Evidence Based Assessment of Cross-Solent Ferry Operations

July 2017

ATOTHERE SOLUTIONS

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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), crowded sourced customers 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.

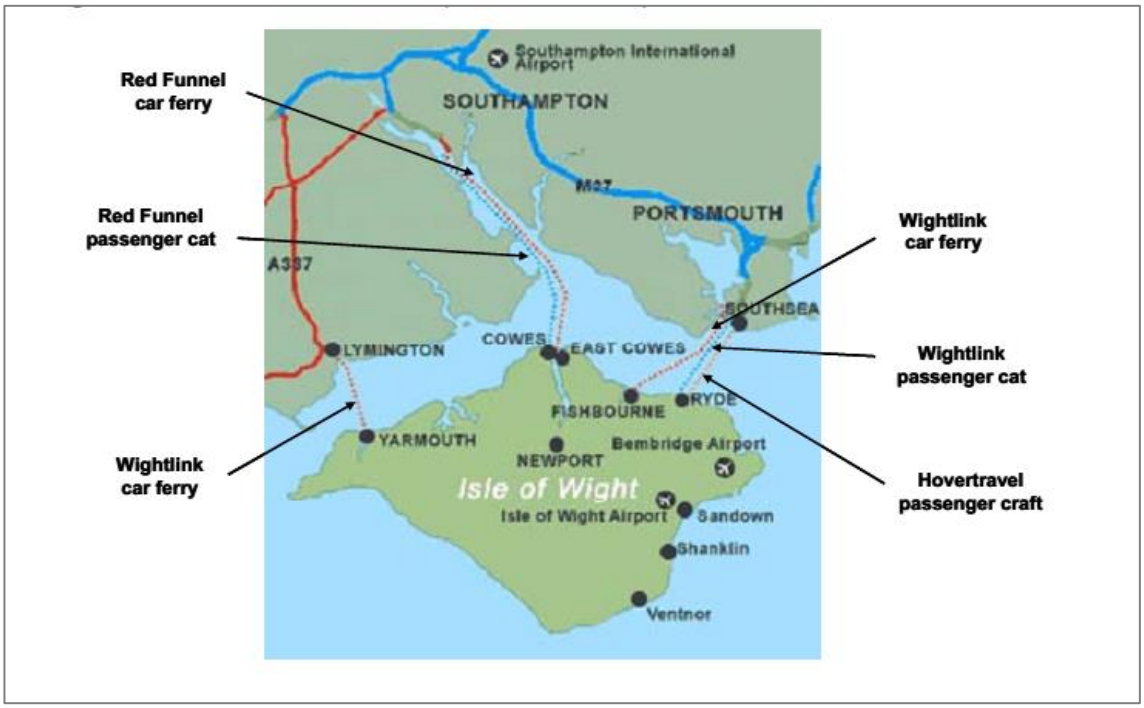
Where appropriate, each section is summarised in a chapter specific conclusion, or set of key points.

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 economy[1]. 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 Southampton [2]. 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

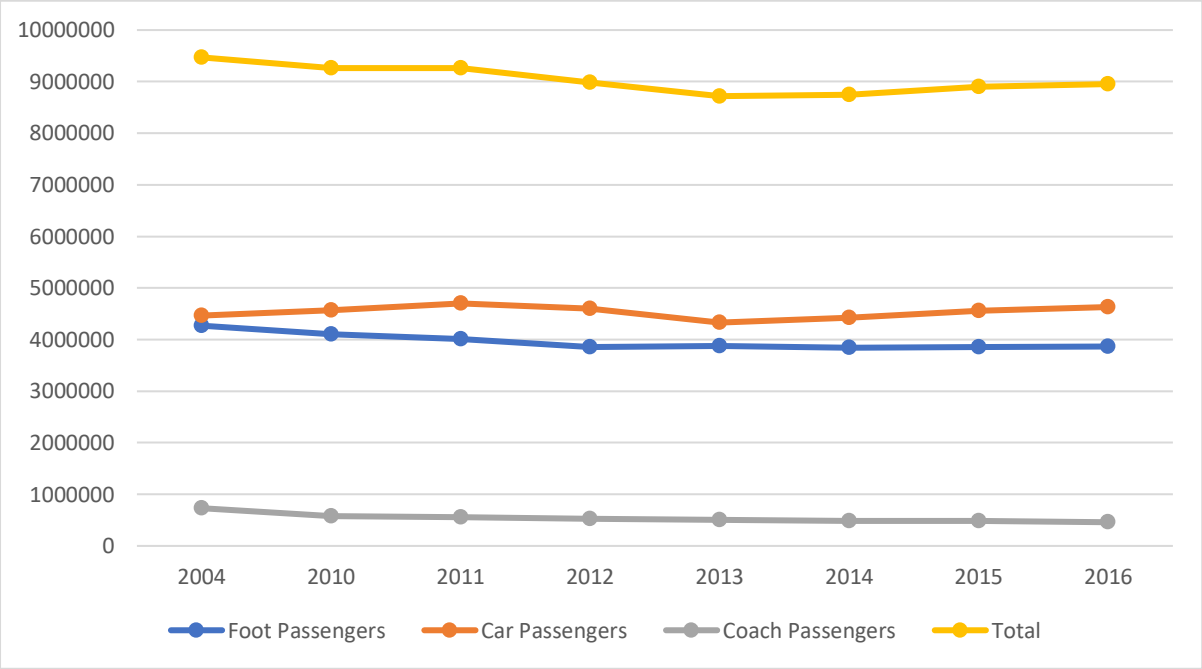
This section presents an overview of cross-Solent traffic. Data is sourced for 2010 to 2016 from *Cross-Solent Statistics*, a dataset maintained by IWC generated by weekly returns from each of the three ferry operators. Comparison data for 2004 is extracted from the *Cross Solent Movement Study* (MVA, 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 2001[3], despite a 4.7% increase in resident population between 2001 and 2015 (see **Figure 8.1**).

Figure 4.1: Volume of passengers by mode



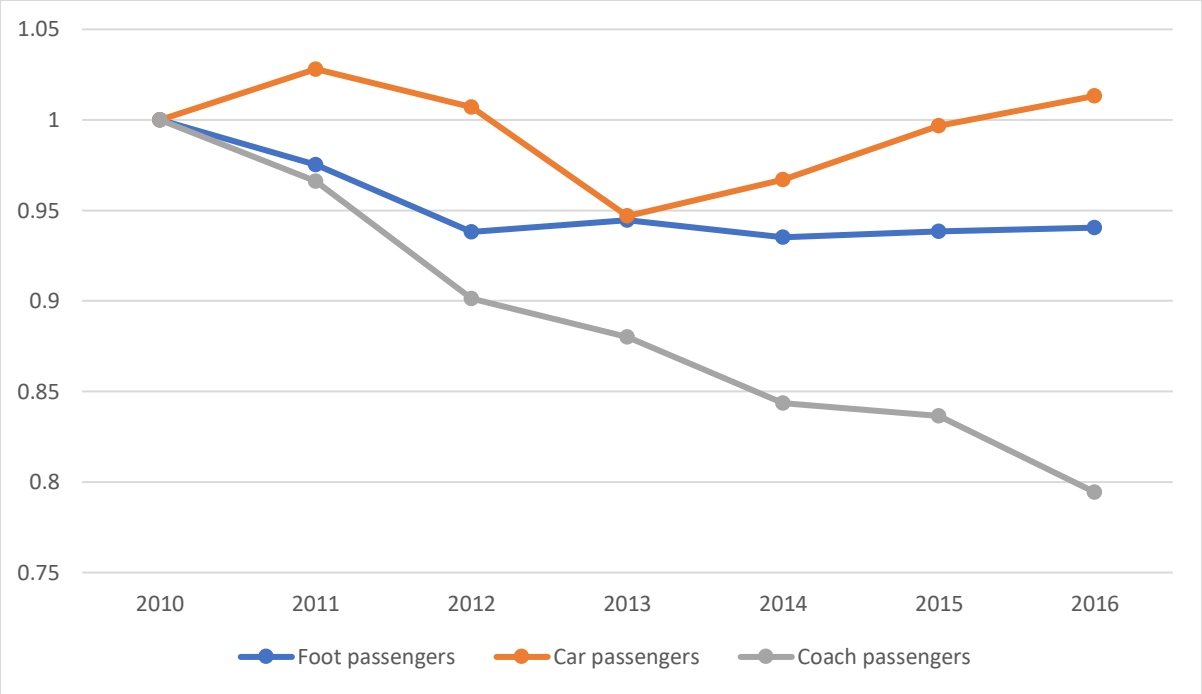
Source: Cross-Solent Statistics, IWC

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 population[4].

Figure 4.2: All passenger types (indexed)



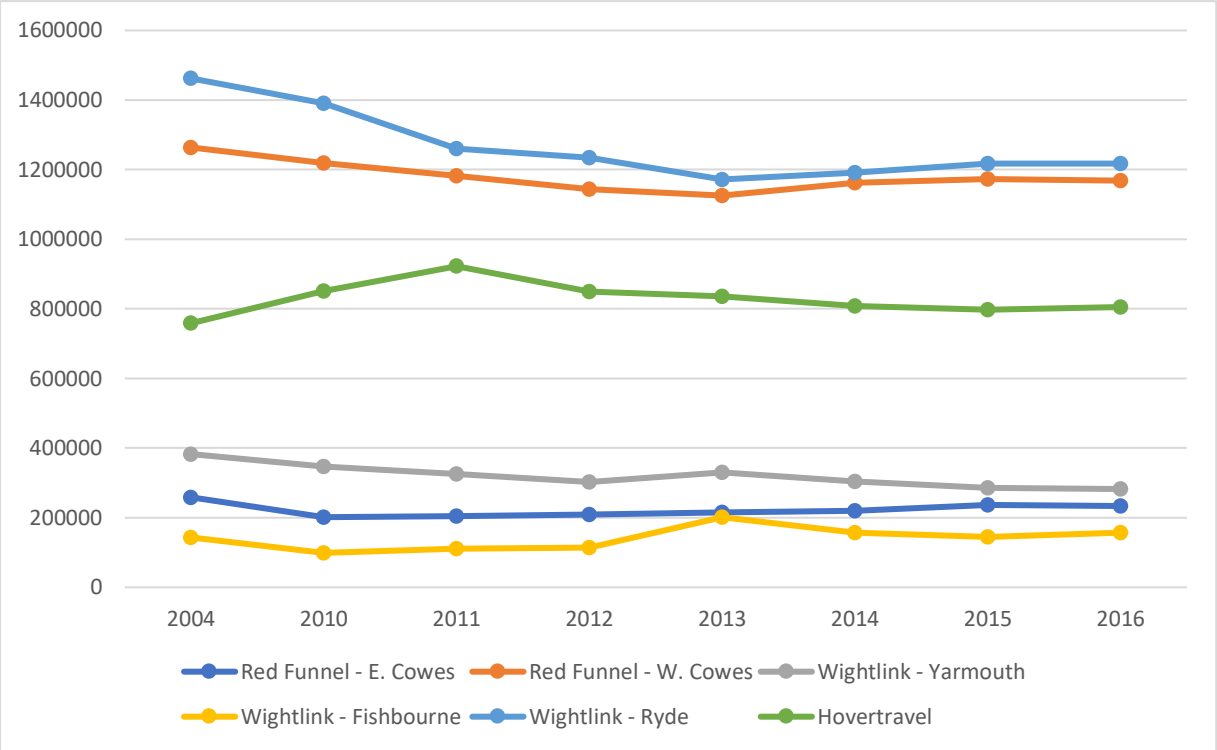
Looking at foot passengers in more detail, **Figure 4.3** shows the volume of these by route. The Wightlink Fastcat and Red Funnel Red Jet service accommodate the majority of foot passenger journeys; both services show a decline in volumes through to 2013, with more stable trends between 2013 and 2016. 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

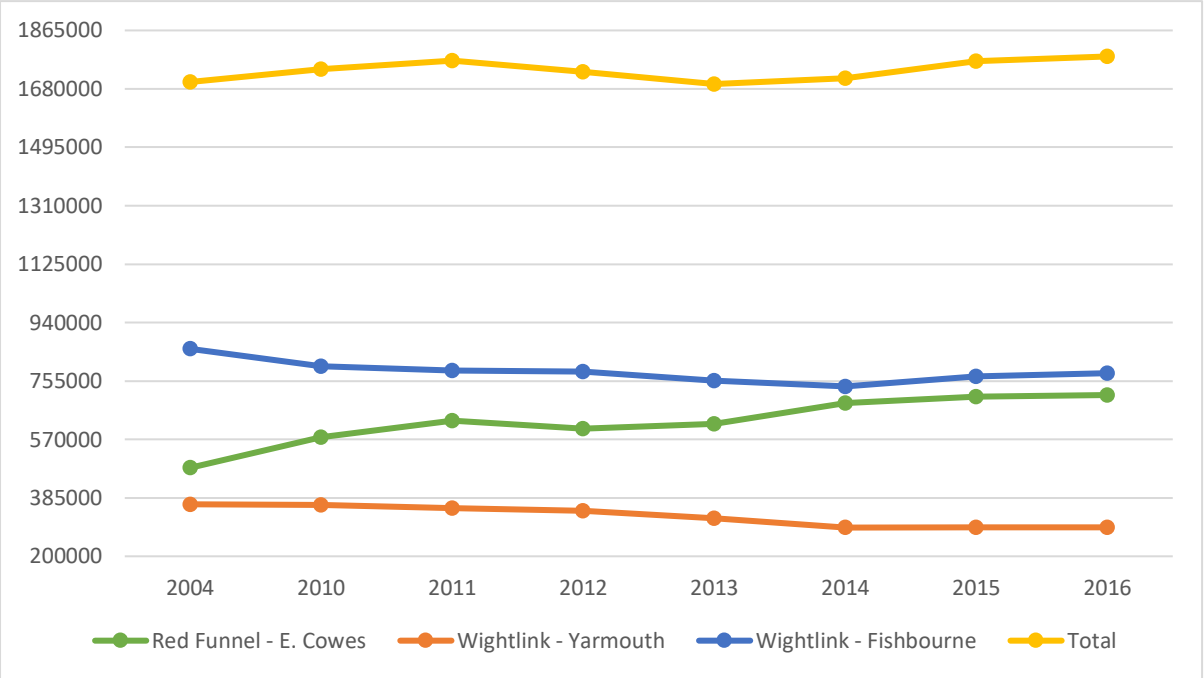
Figure 4.4 presents the volume of car traffic as a total and across the three vehicle ferry routes. Total volume of cars remains relatively consistent across the time series at circa 1.7m units in each year. The volume of cars carried in 2016 was 2.3% higher (41,000 cars) than the volume carried in 2010.

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.

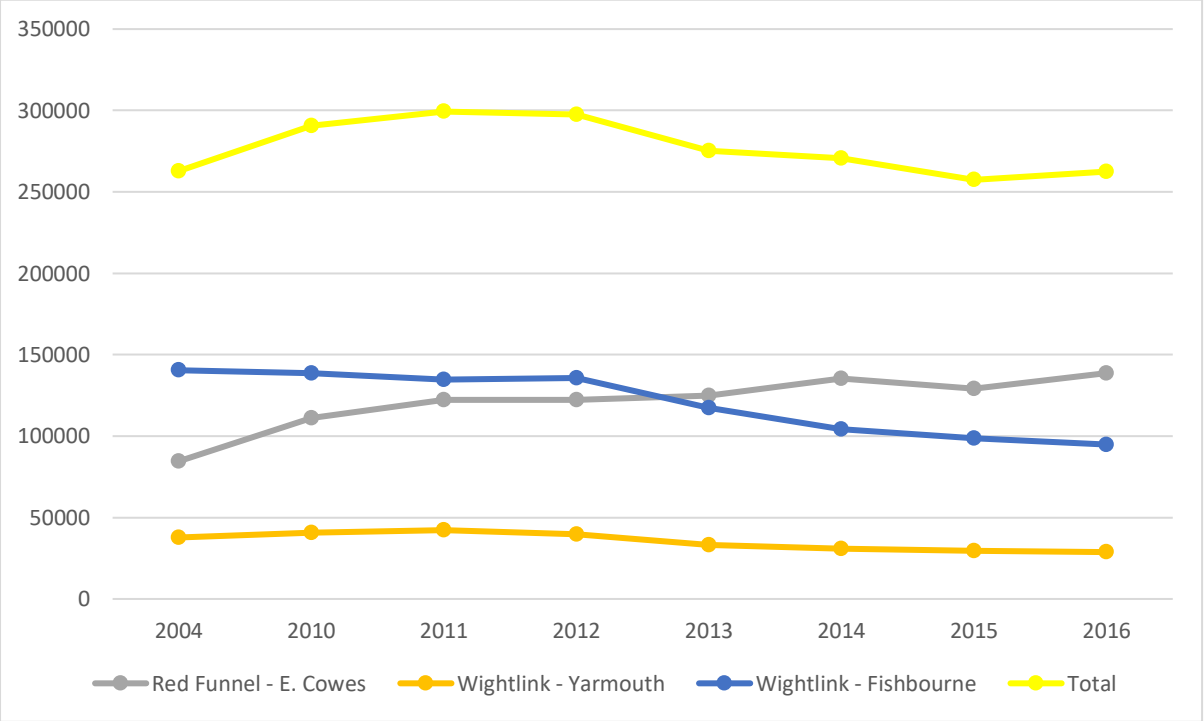
Total volumes of commercial traffic where higher in 2011 than 2004, but have been in decline since 2012. Compared to 2010, commercial vehicle crossings had fallen 9.7% (28,000 vehicles) by 2016. As shown in **Figure 4.5**, both Wightlink routes have lost significant market share to Red Funnel.

