shows that there has been a small decrease of 0.4 percentage points in the percentage of published sailings made since 2006. It also shows a small increase (0.8 percentage points) in sailings departing within 5 minutes of published times between 2012 and 2015.

With passenger volumes on this service decreasing at a slower rate than the declining volume of sailings, the remaining sailings are becoming busier (by 2015 a 13.8% increase in utilisation since 2012 and a fifth of all sailings being more than 95% full). This may cause customer dissatisfaction about any negative impacts of busier sailings. This could be being offset by better reliability of the service against the published timetable, however without further data it is unclear what the broader trends are regarding punctuality of departure.

Wightlink was unable to supply historic customer satisfaction data, so it not possible to look for any correlation between changes in reliability and punctuality and customer satisfaction.

Figure 5.25: Reliability and punctuality



5.6 HOVERTRAVEL: RYDE – SOUTHSEA – RYDE

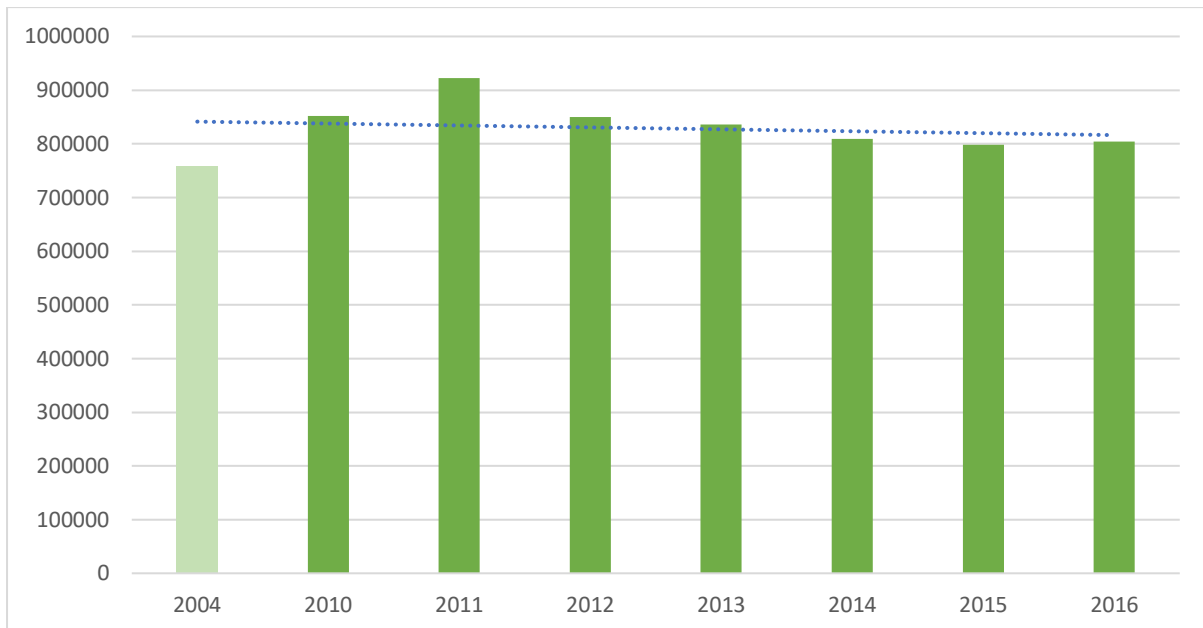


Hovertravel provide a hovercraft service on the Ryde – Southsea – Ryde route. The foot passenger only service takes around 10 minutes, providing the fastest crossing between the Island and the mainland.

Assessment of Hovertravel is limited to the volume of passenger journeys, as no additional data has been provided.

Chart 5.26 illustrates that volumes of foot passengers increased by 21% between 2004 and 2011, but were then in steady decline between the 2011 peak and 2015. The most recent figures from 2016 show a 0.8% increase over 2015 volumes.

Figure 5.26: Volume of passenger journeys



5.7 KEY POINTS

RED FUNNEL: WEST COWES – SOUTHAMPTON – WEST COWES

Although taking over slightly more of the total market, there has been an overall decline in foot passenger numbers on this service (and consequently lower utilisation rates). There are also now fewer sailings and lower capacity – however it is impossible to say from the available data whether these service reductions are a precursor to the declining passenger numbers or a consequence of it.

RED FUNNEL: EAST COWES – SOUTHAMPTON – EAST COWES

This service has generated increasing numbers of passengers and vehicles of all type since 2010, and has expanded its market share. Although there has been a modest decrease in the volume of sailings and foot passenger capacity has remained stable. However, it is not possible to say from the available data whether this capacity increase is a precursor to the increasing passenger numbers or a consequence of it.

WIGHTLINK: RYDE – PORTSMOUTH HARBOUR – RYDE

Following a period of declining passenger volumes, this service has seen a modest increase in use since 2013. Despite carrying 12.5% fewer passengers in 2016 than 2010 this service remains the busiest foot passenger route across the Solent. The volume of sailings has fallen (and utilisation has increased on the remaining sailings), but it is not possible to say from the data if service reductions are a precursor to the declining passenger numbers, or a consequence of it.

WIGHTLINK: FISHBOURNE – PORTSMOUTH – FISHBOURNE

This route has fallen in popularity with all types of passengers and vehicles crossing the Solent except foot passengers. Coach and coach passengers, as well as commercial traffic, have reduced the most dramatically – with market share in the latter being lost to Red Funnel’s East Cowes – Southampton – East Cowes service. In 2015 there were 23.8% fewer sailing on this route than in 2000. It is not possible

to say from the data if service reductions are a precursor to the declining passenger numbers, or a consequence of it.

WIGHTLINK: YARMOUTH – LYMINGTON – YARMOUTH

Passenger and vehicle volumes for all types and modes have been in significant decline on this service. The volume of sailings was 53.1% lower in 2015 than in 2000, and capacity reduced by more than a third between just 2012 and 2015. It is not possible to say from the data if service reductions are a precursor to the declining passenger numbers, or a consequence of it.

HOVERTRAVEL: RYDE ESPLANADE – SOUTHSEA – RYDE ESPLANADE

From the limited available data, it can be concluded that following a growth in passenger volumes between 2004 and 2011, volumes have remained relatively consistent at around 800k passenger journeys per year between 2012 and 2016.

6 OVERVIEW OF FINANCIAL INFORMATION

This section presents a review of financial information for Red Funnel and Wightlink, using the most recent filed accounts for each company. Both Red Funnel and Wightlink are companies within complex group structures, and as such, this section seeks to present financial information so that it can be understood by a lay reader. Information presented includes a summary of profit and loss, group structures in tabular form, together with explanations of key companies within the group structures.

Key measures comparison

By way of an introduction, the table below shows sales margin (revenue less cost of sales) and EBITDA for both operating companies.

Company	Wightlink Ltd		Southampton Isle of Wight and South of England Royal Mail Steam Packet Company Ltd	
	y/e 26/3/16	y/e 28/3/15	y/e 31/12/15	y/e/ 31/12/14
Revenue (£m)	62.0	59.6	48.4	45.4
Cost of sales (£m)	40.0*	43.8*	27.6	27.2
Gross profit (£m)	22.0	15.8	20.7	18.2
Sales margin	35.5%	26.5%	42.8%	40.1%
EBITDA (£m)	20.7	14.7	17.6	14.3

*per note 3 to the accounts

6.1 RED FUNNEL

Red Funnel

The main trading entity of the Red Funnel group is Southampton Isle of Wight and South of England Royal Mail Steam Packet Company Ltd (“the company”), a private company limited by shares whose principal activity is the provision of ferry and associated catering and travel services between Southampton and Cowes. The company is a wholly owned subsidiary of Red Funnel Ferries Ltd, itself a wholly owned subsidiary of Red Funnel Group Ltd (both primarily intermediate holding companies).

The company is part of a wider group which uses intercompany transactions and derivatives to maximise shareholder return at Infracapital external investor level. This analysis is based on the Report and Financial Statements of the company for the year ended 31 December 2015 (latest

available), together with a high level review of the Report and Financial Statements of other group companies as considered relevant.

Profit and loss account

For the year to 31 December 2015 the company made an operating profit of £12.0m (2014 - £11.3m), an increase of 6.2%. This consisted of £48.4m income (2014 - £45.4m) less £27.6m cost of sales (2014 - £27.2m) and £8.8m administrative expenses (2014 - £6.9m). **EBITDA was £17.6m in 2015 and £14.3m in 2014, an increase of 23.1%.** EBITDA has increased significantly more than operating profit in percentage terms because of high depreciation and impairment charges.

Total income increased by 6.6% between 2014 and 2015. There is no further breakdown in the notes to the accounts but the Strategic Report refers to growth in revenue of 5-8% across all categories (cars, commercial, hi speed, food and beverage, other).

There is no further breakdown available in relation to cost of sales or administrative expenses. Cost of sales increased by 1.5% between 2014 and 2015, whilst administrative expenses increased by 26.3%. The latter is partially due to an impairment charge (write down in recoverable value) of £0.7m (2014 - £0) against ships, and there has also been an increase in the number of administrative staff, from 62 in 2014 to 76 in 2015.

The company incurs finance costs and income. The most significant amount is bank interest payable of £1.2m (2014 - £1.2m), although it is unclear as to what this relates to as no bank loan is separately identifiable in the notes to the accounts.

Tax on profit is £1k, reduced due to the effect of non-taxable income. Profit for the period is therefore £10.3m in 2015 (2014 - £9.6m).

Actuarial changes on the defined benefit pension scheme were a gain of £81k in 2015 and a loss of £0.5m in 2014.

Hence total comprehensive income for the period was £10.2m in 2015 and £8.7m in 2014, an increase of 16.8%.

The company paid a dividend of £2.5m to its shareholders, recognised in the accounts of Red Funnel Ferries Ltd (2014 - £9.1m).

Balance sheet

The company had net assets of £46.6m in 2015 (2014 - £38.9m). These consisted of the following:

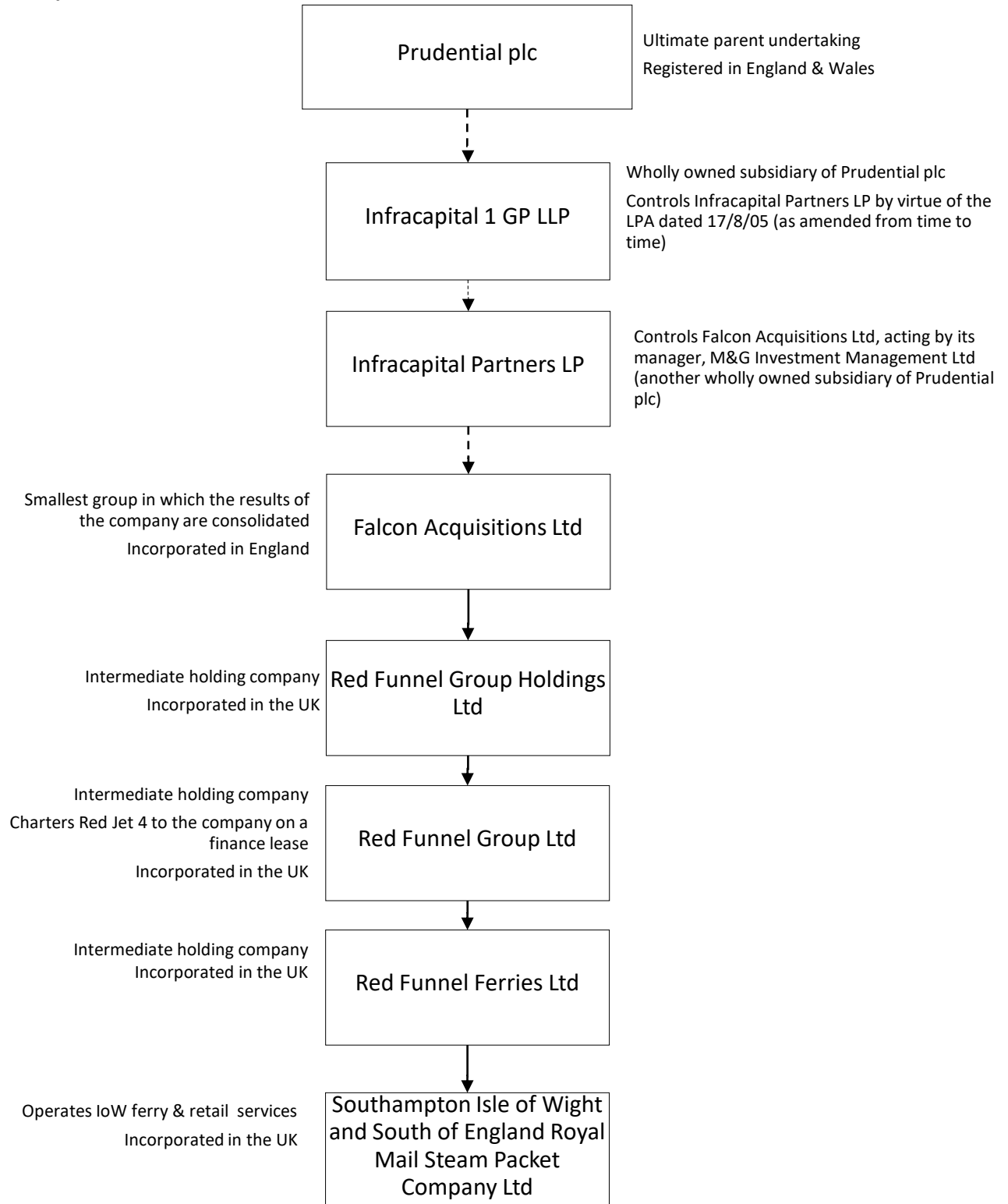
- Fixed assets of £28.5m (2014 - £28.8m) comprising £28.3m tangibles (mostly ships) and £0.2m intangibles (software)
- Current assets of £33.9m (2014 - £22.9m), mostly debtors (£23.1m), £20.9m of which comprised amounts owed by group undertakings
- Current liabilities of £10.9m (2014 - £7.5m), mostly trade creditors, amounts owed to group undertakings and accruals and deferred income
- Long term liabilities of £4.8m (2014 - £5.3m), mostly in relation to two defined benefit pension schemes

The net assets of £46.6m are represented by equity consisting of called up share capital (£5.2m), a revaluation reserve (£1.1m), a hedging reserve (£0.7m debit) and a profit and loss account reserve (£41.0m after dividends).

Other points to note

- The Strategic Report contains a concise review of the business, including key performance indicators, future strategy and a high level risk assessment. The company has ambitious growth plans with a new ship in progress and relocation and expansion plans related to the Solent Gateways, Southampton Masterplan and East Cowes Regeneration Projects. The focus is on improving margins and increasing EBITDA.
- Two directors of the company are also directors of Red Funnel Group Ltd and Falcon Acquisitions Ltd (the smallest group within which the results of the company are consolidated)
- The company lost £0.1m on the hedging reserve in 2015 (2014 - £0.4m) and owes £0.7m (2014 - £0.6m) on commodity swaps (used to hedge the variability in fuel costs due to fluctuations in fuel price)
- The company has £0.5m (2015 - £0.5m) minimum lease payments under non-cancellable operating lease agreements
- There is a fixed and floating charge over the assets of the company to certain providers of finance to other group companies
- The company contributes to three pension schemes
 1. Its own defined contribution scheme, contribution of £0.3m in 2015 (2014 - £0.4m)
 2. Its own defined benefit scheme, on which the most recent actuarial valuation (31 January 2014) showed a deficit of £2.2m (on plan assets of £8.7m) which the company is aiming to eliminate with annual payments of £120k for 15 years from 1 February 2015
 3. Some employees are members of the Merchant Navy Officers Pension Fund (“MNOPF”), an industry -wide funded defined benefit scheme with joint and several liability. As the company cannot identify its share of the scheme’s underlying assets and liabilities it accounts for its contributions (2015 - £37k, 2014 - £47k) as if it were a defined contribution scheme. In addition, the company is paying its obligations over time as they arise as a result of each triennial actuarial valuation of the scheme
- The company has taken advantage of disclosure exemptions permitted under FRS 102 in relation to cash flows, financial position, financial statement presentation and related parties. This information is included within the consolidated financial statements of Falcon Acquisitions Ltd

Group structure



The illustration shows indicative group structure based on information from the financial statements of the company, Falcon Acquisitions Ltd and Red Funnel Group Ltd. Solid arrows indicate direct ownership, dotted lines indicate assumptions of ownership either direct or indirect. Dormant and dissolved companies not shown.

Red Funnel Group Ltd

Red Funnel Group Ltd is an intermediate holding company owned by Falcon Acquisitions Ltd. Its accounts are not consolidated. For the year ended 31 December 2015 it made a loss after tax of £5.8m (2014 – profit £8.0m) and paid a dividend of £2.5m (2014 - £77k). It received a dividend of £2.5m from the company (2014 - £9.1m). The loss in 2015 is due to interest payable of £8.2m (2014 - £0) on amounts owed to group undertakings of £50.7m (2014 - £38.9m).

No tax is payable due to group relief.

The company has net assets of £25.1m (2014 - £33.4m). Its investment in subsidiary undertakings (Red Funnel Ferries Ltd, owner of the company) is held at cost and net book value of £72.4m. The most significant liability is amounts owed to group undertakings (£50.7m).

Red Funnel Group Ltd leases the high speed vessel Red Jet 4 to the company on a finance lease upon which interest is charged at £108k per annum. The vessel is accounted for within the balance sheet of the company at a net book value of £1.3m.

Falcon Acquisitions Ltd

Falcon Acquisitions Ltd is the smallest group in which the results of the company are consolidated. The group made a loss for the year ended 31 December 2015 of £2.8m (2014 – profit £1.3m) but with the impact of actuarial changes on the defined benefit pension scheme and movement on the hedging reserve, comprehensive income for the year was £1.4m (2014 – loss £21.0m).

The group incurred a tax charge of £0.8m (2014 – 4.3m movement in deferred tax as a result of transition to FRS102 accounts for 2014) due to the impact of deferred taxation (timing differences)

The group had net liabilities of £84.0m (2014 - £78.9m), comprising net current assets £89.0m (2014 - £91.3m) less long term liabilities £170.8m (2014 - £168.0m). The most significant liabilities were bank loans (£71.4m), amounts owed to group undertakings (£50.0m) and financial instruments (£40.6m).

There is no specific mention of the net liability position of the group but the accounts have been prepared on the going concern basis and it is presumed that, as most of the liability comprises group debt and the group is part of Prudential pic (ultimate parent undertaking), this is appropriate.

Conclusions

Red Funnel (trading name of the Falcon Acquisitions Ltd group) has a complex group structure, presumably established to minimise tax liabilities and maximise profits. The group's stated strategy is to maximise long term cash flows to investors. The statutory accounts reviewed during this

analysis comply with regulations and have received unqualified audit reports; however they are opaque to a lay reader and take advantage of all disclosure exemptions available.

In terms of underlying profitability, EBITDA for the company was £17.6m in 2015 and £14.3m in 2014, an increase of 23.1%. This is broadly consistent with operating statistics which show an increase in passenger volumes between these years. These margins should be reviewed in comparison to similar operators to ascertain relative performance.

The results of the company are incorporated into the consolidated financial statements of Falcon Acquisitions Ltd, in which the profitability of the former is masked by interest payable on amounts owed to undertakings further up the wider group. The company has a strong balance sheet but the group presents a net liabilities position due to the latter, together with bank loans and financial instrument liabilities.

6.2 WIGHTLINK

Wightlink Ltd (“the company”) is a private limited company limited by shares whose principal activity is the operation of ferry services to and from the Isle of Wight.

This analysis is based on the Report and Financial Statements of Wightlink Ltd for the year ended 31 March 2016 (latest available), together with a high level review of the Report and Financial Statements of Arca Topco Ltd for the 18 months ended 26 March 2016.

Profit and loss account

For the year to 31 March 2016 the company made an operating profit of £14.1m (2015 - £7.1m). This consisted of £62.0m income (2015 - £59.6m) less £47.9m net operating costs (2015 - £52.5m). **By calculation based on available information, EBITDA was £20.7m in 2016 and £14.7m in 2015, consistent with the trend in operating profit.**

Total income increased by 3.9% between 2015 and 2016. 8.6% of income was derived from the sale of goods (2015 – 8.7%) and the remainder from rendering of services.

Net operating costs comprise cost of sales (inventory and other), administrative expenses and exceptional costs. The net operating costs figure for each year on the face of the profit and loss account differs from the breakdown given in note 3 – it has not been possible to ascertain the reason for this. The breakdown shows cost of sales (other) decreasing by 8.8% between 2015 and 2016 (from £41.7m to £38.0m) and administrative expenses decreasing by 4.9% over the same period (from £7.0m to £6.7m) whilst cost of sales (inventory) remains relatively consistent (£2.1m in 2015 and £2.0m in 2016). Exceptional costs comprised £0.6m in 2016 (relating to restructuring) and £2.8m in 2015 (relating to legal and professional fees and costs incurred in relation to the sale of the company’s parent undertaking (MEIF Shipping Ltd, subsequently renamed Arca Shipping Ltd) in February 2015, primarily a bonus to key members of management).

The company incurs finance income and costs (interest). Finance income comprised £24k in 2016 and £3.2m in 2015. The 2015 amount was significantly higher as 5% interest was being charged on a loan from Wightlink Ltd to Arca Shipping Ltd (defined as the company’s “fellow subsidiary undertaking” in note 13, but “the company’s parent undertaking” in note 24 – it has not been

possible to ascertain which is correct so assume the latter hereon as note 24 states that “the share capital of the company is owned by Arca Shipping Ltd”). Following the company’s acquisition in February 2015 no further interest was charged. The loan amount outstanding was £71.8m in 2016 (2015 - £67.9m).

No tax is payable as the company claims group relief. Profit for the period is therefore £13.7m in 2016 (2015 - £10.0m). Actuarial changes on the defined benefit pension scheme (now closed) were a gain of £2.2m in 2016 and a loss of £5.9m in 2015.

Hence total comprehensive income for the period was £15.9m in 2016 and £4.1m in 2015.

The company paid a dividend of £11.75m to its shareholders (assumed to be Arca Shipping Ltd), approved on 28 October 2015. No dividend was paid in the financial year ending 28/3/15.

Balance sheet

Wightlink Ltd had net assets of £117.0m in 2016 (2015 - £112.9m). These consisted of the following:

- Fixed assets of £57.3m (2015 - £56.4m) comprising £56.3m property, plant and equipment (mostly ships and buildings) and £1.1m intangibles (software)
- Current assets of £82.9m (2015 - £79.9m), mostly trade and other receivables (£75.2m), £71.8m of which comprised the loan to Arca Shipping Ltd referred to above
- Current liabilities of £12.9m (2015 - £11.7m), £7.1m of which comprised accruals and deferred income (no further breakdown available) and £2.9m of which comprised derivative financial instruments (forward oil price swaps, allowing the company to fix its future fuel cost)

The net assets of £117.0m are represented by equity consisting of called up share capital (£17.5m), retained earnings (£9.4m) and a distributable reserve (£90.1m after dividends).

Other points to note

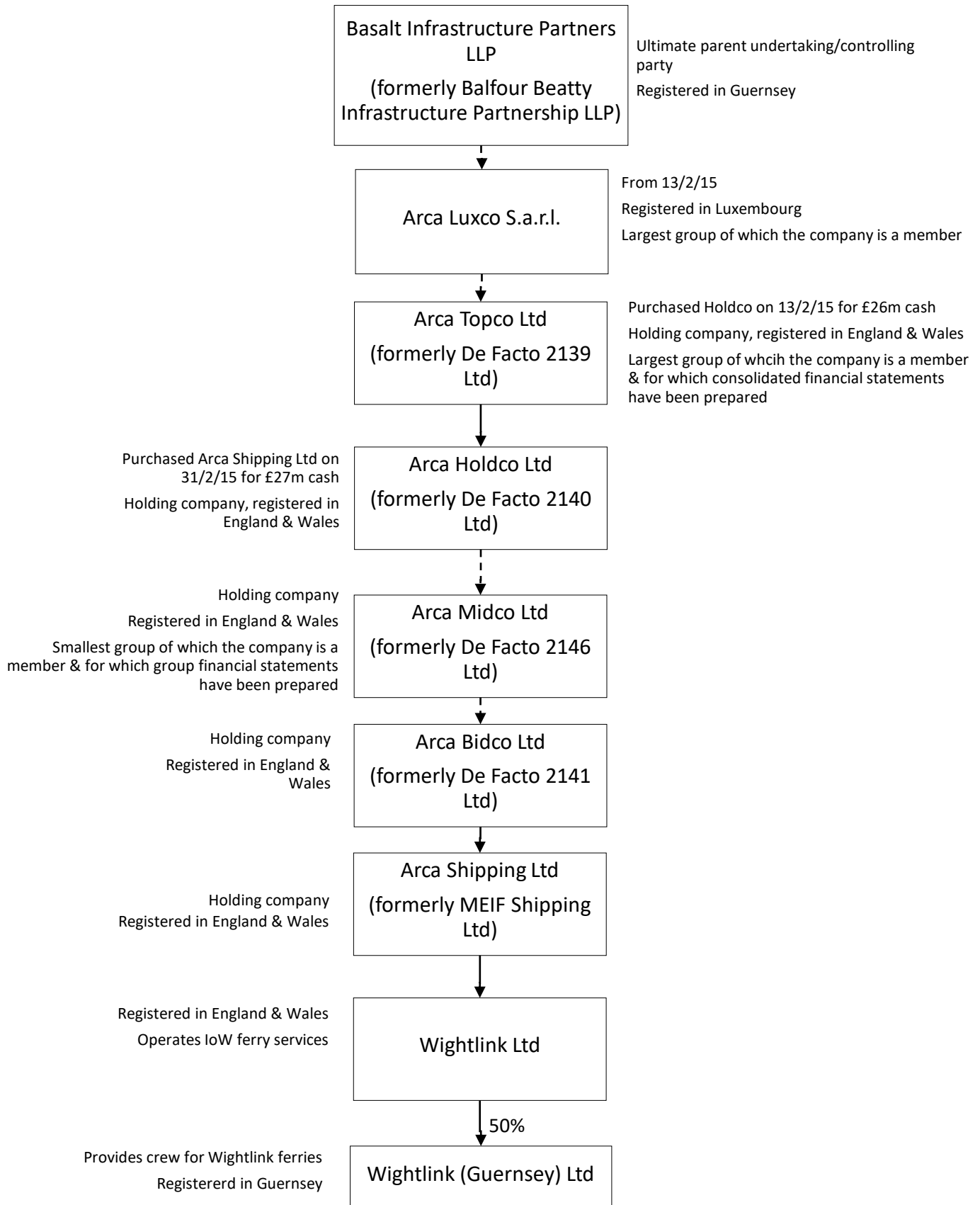
- The Strategic Report is cursory, and refers the reader to the Report and Financial Statements of Arca Topco Ltd, as “the future developments and key performance indicators of this company are fully aligned with those of Arca Topco Ltd (formerly De Facto 2139 Ltd) and are disclosed therein”. The latter are only slightly less cursory but contain additional information on key performance indicators and strategy
- The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties (subject to s234 CA2006)
- Directors RJ Gregor, S Lowry and HWJ Hanna (all also directors of Arca Topco Ltd) are remunerated by another group undertaking (not Arca Topco Ltd). Other directors are subject to service agreements with and are remunerated by the company.
- The company made a loss on derivative financial instruments of £1.2m (2015 - £1.7m)
- The company has £130.7m (2015 - £133.9m) minimum lease payments under non-cancellable operating lease agreements
- There are fixed and floating charges over the assets of the company in favour of the trustees for the parties providing debt finance to a fellow subsidiary undertaking (further detail not

specified). The company is a party to a group guarantee in favour of those parties and the total amount outstanding under such guarantees is £112.0m (2015 - £112.0m)

- The next actuarial valuation of the defined benefit pension scheme is due by 31 December 2017
- The company has taken advantage of the following disclosure exemptions permitted under FRS 102
 1. not to prepare a cashflow statement
 2. not to present financial instrument disclosures
 3. not to present a reconciliation of the number of shares outstanding at the beginning and end of the period
 4. not to disclose the key management personnel compensation in total
 5. not to disclose transactions with members of the same group that are wholly owned

Group structure

The following is an indicative illustration of group structure based on information from the financial statements of Wightlink Ltd and Arca Topco Ltd. Solid arrows indicate direct ownership, dotted lines indicate assumptions of ownership either direct or indirect. Liquidated companies not shown.



On 13 February 2015 the share capital of Arca Topco Ltd was acquired by Arca Luxco S.a.r.l. Argyle Luxco 2 S.a.r.l. and California State Teachers Retirement System are also disclosed as shareholders to whom balances are owed as at 26 March 2016.

The ultimate parent undertaking and ultimate controlling party of Wightlink and Arca Topco Ltd is Basalt Infrastructure Partners LLP (formerly Balfour Beatty Infrastructure Partners LP), an English limited liability partnership with its registered office in Guernsey. The members are RJ Gregor, S Lowry and J Neil. RJ Gregor and S Lowry are directors of Wightlink and Arca Topco Ltd.

Arca Topco Ltd

The consolidated financial statements of Arca Topco Ltd are those of the largest group of which the company is a member and for which group financial statements have been prepared.

Arca Topco Ltd acquired the entire issued share capital of Arca Holdco Ltd on 13 February 2015 for £26.0m in cash. On the same date the Arca Holdco Ltd Group acquired the entire issued share capital of Arca Shipping Ltd with a cash payment to shareholders of £27.0m. This acquisition was accounted for as a business combination and resulted in the creation of goodwill of £196.9m.

Where the fair value of the consideration (£27m) exceeds the fair value of the separable net assets for an acquired undertaking (£169.9m net liabilities), the difference (£196.9m) is treated as goodwill and capitalised.

This goodwill is being amortised over a 10 year period, resulting in a charge for the 18 months of £22.0m (included within administrative expenses). The group also made cash payments of £3.0m to the pension fund.

Arca Topco Ltd made a loss of £30.4m for the 18 months to 26 March 2016, predominantly due to this amortisation of goodwill.

Conclusions

Wightlink Ltd is part of a complex group structure, presumably established to minimise tax liabilities and maximise profits. The statutory accounts reviewed during this analysis comply with regulations and have received unqualified audit reports; however they are opaque to a lay reader and take advantage of all disclosure exemptions available.

In terms of underlying profitability, Wightlink Ltd had an operating margin (excluding exceptional items) of 23.7% in 2016 (2015 – 16.7%). Between 2015 and 2016, revenue increased by 2.4% to £5.3m in the sale of goods category and by 4.1% to £56.6m in the services category, whilst operating costs reduced by 4.8% to £47.3m, presumably as a result of the restructure. These margins should be reviewed in comparison to similar operators to ascertain relative performance.

The results of Wightlink Ltd are incorporated into the consolidated financial statements of Arca Topco Ltd, in which the profitability of the former is masked by the significant losses generated by the amortisation of goodwill on acquisition of Arca Shipping Ltd, which had significant net liabilities due to an intercompany loan to its ultimate parent (Basalt Infrastructure Partners LLP).

7 CUSTOMER EXPERIENCE AND QUALITY OF PRODUCT

Customer satisfaction with cross-Solent operators' services was assessed using data from operators and from publically accessible sources. As no year-on-year time series data was available these assessments are snap shots only. They are based on data from:

- a. Hovertravel website
- b. Red Funnel customer service reports
- c. Wightlink website
- d. Feefoo (Red Funnel only)
- e. Trip Advisor (all operators, correct as of 12th April 2017)
- f. Facebook (all operators, correct as of 12th April 2017)
- g. 2009 *Isle of Wight Ferry Services Market Study Findings* (Wightlink only)
- h. 2015 *Isle of Wight Consumer Survey*

The relevant data is reviewed below for each operator individually, and then Trip Advisor reviews for all companies are then compared – as this is the sole source of comparable data available for all operators. Lastly, the Consumer Survey's findings about overall perceptions of the Island's accessibility and ferry operations are discussed.

7.1 HOVERTRAVEL

COMPANY DATA

No customer satisfaction data has been received from Hovertravel. However, its website does include a Performance page⁹ which covers customer surveys and customer relations.

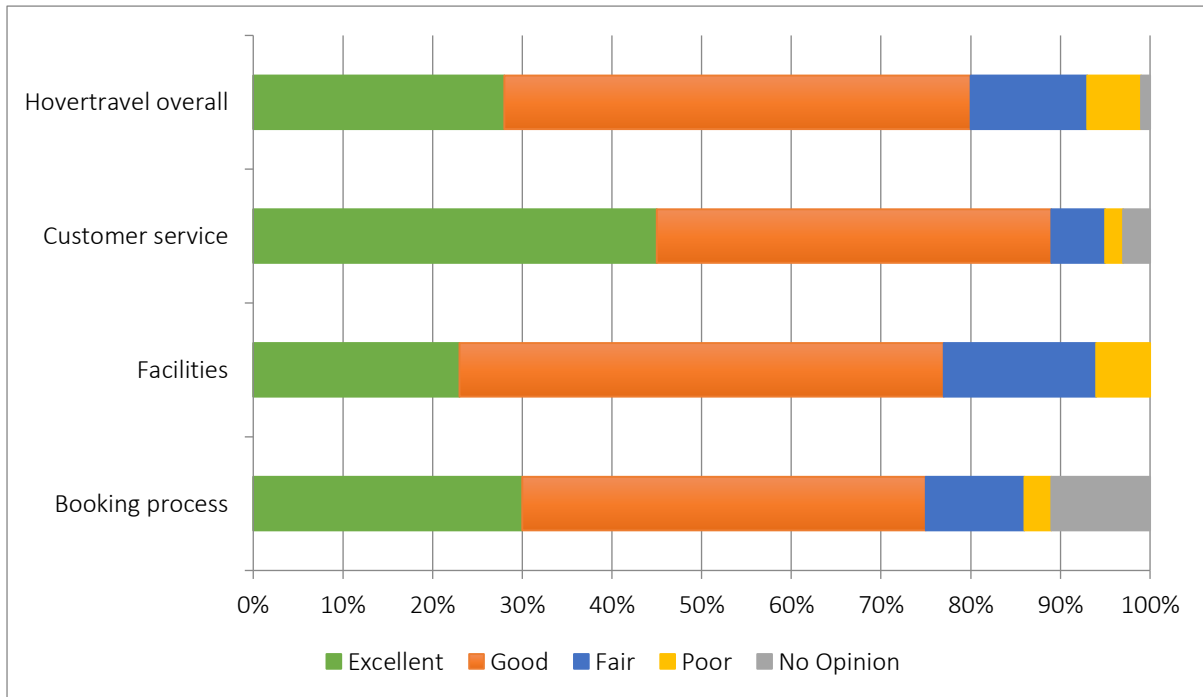
In 2016/17 Hovertravel received 3,549 **complaints** – which equates to just 0.43% of all passengers carried. Interestingly, the rate of complaints was highest in the off-peak months between October and February, when there was an increase in the number of complaints per 1,000 passengers.

The website presents results from **customer surveys** but does not outline the method, timing or response rates for these. Results for the 'latest survey' (date not given) are presented in **Figure 7.1**.

Overall the findings are positive in terms of customer satisfaction. 86% of respondents thought the booking process was excellent, good or fair. 94% thought the same of facilities, and 95% of customer service. Only 6% of respondents rated Hovertravel overall as poor. 91% said they would recommend Hovertravel and 97% said they would travel with Hovertravel again.

⁹ www.hovertravel.co.uk/hover-performance.phpjun15

Figure 7.1: Hovertravel customer survey responses



TRIP ADVISOR

314 people have left reviews on Trip Advisor for Hovertravel since December 2014, with 91% (n=286) giving the company an ‘excellent’ or ‘very good’ rating. 4% (n=12) gave a ‘poor’ or ‘terrible’ rating. Overall Hovertravel has an average rating of 4.5 stars.

FACEBOOK

4,099 people ‘like’ and 4,026 ‘follow’ Hovertravel’s Facebook page. 64 people have left reviews on the page, with 73% (n=47) giving the company 4 or 5 stars. 27% (n=17) gave just 1 or 2 stars. Overall Hovertravel has an average rating of 3.9 stars.

7.2 RED FUNNEL

COMPANY DATA

Red Funnel uses online customer survey platform Feefo to collect customer feedback. Roll-on-roll-off customers are invited to complete Feefo reviews following their return trip. Surveys are not sent to account customers (freight/trade), people who have travelled once before in the last 30 days or to anyone who has opted out of marketing communications – so they will under-represent the views of regular service users. The feedback may also cover other Red Funnel services, such as accommodation and event/attraction ticketing. However, the sample size is large so the dataset is relatively robust despite these weaknesses.

As of April 2017, Red Funnel’s current overall Feefo *customer experience rating* is reported as 4.5 (out of 5) and *product rating* as 4.5 (out of 5, based on 4,038 and 7,304 reviews respectively over the period April 2016-April 2017). Note: Analysis of percentage of customer experience and product ratings by sub-categories shows that these are almost perfectly symmetrical, so for brevity and clarity our

analysis reports findings for customer experience only, and it can be broadly assumed that findings for product ratings is the same.

In total 21,723 customer experience ratings have been recorded on Feefo since October 2013. The Red Funnel website, as of April 2017, was reporting an overall Feefo customer satisfaction score to date of 92% based on these reviews.

Customer service reports submitted by Red Funnel for 2015 and 2016¹⁰ show that this overall customer satisfaction score has altered little between 2014 and 2016:

- 2014 - 92% (based on 7,808 reviews)
- 2015 - 93% (based on 6,844 reviews)
- 2016 - 93% (based on unknown number of reviews)

Figure 7.2: Percentage of Feefo reviews by overall experience, 2014-2016

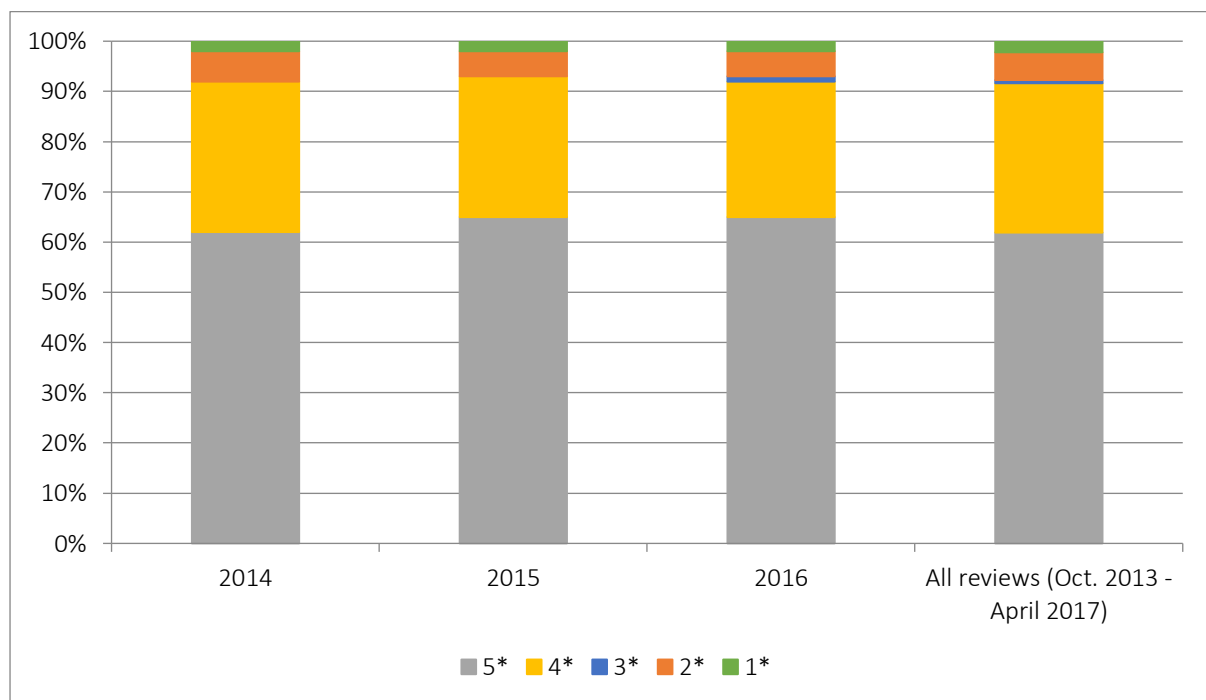


Figure 7.2 compares the percentage of customer experience ratings in each star category between 2014 and 2016, and for all reviews to date¹¹. This shows that there is little change in overall ‘positive’ reviews (i.e. 4* or 5*) over time – remaining between 92% and 93%, so this clearly what the customer satisfaction score is based on.

Inversely, there is also little change in the proportion of reviewers logging a ‘negative’ review (i.e. 1* or 2*) – remaining between 7% and 8%.

¹⁰ *Customer Service Report*, Red Funnel, December 2015 and *Customer Service Report*, Red Funnel, December 2016

¹¹ Based on amalgamation of data from Feefo website and Red Funnel customer satisfaction reports.

There has therefore been little change since 2014 in the customer satisfaction levels of the types of Red Funnel customer who complete their Feefo surveys – they are overwhelmingly satisfied.

Red Funnel are able to identify the categories in which they perform strongest and weakest in Feefo surveys. For 2014-16 their reports show that their *weakest* areas (i.e. what they receive most negative feedback about) are consistently:

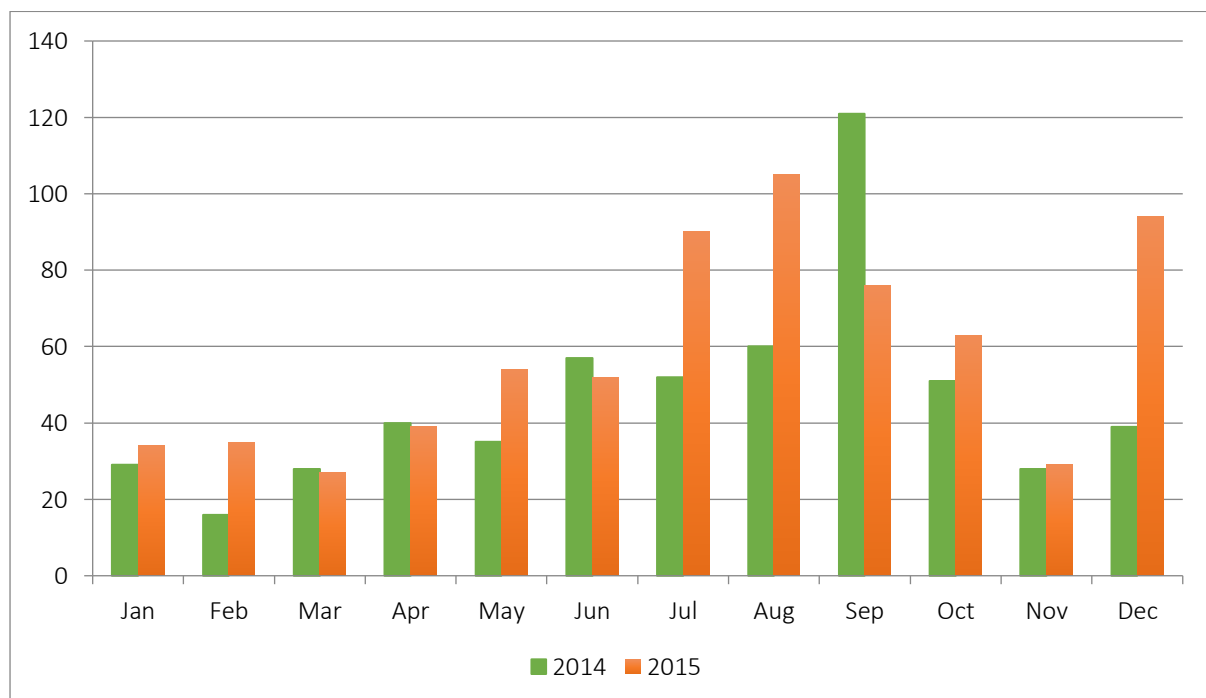
- a. On-board experience
- b. Punctuality and reliability
- c. Food and beverage quality
- d. Lack of seating
- e. Ticket price

Interestingly their reports show that other customers find three of these areas to be Red Funnel’s *strongest* areas (i.e. what they receive most positive feedback about), which are consistently:

- a. On-board experience
- b. Punctuality and reliability
- c. Food and beverage quality
- d. Food and beverage staff

Red Funnel’s customer service reports also report on the number of complaints received each year. In 2014 they received 556 complaints, in 2015 there were 698 and in 2016 there were 500 – this equates to less than 0.02% of customers in each of these years.

Figure 7.3: Number of complaints to Red Funnel by month, 2014-2015



As show in **Figure 7.3** complaints were reported by month for 2014 and 2015. In 2014 the most complaints were received in the summer (June, August and September). In 2015 most complaints

were received in summer (July – September) and December. Further analysis of the percentage of complaints by all customers for each month is not possible. However it is fair to assume there are more customers in summer and so the number of complainants in December 2015 as a proportion of all travellers was probably relatively significant – indicating dissatisfaction in the off-peak period.

TRIP ADVISOR

1,106 people have left reviews on Trip Advisor for Red Funnel since September 2010, with 84% (n=933) giving the company an ‘excellent’ or ‘very good’ rating. 7% (n=78) gave a ‘poor’ or ‘terrible’ rating. Overall Red Funnel has an average rating of 4.5 stars.

FACEBOOK

27,321 people ‘like’ and 26,209 ‘follow’ Red Funnel’s Facebook page. 452 people have left reviews on the page, with 80% (n=363) giving the company 4 or 5 stars. 14% (n=64) gave just 1 or 2 stars. Overall Red Funnel has an average rating of 4.2 stars.

7.3 WIGHTLINK

COMPANY DATA

No customer satisfaction data was received from Wightlink, however we were directed to the ‘Information’ page on their website¹². This includes a **customer satisfaction rating** that is reportedly based on surveys with mainland and island travellers on completion of their journey. Research is apparently on-going and updated four times a year, covering the following periods:

- 1 January – 30 March
- 31 March – 13 July
- 14 July – 31 August
- 1 September – 31 December

The website does not show cumulative data or data over time. It simply reports ‘latest results’ from 14 July – 31 August 2016. In that period 11,255 survey responses were received (out of 47,804 sent out – a healthy 24% response rate). The survey generates a customer satisfaction score based on the number of positive responses to the questions. For this period Wightlink calculate their customer satisfaction score as 94.8%. This suggests 5.2% of customers were not satisfied.

TRIP ADVISOR

A total of 1,549 people have left reviews on Trip Advisor for Wightlink. 1,326 relate to its services connecting Portsmouth and the Isle of Wight (reviews dating back to February 2013) and 493 to its Yarmouth – Lymington – Yarmouth service (dating back to June 2015). Overall 67% (n=1,044) give the company an ‘excellent’ or ‘very good’ rating. 21% (n=332) give a ‘poor’ or ‘terrible’ rating. Overall Wightlink has an average rating of 4.5 stars for its Lymington service and 3.5 stars for its Portsmouth service.

¹² www.wightlink.co.uk/information/

FACEBOOK

58,947 people 'like' and 57,437 'follow' Wightlink's Facebook page. The pages does not have its 'review' function enabled.

OFFICE OF FAIR TRADING

In the *Isle of Wight Ferry Services: Market Study Findings* report of 2009 the Office of Fair Trading reported data on customer complaints received by Wightlink for 2007/8 and 2008/9.

In 2007/8 Wightlink received 889 complaints, equating to 0.02% of that year's passengers (5,358,205). The main issue of complaint was fares.

In 2008/9 Wightlink received 947 complaints, equating to 0.02% of that year's passengers (4,853,152). The mains issues of complaint were fares, customer service and staff.

The report also notes that Wightlink reported (as of 2009) having undertaken customer satisfaction surveys since 1999. However no analysis of data from these is included in the report.

7.4 TRIP ADVISOR ANALYSIS: ALL FERRY COMPANIES

Due to the lack of customer complaint and satisfaction data forthcoming from the operators (with the exception of Red Funnel), and the disparate nature of the sources and methodologies used in the data we have obtained, an analysis of Trip Advisor reviews has been used as a proxy for customer satisfaction.

As this is the online review forum were all three companies are represented and which is equally accessible to all travellers, comparison of Trip Advisor reviews allows the relative performance of individual operators to be assessed, as well as overall satisfaction with ferry operators.

The analysis is based on 315 Hovertravel reviews, 1,106 Red Funnel reviews and 1,552 Wightlink¹³ reviews (all reviews for each company as of 12 April 2017). It looks most closely at negative reviews to identify the seasons when complaints are highest and the types of travellers who are most likely to have a negative experience. However, overall the number of negative reviews is small (especially for Hovertravel and Red Funnel) so this analysis needs to be treated with caution.