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)

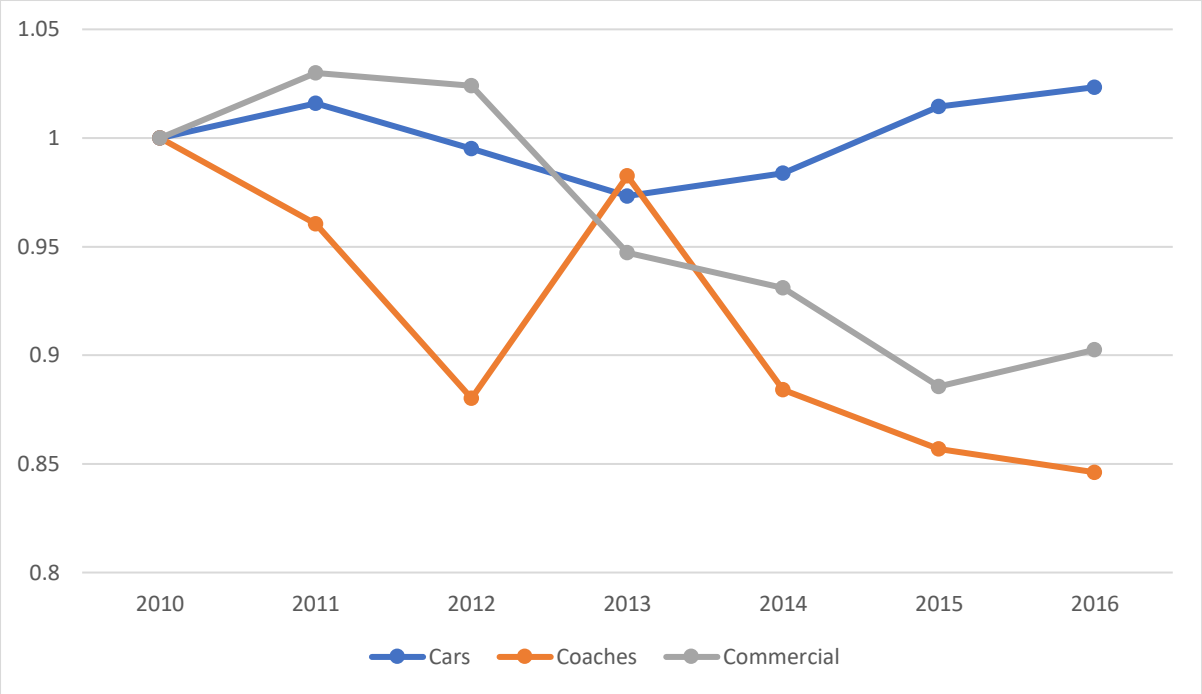


Figure 4.7: Total coach and coach passenger crossings (indexed)

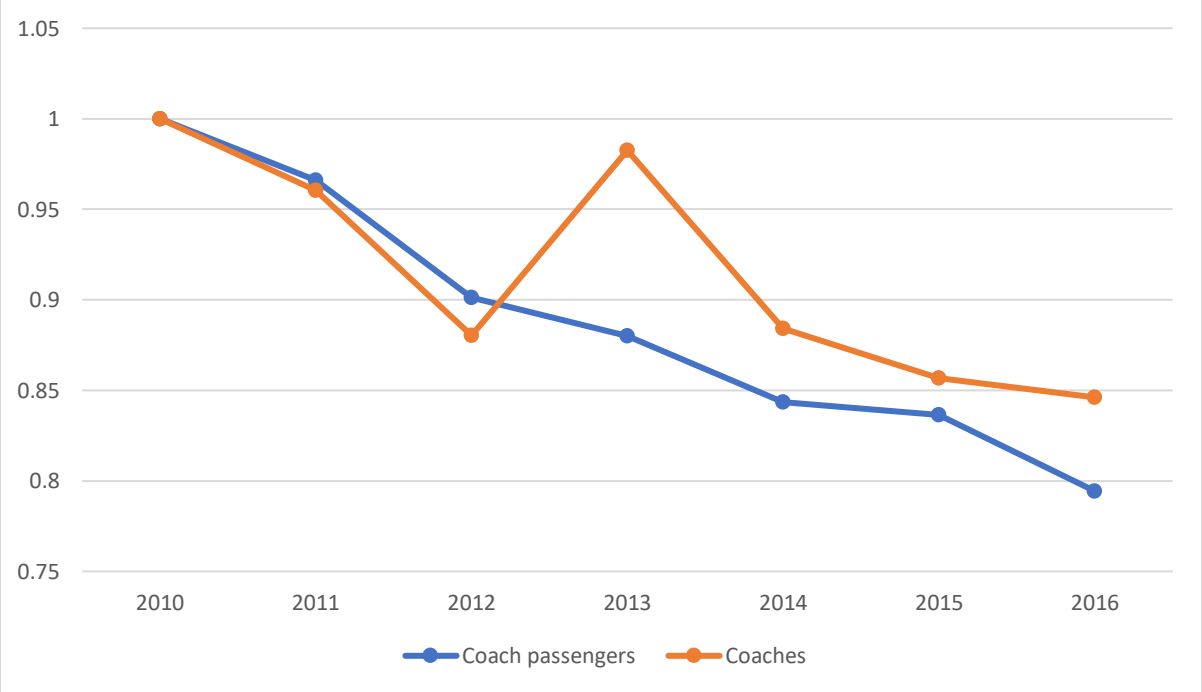
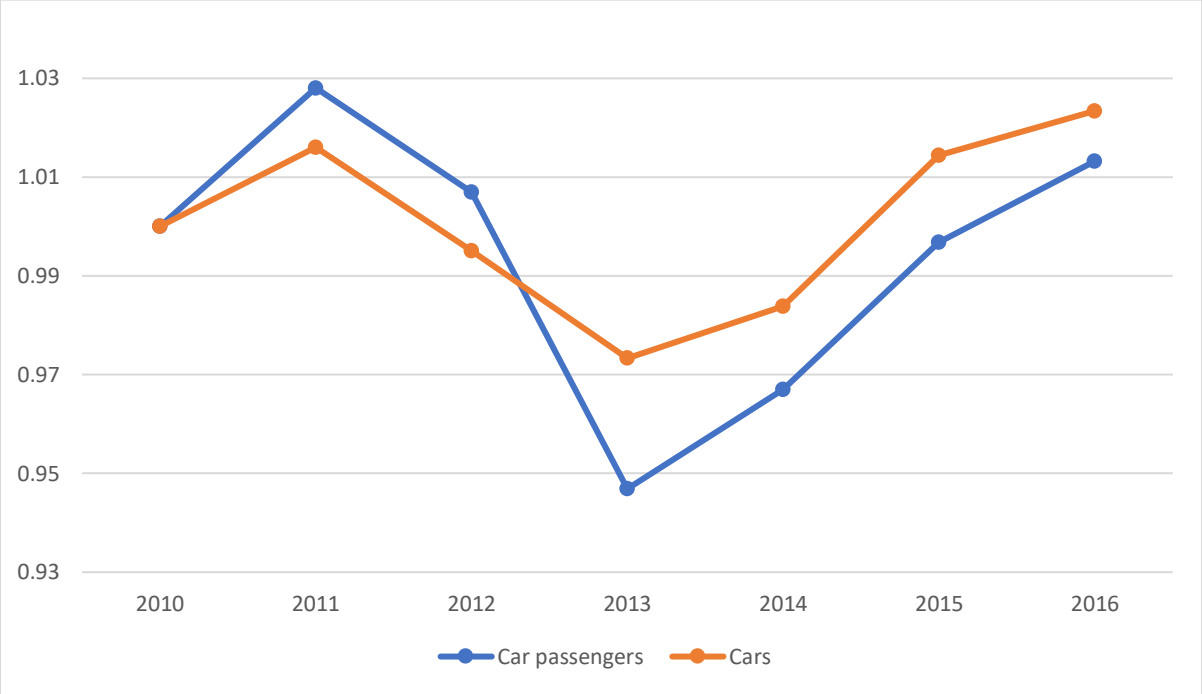


Figure 4.7 indexes coach volumes and coach passenger volumes, showing that the number of passengers is falling faster than the number of vehicle – which may be indicative of a decreasing ratio of passengers per coach.

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.

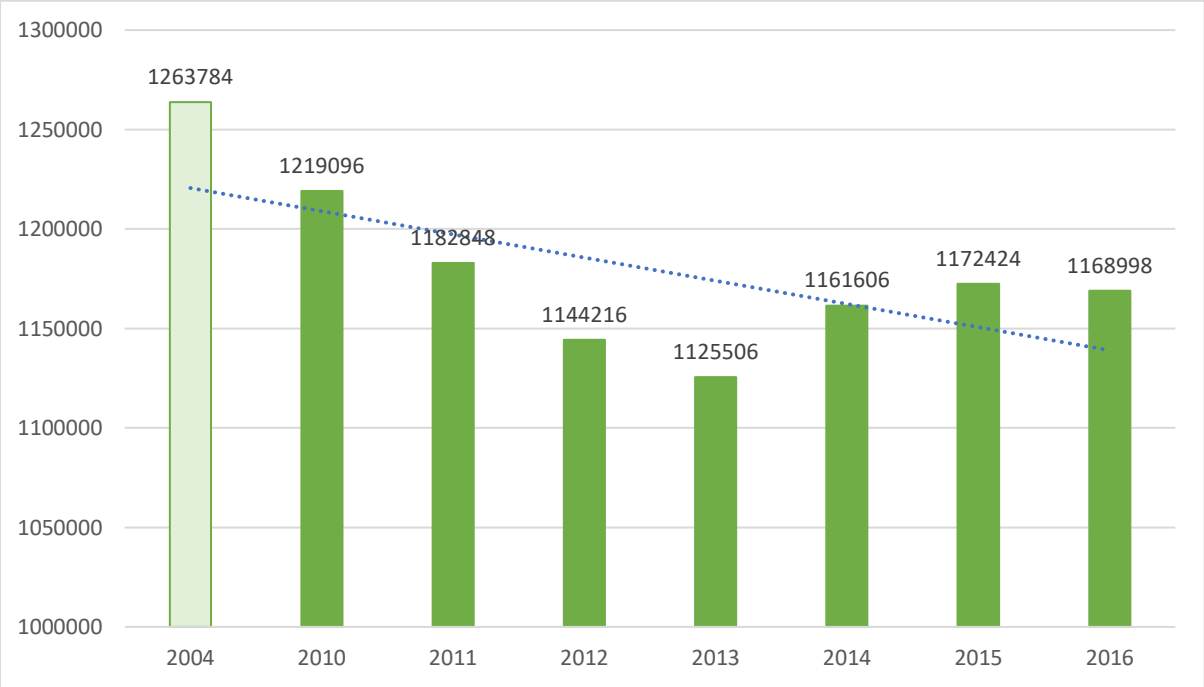
A new craft, Red Jet 6, was launched in 2016, and a Red Jet 7 is under consideration[5].

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



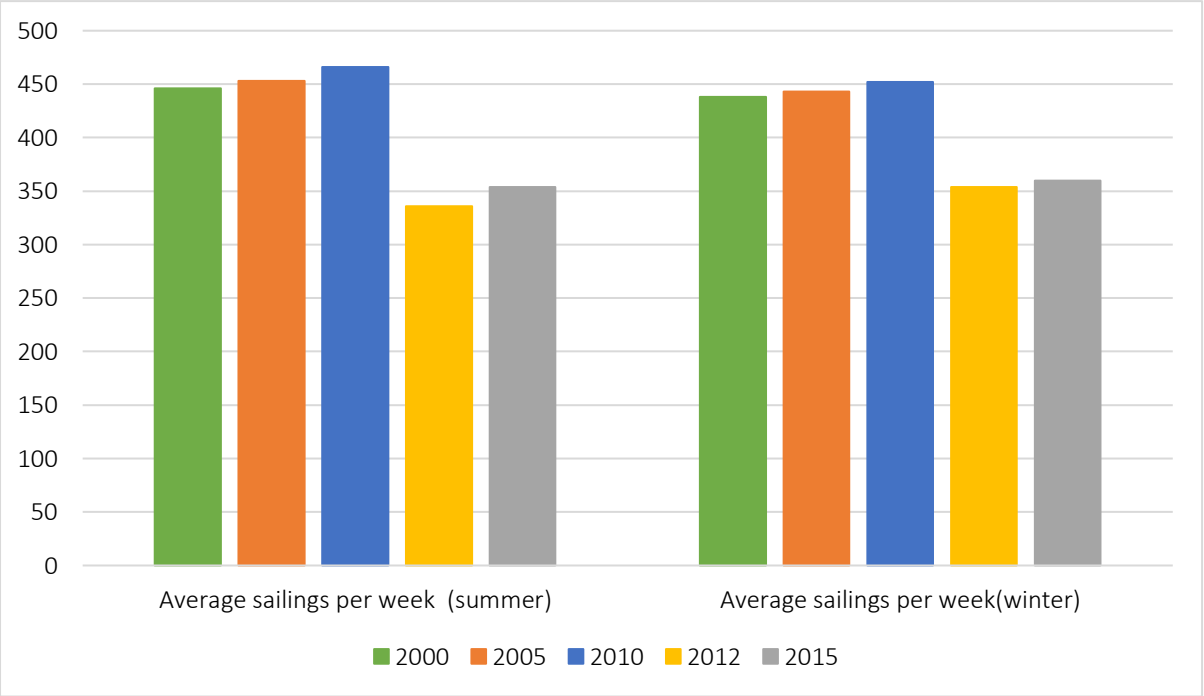
Source: Cross-Solent Statistics, IWC

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 6[6], with a foot passenger capacity of 275, was introduced in summer 2016. Red Jet 5 was sold in summer 2016[7]

[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

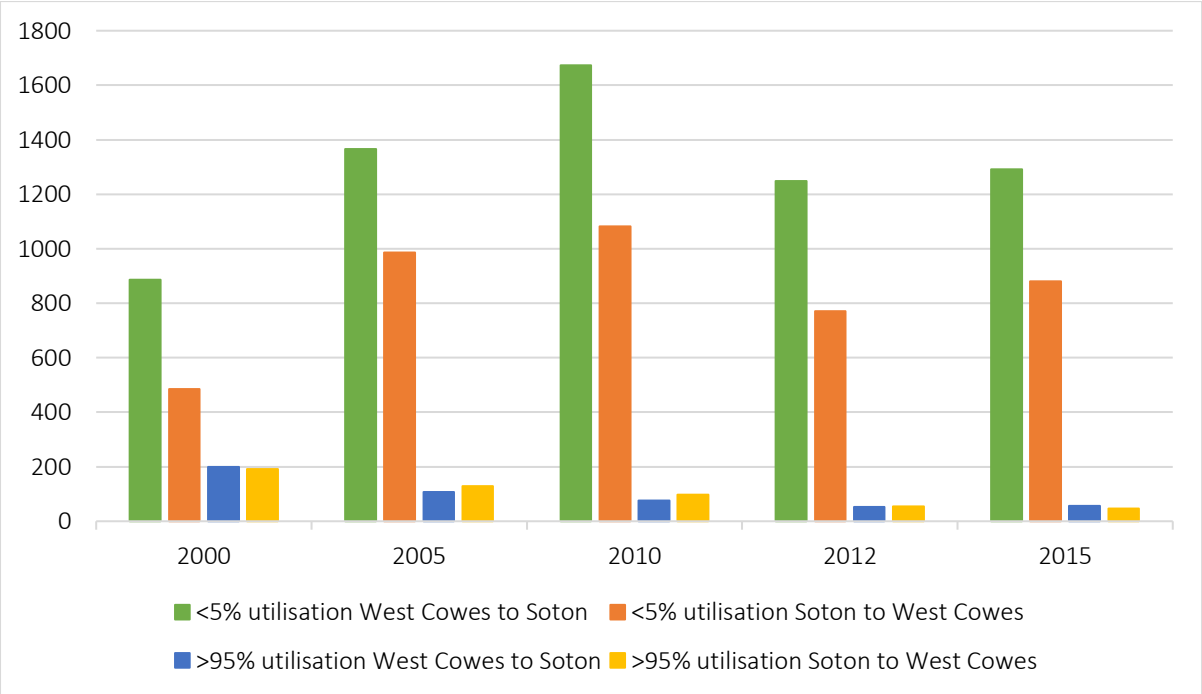
	2000	2005	2010	2012	2015
Red Jet 1	138	138			
Red Jet 2	138	138			
Red Jet 3	174	174	174	174	174
Red Jet 4		274	274	274	274
Red Jet 5			168	168	168
Utilisation	31%	26%	25%	28%	28%
Capacity			4,876,384	4,084,851	4,185,554

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%

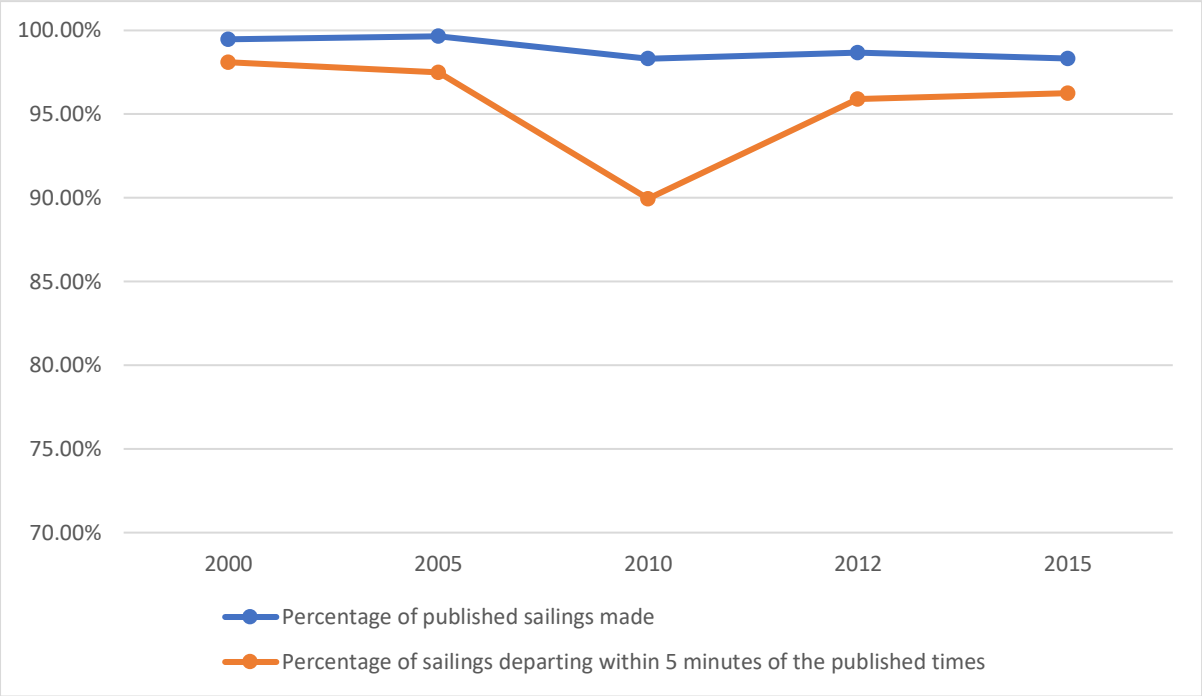
Reliability and Punctuality

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



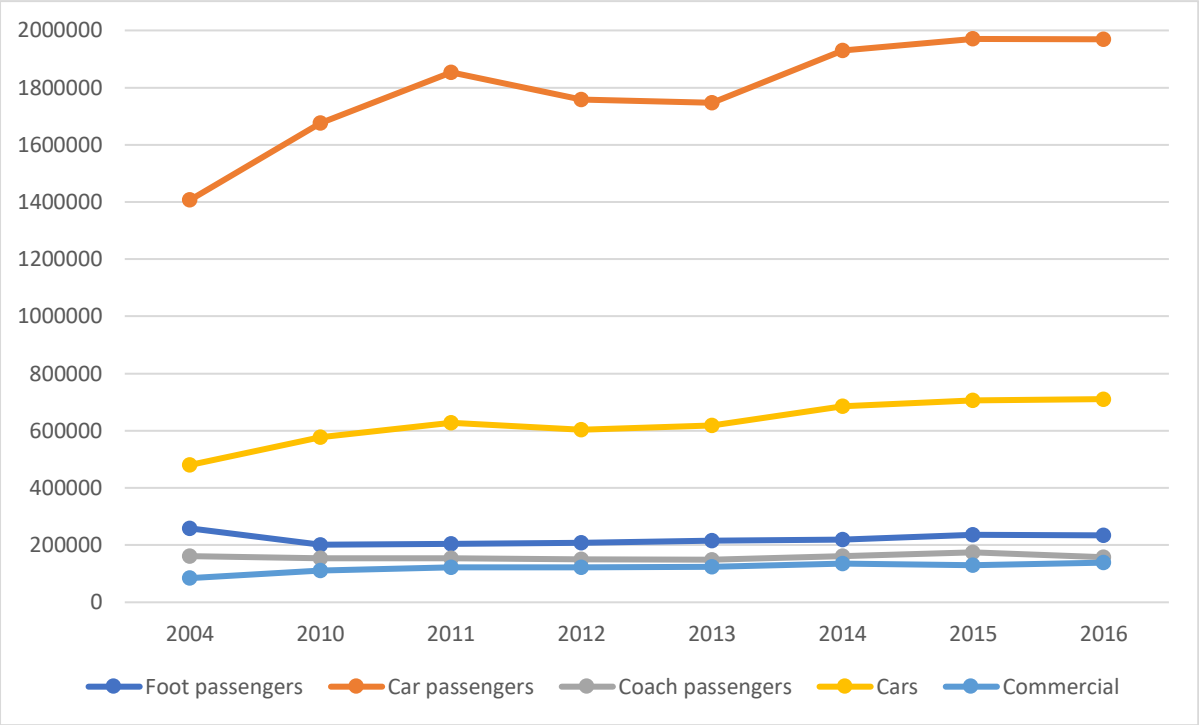
5.2 RED FUNNEL: EAST COWES – SOUTHAMPTON – EAST COWES