OVERALL CUSTOMER SATISFACTION

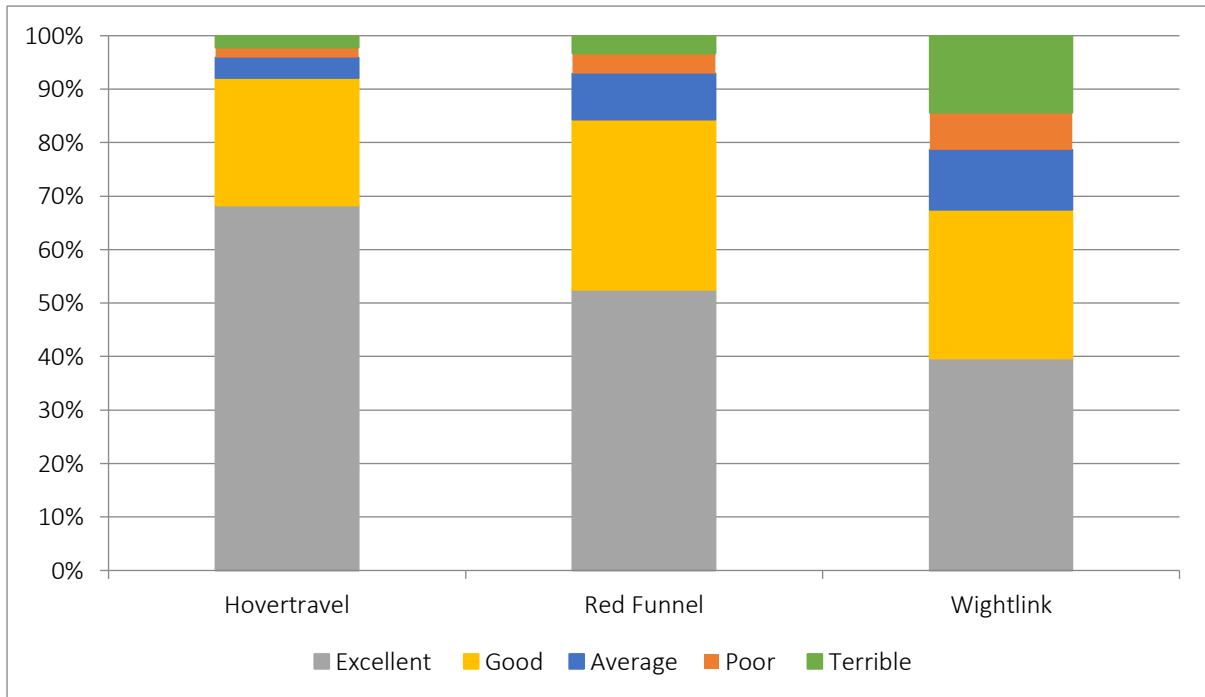
As shown in **Figure 7.4**, a majority of reviewers of all ferry companies (76% of 2,973 total reviews) report a positive experience (either 'excellent' or 'good'); that is 92% of reviews for Hovertravel (n=290), 85% for Red Funnel (n=933) and 68% for Wightlink (n=1,047).

9% (n=280) of all ferry company Trip Advisor reviews report an 'average' experience and 14% (n=425) a negative experience ('poor' or 'terrible').

Overall customer satisfaction levels are highest for Hovertravel, with only 4% (n=13) of reviewers rating them as 'poor' or 'terrible', compared to 7% (n=78) of Red Funnel reviewers and 21% (n=332) of Wightlink reviewers.

¹³ Amalgamated from 1,328 reviews for their Portsmouth service and 224 reviews for their Lymington service.

Figure 7.4: Percentage of all Trip Advisor reviews by rating and company



CUSTOMER SATISFACTION BY SEASON

Only 13 negative ('poor' or 'terrible') Trip Advisor reviews have been written for Hovertravel (4% of all reviews). As shown in **Figure 7.5** negative reviews are recorded equally through the year, although they are proportionally higher in winter (6% of all winter reviews, compared to 4% of reviews in other seasons). Numbers of negative reviews are small so the analysis needs to be treated with caution.

78 negative ('poor' or 'terrible') reviews have been written for Red Funnel (7% of all reviews). As seen in **Figure 7.6** the most negative reviews are recorded in the summer season – equating to 8% of all reviews for that season. However, a higher rate of negative reviews is recorded in winter (10% of all reviews for that season). Numbers of negative reviews are small so the analysis needs to be treated with caution, but this suggests Red Funnel's customer satisfaction is lowest during the off-peak, again possibly due to less frequent services and weather-related delays/cancellations.

Figure 7.5: Positive and negative Trip Advisor reviews for Hovertravel by season (no.)

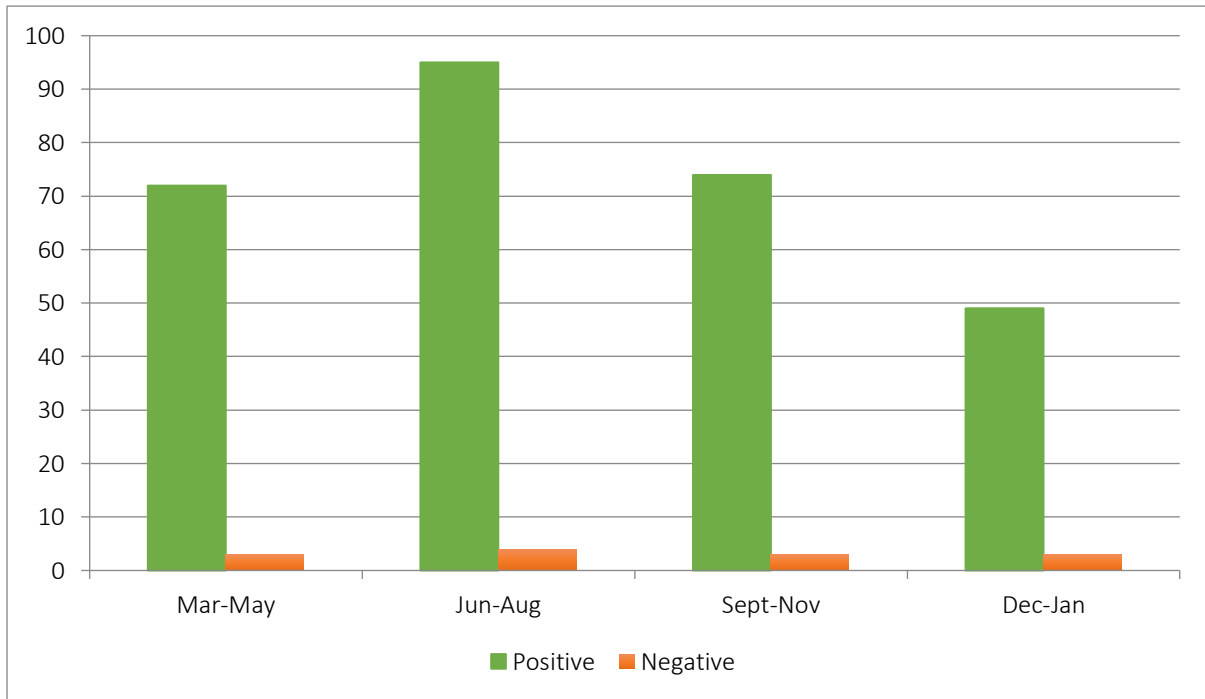
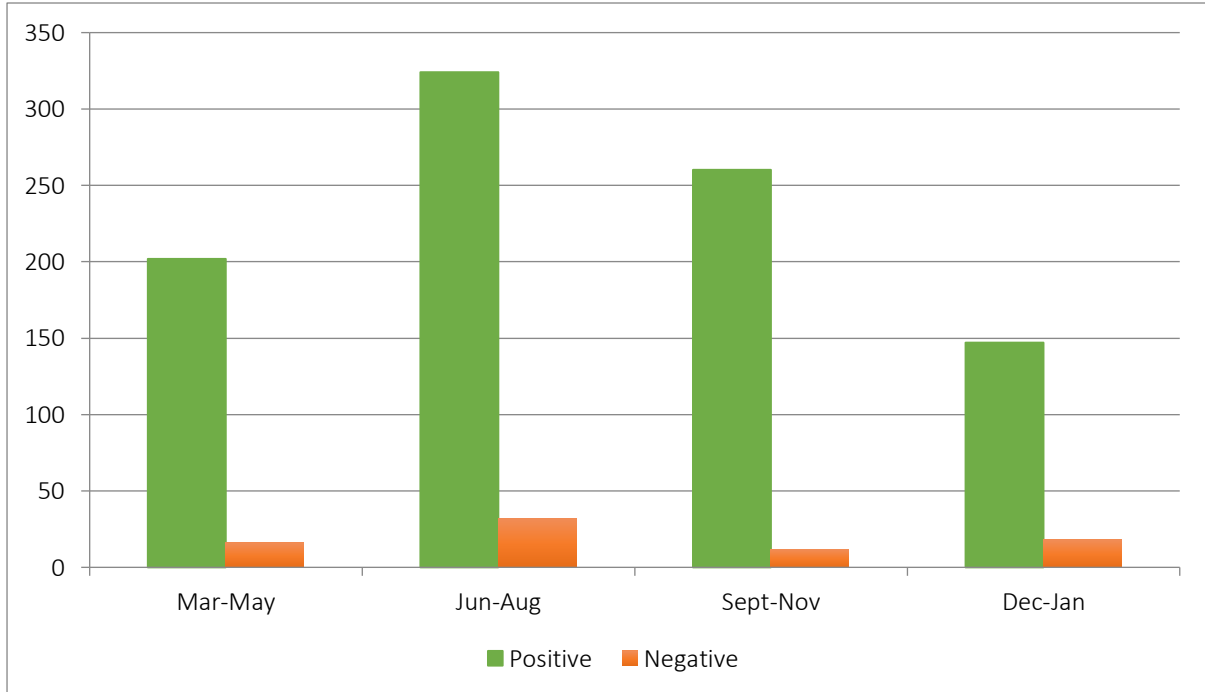


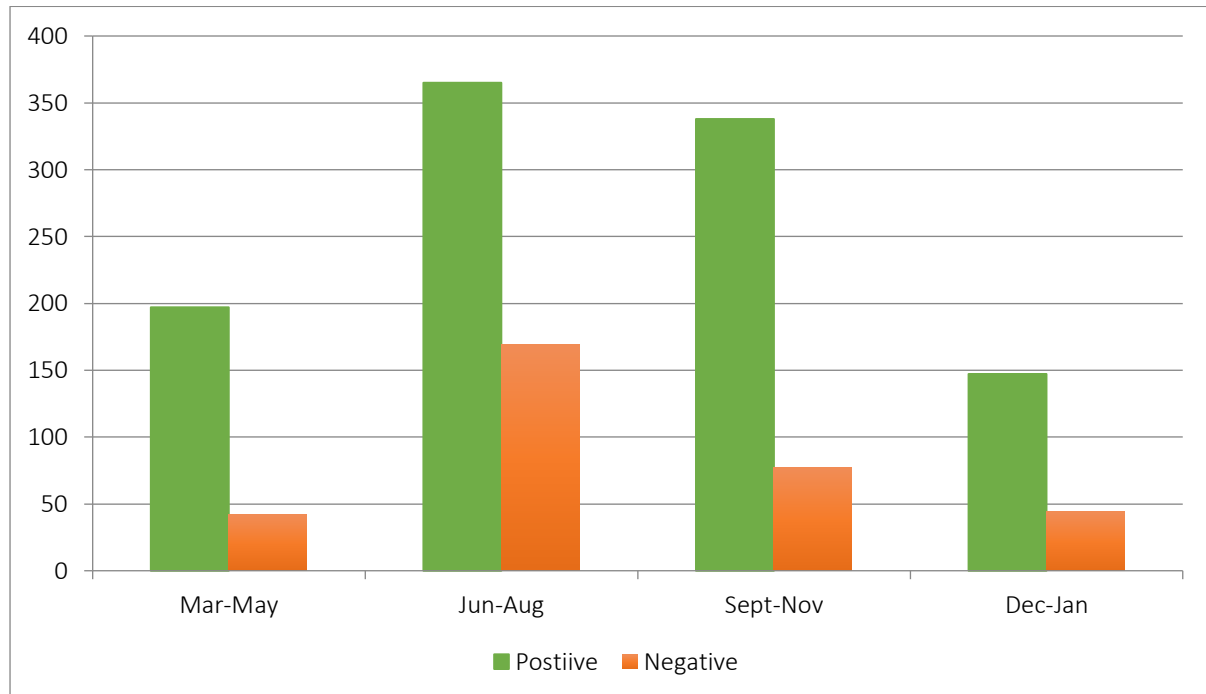
Figure 7.6: Positive and negative Trip Advisor reviews for Red Funnel by season (no.)



332 negative ('poor' or 'terrible') reviews have been written for Wightlink (21% of all reviews). As shown in **Figure 7.7** the majority of negative reviews are recorded in the summer season – equating to 27% of all reviews for that season. In winter there is also a high rate of negative reviews (21% of reviews for that season). This indicates Wightlink’s customer satisfaction is lowest in summer (when

there is peak demand and highest pressure on its services) but that there is also significant customer dissatisfaction in winter, again possibly due to less frequent services and weather-related delays/cancellations.

Figure 7.7: Positive and negative Trip Advisor reviews for Wightlink by season (no.)



CUSTOMER SATISFACTION BY TRAVELLER TYPE

The total number of Trip Advisor reviews by each of the five different traveller types (families, couples, solo, business, friends) does not correspond to the total number of reviews for a company. This may be due to Trip Advisor previously allowing reviewers to opt-out of selecting a traveller type, or select more than one traveller type. Therefore **Figure 7.8** and the associated analysis is limited to number/percentage of negative reviews by *traveller type*, rather than against *overall* numbers of reviews.

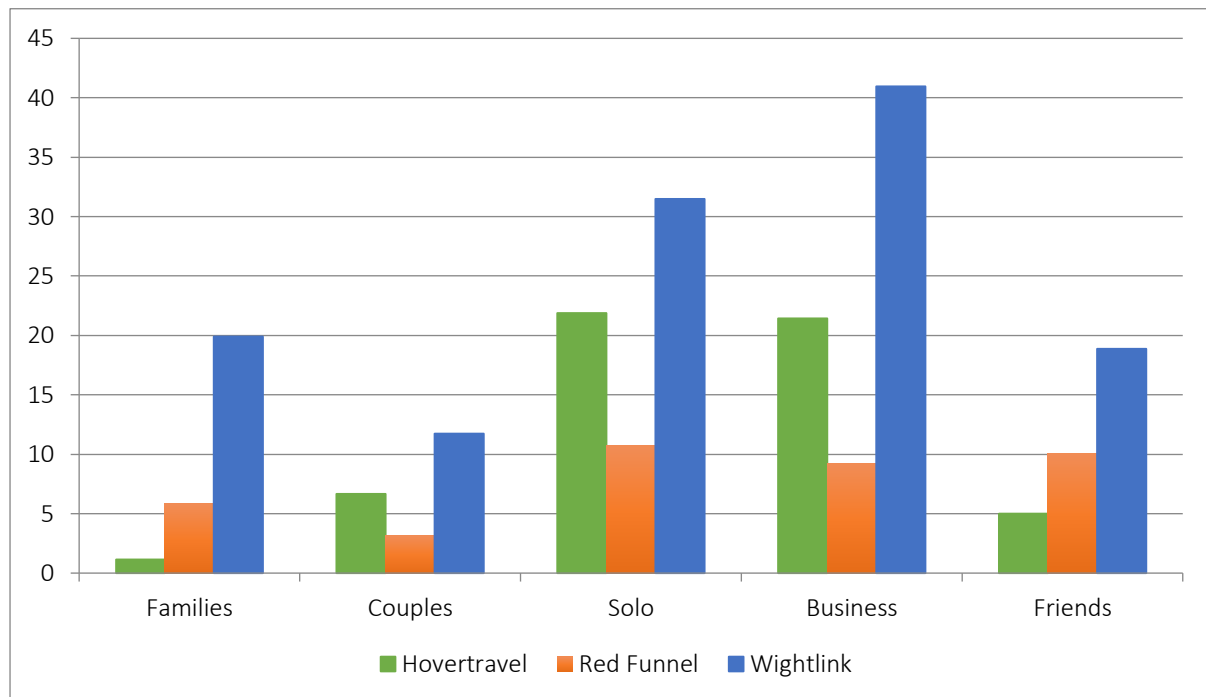
For all Hovertravel reviews where reviewers identified as a traveller type, reviewers were most likely to register a negative review if they were 'solo' (22% of solo reviewers, n=7) or 'business' (21% of business reviewers, n=3) travellers. However, overall number of complainants in these categories was small (n=10) so this analysis should be used with caution.

For all Red Funnel reviews where the reviewer identified as a traveller type, reviewers were most likely to register a negative review if they were 'solo' (11%, n=6), 'friends' (10%, n= 12) or 'business' (9%, n=7) travellers. However, overall number of complainants in these categories was small (n=25) so this analysis should be used with caution.

For all Wightlink reviews where the reviewer identified as a traveller type, reviewers were most likely to register a negative review if they were 'business' (41%, n=43) or 'solo' (31%, n=34) travellers. However, due to the higher proportion of negative reviews received by Wightlink overall, a fifth of

reviewers who identified as ‘families’ (20%, n=84) and ‘friends’ (19%, n=36) were also likely to report a negative experience.

Figure 7.8: Percentage of negative reviews by traveller type, by company



7.5 CONSUMER SURVEY FINDINGS

Another source of third party data on customer satisfaction with cross-Solent ferry services is the Isle of Wight’s *Consumer Survey*¹⁴, which was completed in late 2015 by 14,294 respondents; all of whom were either Red Funnel or Wightlink customers, or clients of Tourism South East or Visit Isle of Wight.

As part of this survey respondents’ views were sought on the Island’s accessibility, whether the ferry crossing was a positive aspect of a visit to the Island and the value for money of ferry fares.

When asked if the Island was easy to get to 68% of respondents agreed it was (see **Figure 7.9**). Looking only at those respondents who had visited the Island, 71% agreed it was easy to get to. As the ferry journey is integral to accessing the Island, this suggests that the majority of people who have been to the Island did not find the need to use a ferry a barrier to access.

There is evidence from the survey to suggest that the need to access the Isle of Wight by ferry is actually a particular draw for visitors. 16% of respondents specifically identified with the adventure of travelling by ferry as a key reason for taking a short break or holiday on the Isle of Wight, while **Figure 7.10** shows that 69% of respondents felt that ‘the Isle of Wight is special and more enjoyable because of the ferry journey’. This increased to 71% when looking solely at respondents who had previously

¹⁴ Visit Isle of Wight (2016) *Consumer Survey: Comments and Insights*

visited the Island. Of respondents who had never visited, more people agreed with this statement (41%) than disagreed with it (15%).

Figure 7.9: Consumer perceptions of the statement ‘The Isle of Wight is easy to get to’

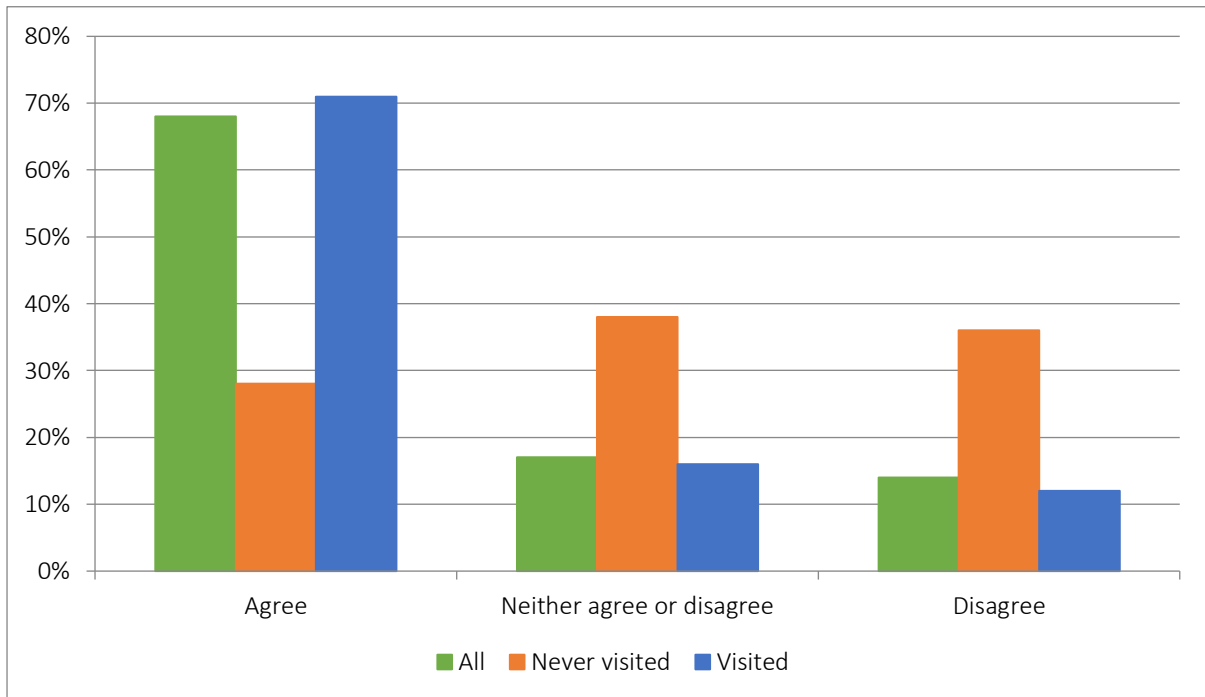
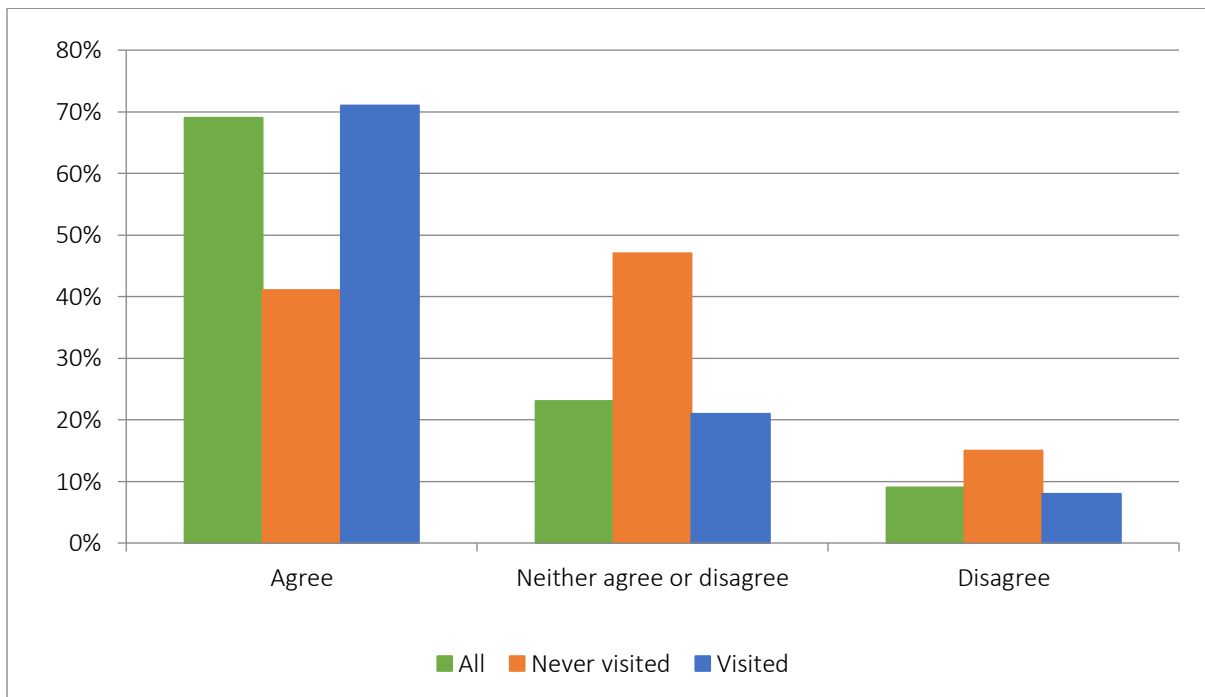


Figure 7.10: Consumer perceptions of the statement ‘The Isle of Wight is special and more enjoyable because of the ferry journey’

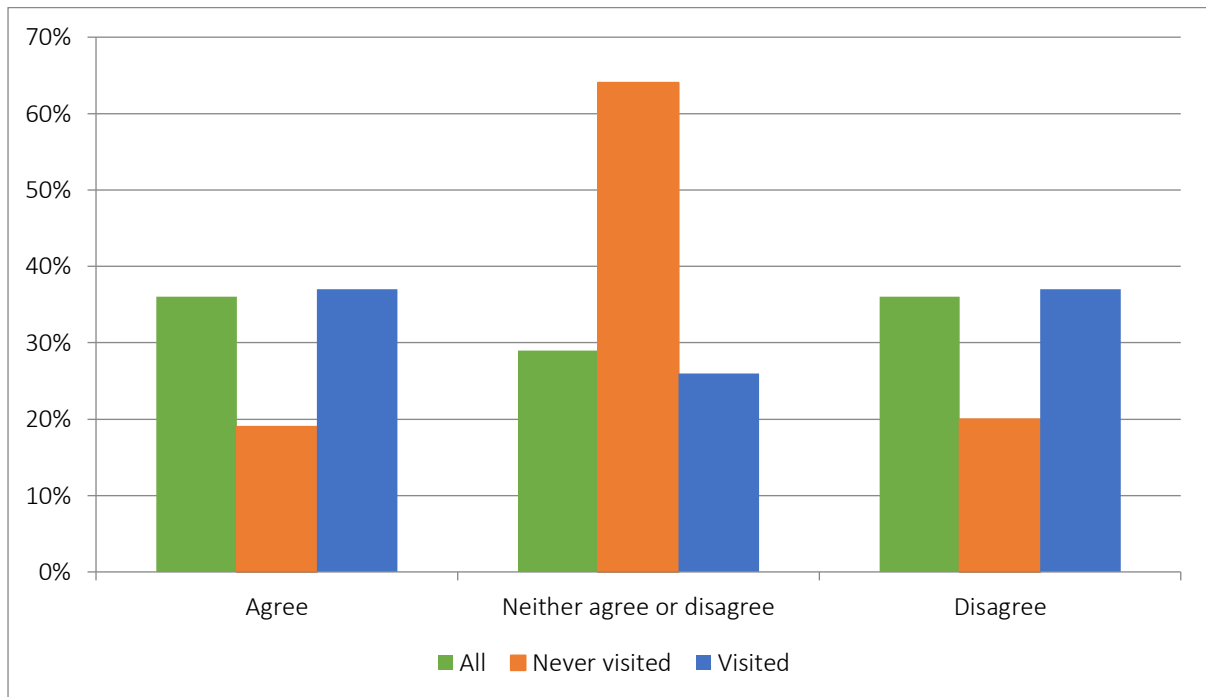


Despite the need to travel by ferry being a significant *opportunity* to draw visitors to the Island, the survey also found that this was offset by perceptions of the cost of ferry travel being a potential *barrier* to visitors.

Figure 7.11 shows that opinion on the value for money of ferry travel to the Island is split. 36% of respondents agreed it was good value, while 36% disagreed. This split remained even when looking solely at respondents who had visited the Island and those who had not visited (although understandably the latter had a far larger proportion of respondents who did not express an opinion).

Interestingly Hampshire residents, who would be most likely to travel to the Island for day trips or employment, were not split on their perception of the value for money of ferry travel. 47% perceived it to be of poor value, while only 28% thought it was good value.

Figure 7.11: Consumer perceptions of the statement ‘The ferry travel is good value’



Overall, the evidence from the Isle of Wight Consumer Survey suggests that while the ferry is an asset in terms of attracting visitors, a significant proportion of people have a poor opinion of the of the ferry services’ value for money. For many respondents this was based on first-hand experience of using the ferry services.

7.6 KEY POINTS

COMPANY SPECIFIC DATA

Hovertravel received complaints from the equivalent of just 0.43% of their passengers in 2016/17. Available data from Red Funnel (for the period 2014 to 2016) and Wightlink (in 2007/8 and 2008/9) shows they received complaints from just 0.02% of their passengers in those years.

Red Funnel has a significant number of customer satisfaction reviews recorded on Feefo – of which 7.5% have been negative (i.e. 1 or 2 star) in the last three years. Wightlink also reported a significant number of customer satisfaction reviews, of which 5.2% were from dissatisfied customers.

Most people are therefore likely to record their dissatisfaction or complaint using an online survey / review function than directly with the operator. However, the percentages of these are still relatively low.

Overall more than 90,000 people ‘like’ and more than 87,000 ‘follow’ the three operators’ Facebook pages. This compares to the 2,674 people who ‘like’ and 2,603 people who ‘follow’ the Better Ferry Campaign’s Facebook page.

TRIP ADVISOR

Overall, looking at Trip Advisor reviews, a large majority of travellers using the ferry services have a positive experience. Only 4% and 7% are dissatisfied with Hovertravel and Red Funnel respectively. There is much higher proportion of reviewers who are dissatisfied with Wightlink (21%).

Negative experiences with ferry operators are most likely to occur in the winter, which is unsurprising when services are less frequent and more likely to be adversely affected by weather (although further analysis would be required to verify the critical issues of complaint). A large proportion of Wightlink reviewers are dissatisfied in the summer.

Across all traveller types, ‘solo’ and ‘business’ travellers are the most dissatisfied. This may be because these are likely to be commuters and business people travelling to jobs and appointments, who need to arrive on time and have less flexibility in their schedule than visitors to the Island, and people travelling to the mainland for leisure, shopping trips, etc. Reviewers who identify themselves as travelling as part of a group of ‘friends’ also experiencing high levels of negative experiences with Wightlink and Red Funnel, while a high proportion of ‘families’ reviewers are having negative experiences with Wightlink¹⁵.

CONSUMER SURVEY

The Isle of Wight Consumer Survey found that 71% of respondents who had been to the Island agreed it was easy to get to, and the same proportion also felt that *‘the Isle of Wight is special and more enjoyable because of the ferry journey’*.

However, this means nearly a third think the Island is not easy to get to (although this may not solely refer to the Solent crossing, as it includes their perception of their journey to the mainland ferry interchange too).

Overall, the evidence from the Consumer Survey suggests that while the ferry is an asset in terms of attracting visitors, a significant proportion of people have a poor opinion of the of the ferry services’

¹⁵ However, the number of negative reviewers for Hovertravel and Red Funnel is small, so conclusions in this part of the analysis related to them need to be treated with caution.

value for money. For many respondents this was based on first-hand experience of using the ferry services.

8 ECONOMIC IMPACT

This section looks at key economic indicators to present the performance of the Isle of Wight's economy over time, so an assessment can be made as to whether there is any correlation between economic performance and trends in ferry operations.

For each economic indicator percentages or indexing (calculating the scale of change relative to a baseline year) are used in order to assess changes over time against the baseline year, which can then be compared with other localities.

Data from five comparator locations enables assessment of the Isle of Wight's economic performance relative to other localities within the South East, as well as with another island. The comparator locations are:

- a. **Milton Keynes:** highest performing locality in the South East (as measured in GVA per head 2015)
- b. **East Kent:** lowest performing locality in the South East (as measured in GVA per head 2015)
- c. **Southampton:** neighbouring mainland locality
- d. **Portsmouth:** neighbouring mainland locality (used in GVA comparison only)
- e. **Isle of Anglesey:** island locality with a fixed link

The **South East** and **England** were also included in the analysis – so that the performance of the Isle of Wight and the comparator locations could be viewed against regional and national trends (which provide 'average' trend lines).

The majority of the data used for this analysis came from Nomis (www.nomisweb.co.uk), the Office of National Statistics' online database of Official Labour Market Statistics, using the 'local authority profile' function.

Figures on Gross Value Added were taken from the *Regional Gross Value Added (Income Approach)* dataset (Office of National Statistics, December 2015).

Figures on the birth and survival rates of enterprises were taken from the *Business Demography 2015: Enterprise Births, Deaths and Survivals* dataset (Office of National Statistics, November 2016).

In most cases the most recent data available was for 2015.

8.1 POPULATION GROWTH

The growth of the **total resident population** of the Isle of Wight has broadly mirrored the South East's regional population growth trend, which is a slightly higher rate of growth than the average for England.

Figure 8.1 shows that aside from Milton Keynes (which has experienced population growth at a rate which is completely anomalous to all other comparators), the Isle of Wight had the highest rate of population growth in the comparator locality group until 2012. In contrast, the population of the island comparator of Anglesey has broadly remained constant since 1981.

Figure 8.1: Total resident population (indexed)

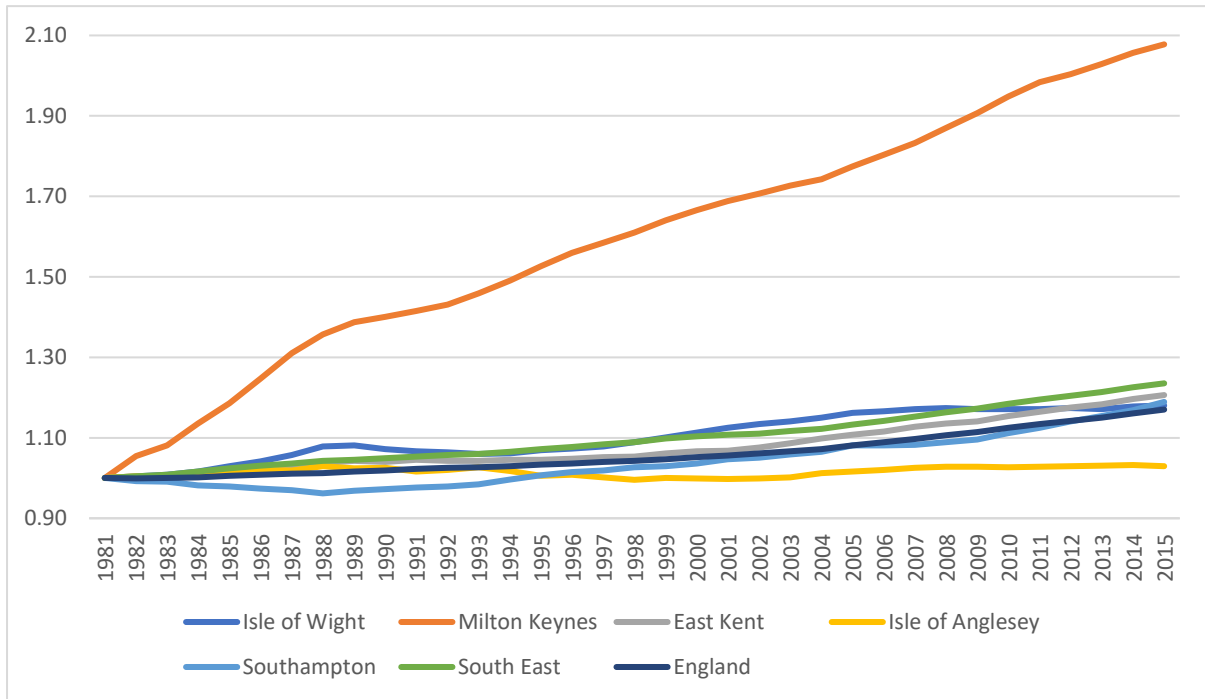
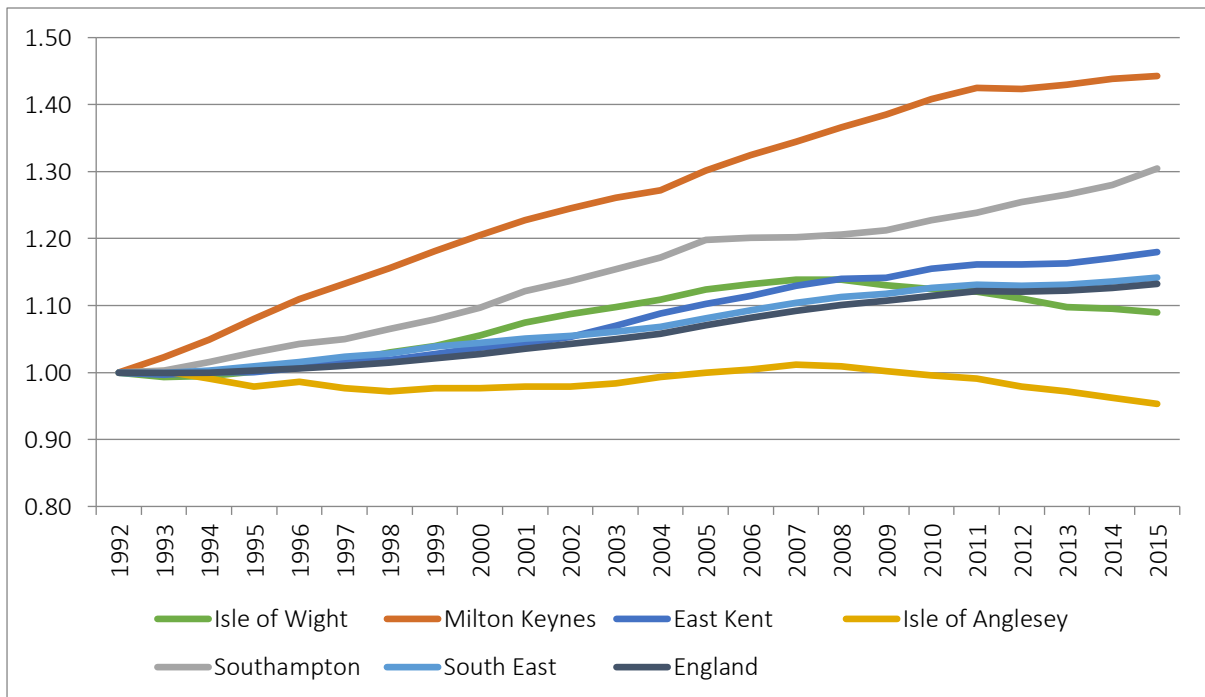


Figure 8.2: Resident population, 16-64 years (indexed)



Looking more closely in **Figure 8.2** at the growth of the Island's **resident population of 16-64 years** (i.e. those of working age) shows that this has fallen since 2008 (by 3,600 residents). With overall population having only grown by 700 since 2008, it may be that this lack of population growth is due

to working age residents moving away from the Island as a consequence of the wider economic downturn.

It is notable that Anglesey is the only comparator location to have also experienced a fall in its working age population, again since 2008.

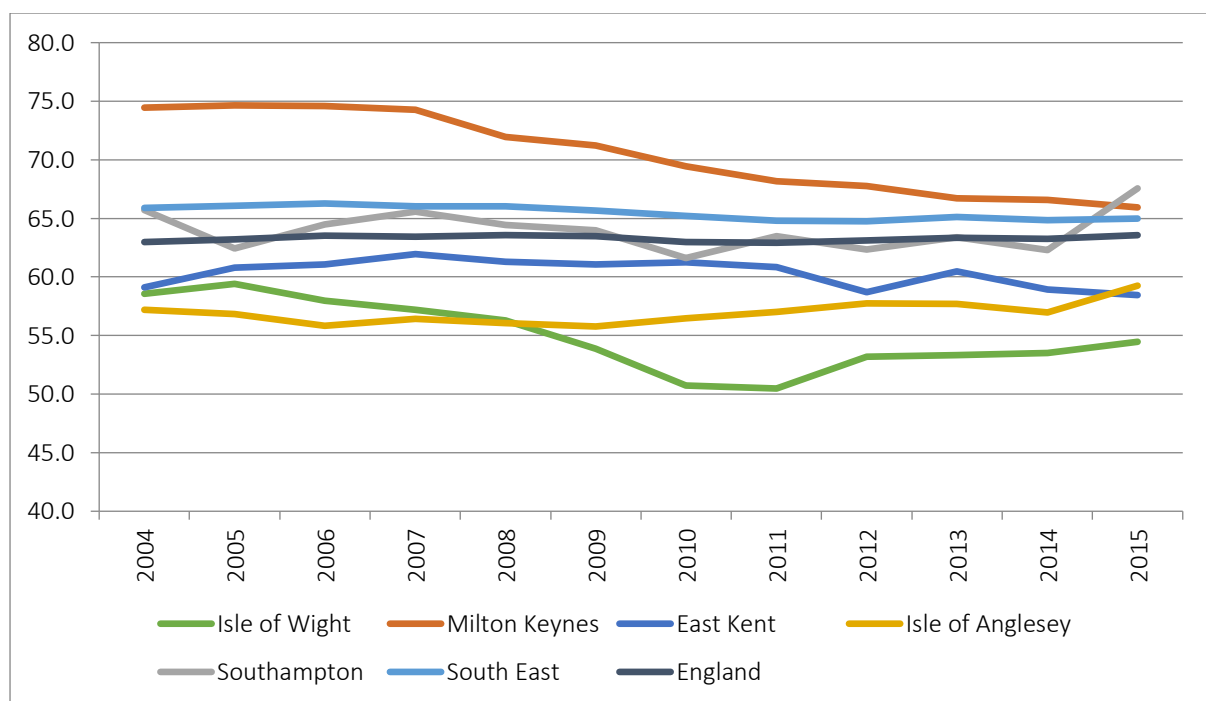
8.2 EMPLOYMENT AND UNEMPLOYMENT

The proportion of the Island’s **working age population that is economically active** was 54.5% in 2015. This was 5% lower than the peak in 2005 (59.4%), after which the proportion declined until 2011. Unsurprisingly the most dramatic fall was between 2008 and 2011 – the height of the recession. However since the 2011 low point (of 50.5%) this has increased by 4%.

Figure 8.3 shows that in the comparator locations the percentage of working age residents who are economically active broadly followed the same overall stable trend (albeit for Anglesey from a lower percentage starting point). The only comparator location to show a significant decline in its economically active working age population was Milton Keynes. This has fallen 13.5% since 2004, but must be viewed in the context of the town’s overall population growth (doubling in size since 1981).

Overall this shows the Island specifically experienced a decline in its working age population, a downward trend which was exacerbated by wider economic influences but which is now picking up.

Figure 8.3: Percentage of working age residents economically active



Unsurprisingly trends in the proportion of the **working age population who are in employment** shows very a very similar pattern (see **Figure 8.4**), while trends in the percentage of **residents aged 16+ who are unemployed** show the inverse (see **Figure 8.5**).

Figure 8.4: Percentage of working age population in employment

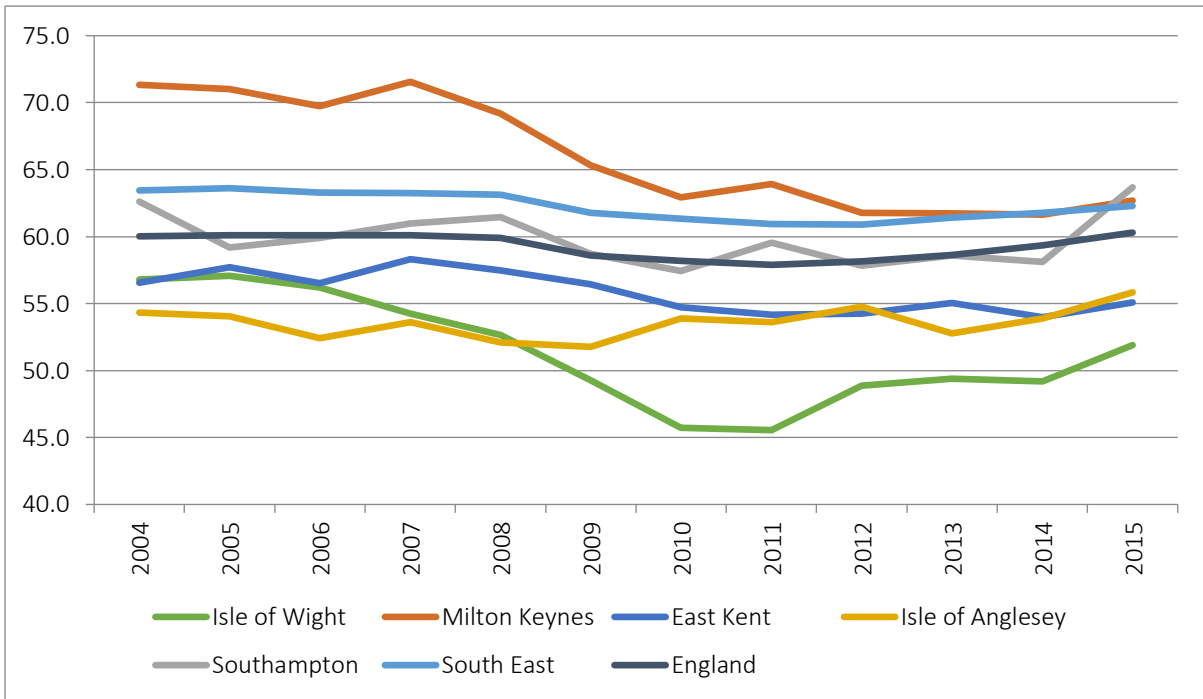
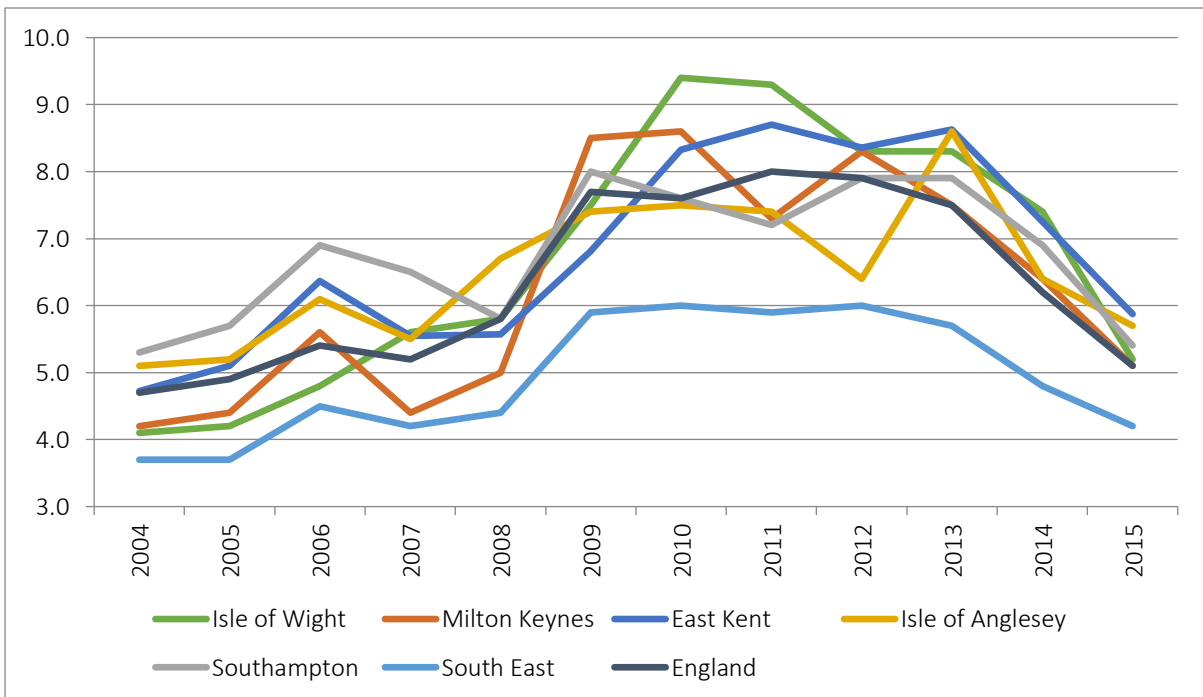


Figure 8.5: Percentage of residents aged 16+ who are unemployed¹⁶



¹⁶ Calculated as a percentage of all economically active residents.

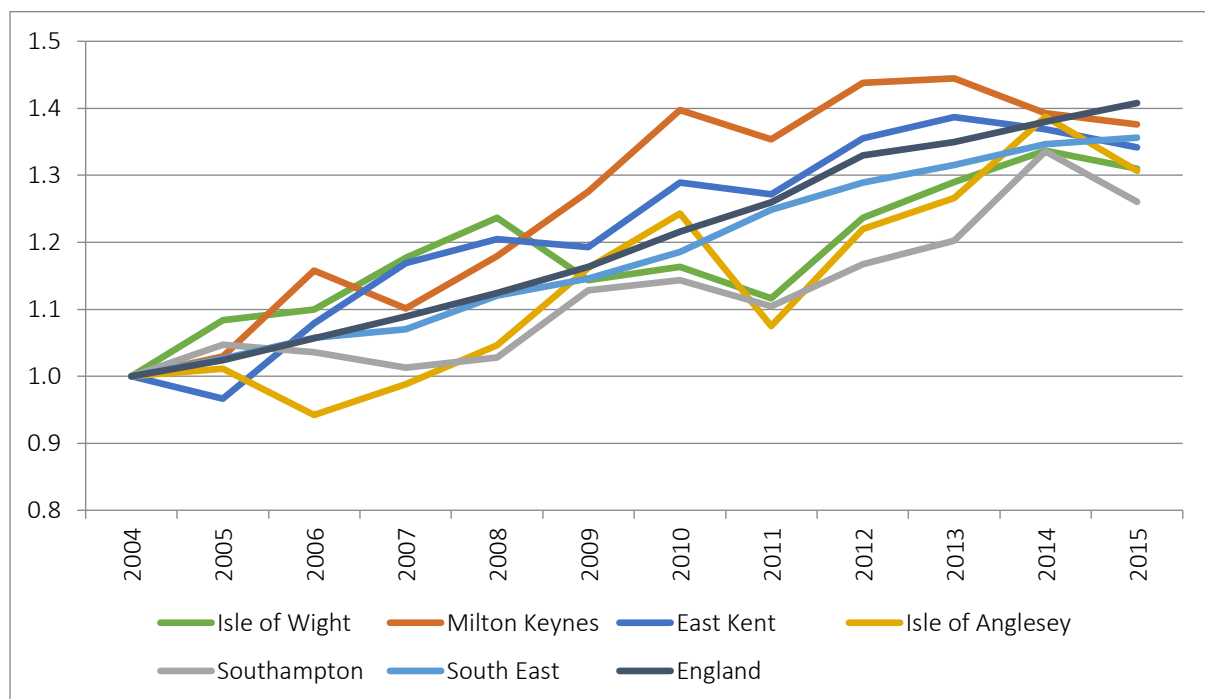
On the Isle of Wight unemployment rose between 2004 (4.1%) and 2010 (9.4%), with the most dramatic increase occurring after 2008. Between 2010 and 2015 unemployment on the Island fell 4.2%, to lower than in the comparator locations of Anglesey, East Kent and Southampton. The peak unemployment of 2010/2011 notwithstanding, unemployment rates on the Island have broadly followed the overall trends seen in all comparator locations.

The trend line for the South East shows markedly lower rates of, and rates of change in, unemployment for the region as a whole; illustrating the relatively higher economic prosperity of the region compared to England as a whole (the trend line for which was similar to that of all the comparator locations). Whilst clearly not benefiting from the levels of low unemployment seen elsewhere in the South East, the Isle of Wight trend is no different to other less affluent areas in the region (i.e. East Kent) nor its mainland neighbour of Southampton.