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

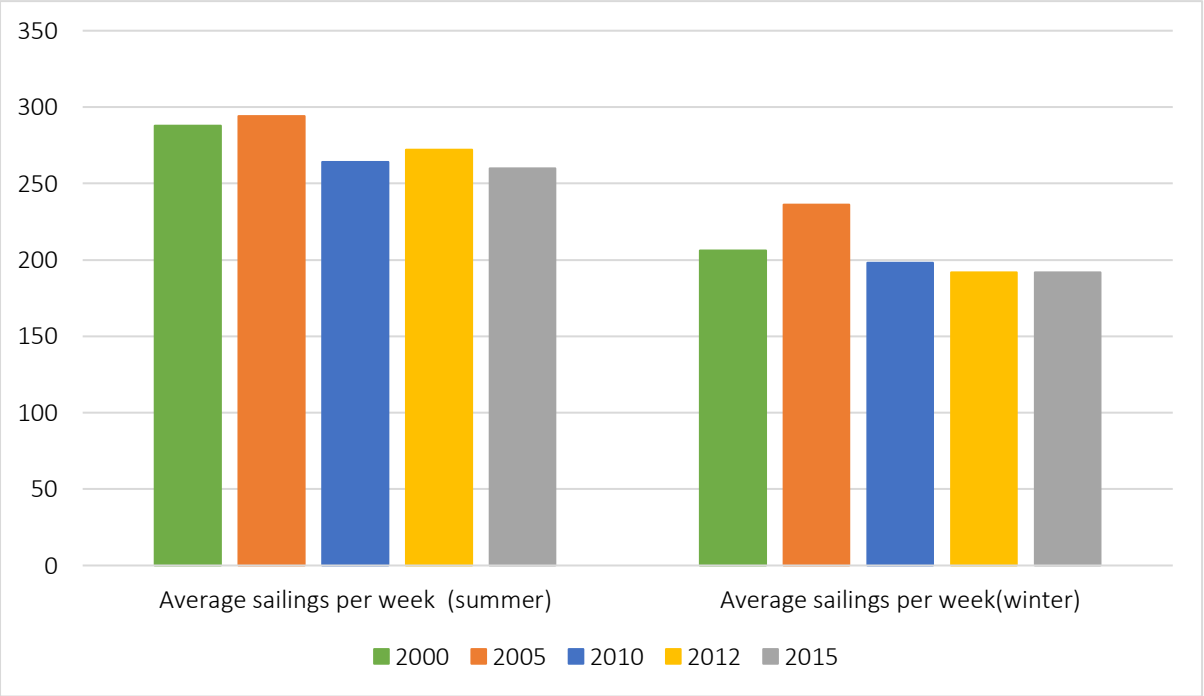
*Volumes of coach passengers are estimated

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 [redacted]

[redacted]

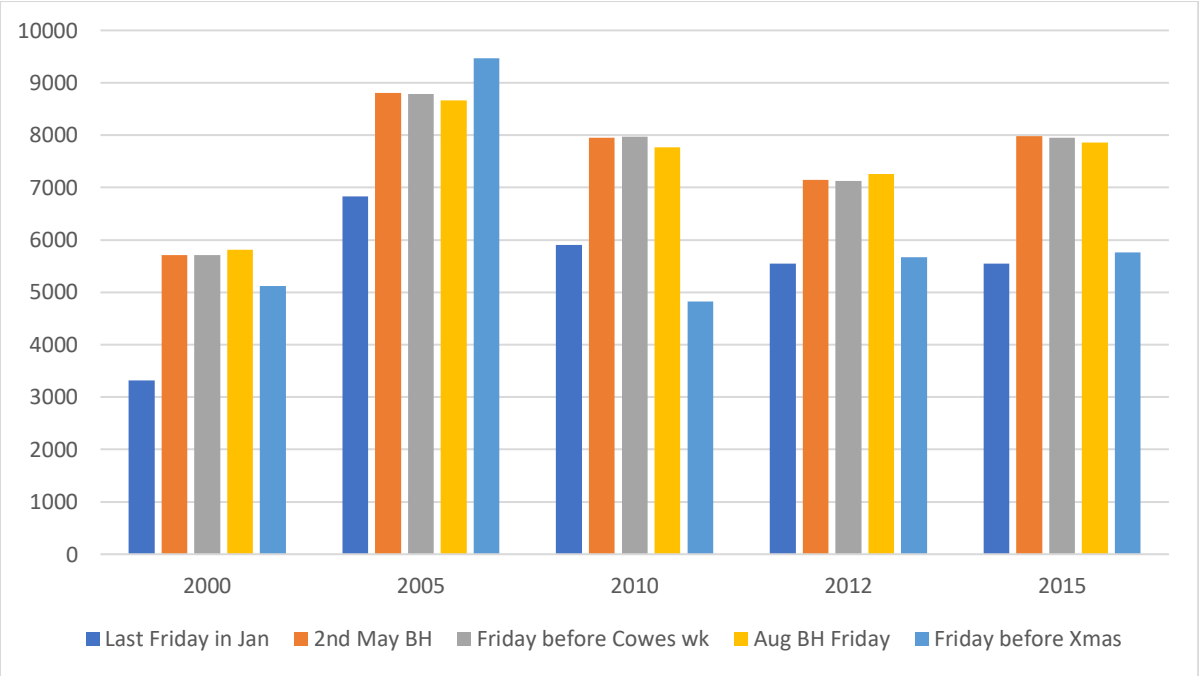
Figure 5.7: Sailings with <5% and >95% utilisation

[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]

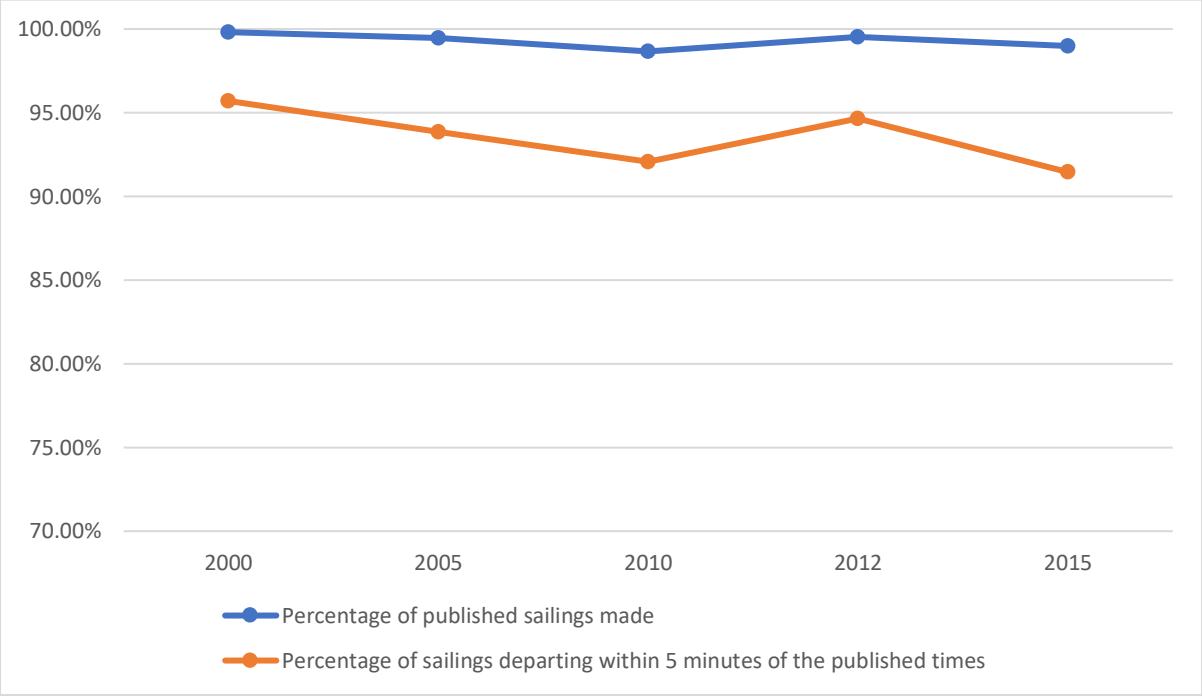
Reliability and Punctuality

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



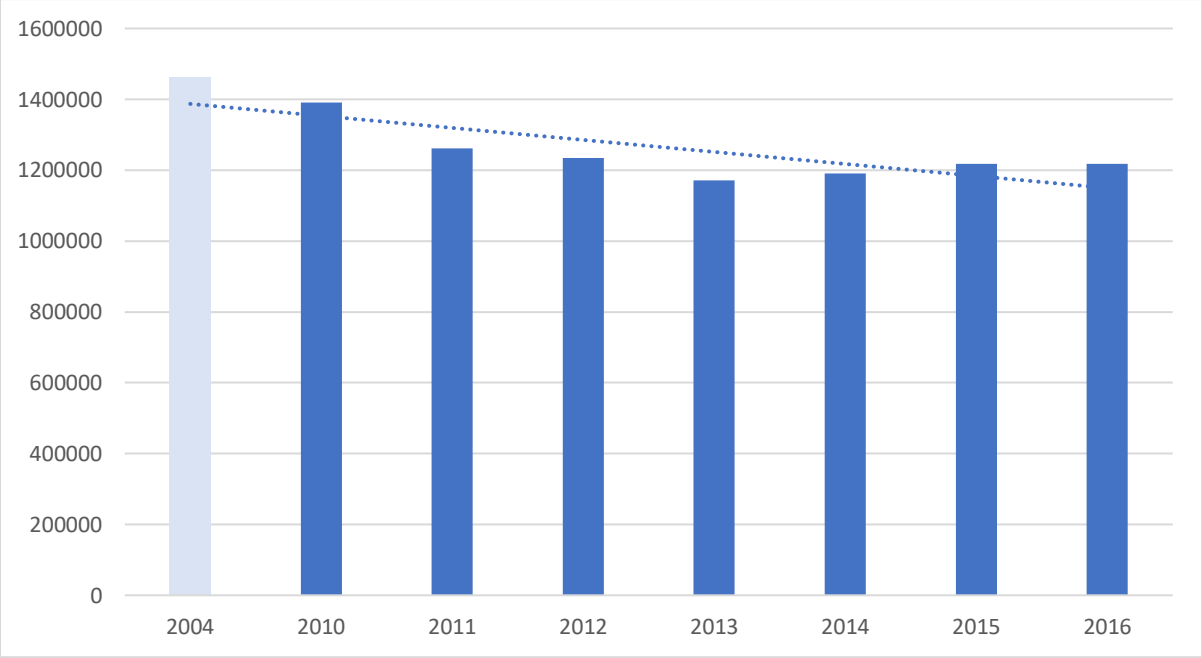
5.3 WIGHTLINK: RYDE – PORTSMOUTH HARBOUR – RYDE

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



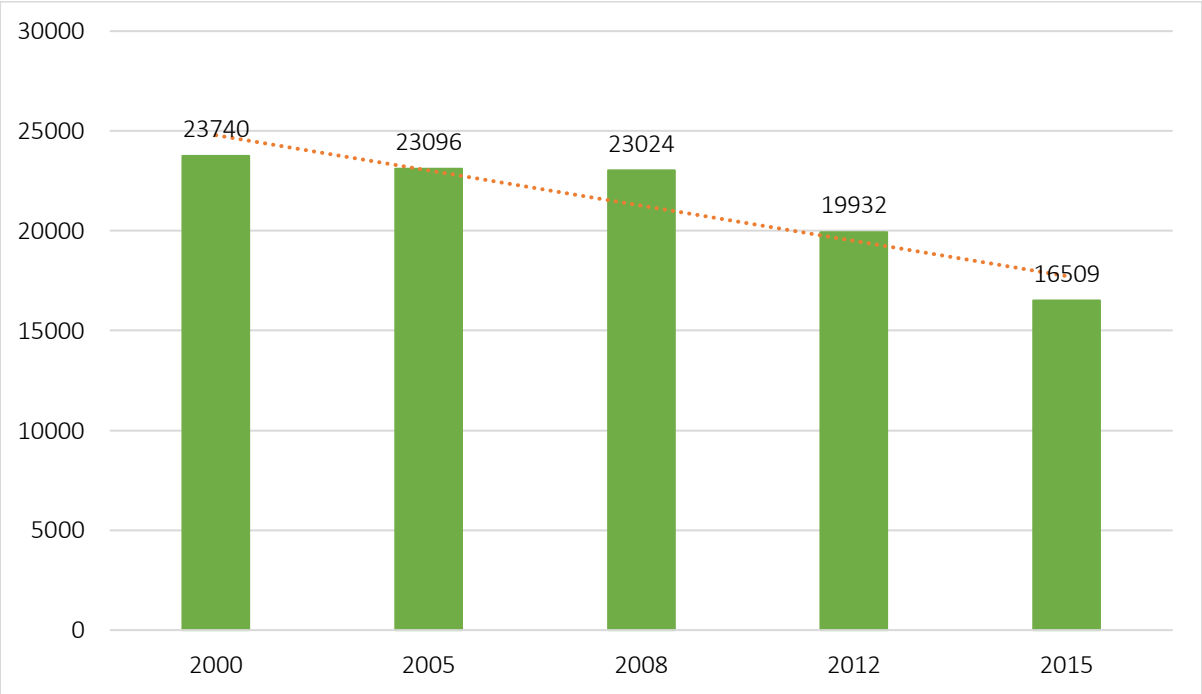
Source: Cross-Solent Statistics, IWC

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

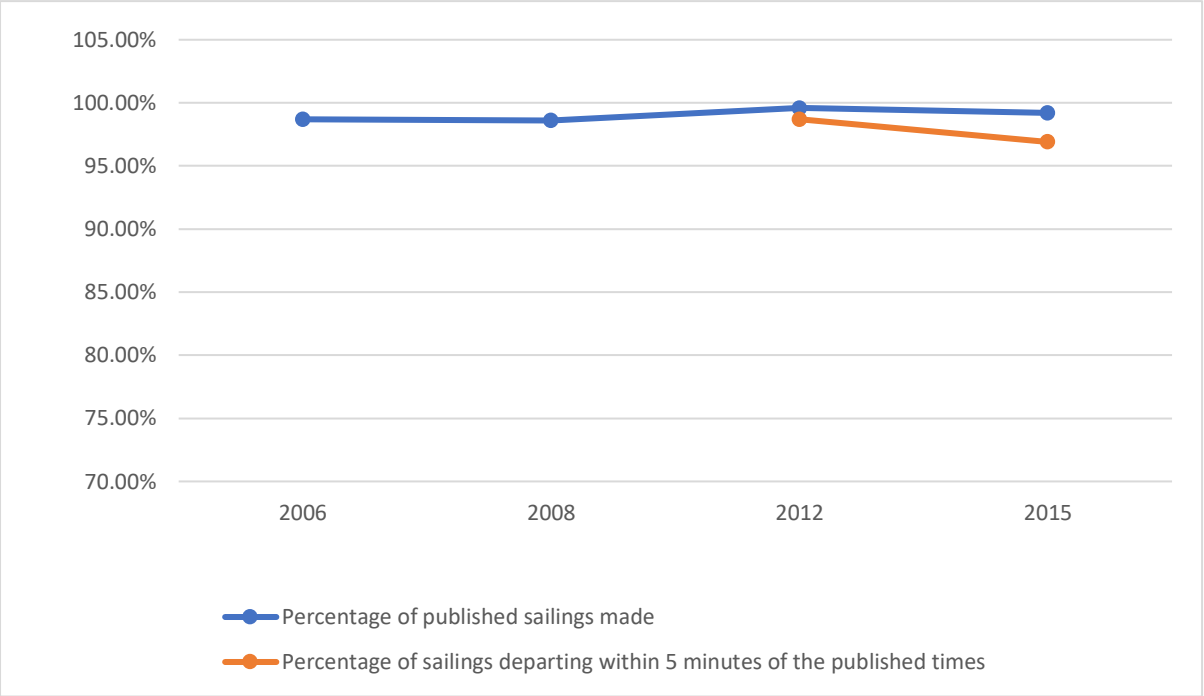
Reliability and Punctuality

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 emissions[8]. 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.

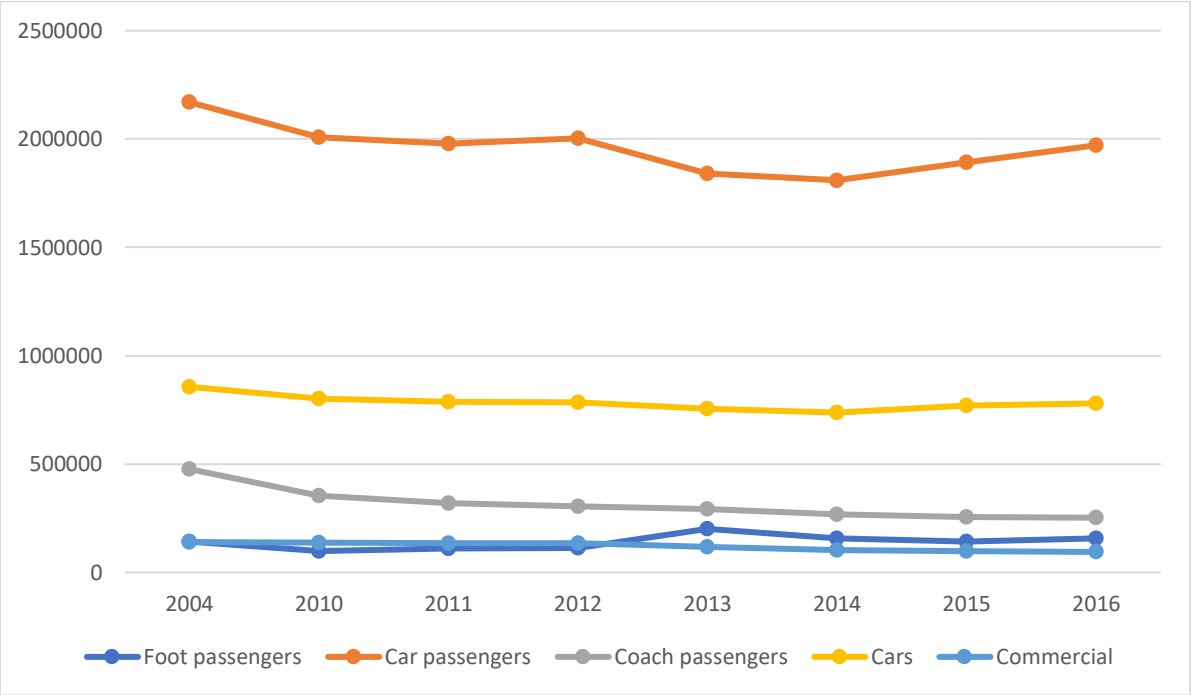
Port improvements are due to be completed by summer 2017, and the new ferry is expected to arrive in spring 2018.

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



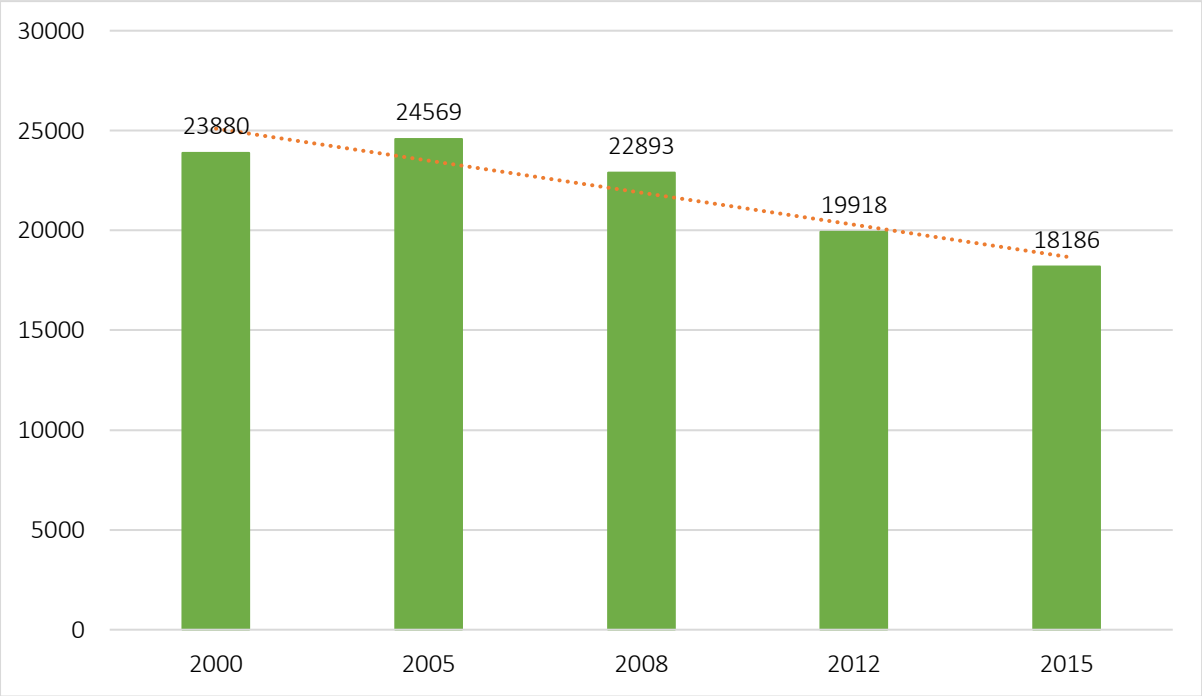
Source: Cross-Solent Statistics, IWC

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

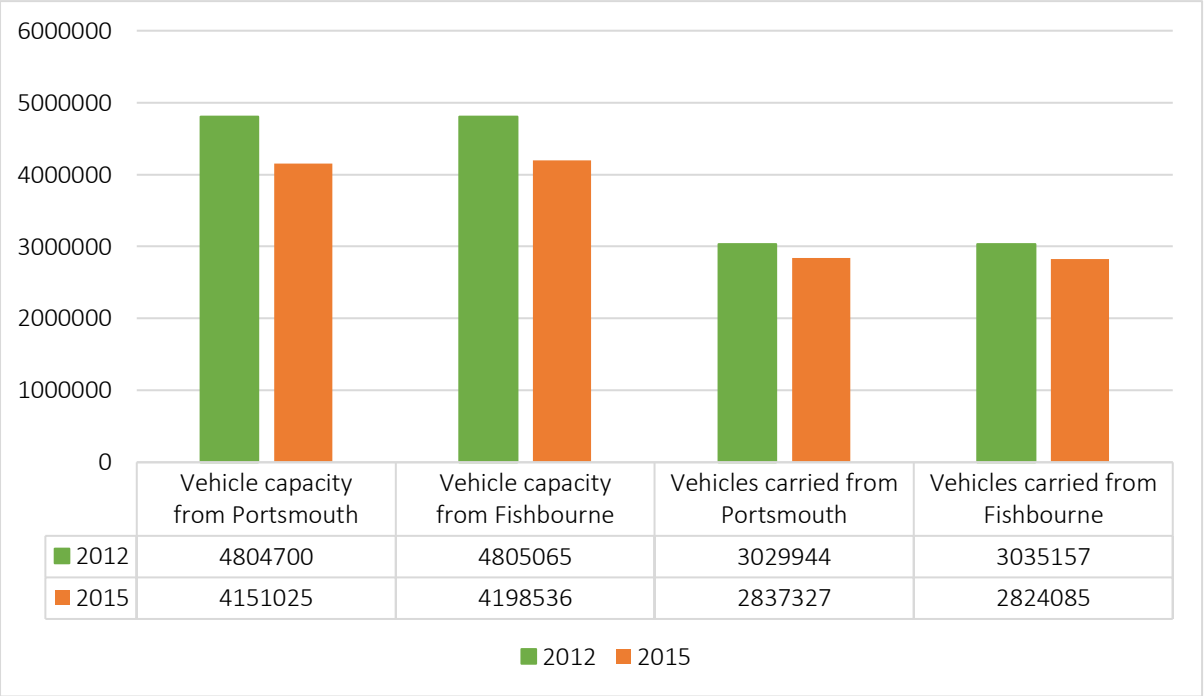


Sources: OFT Report for 2000, 2005 and 2008. Wightlink for 2012 and 2015

Capacity and Utilisation

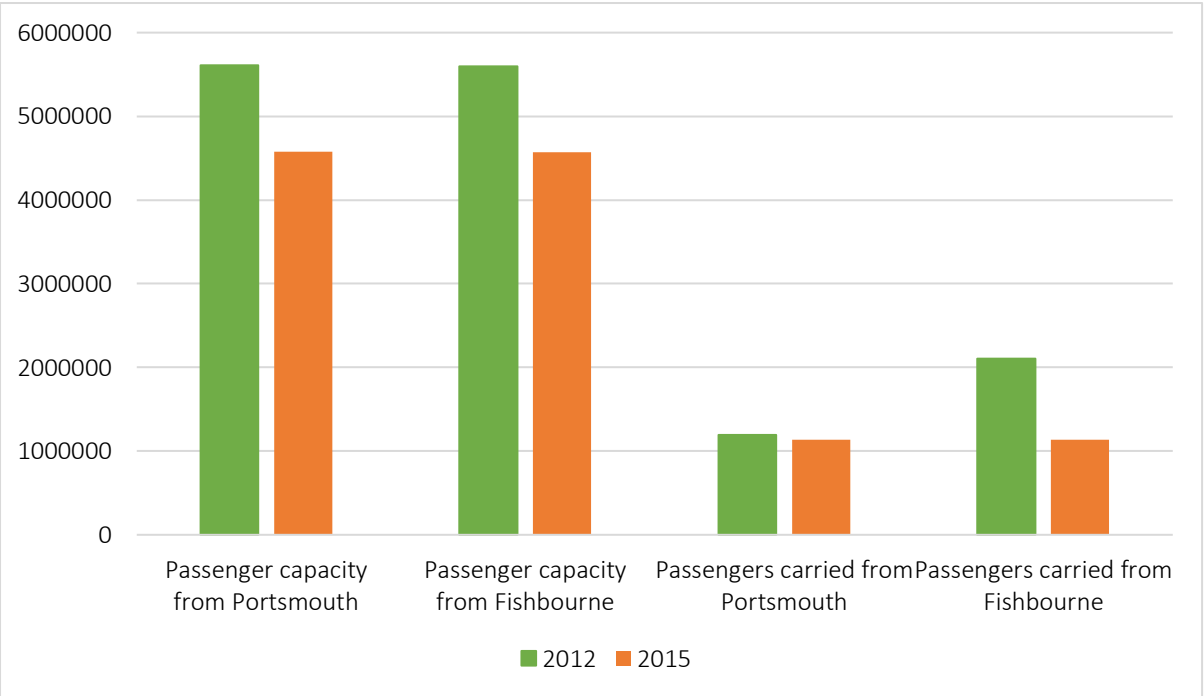
As shown in **Figure 5.17** and **Figure 5.18**, passenger and vehicle capacity has reduced between 2012 and 2015; with overall vehicle capacity from Portsmouth reduced by circa 650,000 CEU, and by circa 610,000 on sailings from Fishbourne. The number of passengers and vehicles carried also reduced,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

Figure 5.17: Vehicle capacity and utilisation



	Vehicle capacity from Portsmouth	Vehicle capacity from Fishbourne	Vehicles carried from Portsmouth	Vehicles carried from Fishbourne
2012	4804700	4805065	3029944	3035157
2015	4151025	4198536	2837327	2824085

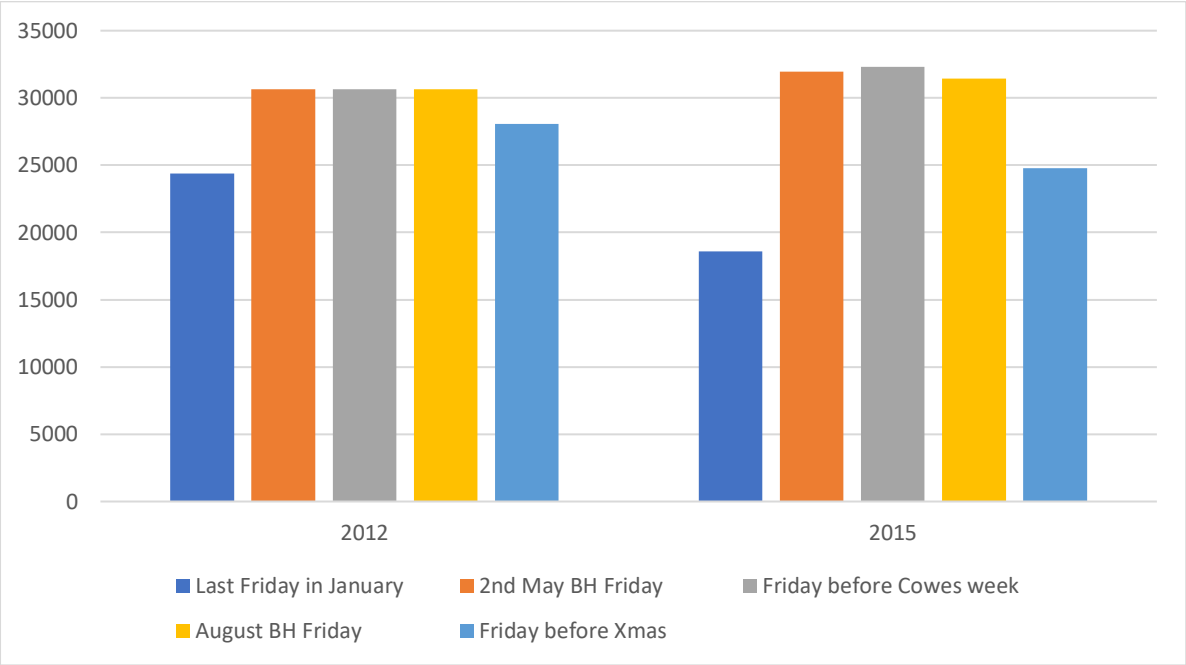
Figure 5.18: Passenger capacity and utilisation



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



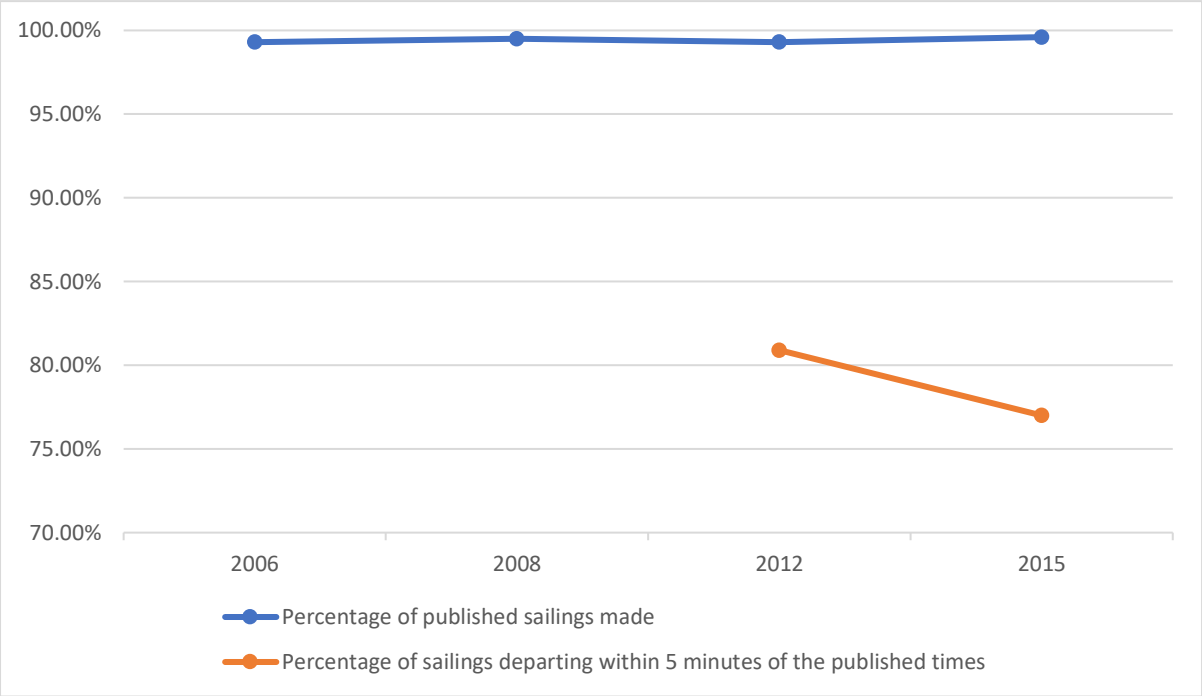
Reliability and Punctuality

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

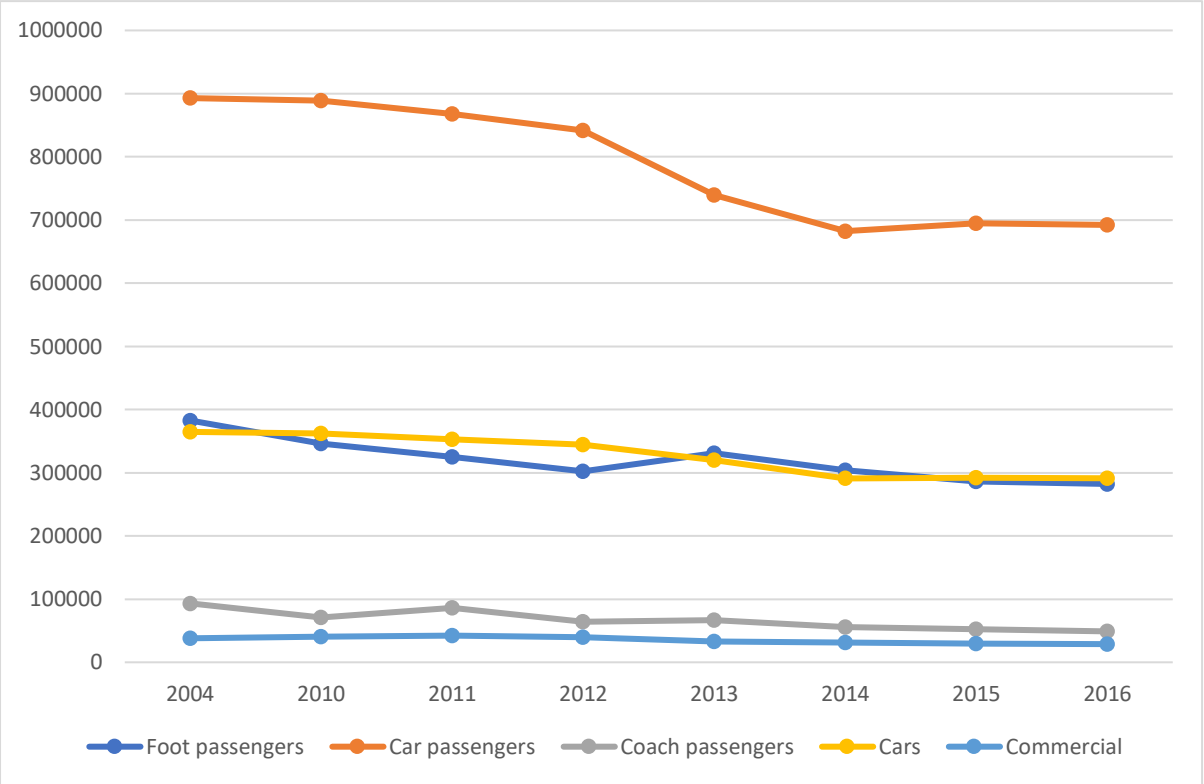
Wightlink operate the vehicle and foot passenger service on the Yarmouth – Lymington – Yarmouth route. The route is serviced by the Wight Light and Wight Sky vessels and journey times are approximately 45 minutes