8.3 QUALIFICATIONS AND PAY

Between 2004 and 2015 the number of working age Isle of Wight **residents qualified to NVQ3 level or above** increased from 30,000 to 39,300. Despite some year-on-year fluctuations, the Island and all comparator locations show trends in keeping with the overall trend lines for the South East and England as a whole (see **Figure 8.6**). The only location to show a markedly more positive trend is Milton Keynes, probably as a result of it being an economic centre experiencing particularly rapid levels of growth.

Figure 8.6: Number of working age residents qualified to NVQ3 or above (indexed)



Similarly, as shown in **Figure 8.7**, the Isle of Wight and comparator locations show rates of increase in **gross weekly pay (indexed)** that mirror wider regional and national trends. The only anomaly is Anglesey, which is showing a markedly lower rate of increase in pay. The Isle of Wight actually shows

the highest relative increase in pay between 2004 and 2015 of all the comparator location, as well as compared to regional and national trends.

Figure 8.7: Gross weekly pay, all full time workers (indexed)

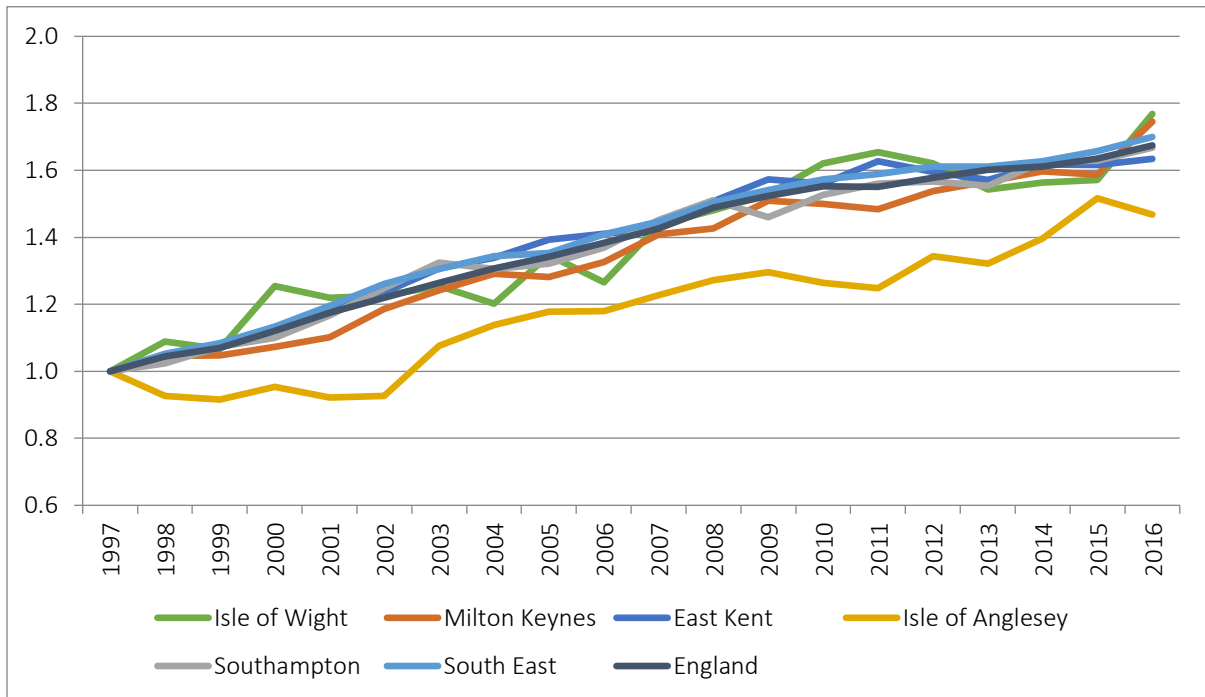
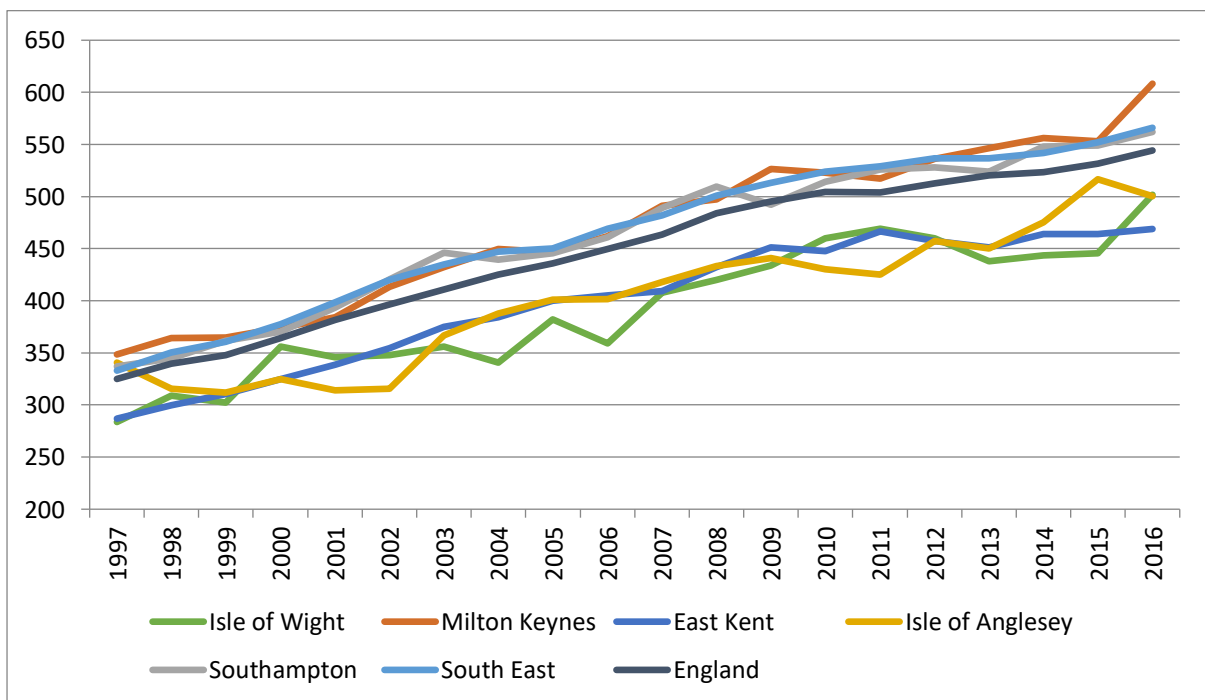


Figure 8.8: Gross weekly pay, all full time workers (actual/£)

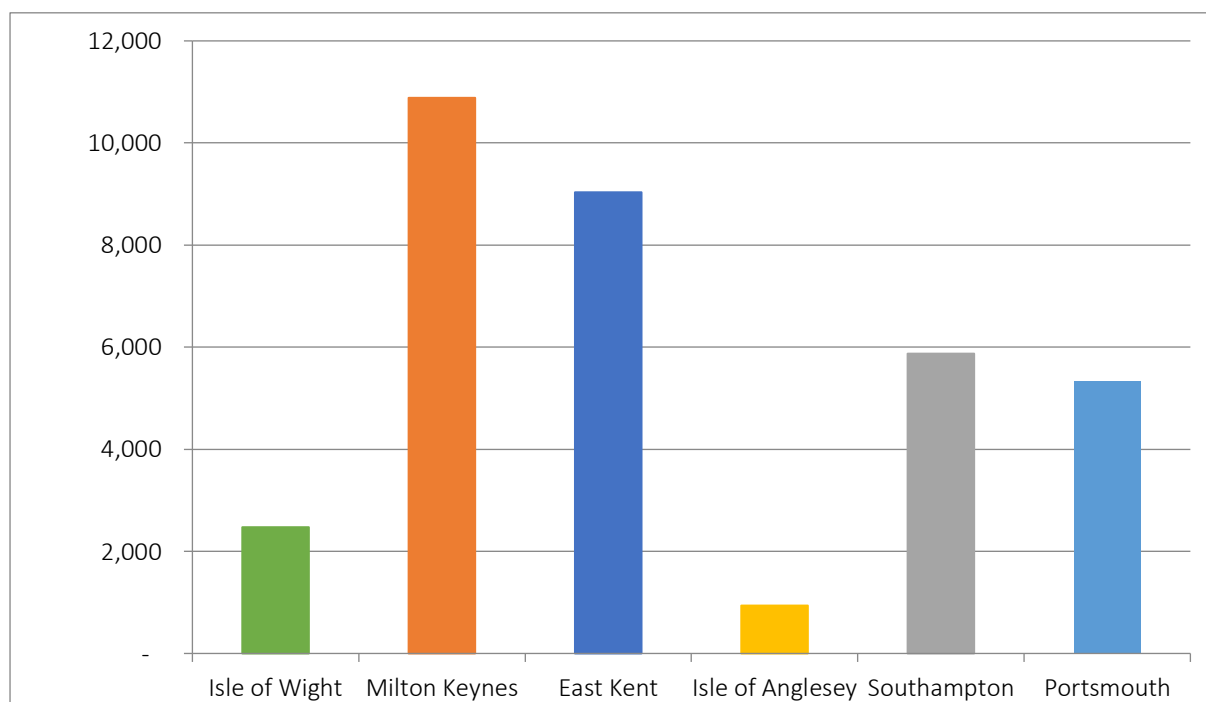


Looking at **actual gross weekly pay** in **Figure 8.8** it is clear that the Isle of Wight, Anglesey and East Kent have markedly lower rates of pay than other comparators. Gross weekly pay in these locations in 2015 was £502, £500 and £469 respectively, compared to £544 nationally and £566 regionally. Therefore, while the *rate of increase in pay* on the Isle of Wight is comparable with other locations, it should be noted that the *rate of pay* is lower. However, this lower rate of pay is comparable with wages on other island economies and in other less affluent parts of the South East.

8.4 GROSS VALUED ADDED¹⁷

In 2015 **Gross Value Added** (GVA, the value generated by an area from the production of goods and services) for the Isle of Wight was £2.47m. As seen in **Figure 8.9** this was the second lowest of the comparator locations (expanded to include Portsmouth). The closest two comparator locations were Isle of Anglesey (£0.94m) and Portsmouth (£5.34m).

Figure 8.9: Gross Value Added (£m)



Interestingly all offshore locations¹⁸ in the GVA dataset fall within the lowest 15 GVA rates in the country. As shown in **Table 8.1** the Isle of Wight has the highest GVA of these island economies. It does not have the highest GVA per head, but it is the most densely populated of the islands.

While the Isle of Wight's GVA is relatively low compared to most of the comparator locations (see **Figure 8.10**), its rate of growth is the second best of all the locations (behind Milton Keynes) and closely mirrors the regional and national trends – even out-performing these during the start of the recession (2007 to 2009). It is notable that since the start of the recession the Island's rate of increase

¹⁷ Gross value added (income approach)

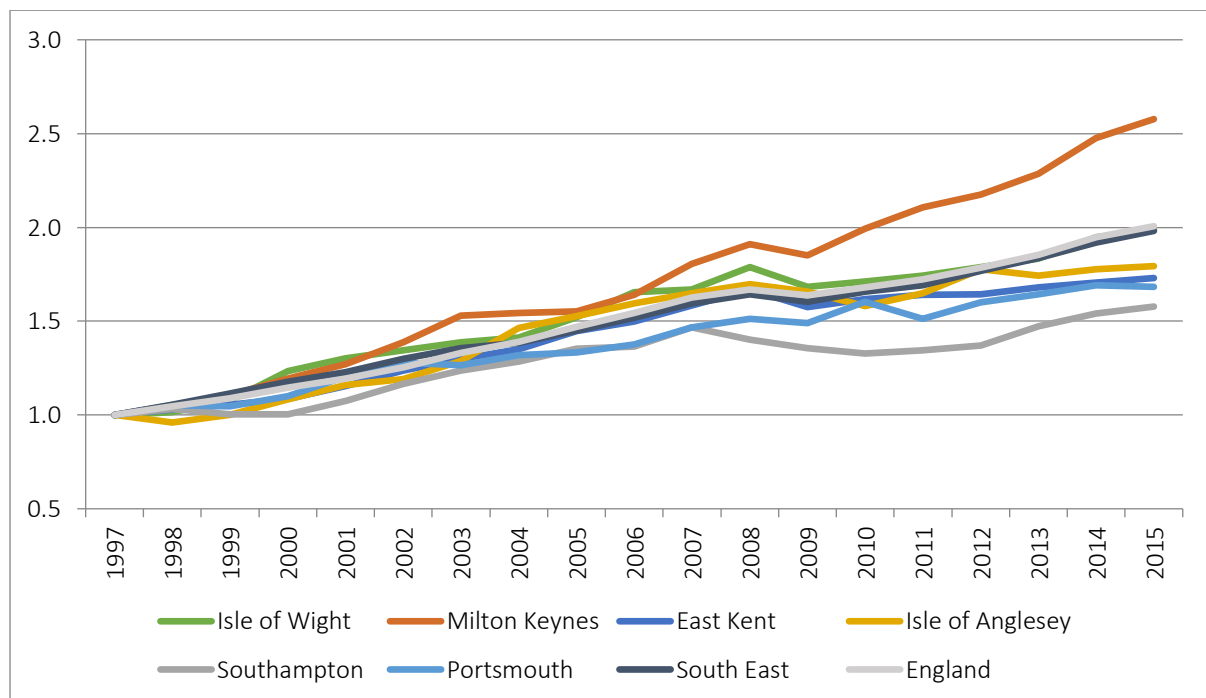
¹⁸ Excluding Isles of Scilly, whose data is aggregated with that of Cornwall.

in GVA has been higher, and more consistent than, that of its mainland neighbours Southampton and Portsmouth.

Table 8.1: Comparison of island Gross Value Added (2015)

	Gross Value Added	Gross Value Added per Head
Orkney Islands	£0.44m	£20,560
Western Isles	£0.46m	£16,989
Shetland Islands	£0.63m	£27,143
Isle of Anglesey	£0.94m	£13,411
Lochaber, Skye & Lochalsh, Arran & Cumbrae and Argyll & Bute	£2.17m	£21,718
Isle of Wight	£2.47m	£17,739

Figure 8.10: Gross value added (indexed)

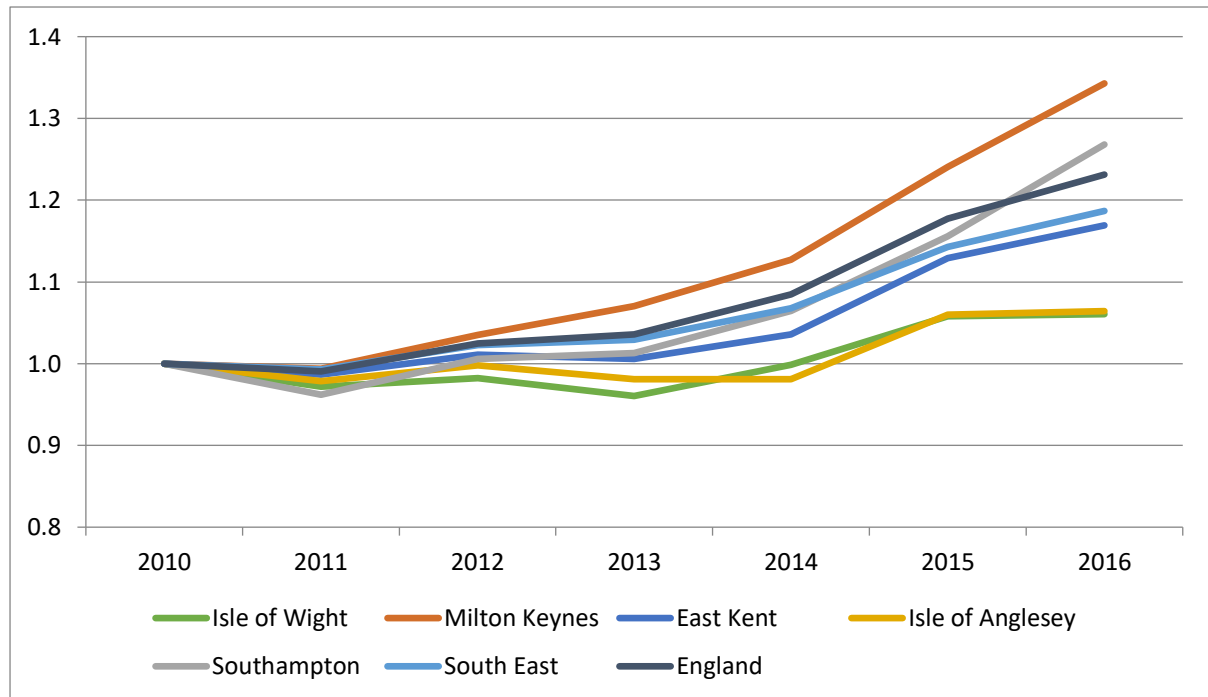


8.5 ENTERPRISES

In 2015 there were 4,555 **enterprises** operating on the Isle of Wight (compared with 2,485 on Anglesey and 6,505 in Southampton). In **Figure 8.11** it is clear the rate of growth in enterprises on the Isle of Wight since 2010 has been comparatively low, but matches that of the other island in the analysis.

In 2015 475 **new enterprises** were started on the Isle of Wight (compared with 190 on Anglesey and 1,385 in Southampton). There was a jump in the number of new enterprises in 2013, towards the end of the economic downturn (580 in 2013 compared to 375 in 2012) but the rate of growth since then has fallen.

Figure 8.11: Total enterprises (indexed)



While **Figure 8.12** shows the rate of growth in new enterprises on the Island has fluctuated more than in the comparator mainland locations, the data series is short and the sample sizes for the island locations are small; so this may just be within the bounds of normal year-on-year fluctuation.

The **new enterprise survival rate** trend for the Isle of Wight is in line with the comparator locations and regional and national averages (see **Figure 8.13**). 43.8% of the new enterprises set up on the Island in 2010 survived at least until their fifth year – the highest survival rate of any of the comparator locations and 2.4% above the England average.

Figure 8.12: Births of new enterprises (indexed)

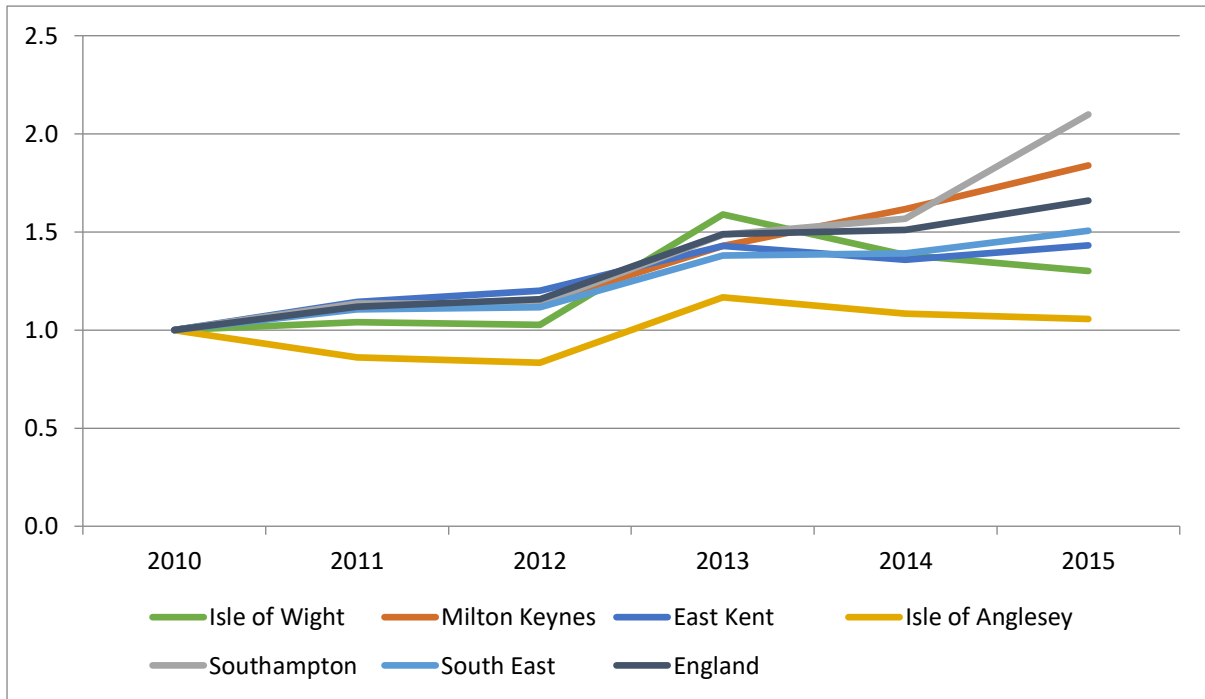
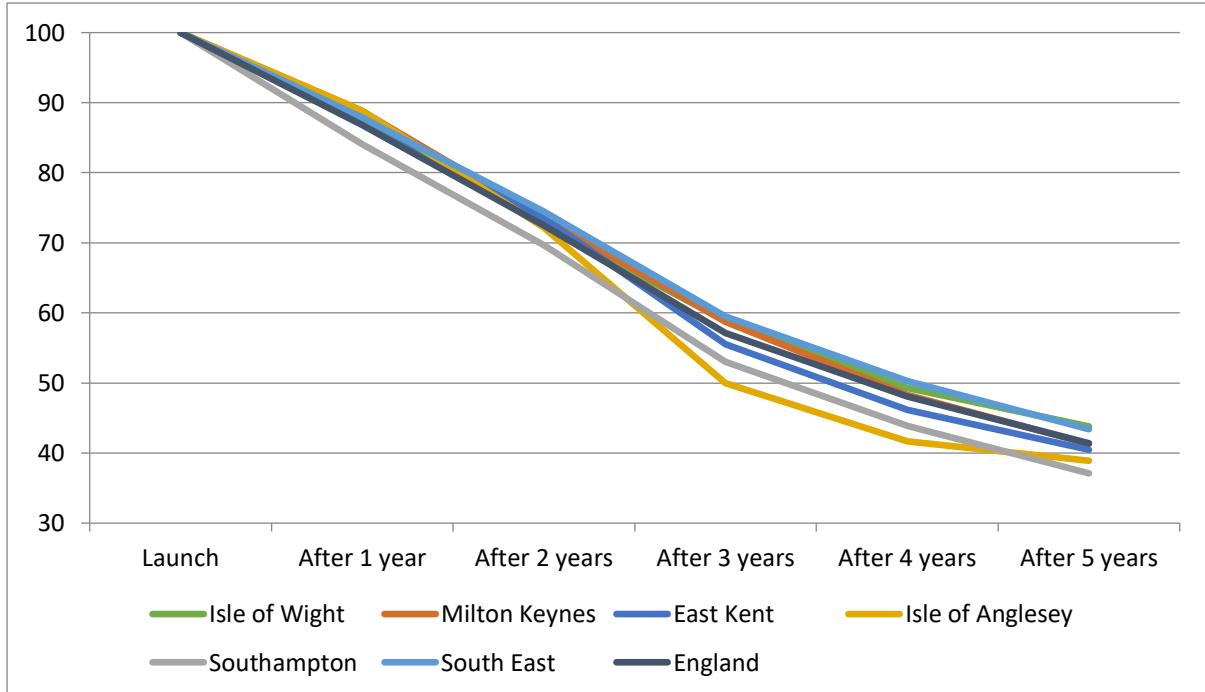


Figure 8.13: Percentage of enterprises surviving 1 - 5 years (% , base year = 2010)



8.6 ECONOMY AND FERRY PATRONAGE

It is useful to look at how ferry passenger numbers have changed alongside key economic metrics, to understand the relationship between ferry use and local economic trends. However, as patronage

data is only available in a continuous data series from 2010 and some economic data is only available until 2015, the timeline over which these can be analysed in parallel is limited.

Figure 8.14 shows that recent reductions in overall ferry patronage do not correlate to changes in the Island’s (growing) population or its working age population. Although both overall patronage and the size of the working age population have fallen, ferry patronage has reduced at a much more rapid and more erratic rate. Therefore, while some reduction in ferry patronage might be attributed to the reduction in working age residents travelling to/from the Island, other factors are affecting ferry passenger numbers.