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

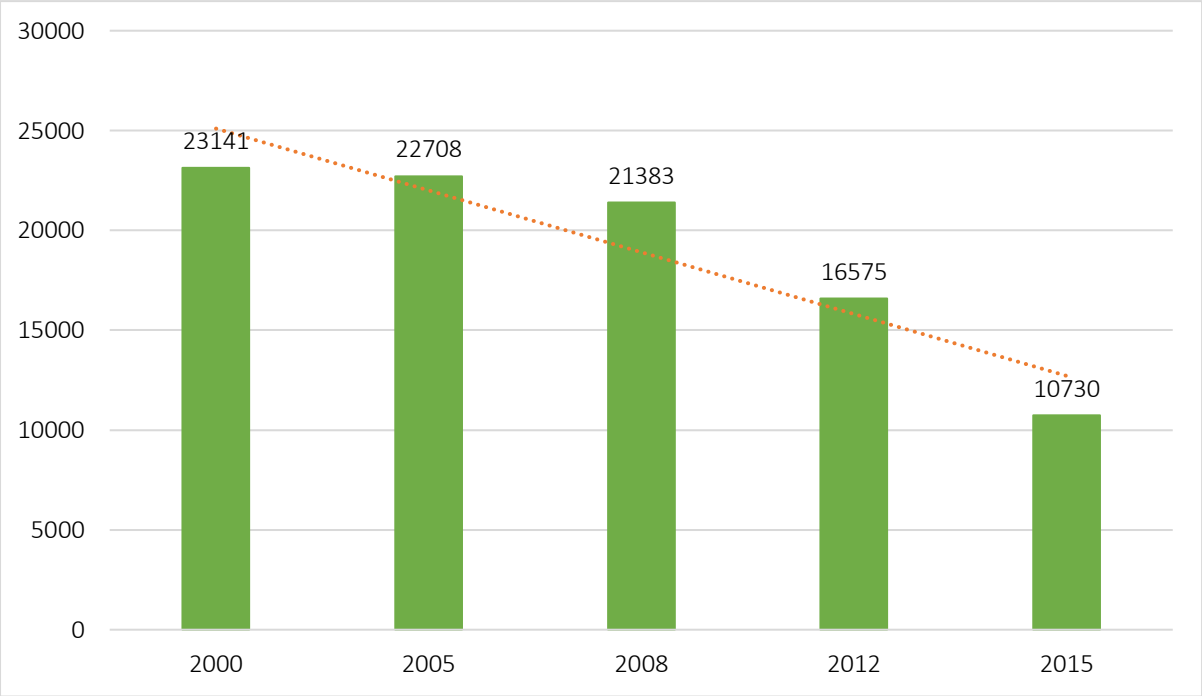


Whilst this route is the most lightly used vehicular ferry route across the Solent, it carries significantly more foot passengers than the other two vehicle ferry services. Factors contributing to this include the connectivity with the rail network at Lymington Pier, and the lack of dedicated foot passenger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

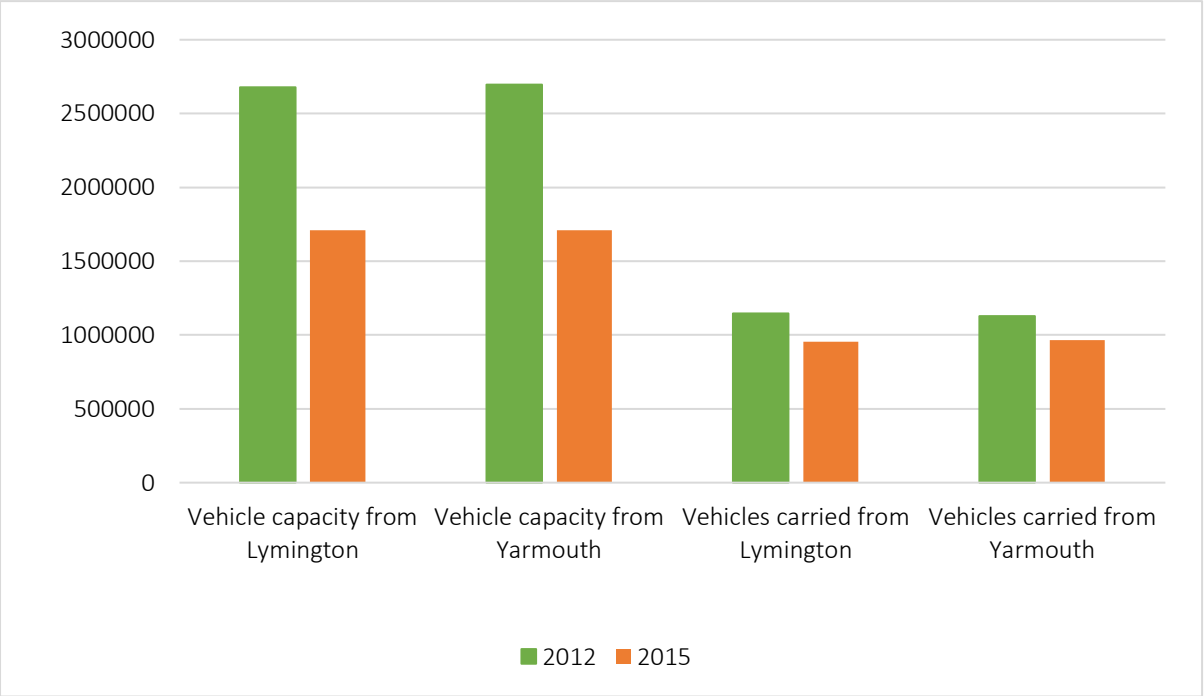


Sources: OFT Report for 2000, 2005 and 2008. Wightlink for 2012 and 2015

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.

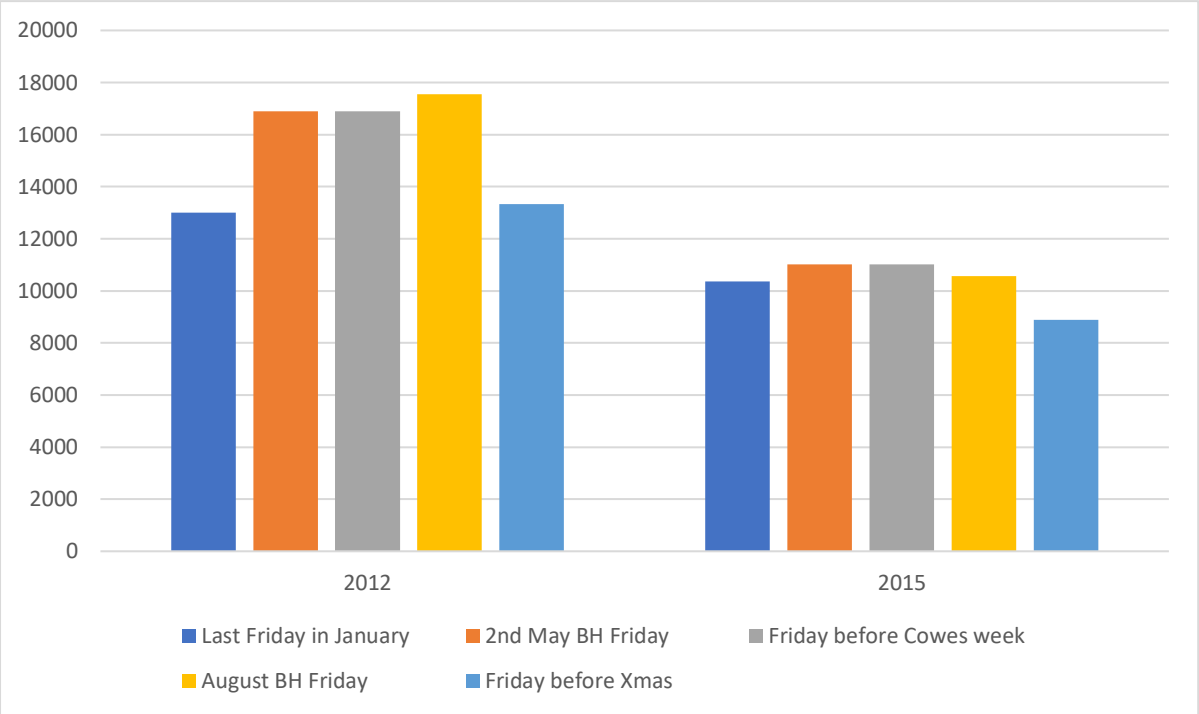
Figure 5.23: Vehicle capacity and utilisation from Lymington and Yarmouth



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

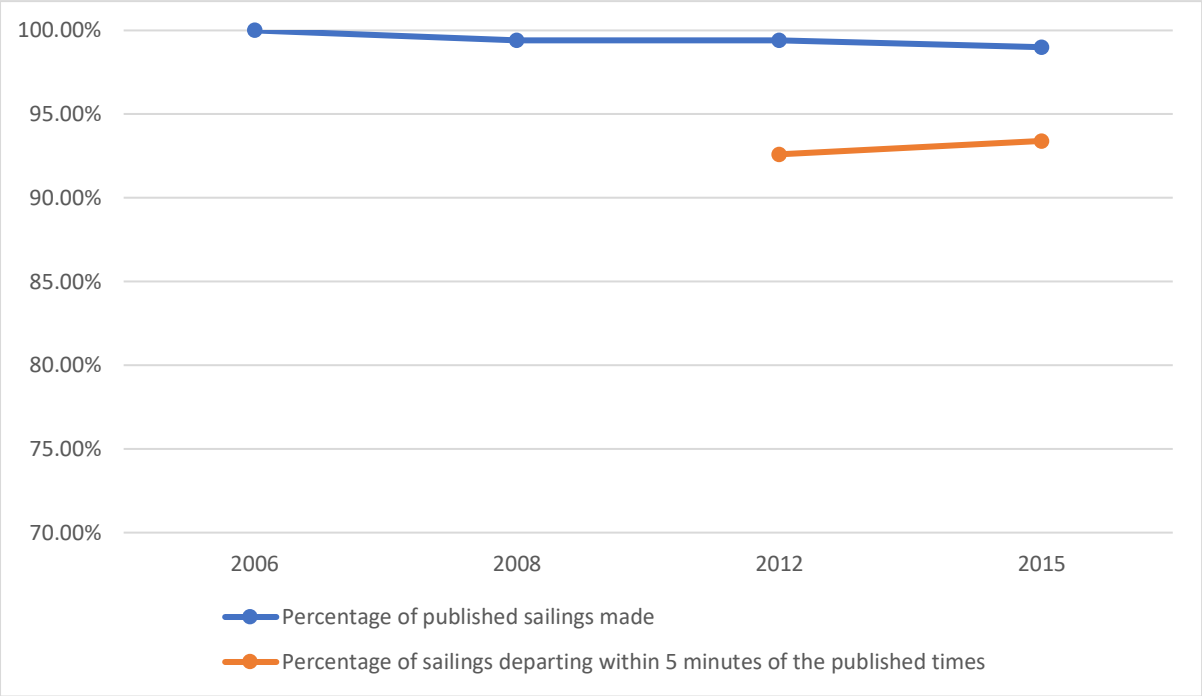
Reliability and Punctuality

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



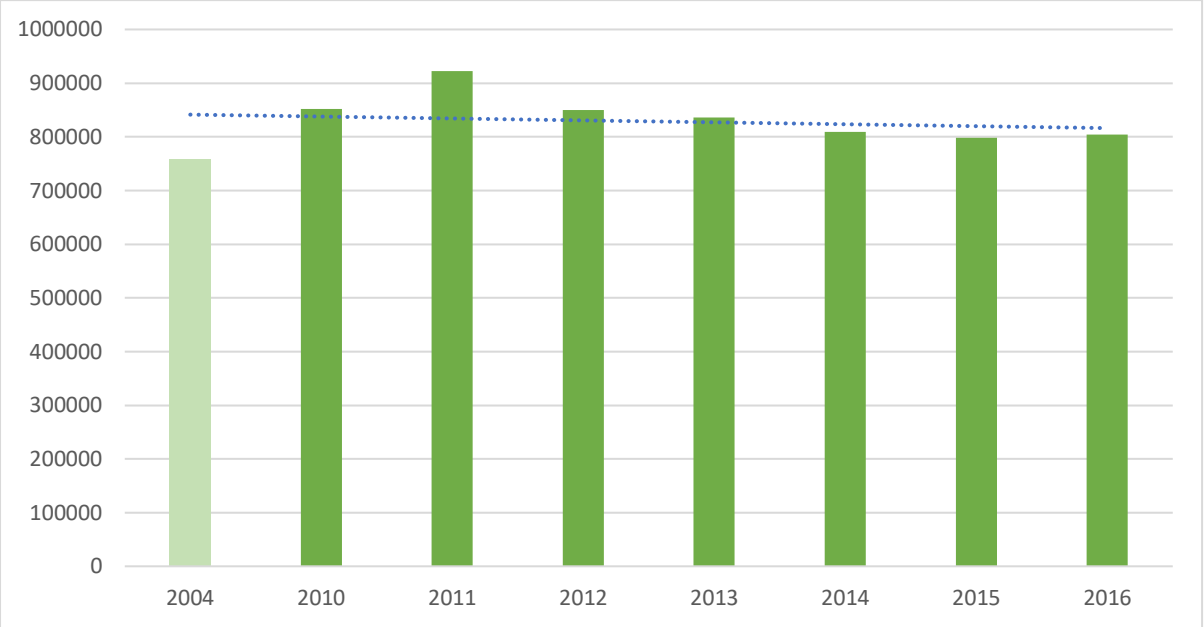
5.6 HOVERTRAVEL: RYDE – SOUTHSEA – RYDE

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**	
Period	**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:

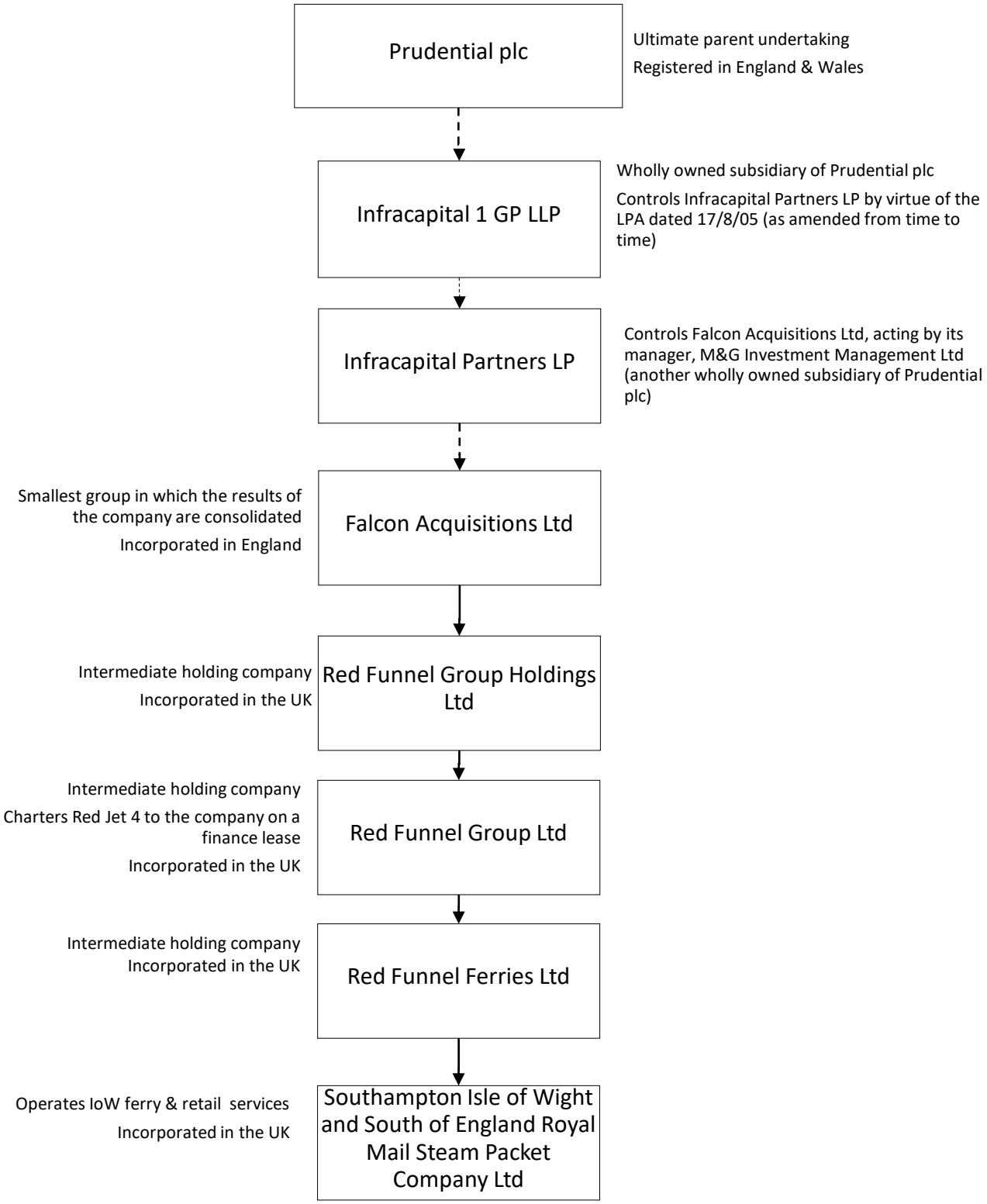
- Fixed assets of £28.5m (2014 - £28.8m) comprising £28.3m tangibles (mostly ships) and £0.2m intangibles (software)
- Current assets of £33.9m (2014 - £22.9m), mostly debtors (£23.1m), £20.9m of which comprised amounts owed by group undertakings
- Current liabilities of £10.9m (2014 - £7.5m), mostly 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

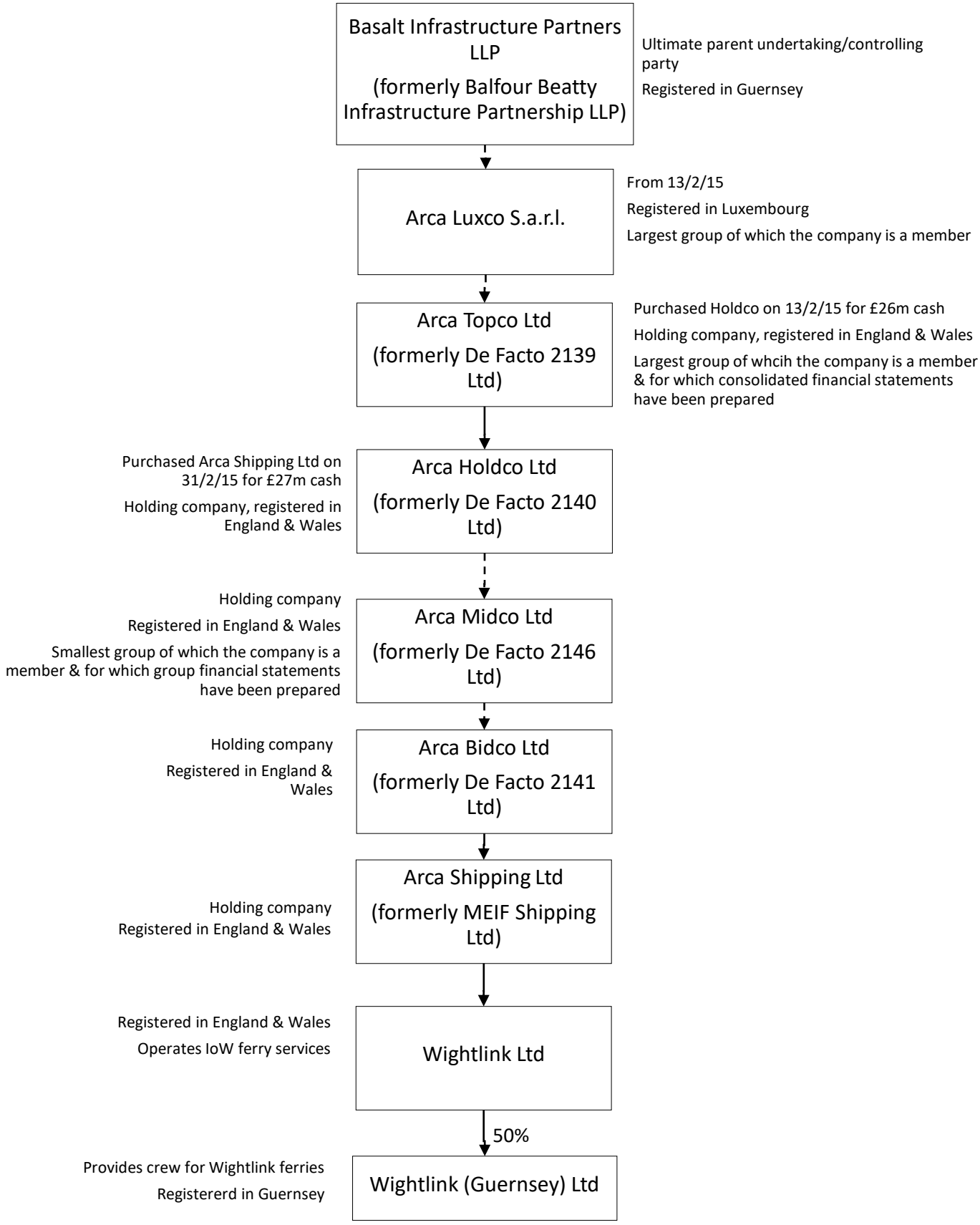
- The Strategic Report is cursory, and refers the reader to the Report and Financial Statements of Arca Topco Ltd, as "the future developments and key performance indicators of this company are fully aligned with those of Arca Topco Ltd (formerly De Facto 2139 Ltd) and are disclosed therein". The latter 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.


Basalt Infrastructure Partners LLP
(formerly Balfour Beatty Infrastructure Partnership LLP)
Ultimate parent undertaking/controlling party
Registered in Guernsey
Arca Luxco S.a.r.l.
From 13/2/15
Registered in Luxembourg
Largest group of which the company is a member
Arca Topco Ltd
(formerly De Facto 2139 Ltd)
Purchased Holdco on 13/2/15 for £26m cash
Holding company, registered in England & Wales
Largest group of whcih the company is a member & for which consolidated financial statements have been prepared
Purchased Arca Shipping Ltd on 31/2/15 for £27m cash
Holding company, registered in England & Wales
Arca Holdco Ltd
(formerly De Facto 2140 Ltd)
Holding company
Registered in England & Wales
Smallest group of which the company is a member & for which group financial statements have been prepared
Arca Midco Ltd
(formerly De Facto 2146 Ltd)
Holding company
Registered in England & Wales
Arca Bidco Ltd
(formerly De Facto 2141 Ltd)
Arca Shipping Ltd
(formerly MEIF Shipping Ltd)
Holding company
Registered in England & Wales
Registered in England & Wales
Operates IoW ferry services
Wightlink Ltd
50%
Provides crew for Wightlink ferries
Registererd in Guernsey
Wightlink (Guernsey) Ltd

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 page[9] which covers customer surveys and customer relations.

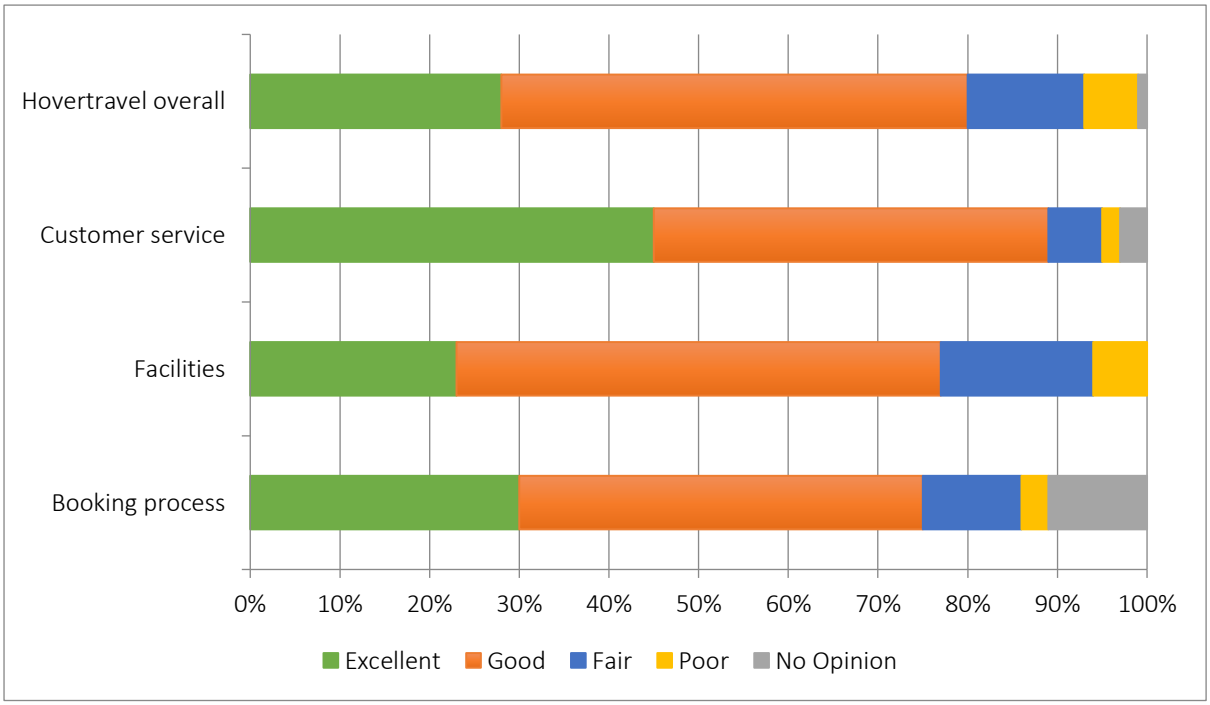
In 2016/17 Hovertravel received 3,549 **complaints** – which equates to just 0.43% of all passengers carried. Interestingly, the rate of complaints was highest in the off-peak months between October and February, when there was an increase in the number of complaints per 1,000 passengers.

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 2016[10] 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

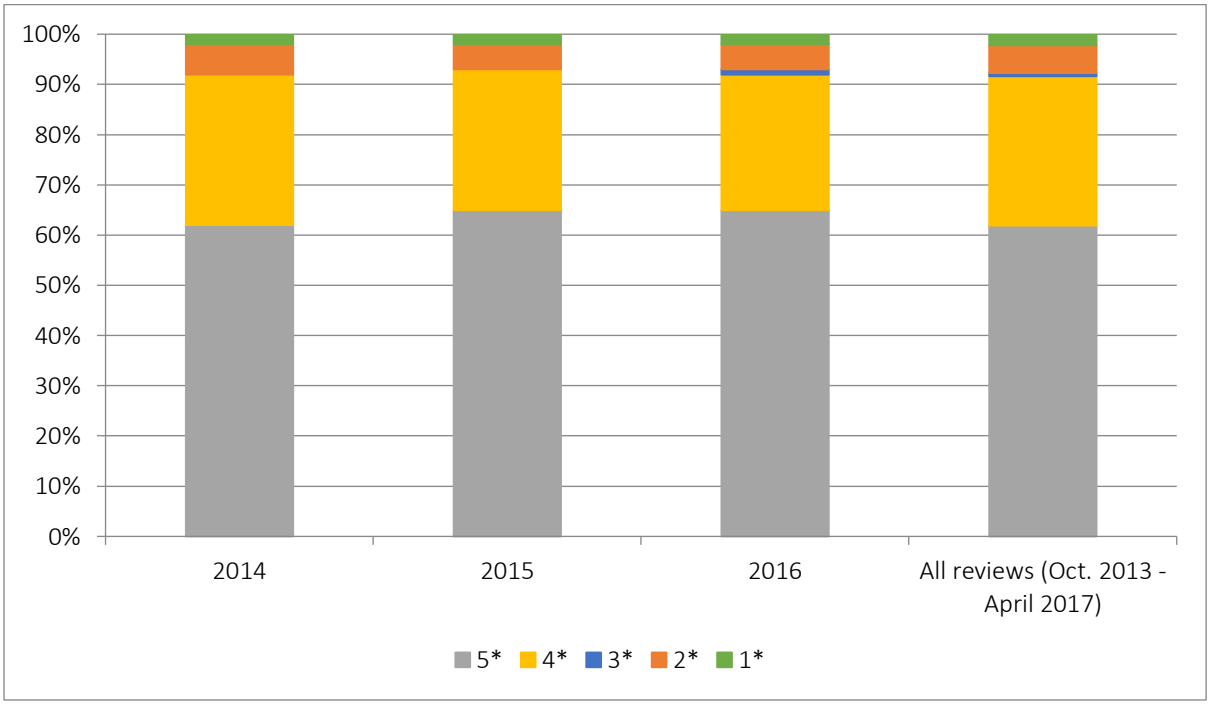


Figure 7.2 compares the percentage of customer experience ratings in each star category between 2014 and 2016, and for all reviews to date[11]. This shows that there is little change in overall 'positive' reviews (i.e. 4* or 5*) over time – remaining between 92% and 93%, so this clearly what the customer 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:

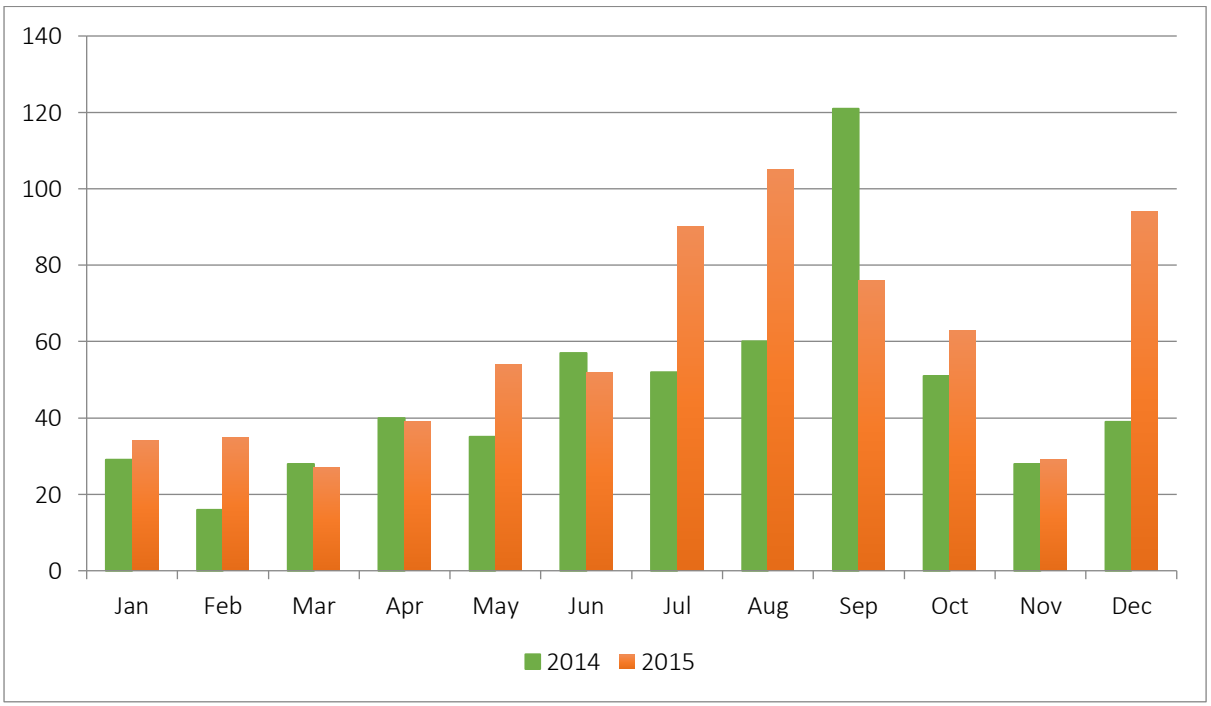
a. On-board experience
b. Punctuality and reliability
c. Food and beverage quality
d. Lack of seating
e. Ticket price

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 website[12]. 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 Wightlink[13] 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

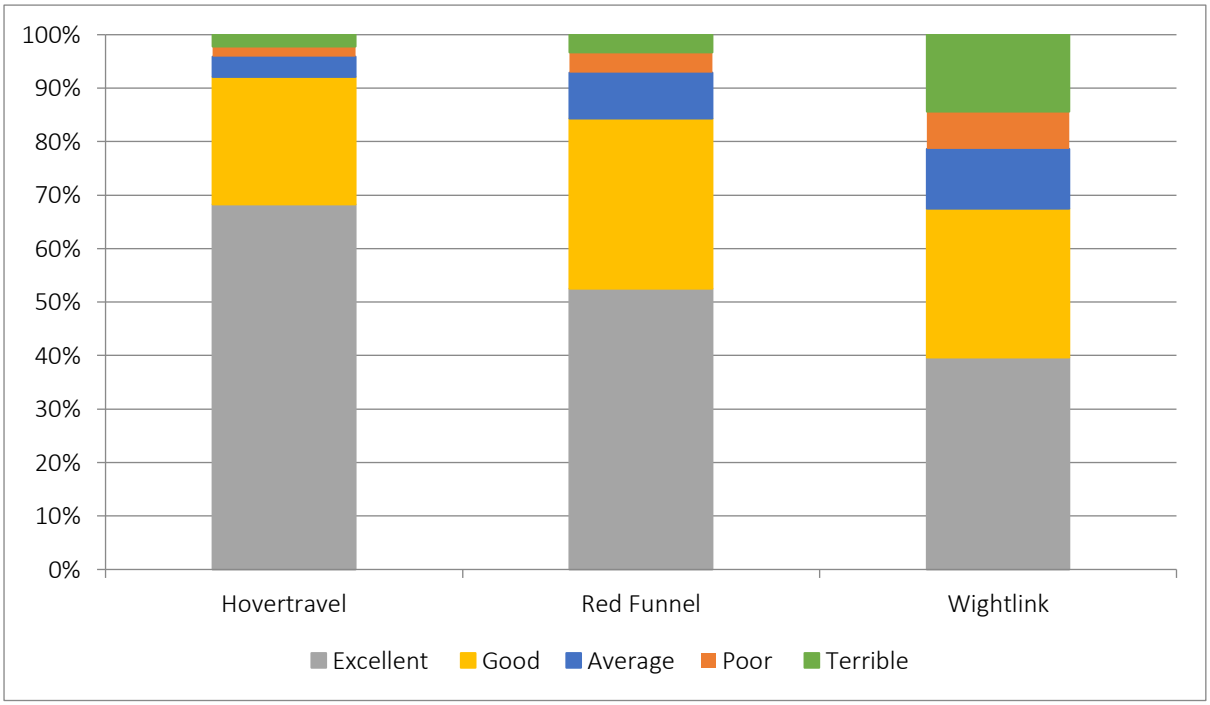
As shown in **Figure 7.4**, a majority of reviewers of all ferry companies (76% of 2,973 total reviews) report a positive experience (either 'excellent' or 'good'); that is 92% of reviews for Hovertravel (n=290), 85% for Red Funnel (n=933) and 68% for Wightlink (n=1,047).

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 Portmouth 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.)