Figure 8.14: Isle of Wight population and ferry passengers (indexed)

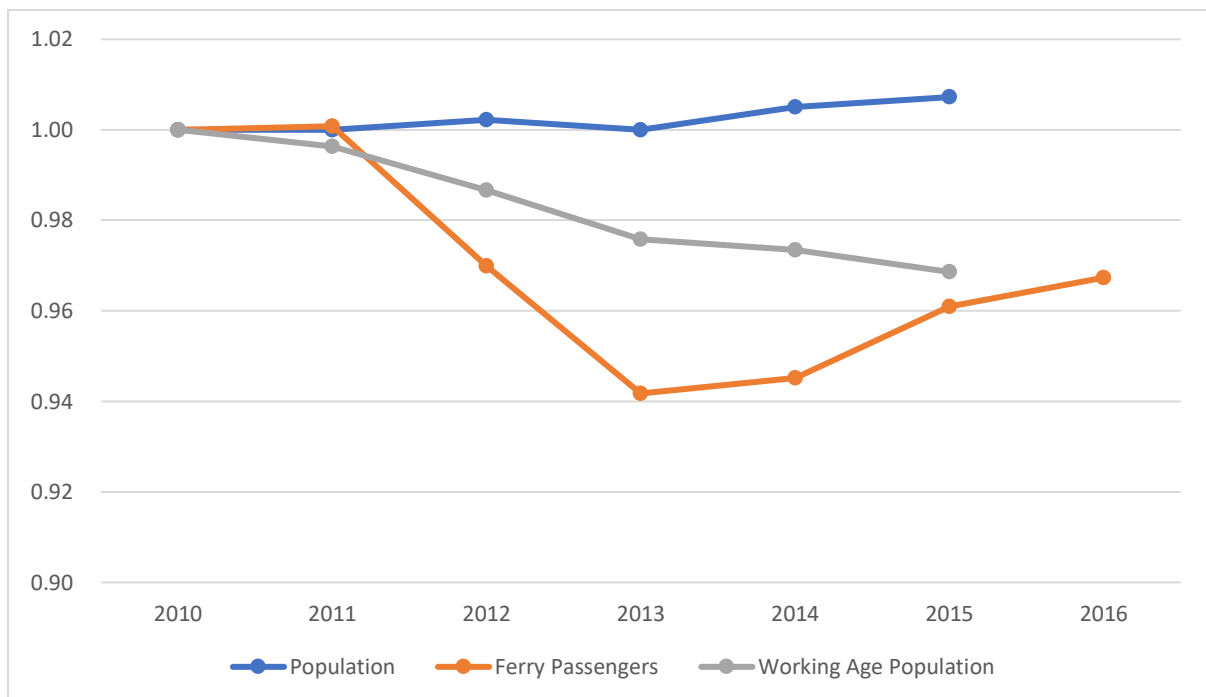


Figure 8.15 shows the rate of change in the use of the ferry service by foot passengers and vehicle types, alongside the rate of increase in the Island’s Gross Value Added rating. From 2013 there appears to be a decoupling between the overall GVA trend (which shows the Island economy improving) and ferry usage trends. This appears to suggest that the economy has grown despite a decline in the number of coaches coming to the Island and a reduction in commercial traffic operating from / serving the Island. Despite total ferry patronage declining (by 5%) while GVA rose (see **Figure 8.16**), foot passenger use has remained broadly stable and car crossings have increased.

Figure 8.15: Isle of Wight Gross Value Added and ferry passenger modes (indexed)

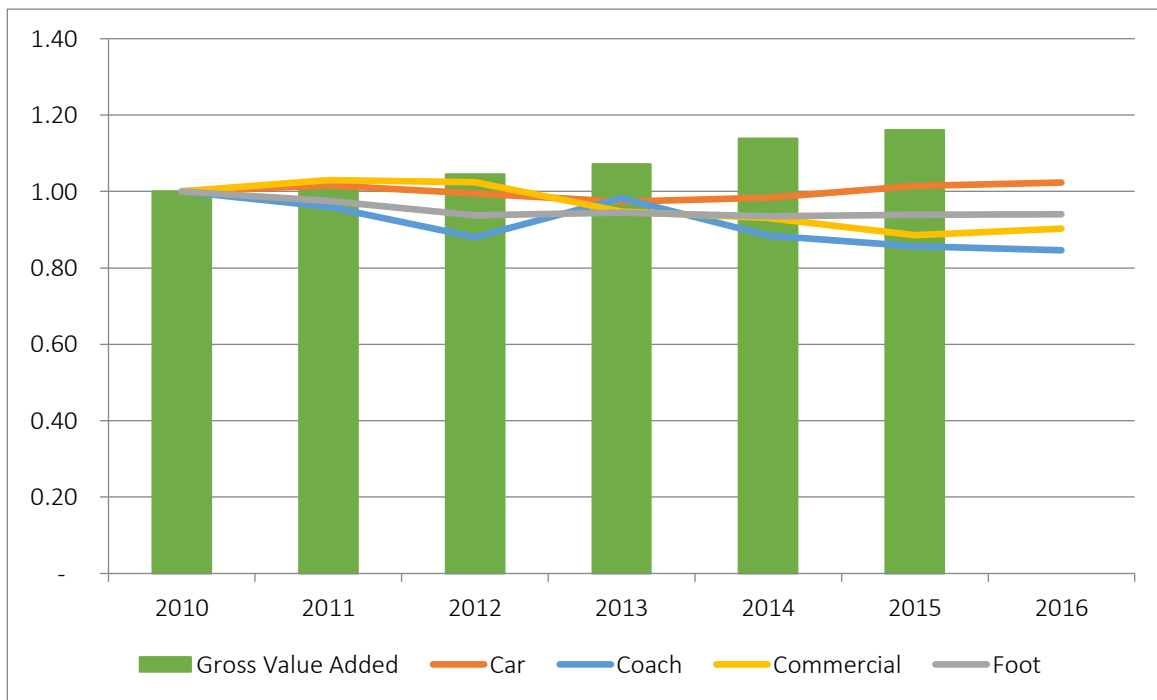
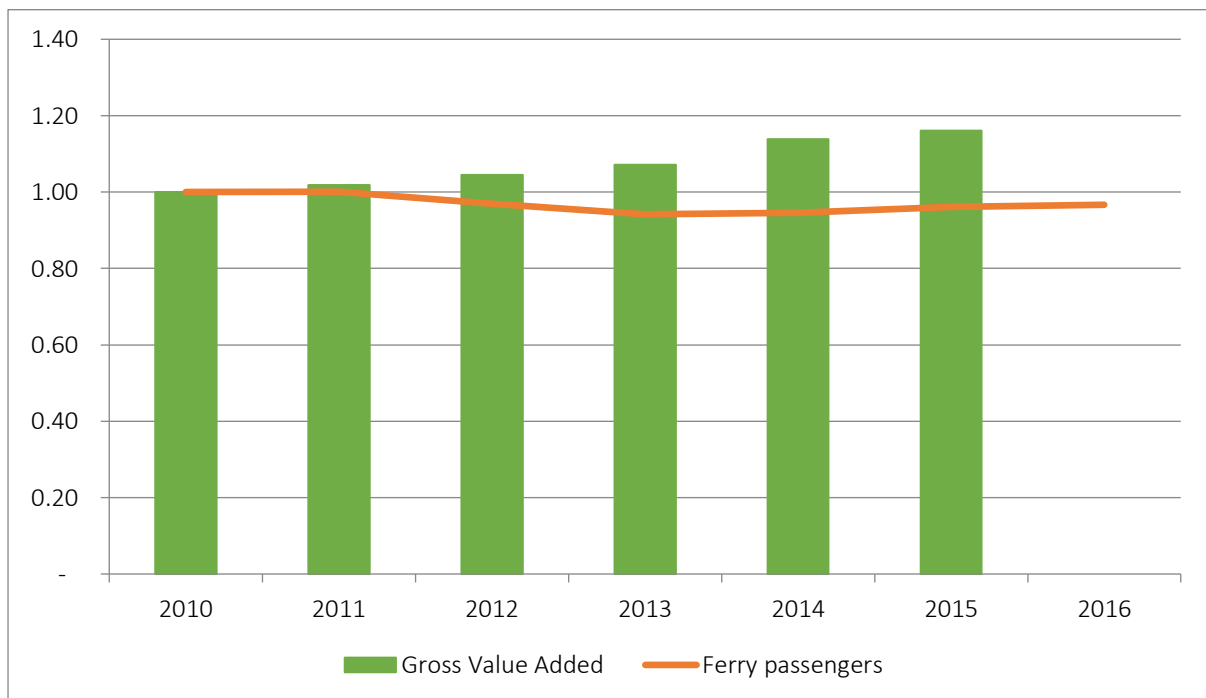


Figure 8.16: Isle of Wight Gross Value Added and total ferry passengers (indexed)

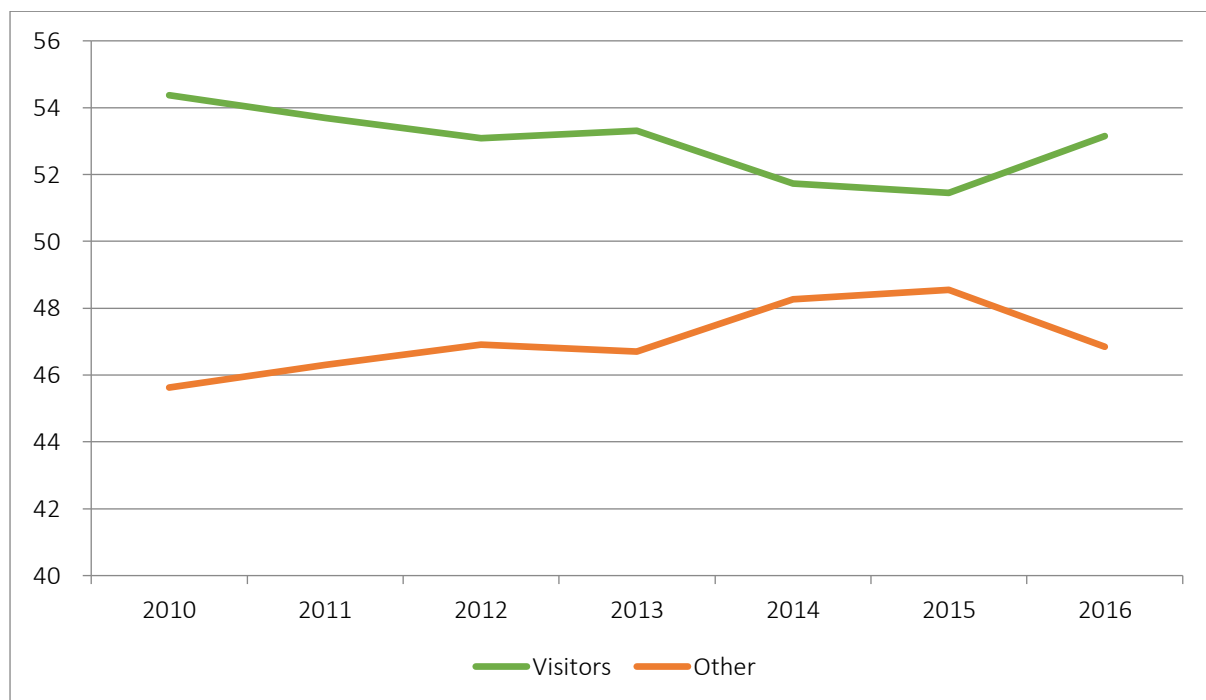


This overall decline in ferry patronage and the relative increase in the importance of the ferries' foot and car passengers suggests that the Island economy is changing, with visitor coaches and commercial traffic becoming less important to this. Economic growth is being achieved with less cross-Solent travel, perhaps due to growth in non-tourism-related service industries and increasing use of the

internet and videoconferencing facilitating home working and reducing the need to travel for business.

Tourist visitors to the Island are obviously a large proportion of cross-Solent travellers. Using annual visitor numbers¹⁹ and ferry patronage data it is possible to crudely estimate that they account for about half of all ferry passengers.²⁰ More precisely, as shown in **Figure 8.17**, in 2010 visitors are likely to have accounted for 54% of all cross-Solent trips, falling to 51% of trips in 2015 and increasing back to 53% in 2016. Unfortunately, there is a lack of data on cross-Solent trips made by residents and other passengers who are not ‘visitors’ to the Island, so the journey purposes of the other half of the ferry companies’ customers are unknown. As this segment of their market appears to be relatively more important since 2010 it may well be useful for surveys of these customers to be carried out.

Figure 8.17: Split of ferry passengers – visitor and other (% , indicative)

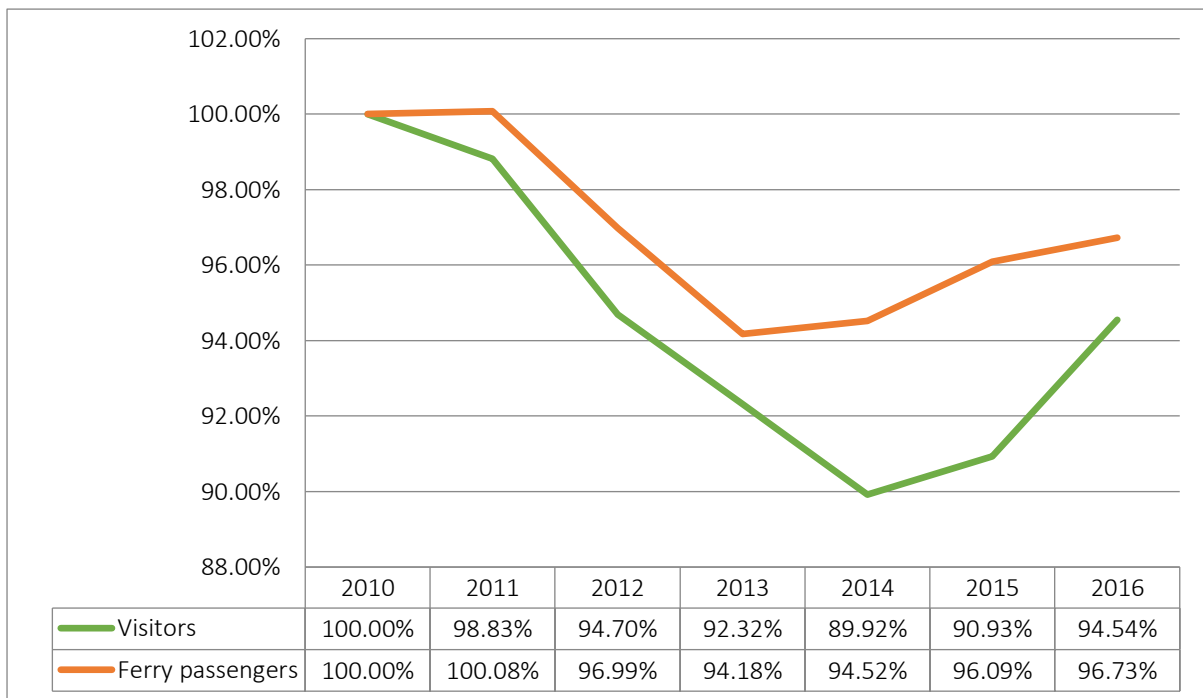


The increasing importance of non-visitor ferry customers since 2010 is highlighted further by comparison of the rate of decline in ferry passenger and visitor numbers, as shown in **Figure 8.18**. By 2016 annual visitor numbers had fallen 5.5% since 2010, compared to a 3.3% reduction in ferry passengers. However, the rates of decline were been symbiotic, with visitor numbers falling faster than ferry passenger numbers; again, suggesting some of the reduction in cross-Solent visitor trips has been compensated for by the increase in passengers travelling for ‘other’ journey purposes.

¹⁹ *Tourism Trends* data from Visit Isle of Wight.

²⁰ The number of visitors annually was doubled (to account for both an outbound crossing to the Island and a return crossing to the mainland) and this figure calculated as a percentage of all ferry passengers.

Figure 8.18: Isle of Wight annual visitors and ferry passengers (% indexed)



8.7 KEY POINTS

The Isle of Wight’s economic trends show some limitations, such as a low rate of average pay and low GVA. The rates of increase in these, albeit from a lower baseline, are comparable with trends seen elsewhere, and in some instance the Island is out-performing mainland economies or an island with a fixed link.

Despite the working age population falling and unemployment rising during the recession, there are signs these negative trends have stabilised and are starting to move in a more positive direction. The Island workforce is increasingly well qualified and rates of pay are increasing.

While the recession caused the number of enterprises to stagnate by limiting the birth of new enterprises, since 2012/2013 the number of new enterprises has begun to increase again; and business survival rates show these have a good chance of remaining viable in to the medium-term.

Overall, the Isle of Wight’s economy has some characteristics which mark it out as an Island economy, and it is clearly a less affluent region within the South East which has consequently felt the effects of recession more markedly. However overall the rates of change in most of the economic indicators assessed show that the Island’s economy is largely improving at a similar rate to other locations.

While trends seen in comparisons of economic and ferry patronage data are only indicative due to data only being available for a short time series, they are deserving of further investigation. They appear to suggest some quite fundamental changes in the Island economy, with fewer working age residents travelling from the Island to work; less reliance on traditional commercial and tourism sectors (e.g. coach travel); and an increase in economic activity that does not rely on physical access to the mainland. Ferry operators may benefit from further investigation of how these changes will

impact on their future patronage and customer base, as well as what the future needs are of their significant 'other' (i.e. not tourism visitor) client base.

ANNEX 1: LIST OF DATA REQUESTED FROM HOVERTRAVEL

	Data Requested
1	Summer timetable
2	Winter timetable
3	Published fixed fares
4	Volume of fulfilment by fare option
5	Percentage discount by customer type (negotiated discounts)
6	Volume of fulfilment by discount type
7	Average yield per customer
8	Foot passenger capacity
9	Percentage of published sailings made
10	Percentage of sailings departing within 5 minutes of the published times
11	Percentage utilisation
12	Dates/times of sailings which achieved between 0% and 5% utilisation
13	Dates/times of sailings which achieved between 95% to 100% utilisation
14	Customer satisfaction/feedback/insight surveys (in house and commissioned), methodologies and results
15	EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

ANNEX 2: LIST OF DATA REQUESTED FROM RED FUNNEL

	Data Requested
1	Summer timetable
2	Winter timetable
3	Published fixed fares (foot passengers)
4	Volume of fulfilment by fare option (foot passengers)
5	Percentage discount by customer type (negotiated discounts)
6	Volume of fulfilment by discount type
7	Average yield per customer
8	Capacity: vehicles (CEU) and foot passengers
9	Total vehicle ferry capacity (CEU): Last Friday in January
10	Total vehicle ferry capacity (CEU): Friday before Whitsun
11	Total vehicle ferry capacity (CEU): Friday before start of Cowes week
12	Total vehicle ferry capacity (CEU): Friday before August bank holiday
13	Total vehicle ferry capacity (CEU): Friday before Christmas
14	Percentage of published sailings made
15	Percentage of sailings departing within 5 minutes of the published times
16	Percentage vehicle ferry utilisation (CEU)
17	Percentage foot passenger ferry utilisation
18	Dates/times of sailings which achieved between 0% and 5% utilisation
19	Dates/times of sailings which achieved between 95% to 100% utilisation
20	Customer satisfaction/feedback/insight surveys (in house and commissioned), methodologies and results
21	EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

ANNEX 3: LIST OF DATA REQUESTED FROM WIGHTLINK

	Data Requested
1	Summer timetable
2	Winter timetable
3	Published fixed fares (foot passengers)
4	Volume of fulfilment by fare option (foot passengers)
5	Percentage discount by customer type (negotiated discounts)
6	Volume of fulfilment by discount type
7	Average yield per customer
8	Capacity: vehicles (CEU) and foot passengers
9	Total vehicle ferry capacity (CEU): Last Friday in January
10	Total vehicle ferry capacity (CEU): Friday before Whitsun
11	Total vehicle ferry capacity (CEU): Friday before start of Cowes week
12	Total vehicle ferry capacity (CEU): Friday before August bank holiday
13	Total vehicle ferry capacity (CEU): Friday before Christmas
14	Percentage of published sailings made
15	Percentage of sailings departing within 5 minutes of the published times
16	Percentage vehicle ferry utilisation (CEU)
17	Percentage foot passenger ferry utilisation
18	Dates/times of sailings which achieved between 0% and 5% utilisation
19	Dates/times of sailings which achieved between 95% to 100% utilisation
20	Customer satisfaction/feedback/insight surveys (in house and commissioned), methodologies and results
21	EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

ANNEX 4: SUMMARY OF DATA SUPPLIED BY HOVERTRAVEL

N/A

ANNEX 5: SUMMARY OF DATA SUPPLIED BY RED FUNNEL

	Data Requested	Data Received
1	Summer timetable	Full time series
2	Winter timetable	Full time series
3	Published fixed fares (foot passengers)	2010, 2012, 2015
4	Volume of fulfilment by fare option (foot passengers)	2015
5	Percentage discount by customer type (negotiated discounts)	2015
6	Volume of fulfilment by discount type	2015
7	Average yield per customer	2010, 2012, 2015
8	Capacity: vehicles (CEU) and foot passengers	Full time series
9	Total vehicle ferry capacity (CEU): Last Friday in January	Full time series
10	Total vehicle ferry capacity (CEU): Friday before Whitsun	Full time series
11	Total vehicle ferry capacity (CEU): Friday before start of Cowes week	Full time series
12	Total vehicle ferry capacity (CEU): Friday before August bank holiday	Full time series
13	Total vehicle ferry capacity (CEU): Friday before Christmas	Full times series
14	Percentage of published sailings made	Full time series
15	Percentage of sailings departing within 5 minutes of the published times	Full time series
16	Percentage vehicle ferry utilisation (CEU)	Full time series
17	Percentage foot passenger ferry utilisation	Full time series
18	Dates/times of sailings which achieved between 0% and 5% utilisation	Full time series
19	Dates/times of sailings which achieved between 95% to 100% utilisation	Full time series
20	Customer satisfaction/feedback/insight surveys (in house and commissioned), methodologies and results	
21	EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	2005, 2010, 2012, 2015

ANNEX 6: SUMMARY OF DATA SUPPLIED BY WIGHTLINK

Wightlink

A list of data requested is set out below.

Notes: We would be grateful if each dataset could be supplied:

- separately for the following time series: 2000, 2005, 2010, 2012, 2015
- separately for each direction of travel for each route
- in an editable format

	Data Requested	2000	2005	2010	2012	2015	
1	Summer timetable						
2	Winter timetable						
3	Published fixed fares (foot passengers)	n/a	n/a	v	v	v	
4	Volume of fulfilment by fare option (foot passengers)						
5	Volume of fulfilment by customer type (negotiated discounts)						
6	Volume of fulfilment by discount type						
7	Average yield per customer						
8	Capacity: vehicles (CEU) and foot passengers	n/a	n/a	n/a	v	v	
9	Total vehicle ferry capacity (CEU): Last Friday in January	n/a	n/a	n/a	v	v	
10	Total vehicle ferry capacity (CEU): Friday before Whitsun	n/a	n/a	n/a	v	v	
11	Total vehicle ferry capacity (CEU): Friday before start of Cowes week	n/a	n/a	n/a	v	v	
12	Total vehicle ferry capacity (CEU): Friday before August bank holiday	n/a	n/a	n/a	v	v	
13	Total vehicle ferry capacity (CEU): Friday before Christmas	n/a	n/a	n/a	v	v	
14	Percentage of published sailings made	n/a	n/a	n/a	v	v	
15	Percentage of sailings departing within 5 minutes of the published times	n/a	n/a	n/a	v	v	
16	Percentage vehicle ferry utilisation (CEU)	n/a	n/a	n/a	v	v	
17	Percentage foot passenger ferry utilisation	n/a	n/a	n/a	v	v	
18	Dates/times of sailings which achieved between 0% and 5% utilisation						
19	Dates/times of sailings which achieved between 95% to 100% utilisation						
20	Customer satisfaction/feedback/insight surveys (in house and commissioned), methodologies and results						
21	EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)						
		See www.wightlink.co.uk/information/					
		Accounts available from Companies House					

n/a – not available



Report to Solent Transport

Date: 11 October 2017

Report by: Rebecca Howard

tel: 01962 846799

email: rebecca.howard2@hants.gov.uk

Subject: Finance Update

Purpose of the Report

The purpose of this report is to notify the Solent Transport Joint Committee of the year end position for 2016/17 and to seek approval for the carry forward of underspendings to 2017/18. The Joint Committee is also asked to approve partner revenue contributions for 2017/18 alongside the revised 2017/18 revenue budget, and to note the initial revenue forecasts for 2017/18.

Recommendations

That the Joint Committee:

- (a) Notes the 2016/17 year end budget position.
- (b) Approves the carry forward of balances from 2016/17 to 2017/18.
- (c) Approves the partner revenue contributions for 2017/18.
- (d) Approves the revised 2017/18 revenue budget.
- (e) Notes the initial revenue forecast for 2017/18.

Introduction

1. This report summarises the 2016/17 year end position for Solent Transport and proposes the carry forward of underspendings to 2017/18. The report presents for approval partner revenue contributions for 2017/18 and the revised 2017/18 revenue budget. An initial revenue forecast for 2017/18 is also included.

Revenue Budget and Outturn 2016/17

2. Table 1 below summarises the final revenue outturn for 2016/17 compared to the original budget approved by the Joint Committee in June 2016.

Table 1

Budget Heading	Budget 2016/17	Outturn 2016/17	Variation to budget 2016/17
	£'000	£'000	£'000
REVENUE			
Staff/Finance/Audit	148	143	(5)
Marketing	1	1	0
Enhancement of Sub Regional Transport Model (SRTM)	233	272	39
Solent Go	28	29	1
My Journey & Solent Go marketing	20	13	(7)
PUSH Spatial Strategy	10	9	(1)
SRTM Commissions	0	(101)	(101)
Total	440	365	(75)

3. The final outturn figure at the end of 2016/17 is £365,000 against a total revenue budget of £440,000.
4. In March 2017 an anticipated underspend of £81,000 was reported to the Joint Committee. The main reasons for the £6,000 change in variance include:
- Fewer SRTM Commissions, which came in at £13,000 lower than forecast in March 2017.
 - My Journey & Solent Go Marketing. A £7,000 reimbursement fee due to Southampton City Council that was not required.
5. The Joint Committee is asked to approve the carry forward of £75,000 to 2017/18.