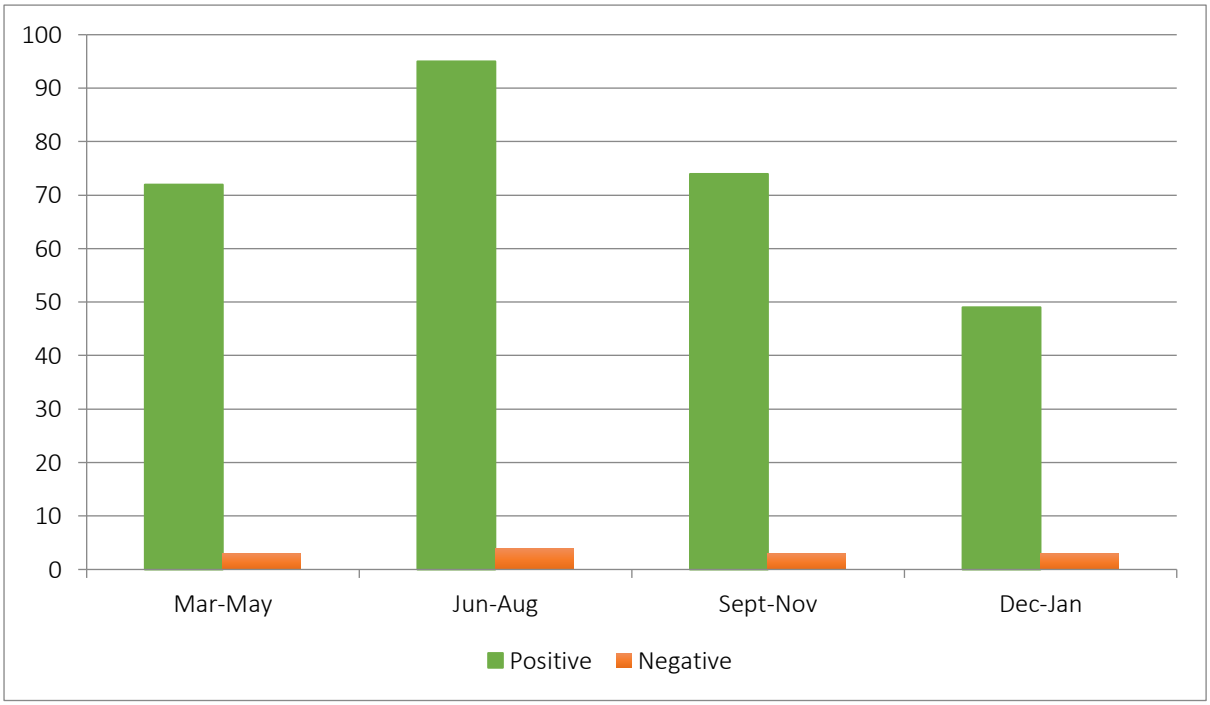
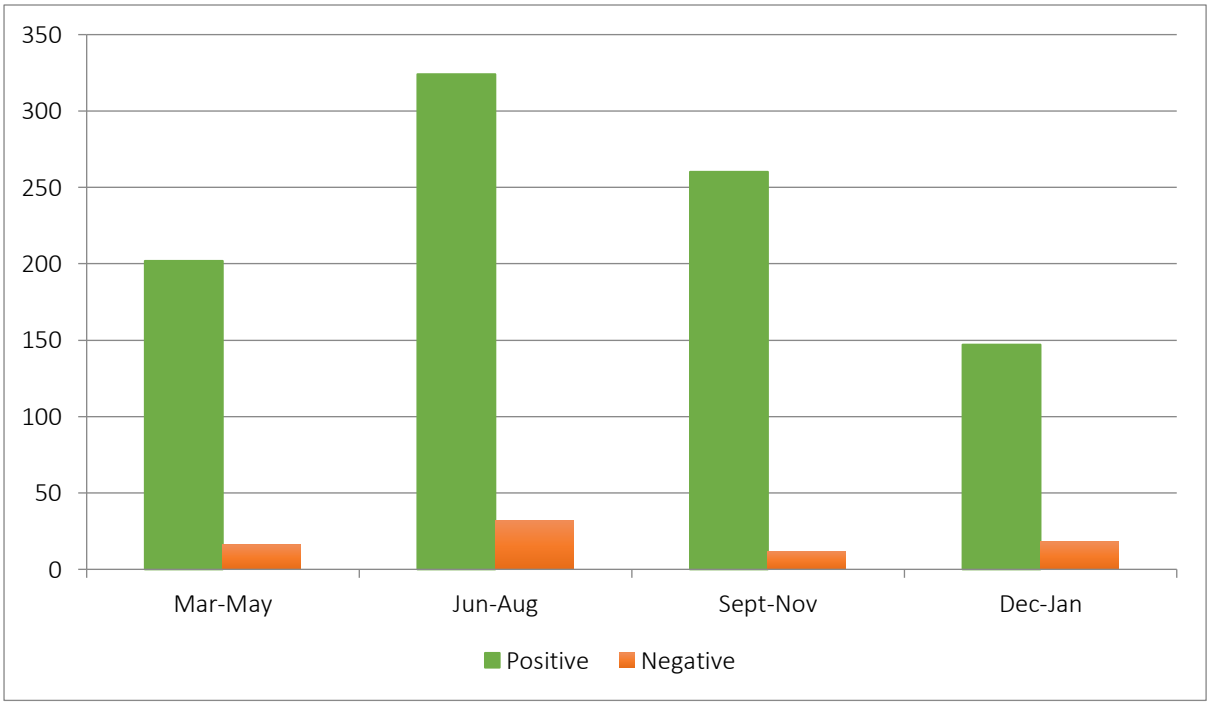


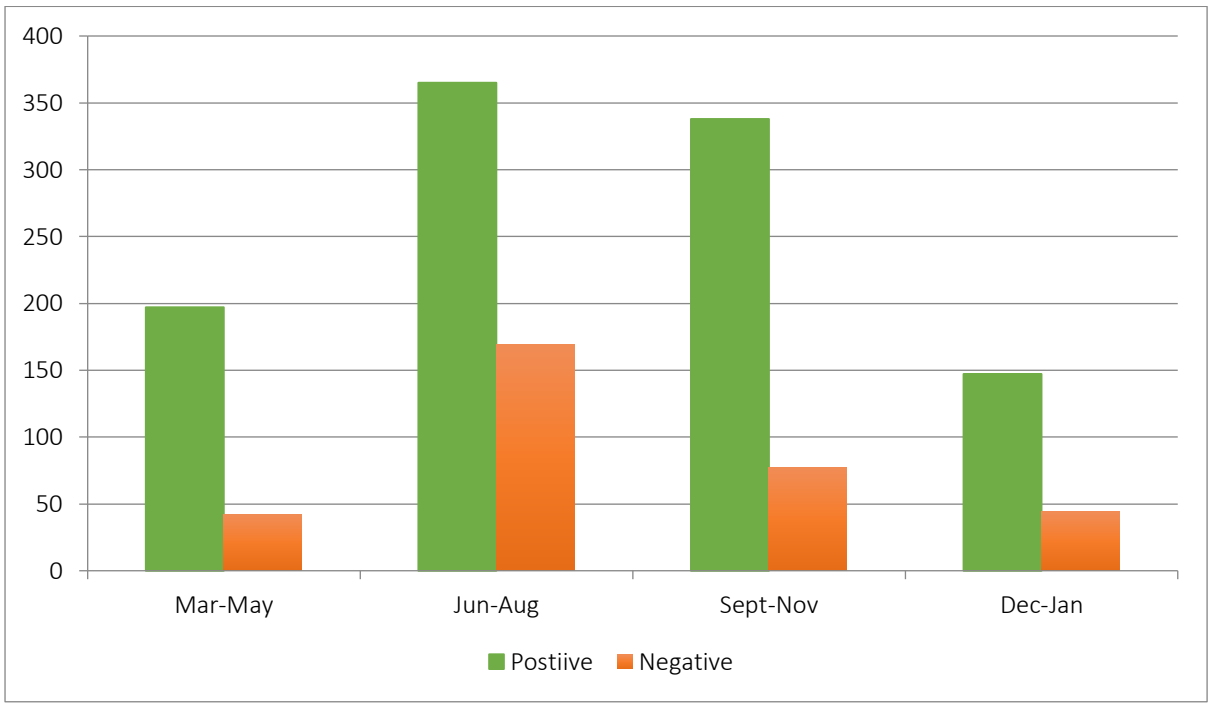
Figure 7.6: Positive and negative Trip Advisor reviews for Red Funnel by season (no.)



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.

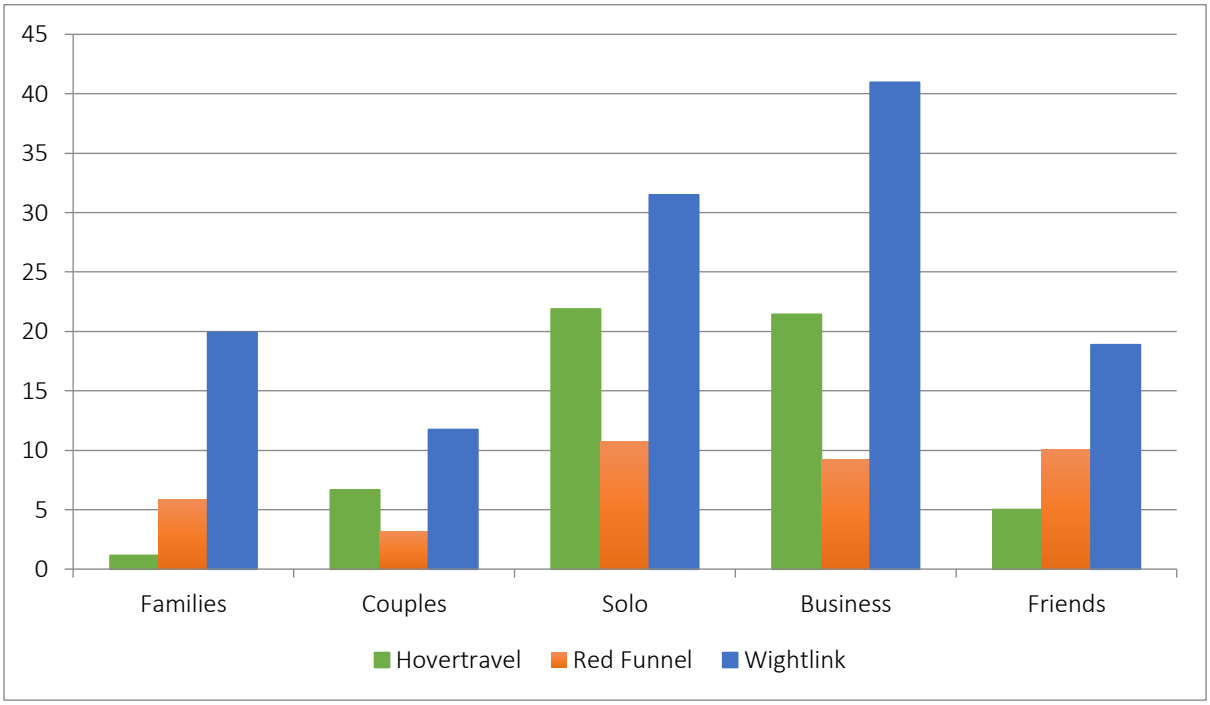
For all Hovertravel reviews where reviewers identified as a traveller type, reviewers were most likely to register a negative review if they were 'solo' (22% of solo reviewers, n=7) or 'business' (21% of business reviewers, n=3) travellers. However, overall number of complainants in these categories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

For all Red Funnel reviews were 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 were 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'

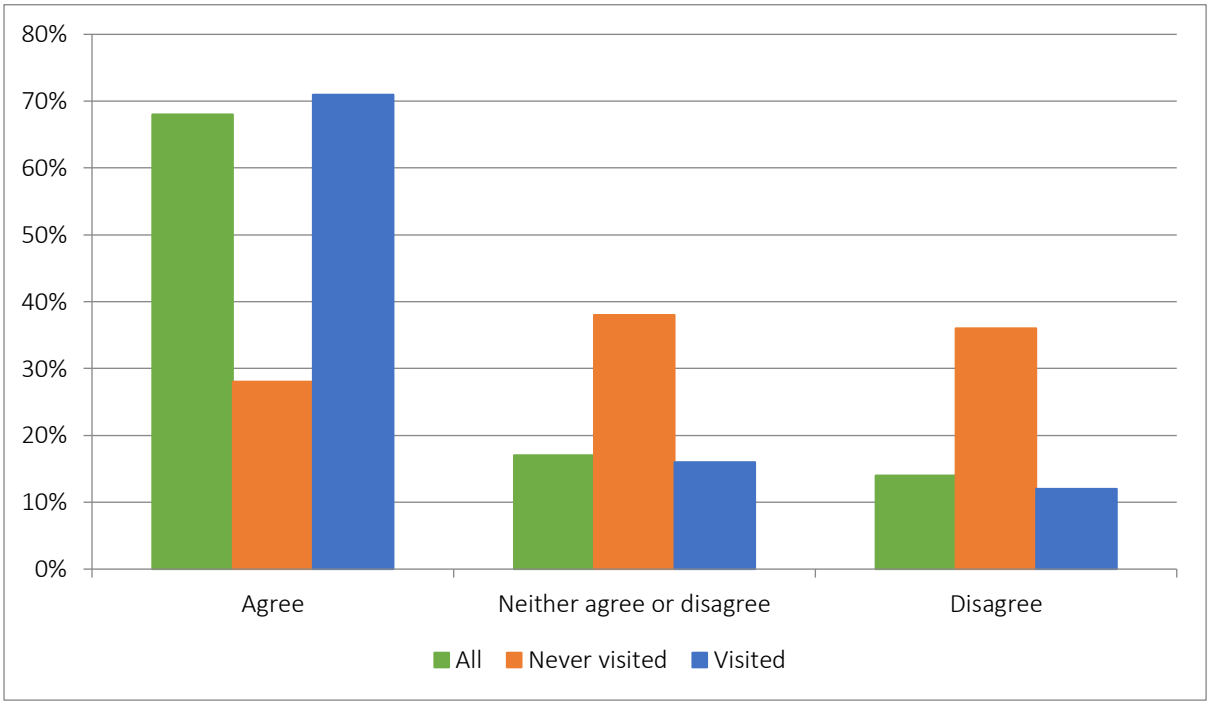
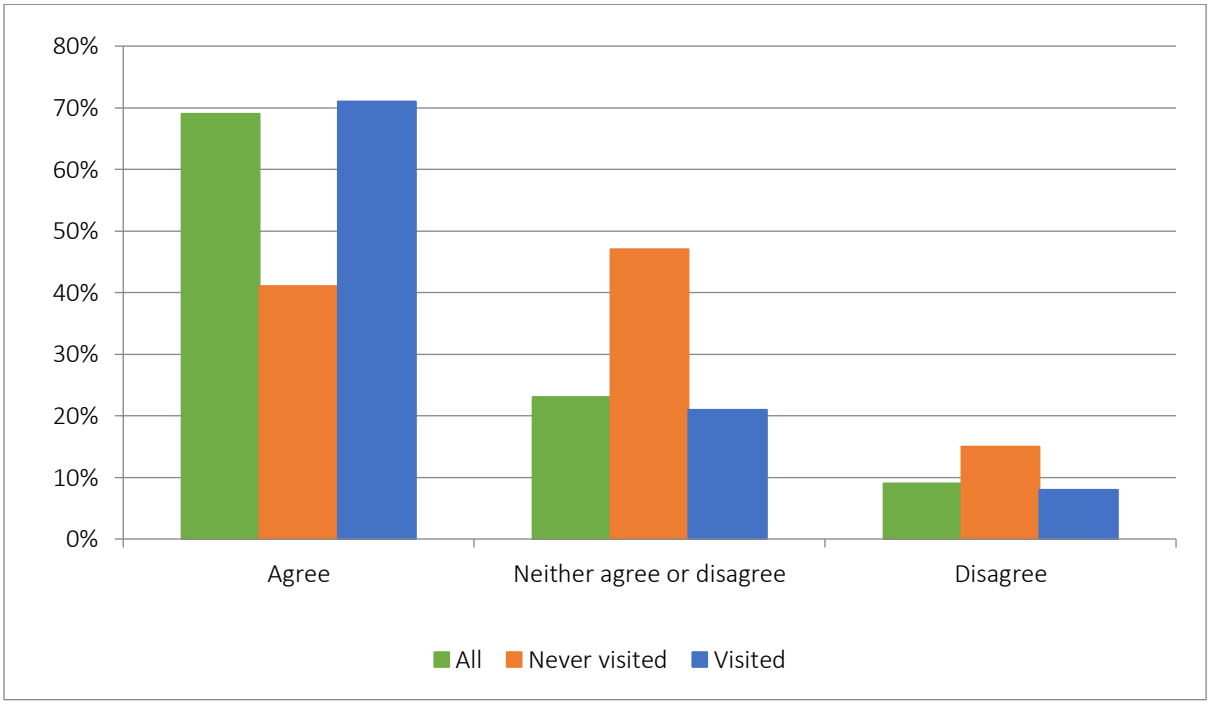


Figure 7.10: Consumer perceptions of the statement 'The Isle of Wight is special and more enjoyable because of the ferry journey'

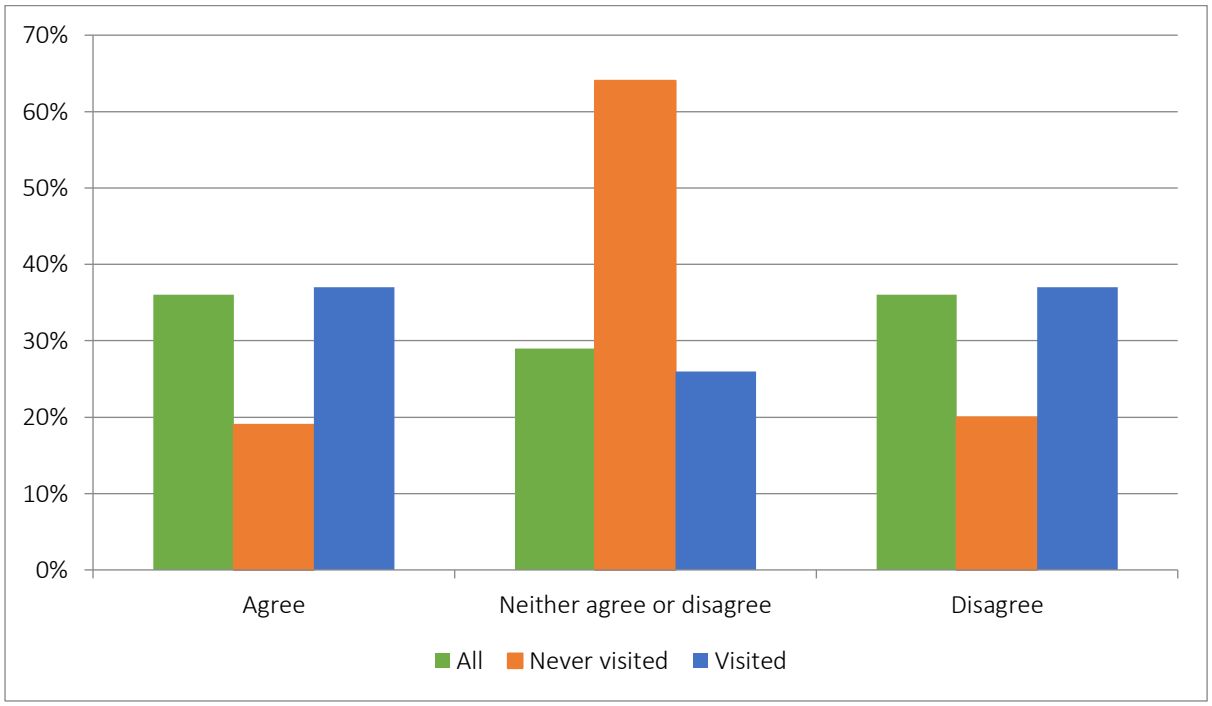


Despite the need to travel by ferry being a significant *opportunity* to draw visitors to the Island, the survey also found that this was offset by perceptions of the cost of ferry travel being a potential *barrier* to visitors.