Capital Budget and Outturn 2016/17

6. Table 2 below summarises the final capital outturn for 2016/17 compared to the original budget approved by the Joint Committee in June 2016. The final outturn is equal to the anticipated outturn that was reported in March 2017.

Table 2

Budget Heading	Original Budget 2016/17	Outturn 2016/17	Variation to budget 2016/17
	£'000	£'000	£'000
CAPITAL			
Enhancement of Sub Regional Transport Model (SRTM)	26	26	0
Total	26	26	0

Funding 2017/18

7. A provisional funding statement for 2017/18 was approved by the Joint Committee in March 2017. This has been updated in Table 3 below to reflect variations in the amount brought forward from 2016/17.
8. The surplus generated in 2016/17 from SRTM Commissions, after deducting the in year pressure on the SRTM upgrade, will be ring-fenced as a contribution towards the next SRTM upgrade due in 2021. Approval for this was granted at the March 2017 meeting of the Joint Committee, hence £63,000 of the £75,000 balance brought forward from 2016/17 has been excluded from Table 3.
9. 2017/18 core partner contributions remain in line with recent years:
- Hampshire County Council £90,000
 - Southampton City Council £40,000
 - Portsmouth City Council £40,000
 - Isle of Wight £20,000
- The Joint Committee is asked to approve these contributions.

Table 3

Revenue Funding	2017/18 Budget £'000
Core Partner Contributions	190
2016/17 Balance brought forward	12
Total Revenue Funding	202

10. There is no capital funding for 2017/18.

Revenue Budget 2017/18

11. A provisional revenue budget was approved at the March 2017 meeting of the Joint Committee. This has been updated in Table 4 below to reflect the changes to funding brought forward from 2016/17.

Table 4

Budget Heading	2017/18 Budget £'000
Staff – In Post	95
Staff – Current vacancy	51
Finance Support	5
Marketing	1
Solent Go – Back Office/Admin	28
My Journey & Solent Go Marketing	15
Studies	7
Total	202

12. The only change in the budget from March 2017 relates to the £7,000 increase in the balance brought forward from 2016/17. If the revised brought forward balance is approved by the Joint Committee the additional £7,000 will be allocated to the 2017/18 Solent Transport Studies budget.
13. The Joint Committee is asked to approve the 2017/18 revenue budget as set out above.

Initial Revenue Forecast 2017/18

14. Solent Transport is expecting to underspend on core staff salaries in 2017/18 by £51,000 as the result of a vacancy. However this underspend will be offset in part by the following Atkins commissions:
- Transport Delivery Plan refresh – £15,000 Atkins commission. This is the first stage of updating the existing Solent Transport ‘Transport Delivery Plan’ which dates from 2012. The work will cover committed and anticipated transport schemes in the Solent over a twenty year horizon.
 - Solent Go multi-operator smartcard review - £5,000 Atkins commission. To review the existing Solent Go Smartcard and put forward options for future development, particularly in respect of extending the scheme to include rail services in partnership with the South Western Railway as part of its franchise commitments.

15. All other Solent Transport forecasts for 2017/18 are reported to be in line with the revised budget outlined in Table 4 above. An overall underspend of £31,000 is therefore expected should this budget be approved by the Joint Committee.

Section 100 D - Local Government Act 1972 - background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE

LOCATION

None

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Report to Solent Transport

Date: 11 October 2017

Report by: Richard Ivory, Service Director; Legal and Governance, Southampton City Council

tel: 02380 832794

email: richard.ivory@southampton.gov.uk

Subject: Proposed Minor Revisions to Solent Transport's Constitution

Purpose of the Report

The purpose of this report is to seek revisions to the Solent Transport Constitution as set out below and in the appended agreement (Annex 1).

Recommendations

- (a) That the Constitution of Solent Transport is revised to permit any properly appointed substitute members to attend meetings on behalf of constituent authorities rather than as currently restricted.
- (b) That Solent Transport support the proposed update to the Membership criteria of the Terms of Reference as set out in Annex 1 and recommend the adoption of this update to the constituent Authorities of Hampshire County Council, Isle of Wight Council, Portsmouth City Council and Southampton City Council. Subject to such agreement, Solent Transport recommends that the appointment of substitute Members is made accordingly.
- (c) That the meetings cycle be revised to two formal and two member briefings each year. For clarity, no decisions will be made at those meetings, they are simply informal briefings. Should additional formal meetings be required to consider additional business then they will be arranged and advertised in the usual manner.

Context

- 1.1 The Constitution of Solent Transport Joint Committee as currently drawn up requires the presence of the relevant Executive Member of each of the partner authorities in order for a meeting to be quorate. On exception, a Leader or another Executive Member may be a substitute. On occasions this has proven difficult and proposed meetings have had to be cancelled due to unavailability. In order to aid flexibility and the smoother running of the committee the Chair has proposed that this rule be amended so that any properly appointed substitute member of the constituent authorities can attend, contribute and vote (if needs be) in lieu of the original nominated lead member.
- 1.2 In addition, having reviewed the business transacted by the Joint Committee it is proposed to revise the requirement for meetings and it is suggested that the formal meetings be reduced to two per year (spring and autumn) with the remaining two becoming informal member briefings. If members wish, this could be trialled for the year 2017/8 and reviewed thereafter to ensure it still meets members' needs.
- 1.3 If agreed, the revised Constitution will need to be considered by each Council individually and signed by all constituent authorities.

Section 100 D - Local Government Act 1972 - background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE

LOCATION

None

Annex 1

DATED

2013~~7~~

Hampshire County Council
Isle of Wight Council
Portsmouth City Council
and
Southampton City Council

AGREEMENT

Relating to
**Transport for South Hampshire
and the Isle of Wight**

[Mark R Heath](#)
~~Director of Corporate Services~~
[Richard Ivory](#)
Service Director: legal and Governance
Southampton City Council
Civic Centre
Southampton
SO14 7LT

RECITALS

1. The Parties to this Agreement are all Local Authorities who have joined together to form Transport for South Hampshire and the Isle of Wight (hereinafter referred to as "TfSHIOW") which shall from time to time trade as Solent Transport, the purpose of which is to promote the sub regional transport agenda, implement schemes of a sub-regional nature and lobby and/or influence on all other associated aspects of life within the TfSHIOW Area.
2. The Parties wish to enter into this Agreement to record their respective rights and obligations to each other
3. The Parties enter into this Agreement in pursuance of their powers under the Local Government Acts 1972 and 2000 and all other enabling powers.
4. The Parties further note that these arrangements will be kept under review.

NOW IT IS AGREED:

1. Commencement

This Agreement shall come into force on the date above and shall continue in force until determined in accordance with Clause 13.

2. Description

The Parties have entered into this Agreement with the intention of codifying the governance arrangements for TfSHIOW. This Agreement records the present intentions of the Parties. It is entered into in good faith, but it is expressly recognised that this Agreement cannot fetter the discretion of the Parties. Subject to that, the following points are agreed.

3. Parties

- a. Hampshire County Council of The Castle, Winchester, Hampshire, SO23 8UJ
- b. Isle of Wight Council of County Hall, High Street, Newport, Isle of Wight, PO30 1UD
- c. Portsmouth City Council of Civic Offices, Guildhall Square, Portsmouth, Hampshire, PO1 2BG
- d. Southampton City Council of Civic Centre, Southampton, Hampshire S014 7LY

4. Definitions

- 4.1 "The Parties" means the Parties to this Agreement set out in Clause 3
- 4.2 "TfSHIOW" means Transport for South Hampshire

- 4.3 “The TfSHIOW Area” means the geographical area shown on the plan in Appendix 1
- 4.4 “Key Objectives” means the Key Objectives for TfSHIOW laid out in Appendix 2
- 4.5 “Lead Authority” means the local authority appointed by the Parties under this agreement to lead on a particular function in accordance with Clause 12.

5. Interpretation

- 5.1 The headings for each section throughout this Agreement are provided for ease of reference only and shall not affect its construction or interpretation.
- 5.2 Where the masculine gender is used it shall also incorporate the feminine gender. Where the singular is used, it shall also incorporate the plural and words importing party and persons includes bodies, corporate and unincorporated and (in each case) vice versa.
- 5.3 Any reference to legislation shall include a reference to that legislation as amended, applied, consolidated, re-enacted by or as having affect by virtue of any subsequent legislation

6. Principles and Key Objective

- 6.1 The Parties agree to establish and participate in a Partnership to be known as “Transport for South Hampshire” (“TfSHIOW”).
- 6.2 The Key Objectives for TfSHIOW are as set out in Appendix 2.

7. Governance Structures, Joint Committee, Senior Management Board and Working Groups and Membership

- 7.1 The Governance Structures, Joint Committee, Senior Management Board and Working Group shall be established in accordance with Appendices 3, 4 and 5. Any proposed change to this Agreement or the Joint Committee (but not the Senior Management Board, Working Groups or any other similar structures) shall be treated as a variation in accordance with Clause 18.
- 7.2 The terms of reference and membership of the Governance Structures, Joint Committee and Working Group shall be as laid out in Appendices 3 and 4. Any proposed change to membership shall be treated as a variation in accordance with Clause 18.

8. Decision Making

- 8.1 A Joint Committee will be established with the terms of reference, membership and constitutional arrangements as set out in Appendices 3, 4 and 5.

8.2 The Joint Committee will be administered by the relevant Lead Authority appointed in accordance with Clause 12 of this agreement. The constitutional arrangements for the Joint Committee will be determined by that Lead Authority and will, unless the Lead Authority determines otherwise, follow the Constitutional arrangements of the Lead Authority.

8.3 The quorum for the joint committee shall be all parties, & decisions shall be unanimous.

9. Legal, Governance and Financial Administration Issues

9.1 TfSHIOW shall appoint one of the Parties to provide the services of legal adviser to the partnership under this Agreement, and that authority shall act as Lead Authority for providing advice and guidance on all corporate governance, constitutional and other legal matters. The charges for such provision (which may be sub-contracted by that authority to other authorities or the private sector) shall be met in accordance with clause 10 of this Agreement.

9.2 TfSHIOW shall appoint one of the Parties to provide the services of financial adviser to the partnership under this Agreement and that authority shall act as Lead Authority for providing advice and guidance on all financial administration and other associated financial issues. The charges for such provision (which may be sub-contracted by that authority to other authorities or the private sector) shall be met in accordance with clause 10 of this Agreement.

10. Financial Commitments of the Parties

10.1 The running costs shall be met by a financial contribution from the parties commensurate and based on a pro rata formula agreed by the Joint Committee based on population.

10.2 Capital schemes shall be funded and the costs of those shall be met from funding either from Government, other agencies, the private sector and/or jointly funded by the parties and/or other local authorities, and funding for capital schemes shall be managed and handled separately from the running costs and revenue expenditure of the Joint Committee.

11. Staff

11.1 When any Party agrees to undertaking work at the request of TfSHIOW, the staff of the Party undertaking such work shall be considered to be seconded to TfSHIOW.

11.2 During the period of secondment, the staff shall continue to be employed by the Party from whom they were seconded and managed by that Party and no changes to the staff's terms and conditions of employment shall take place.

11.3 When the period of secondment comes to an end, the staff shall be treated as having returned to their original authority on the terms and conditions applying to their posts had they not been seconded

12. Lead Authorities and their Duties

- 12.1 In order to achieve the objectives of the partnership, the Parties may appoint a Lead Authority to act on their behalf in implementing decisions of the Joint Committee.
- 12.2 In the event of an authority being appointed as Lead Authority by TfSHIOW, subject to any terms, conditions, limitations or caveats, the Lead Authority shall:
- a. act as agent for TfSHIOW in the management and day-to-day supervision of the particular task the Lead Authority has been asked to lead on;
 - b. compile and return all financial and participation data relevant to the task that the Lead Authority has been asked to lead on;
 - c. convene meetings comprising such individuals, bodies or others as agreed by TfSHIOW in establishing the Lead Authority arrangements and update the Parties to this Agreement on the progress of the task assigned to the Lead Authority;
 - d. act as the representative of TfSHIOW in any discussions or negotiations when acting as the Lead Authority;
 - e. provide such administrative resources and office facilities as are reasonably necessary to enable the Lead Authority to manage the project (subject to any caveats or limitations agreed by TfSHIOW in establishing the Lead Authority arrangements);
 - f. exercise overall responsibility for ensuring the quality assurance of the project or task assigned to the Lead Authority, including monitoring and evaluation in consultation with other Parties; and
 - g. play such other role(s) as would normally and reasonably be expected of a Lead Authority in relation to the project or task as assigned.
- 12.3 The Lead Authority shall have full authority and power to act within the scope of the roles and responsibilities laid out in this Agreement on behalf of TfSHIOW in the course of or for the purpose of doing the activities agreed by TfSHIOW as Lead Authority in relation to the specific task assigned. Such action may be taken without further consent or approval from the Joint Committee provided this is within the scope of the authority given by the Joint Committee. The parties shall take such steps as shall be necessary to enable the Lead Authority to fulfil its role.

13. Termination and Withdrawal

- 13.1 TfSHIOW recognises that the success of the partnership depends upon the mutual co-operation of all the Parties and the withdrawal of any Party may have serious administrative and financial repercussions for the remaining Parties and any Party withdrawing from TfSHIOW shall, unless otherwise unanimously agreed:
- a. give six months notice in writing of withdrawal to all other Parties; and

- b. the other Parties shall consider what future arrangements should apply for the discharge for their functions which may include to agreeing to continue joint arrangements further to a new joint agreement.

14. Intellectual Property

14.1 Unless otherwise agreed:

- a. The Parties shall not acquire any right, title or interest in or to the intellectual property rights of TfSHIOW.
- b. TfSHIOW will not acquire any right, title or interest in or to the intellectual property rights of the Parties.

14.2 Any issues, challenges or claims in relation to any intellectual property rights shall be advised to each of the Parties immediately, and any intellectual property right claim shall be managed by the Parties as agreed.

15. Data Protection, Freedom of Information, Information Sharing and Confidentiality

15.1 Without prejudice to the specific requirements of this clause, each Party shall comply with its legal requirements under data protection legislation, [the General Data Protection Regulation](#), freedom of information and associated legislation, and the law relating to confidentiality.

15.2 An authority will be appointed as a Lead Authority for the purposes of ensuring compliance with any legislative or legal requirements relating to these issues should they arise directly in relation to TfSHIOW (as compared to information held by the Parties to this Agreement).

15.3 Subject to any legal obligations either arising upon the Parties and/or TfSHIOW, information supplied by the Parties or third parties shall, unless agreed by TfSHIOW, subject to any over-riding legal obligations, be treated as confidential.

16. Liability of the Parties

16.1 Whilst the Parties shall make all reasonable attempts to mitigate loss, each Party (“the indemnifying Party”) shall be liable for and indemnify the others against any expense, liability, loss, claim or proceeding whatsoever arising under any statute or at common law in respect of personal injury to or death of any person whomsoever arising out of or in the course of or caused by any act or omission of that indemnifying Party in respect of its role in the activities of the Joint Committee and/or under this Agreement and /or where acting as Lead Authority .

16.2 Whilst the Parties shall make all reasonable attempts to mitigate loss, each Party (“the indemnifying Party”) shall be liable for and shall indemnify the others against any reasonable expense, liability, loss, claim or proceeding in respect of any injury or damage whatsoever to any property real or personal in so far as such injury or damage arises out of or in the course of or is caused by any act or omission of that indemnifying Party in respect of its role in the activities of the

Joint Committee and/or under this Agreement and/or where acting as Lead Authority .

16.3 Whilst the Parties shall make all reasonable attempts to mitigate loss, each Party (“the indemnifying Party”) shall indemnify the others in respect of any reasonable loss caused to each of the other Parties as a direct result of that indemnifying Party’s negligence, wilful default or fraud or that of any of the indemnifying Party’s employees in respect of its role in the activities of the Joint Committee and/or under this Agreement and/or where acting as Lead Authority.

16.4 Where a Party is appointed the Lead Authority under the terms of clause 12 of this Agreement, the other Parties shall each indemnify the Lead Authority on pro rata basis according to the proportions of their respective financial commitments as set out in Clause 10 of this Agreement with the intent that the Lead Authority shall itself be responsible for its own pro-rata share.

17. Review

This Agreement may be reviewed at any time by agreement between the Parties.

18. Variations

This Agreement may at any time be varied or amended by the Monitoring Officer where the amendment is minor and has been agreed by all the Parties in writing in advance. Otherwise, this Agreement may at any time be varied or amended by a deed executed by all the Parties

19. Insurance and Indemnification

Each of the Parties shall ensure that they have a sufficient policy of insurance of any work that they undertake on behalf of TfSHIOW and for a period of six years after termination of this Agreement.

20. Severability

If any term, condition or provision contained in this agreement shall be held to be invalid, unlawful or unenforceable to any extent, such term, condition or provision shall not affect the validity, legality or enforceability of the remaining parts of this agreement.

21. Publicity

The Parties recognise their respective public reputations and legal responsibilities. Each Party shall use all reasonable endeavours not to harm or compromise these.

22. Waiver

No term or provision of this Agreement shall be considered as waived by any of the Parties to this Agreement unless a waiver is given in writing by that Party to all other Parties to this Agreement.

23. Notice

Any notice, demand or other communication required to be served under this Agreement shall be sufficiently served if delivered personally to or sent by pre-paid first class recorded delivery post or facsimile transmission to the addresses set out in Clause 3 and if so sent shall, subject to proof to the contrary, be deemed to have been received by the addressee at the time of personal delivery or on the second working day after the date of posting or unsuccessful transmission as the case may be. Anything served personally or transmitted which is received at the recipient's premises on a day when it would not in the ordinary course of its business have been open for business shall be deemed to have been received on the next following day when it is open in the ordinary course of business or would have been if it had not ceased to conduct business.

24. Governing Law

This Agreement shall be governed by and construed in accordance with English Law and the Parties hereby submit to the exclusive jurisdiction of the English Courts.

25. Counterparts

This agreement may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument.

26. Exercise of statutory authority

Without prejudice to this agreement, nothing in this agreement shall be construed as a fetter or restriction on the exercise by any of the parties of their statutory functions.

27. Exclusion of Third Party Rights

Save to the extent as expressly provided for in this Agreement no person not a Party to this Agreement shall have any right to enforce any term of this Agreement and the provisions of the Contracts (Rights of Third Parties) 1999 shall not apply to this Agreement

28. Survival of Clauses

The following clauses shall survive the expiry or termination of this Agreement

- Clause 4 (Definitions)
- Clause 5 (Interpretation)
- Clause 6 and Appendix 2 (Principles and Key Objectives)

- Clause 9 (Legal, Governance and Financial Administration Issues)
- Clause 10 (Financial Commitment of the Parties)
- Clause 14 (Intellectual Property)
- Clause 15 (Data Protection, Freedom of Information, Information Sharing and Confidentiality)
- Clause 19 (Insurance and Indemnification)
- Clause 23 (Notice)
- Clause 28 (Survival of Clauses)

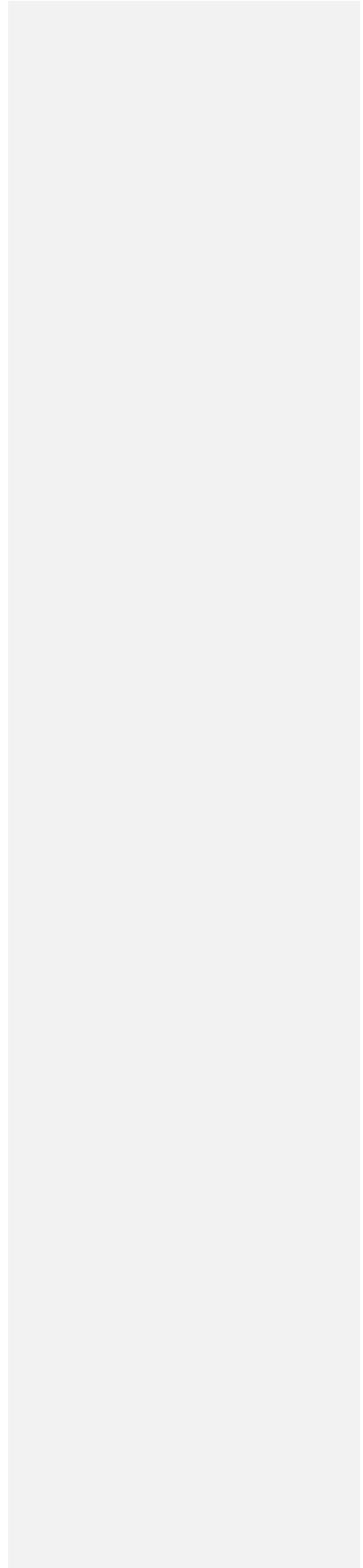
29. No Partnership at Law

As public bodies, the Parties do not enter into this Agreement with any view of profit. The use of the terms “partners” and “partnership” in this Agreement merely denotes the intention of the Parties to work within local government legislation in a common way to achieve shared objectives, and should not be taken as an indication of any legal partnership for the purposes of the Partnership Act 1890.

**THE COMMON SEAL OF THE PARTIES IS
HEREUNDER AFFIXED IN THE PRESENCE OF:**

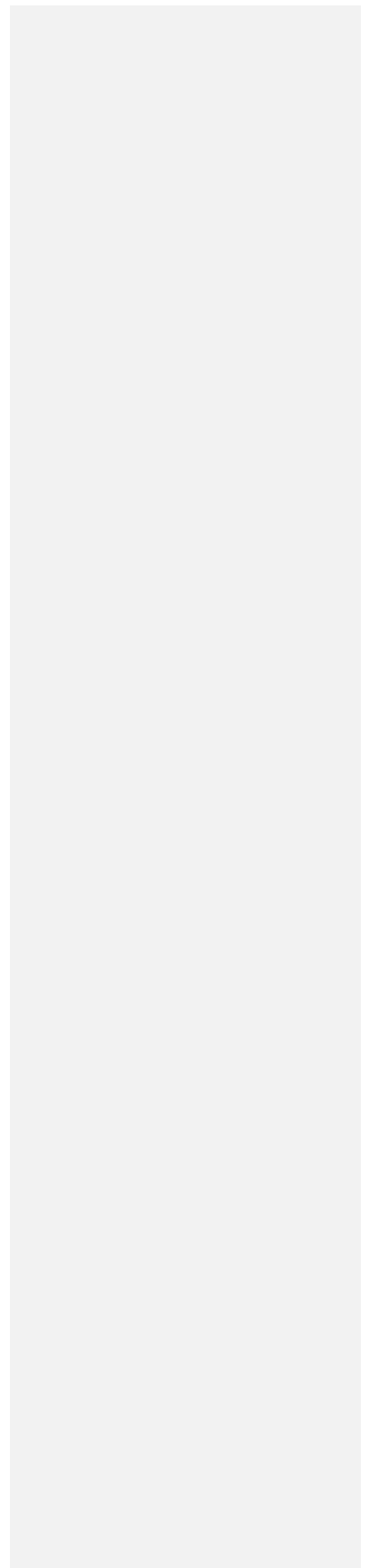
Authorised Signatory _____
Hampshire County Council

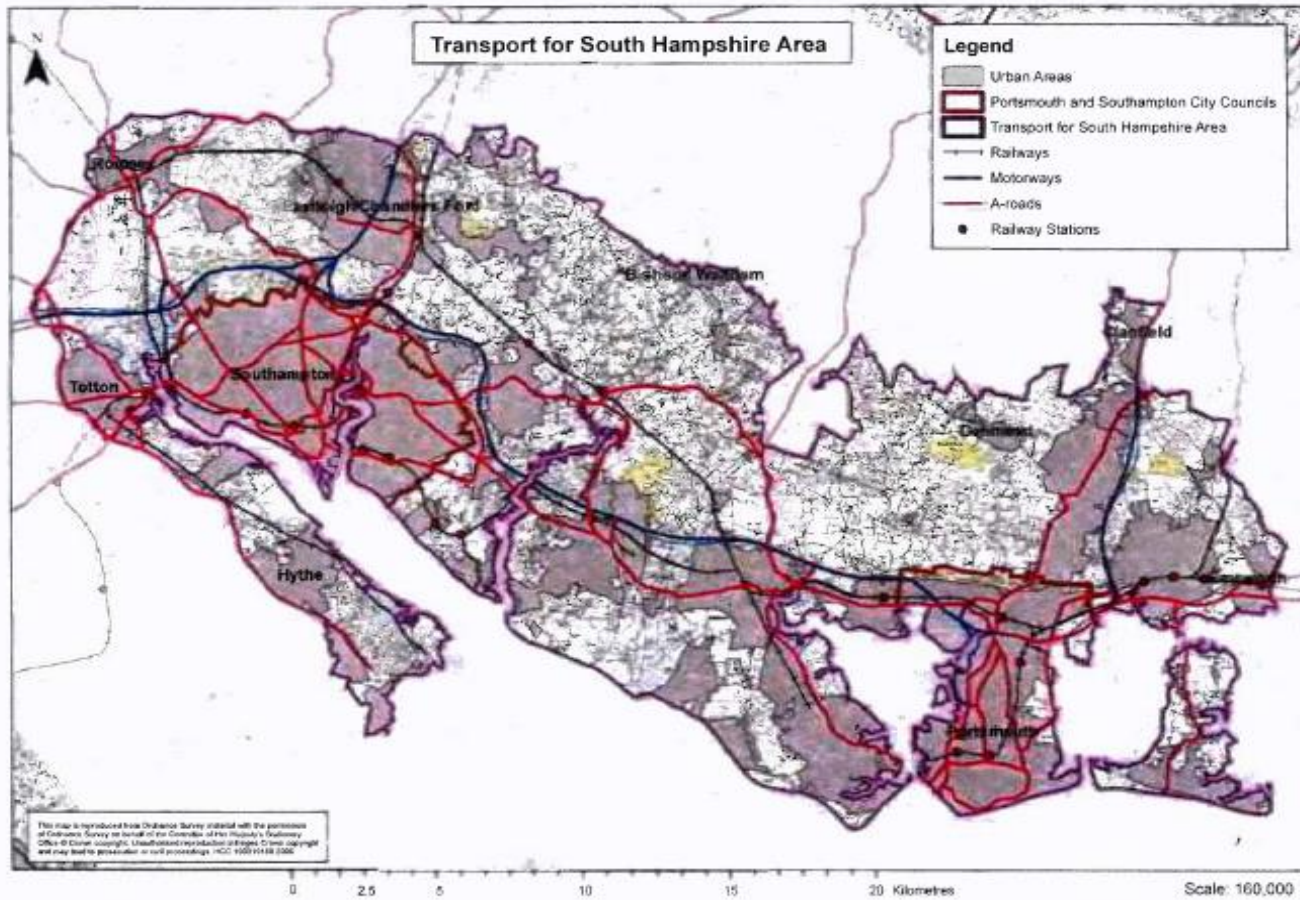
Authorised Signatory _____
Isle of Wight Council



Authorised Signatory
Portsmouth City Council

Authorised Signatory
Southampton City Council





KEY OBJECTIVES OF TfSHIOW

Objectives of TfSHIOW shall be:

- Development and Delivery of seamless and co-ordinated public transport operation in partnership with the operators across the sub-region and securing infrastructure to support that;
- Development and Delivery of sub-regional transport schemes and innovations and implementation of sub-regional transport policies (including strategic traffic management);
- Pursuing and securing funding for sub-regional transport schemes (and supporting each transport authority in doing so for local schemes);
- Holding and dispersing developer contributions for sub-regional transport schemes;
- Holding and dispersing other transport funding allocated on a sub-regional basis.
- Monitoring and reviewing delivery at sub-regional level and
- Developing and updating transport policies in support of the South Hampshire Spatial Strategy, the Regional Transport Strategy and the Regional Spatial Strategy (The South East Plan).

GOVERNANCE, JOINT COMMITTEE AND WORKING GROUPS

TFSHIOW - TERMS OF REFERENCE FOR JOINT COMMITTEE

GENERAL

- a. This is a joint committee of the Parties under Section 102(1) of the Local Government Act 1972.
- b. The Parties have arranged under Section 101(1) of that Act for the discharge by the Joint Committee of such of the council's functions as are within the terms of reference (set out below).
- c. Certain functions are delegated by this Joint Committee within their terms of reference to officers.
- d. Where a function or matter within the Joint Committee's competence has been delegated, the Joint Committee may exercise that function / matter concurrently with the officer to whom it has been delegated.

TERMS OF REFERENCE

1. To develop and keep under review the strategic policy framework within which the Parties can each discharge their transportation functions and other incidental or linked functions so as to achieve the Key Objectives across the TfSHIOW Area.
2. To recommend the Annual Business Plan to the parties who will approve the Business Plan through their own decision-making system and, once approved, to implement the approved Annual Business Plan
3. To discharge, on behalf of the Parties their functions where such arrangements:
 - affect two or more of the Parties; and
 - have been authorised by all of the Parties by being specifically referred to in the Approved Annual Business Plan.
4. To influence, advise and lobby government and other agencies, both nationally and internationally, where to do so is consistent with the Key Objectives.
5. To commission research into matters relevant to the Key Objectives.
6. To pursue and seek funding.
7. To develop proposals for the future development of TfSHIOW.
8. To develop proposals on how the Parties can discharge their functions to promote or improve the economic, social and environmental wellbeing in the TfSHIOW area to achieve the Key Objectives

9. To carry out such other activities calculated to facilitate, or which are conducive or incidental to the discharge of the TfSHIOW's functions in implementing the Annual Approved Business Plan
10. To report to the Partnership for Urban South Hampshire (PUSH) on progress in delivering the key objectives.
11. To organise and run, at least on an annual basis, a conference of all the relevant and interested stakeholders
12. To appoint members to the Working Groups and to modify or vary the terms of reference of the existing working groups set out in Appendix 4, and to establish such further Working Groups from time to time as the Committee considers necessary.

TERMS OF REFERENCE FOR THE SENIOR MANAGEMENT BOARD

GENERAL

The Senior Management Board is an informal body and without statutory powers or authority, save as directly delegated to individual officers by their authority / the Joint Committee of TfSHIOW.

SPECIFIC TERMS OF REFERENCE

1. To provide policy advice to the Joint Committee and to implement the decisions of the Joint Committee.
2. To provide policy advice on behalf of the parties to the Joint Committee.
3. To implement the decisions of the Joint Committee.

GENERAL TERMS OF REFERENCE

1. To provide advice and guidance to the Joint Committee within the specific terms of reference of the Joint Committee.
2. To monitor and review the activities of the five Working Groups.
3. To monitor the business plan and delivery and to recommend future iterations of the business plan to the Joint Committee.
4. To implement and deliver the decisions of the Joint Committee.

TERMS OF REFERENCE FOR THE WORKING GROUPS

GENERAL

- a. These Working Groups are informal bodies and without statutory powers or authority save as directly delegated to individual officers by their authority / the Joint Committee.

SPECIFIC TERMS OF REFERENCE OF THE WORKING GROUPS

1. Transport strategy
2. Public Transport (bus, rail, ferry and integration improvements).
3. Strategic traffic management and travel information
4. Strategic transport corridors
5. Resources and funding

GENERAL TERMS OF REFERENCE FOR ALL WORKING GROUPS

1. To provide advice and guidance to the Senior Management Board and Joint Committee within the specific terms of reference of each Working Group
2. To monitor and review the budget, governance, financial compliance matters and issues where appropriate.
3. To monitor the action plan and delivery
4. As delegated by the Joint Committee / Working Group, to be responsible for operational decision making & the day-to-day management of projects and activities carried out in the name of or on behalf of TfSHIOW

MEMBERSHIP

Joint Committee

One Executive Member of each of the partner local authorities leading on the respective issues within the Terms of Reference of the Joint Committee or exceptionally in the absence of that person, ~~any properly appointed substitute member~~ ~~the Leader~~ of the relevant partner local authority ~~or another Executive Member of that local authority appointed by the Leader~~ to attend the meeting as a Joint Committee member.

Note: A standing invite to the Committee will be provided to the ~~Government Office of the South East, the South East England Regional Assembly,~~ the Highways Agency and Network Rail, each of whom will be eligible to attend and speak but, for the avoidance of doubt, not vote.

Comment [cxpukg1]: These two agencies no longer exist.

A standing invite also exists so that the relevant district councils may attend any meeting, and may also attend any meeting and speak (with the consent of the chair) where a matter of relevance to their jurisdiction is under discussion. For the avoidance of doubt, the relevant district councils are:

- Havant
- Fareham
- Eastleigh
- Gosport
- New Forest
- East Hampshire
- Test Valley
- Winchester

A standing invite also exists so that the relevant transport operators and/or stakeholders may attend any meeting, and may also attend any meeting and speak (with the consent of the chair) where a matter of relevance to their operation is under discussion

Senior Management Board

The Chief Executives of each of the partner local authorities, or their senior representatives.



Report to Solent Transport

Date: 11 October 2017

Report by: Joanna Richardson

tel: 01962 847967

email: joanna.richardson@hants.gov.uk

Subject: Update on Transport for the South East

Purpose of the Report

The purpose of this report is to provide Solent Transport with information on the development of Transport for the South East (TfSE) and the newly formed shadow Sub National Transport Body (STB), which aims to help secure more efficient, sustainable and integrated transport infrastructure and services and improve the South East's wider connectivity.

TfSE brings together the South East region's transport authorities and its five Local Enterprise Partnerships (LEPs) to work directly with the Government, Highways England, Network Rail, as well as with major port, airport, bus and rail operators. Its key outcome will be the development and implementation of a single, strategic transport infrastructure strategy that influences future investment programmes of key agencies, such as Highways England and Network Rail, to better align its priorities and with the Strategic Economic Plans of the region's LEPs.

Recommendation

That the Joint Committee notes the development of the Shadow Sub National Transport Body, TfSE, and its associated work, as outlined in the report.

1. Background

- 1.1 The Government aims to boost economic growth by establishing STBs across the English regions. Through its Cities and Local Government Devolution Act 2016 STBs can be granted legal powers and duties to advise transport ministers on strategic transport decisions and investment priorities for their area. National agencies, such as Network Rail and Highways England, will be expected to take account of STB priorities, which will be set out in their transport strategies and

associated plans. Whilst the primary role is to advise transport ministers on strategic transport priorities for their areas, it is expected that over time STBs may have wider responsibilities for improving transport planning, or provide other enhancements to economic development in their areas.

- 1.2 The initial concept of STBs was aimed at strengthening the 'Northern Powerhouse' by providing a statutory footing for **Transport for the North** (TfN). Although TfN has yet to secure statutory status, it has received significant funding from the Department for Transport (DfT) to develop its Transport Strategy which makes a case for transport investment in the North up to 2050. There are now three other areas developing plans to establish STBs for their regions: the Midlands, through '**Midlands Connect**'; the region between Oxfordshire and Peterborough, including Buckinghamshire and Cambridgeshire, through '**England's Economic Heartland**'; and more recently the South East region, through '**Transport for the South East**' (TfSE).
- 1.3 A statutory STB is required to cover the whole area of at least two 'relevant authorities', defined in the legislation as county councils, unitary authorities, integrated transport authorities and/or combined authorities. The Secretary of State for Transport, Chris Grayling, has indicated his preference for a small number of STBs across England (possibly just six or seven). He has also made clear that before granting his approval he will look for clear evidence about how they would add real value to the travelling public. Subject to consultation and the Secretary of State's approval, each STB will require its own Parliamentary Order, none of which have yet been laid. In the meantime Government is working with the emerging shadow STBs and has made clear in the recent Transport Investment Strategy they are expected to have a prominent role in new transport policies, such as the creation of a new Major Route Network.

2. Development of Transport for the South East (TfSE)

- 2.1 Conscious of the steps being taken in the North and Midlands to establish STBs, the South East 7 Group (Hampshire, East Sussex, West Sussex, Kent and Surrey county councils and Brighton & Hove City Council and Medway Council) began to develop plans for an STB in the South East to ensure the region has an effective mechanism by which to exert influence over future national transport investment decisions. SE7 was also mindful of the benefits an STB could bring to regional transport services, by working strategically across local transport authority boundaries it should help advance innovation and joint initiatives to further improve the transport offer and customer experience.
- 2.2 By the end of last year individual member authorities had considered and approved the outline plans put forward by SE7 to develop a shadow STB, to be known as Transport for the South East (TfSE).

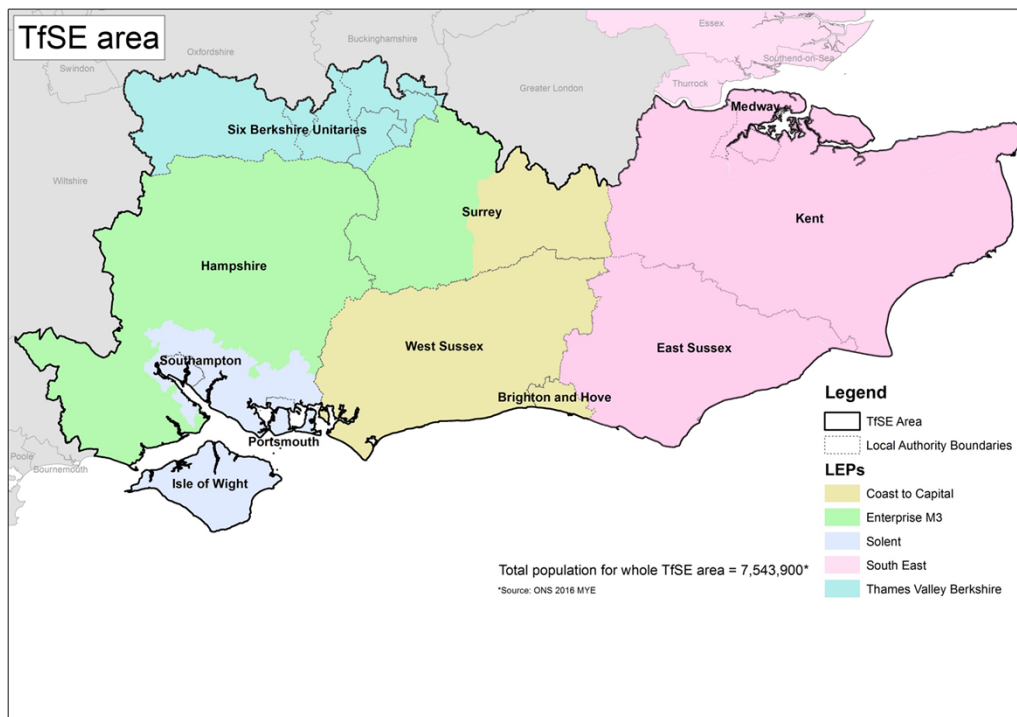
Since then TfSE is pleased to have extended its membership to include all of the Solent Transport member authorities, as well as the six Berkshire authorities, and all five LEPs within the region.

- 2.3 It has been agreed that TfSE's primary focus should be to identify, prioritise and lobby for major strategic transport infrastructure, providing a strong united voice for the region on strategic transport issues. Over time TfSE may extend its functions to help address any identified gaps between national and local transport structures, for example integrated ticketing policy and operations, sea port surface access plans, and monitoring of a Major Road Network.

3. Geography and Membership

- 3.1 The geography of TfSE mirrors the huge importance of the South East to the national economy, as it includes some of the UK's busiest motorways, key strategic corridors and primary international gateways. The South East region contributes 15% of the UK's GVA, the largest contribution outside of London. However, TfSE is mindful that this success is now threatened by intense pressure on its congested transport networks and future growth pressures.

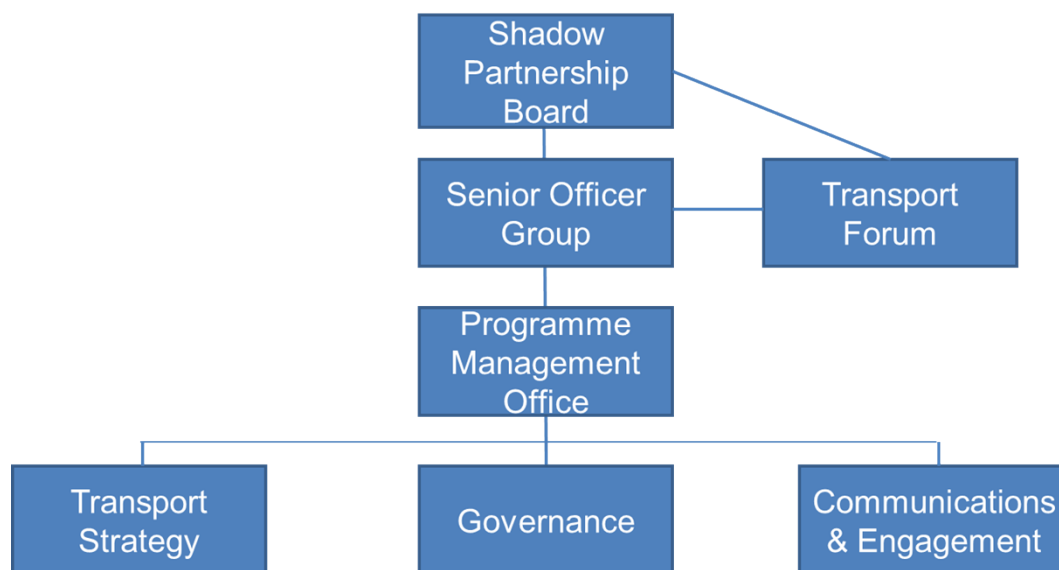
- 3.2 The TfSE area has 7.5 million residents and over 24,000 miles of road network, with its ports collectively handling 81 million tonnes of freight each year and providing crucial trade links to the Far East as well as to mainland Europe. The region stretches eastwards from the Thames Valley over to Kent, and down to the south coast and the Isle of Wight, including the cities of Portsmouth and Southampton.



4. TfSE Governance Structure

4.1 On 26 June 2017 the Partnership Board held its first meeting. Solent Transport Chairman, Cllr Jacqui Rayment, attended as the Board's representative for both Portsmouth City Council and Southampton City Council. Other attendees included Cllr Ian Ward, representing the Isle of Wight, Cllr Rob Humby representing Hampshire County Council, and Dave Lees, Chairman of Solent LEP.

4.2 The Board agreed the Partnership's structure as illustrated below:



4.3 The Board elected Cllr Keith Glazier, Leader of East Sussex County Council, as its Chairman and Cllr Tony Page, Deputy of Reading and Chair of the Berkshire Transport Forum, as its Vice-Chairman. The Shadow Partnership Board is the main decision making body for TfSE and is to be supported by a Senior Officer Group, chaired by Rupert Clubb, which involves senior officers from each of the local authorities and the LEPs. Both the Board and Senior Officers Group are supported by a small Programme Management Office, which also helps to co-ordinate the officer working groups.

4.4 TfSE's governance arrangements are illustrated below. The Board considered a draft constitution and agreed that appointments be for a period of one year. It also appointed East Sussex County Council as the Lead Authority.

Shadow Partnership Board – the decision making body for TfSE

Voting Members

- SE7 Leaders (7 votes)
- Berkshire Local Transport Body (1 vote)
- Southampton & Portsmouth (1 vote)
- Isle of Wight (1 vote)
- LEP Board Members (2 votes) *
- Chair of TfSE Transport Forum (1 vote)

Non Voting Members (co opted)

- Non-unitary representation (B&Ds)
- Protected environments

Observers:

- Department for Transport
- Highways England
- Network Rail
- Transport for London

* Solent & Coast to Capital LEPs



5. Emerging Vision and Strategic Priorities for TfSE

- 5.1 The Partnership Board held a workshop in September to discuss the vision and priorities for TfSE which are summarised below:

TfSE Vision

“The South East is a powerful driver of the UK economy and the nation’s major international gateway for people and businesses.

We will grow the South East’s economy by delivering a quality, integrated transport system that makes us more productive and competitive, improves the quality of life for all and protects the environment.”

TfSE Strategic Priorities

To deliver a high quality, sustainable and integrated transport system that improves productivity to grow our economy and compete in the global marketplace by:

- facilitating housing and employment space growth and regeneration;
- connecting international gateway ports and airports with their markets;
- improving journey time and capacity for people and goods along major radial road and rail corridors to and from London;
- improving the linkages between the major centres and transport hubs within the South East and the rest of the UK and improving orbital routes;
- harnessing new digital technologies to reduce the need to travel, promote shared transport, and improve network efficiency through the creation of a digitally connected transport network; and
- creating and maintaining a network that is resilient to incidents and climate change.

To deliver a high quality, sustainable and integrated transport system that works to improve safety, quality of life and access to opportunities for all by:

- providing value for money rail services for commuting and leisure travel to London, within the South East, and for longer journeys to the rest of the UK and Europe;
- creating a bus network that meets local needs, both urban and rural;
- creating a well-functioning and effective road network that meets the travel needs of individual road user;
- enhancing accessibility through the roll out of digital technologies and innovation more generally, to increase connectivity and opportunities for shared transport;
- creating effective interchanges between different modes of transport to enable seamless end to end journeys; and
- facilitating increased levels of walking and cycling as part of all journeys to benefit public health and wellbeing and reduce congestion.

To deliver a high quality, sustainable and integrated transport system that protects and enhances the South East's unique natural and historic environment by:

- considering the impact of transport on the South East's National Parks, Areas of Outstanding Natural Beauty (AONB), UNESCO World Heritage Sites and other environmental and heritage designated sites;
- considering the value of open spaces to the economy, well-being and the importance of tourism to the rural economy;
- considering the impact of transport interventions on landscape and agricultural production;
- minimising emissions to improve local air quality and reduce the South East's contribution to global climate change; and
- reducing noise and disturbance to maintain tranquillity in rural areas across the South East.

6. The Transport Forum

6.1 The Transport Forum held its first meeting on 21 September 2017. Its purpose is to provide appropriate challenge as well as technical guidance and expertise to the TfSE Shadow Partnership Board and its Senior Officer Group. The Forum will ensure that a broad range of stakeholder and partner views are taken into account, ensuring that the following key areas are considered:

- Integration of various modes of transport and the impact of technology;
- Enhanced user experience;
- Changing the approach to connecting people across the South East; and
- Freight and logistics.

- 6.2 The Forum brings together a wide range of stakeholders, including district and borough representatives from each of the county areas, to inform the TfSE Partnership Board and to provide technical guidance and expertise on key issues, including integration of modes, the impact of emerging technology and user experience.
- 6.3 The Forum will support the development of the emerging Transport Strategy and provide guidance on how best to consult and engage with different audiences and stakeholders; it is also expected to help develop a shared understanding of the key issues facing users, operators and the supply chain; and provide support to the Board in influencing the Government.

7. Development of TfSE's Transport Strategy

- 7.1 The cornerstone of TfSE will be its emerging Transport Strategy. The Strategy will build upon existing evidence, such as that contained in the LEPs' Strategic Economic Plans, in Local Transport Plans and in the growth and infrastructure frameworks/studies that a number of upper-tier authorities are undertaking. It will set out the ambitions of TfSE, including securing the future effectiveness, efficiency and resilience of the region's transport network and the actions required to provide integrated, multimodal transport policies, involving freight, ports, airports and other public transport modes.
- 7.2 TfSE aims to publish its full Transport Strategy in autumn 2019 and hopes to secure statutory status the following year ie 2020, although that is dependent on securing parliamentary time for a Draft Order to be laid. A route map, setting out the development stages for the Transport Strategy over the next two years is in preparation. It is expected that this will be a substantive item at the next Shadow Partnership Board meeting.

8. Other developments

- 8.1 TfSE has held a number of meetings with DfT officials and has sought to inform the Department's next Road Investment Strategy by submitting its own priorities for investment, details of which are published on its website www.transportforthesoutheast.org.uk (see Partnership Board Meeting [papers](#) 26 June 2017) This includes Solent Metro, the M27 Junction 3 – M271/A35 and the A34/M3 strategic corridor.
- 8.2 Following the Government's publication of its Transport Investment Strategy, TfSE is now working to develop criteria for a new Major Route Network in the region which would combine the current strategic road network with the most economically important local roads.
- 8.3 TfSE is also seeking financial support from the DfT to help fund development of the Transport Strategy, in a similar way to support

given to TfN and Midlands Connect and will consider future resource implications for member authorities at its next Board meeting. To date an initial £20,000 has been provided to TfSE by each voting member of the Board.

- 8.4 TfSE branding and a website has been developed, where all media releases and Shadow Partnership Board meetings will be published. (see www.transportforthesoutheast.org)
- 8.5 There is ongoing engagement with local MPs who have a key role in helping to secure and sustain the active support of the Government in this emerging sub national transport body. TfSE is hosting an informal reception for MPs in Westminster on 31 October, to enable MPs to meet members of the Shadow Partnership Board. This event is being sponsored by South East MP, Huw Merriman, who also sits on the House of Commons Transport Select Committee.

9. Relationship with Solent Transport

- 9.1 TfSE provides a further mechanism by which Solent Transport can seek to influence national transport investment decisions and, through effective linkages, should be able to demonstrate how its own more local priorities for the Solent area compliment the wider, sub national ambitions for the South East which will be articulated in the TfSE's forthcoming Transport Strategy.
- 9.2 TfSE's governance structure and membership makes provision for strong links and effective work with Solent Transport. TfSE's shadow Partnership Board membership includes Solent Transport's Chairman, Cllr Jacqui Rayment, who represents Southampton City Council on the Board, together with lead members from Portsmouth City Council, Hampshire County Council and the Isle of Wight. Hampshire County Council's lead Solent Transport officer, Keith Willcox, sits on TfSE's Senior Officer Group, along with senior officers from Portsmouth, Southampton, Isle of Wight and Solent LEP. TfSE's Transport Forum and its potential wider sub or sector groups will help ensure Solent transport operators have a direct link into TfSE. As an example, members of SHBOA participated in the first meeting of the Transport Forum, which involved discussions about effective links between local operators and the strategic body.

Section 100 D - Local Government Act 1972 - background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE

LOCATION

None

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