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' Faecebook 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 Wightlink[15].

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)

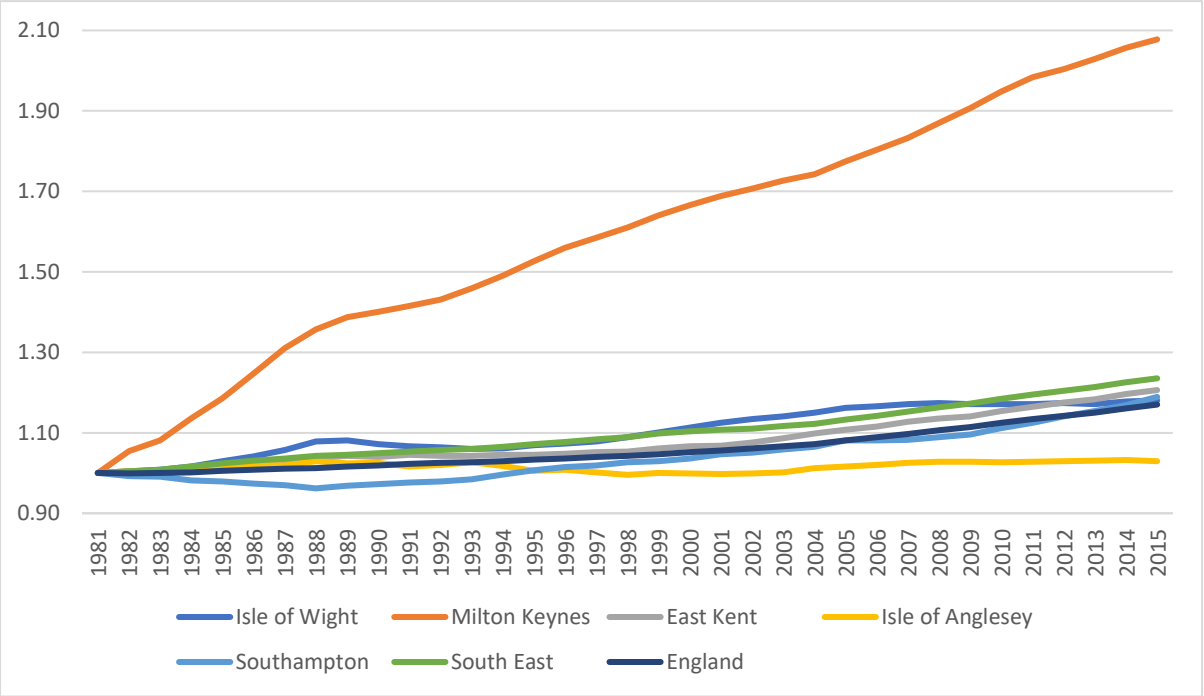
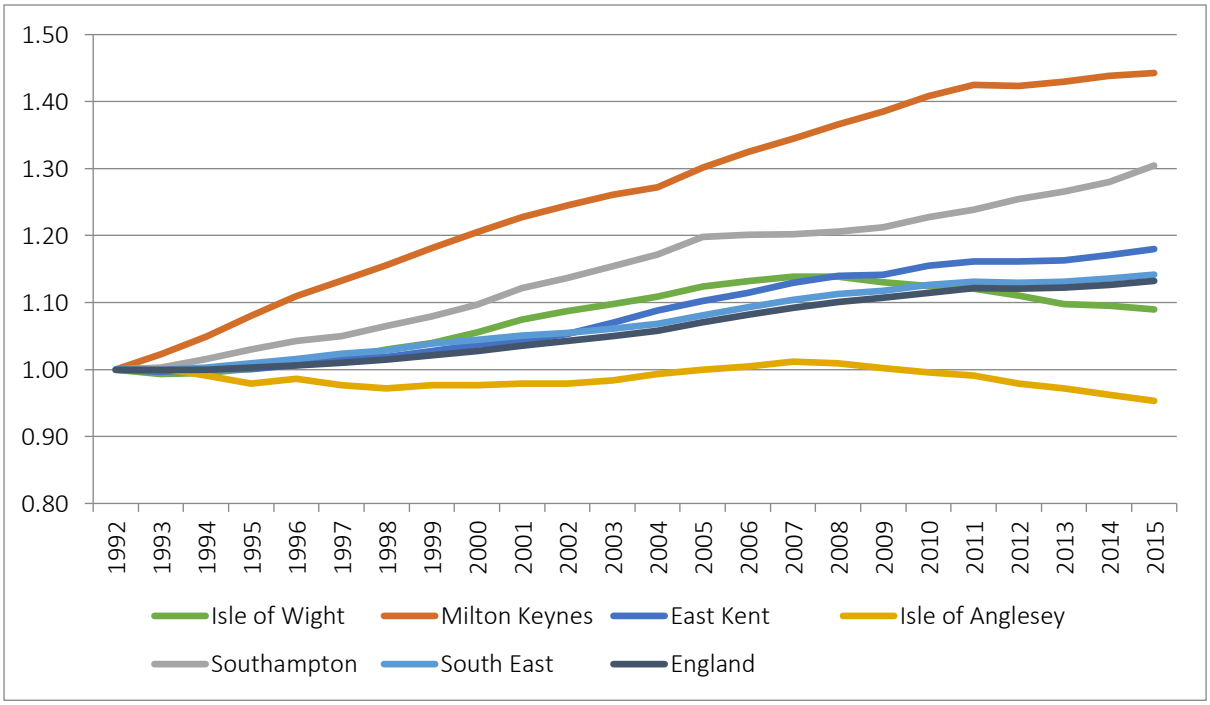


Figure 8.2: Resident population, 16-64 years (indexed)



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.

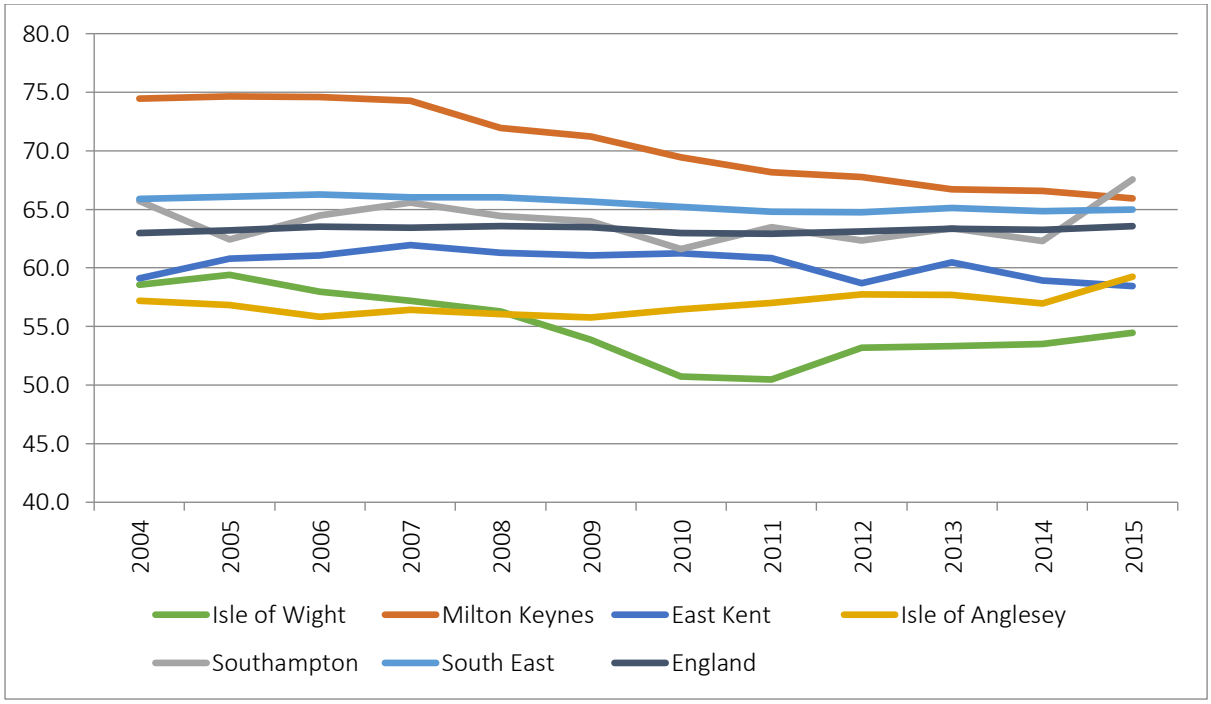
8.2 EMPLOYMENT AND UNEMPLOYMENT

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

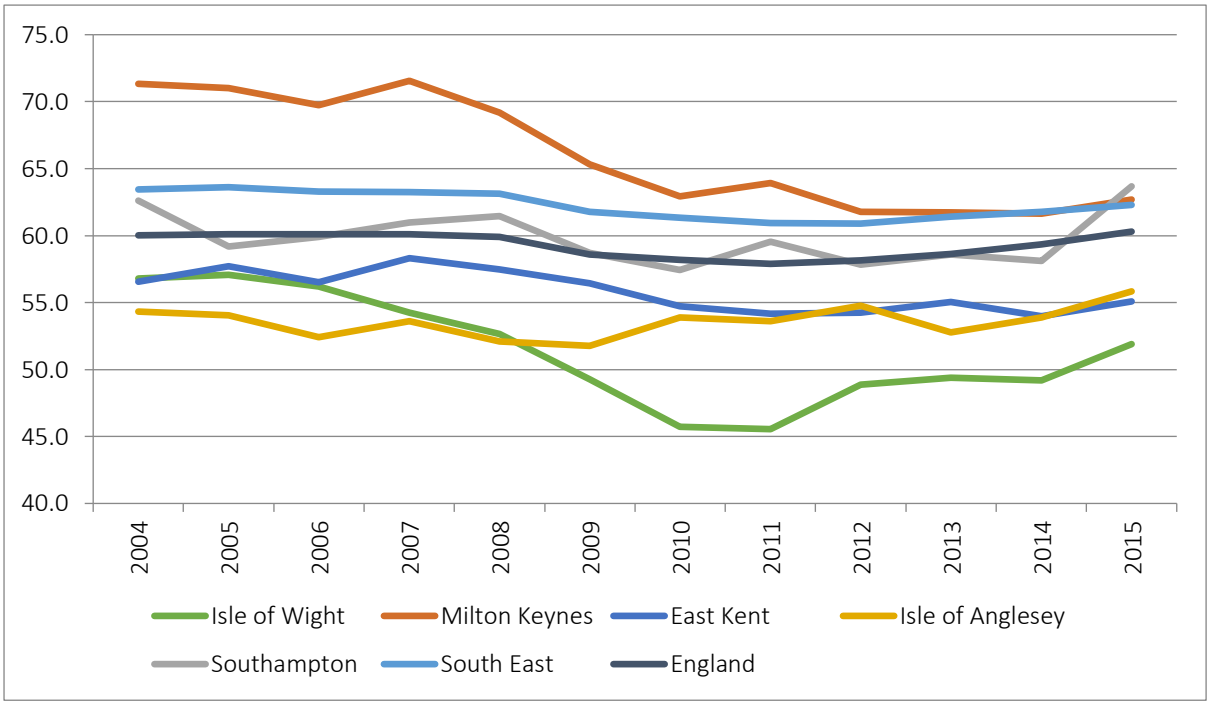
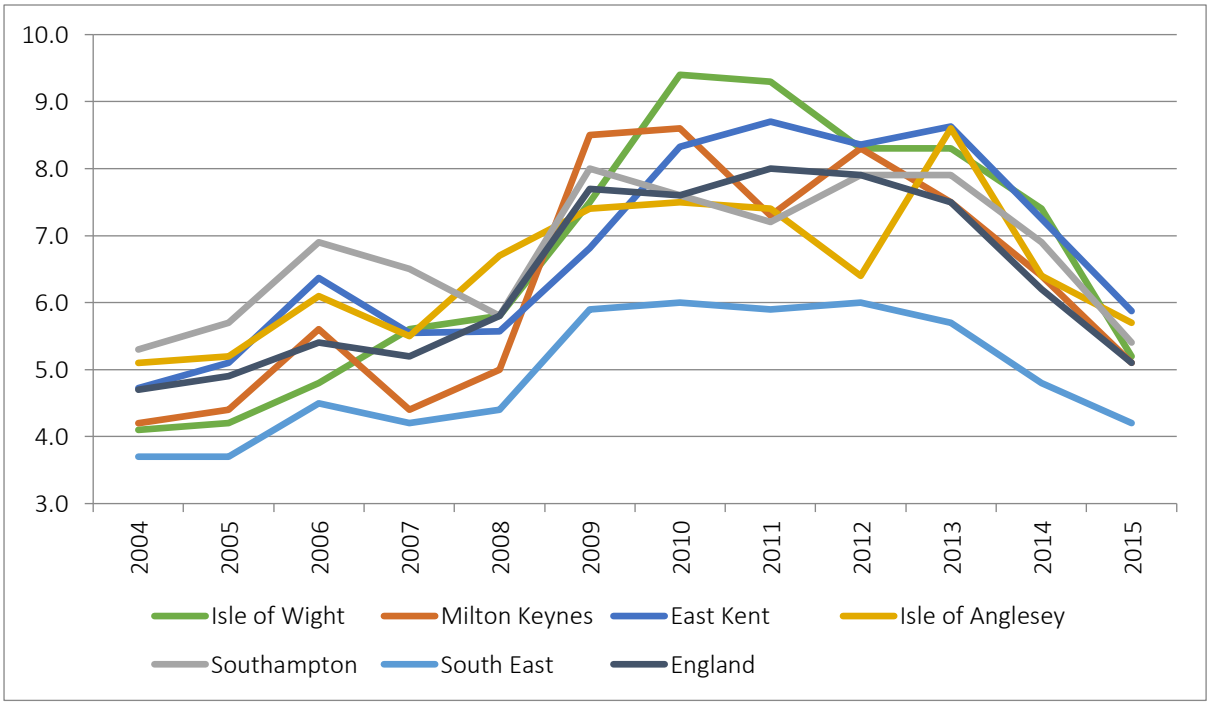


Figure 8.5: Percentage of residents aged 16+ who are unemployed[16]



[16] Calculated as a percentage of all economically active residents.

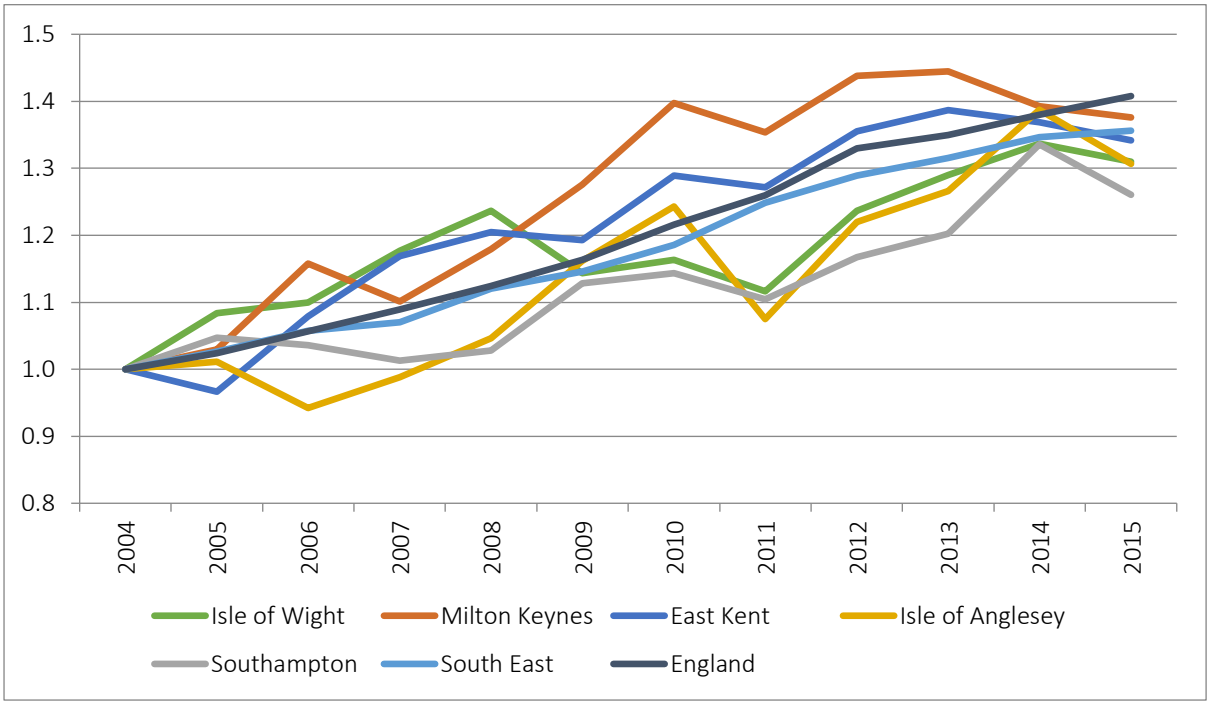
On the Isle of Wight unemployment rose between 2004 (4.1%) and 2010 (9.4%), with the most dramatic increase occurring after 2008. Between 2010 and 2015 unemployment on the Island fell 4.2%, to lower than in the comparator locations of Anglesey, East Kent and Southampton. The peak unemployment of 2010/2011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

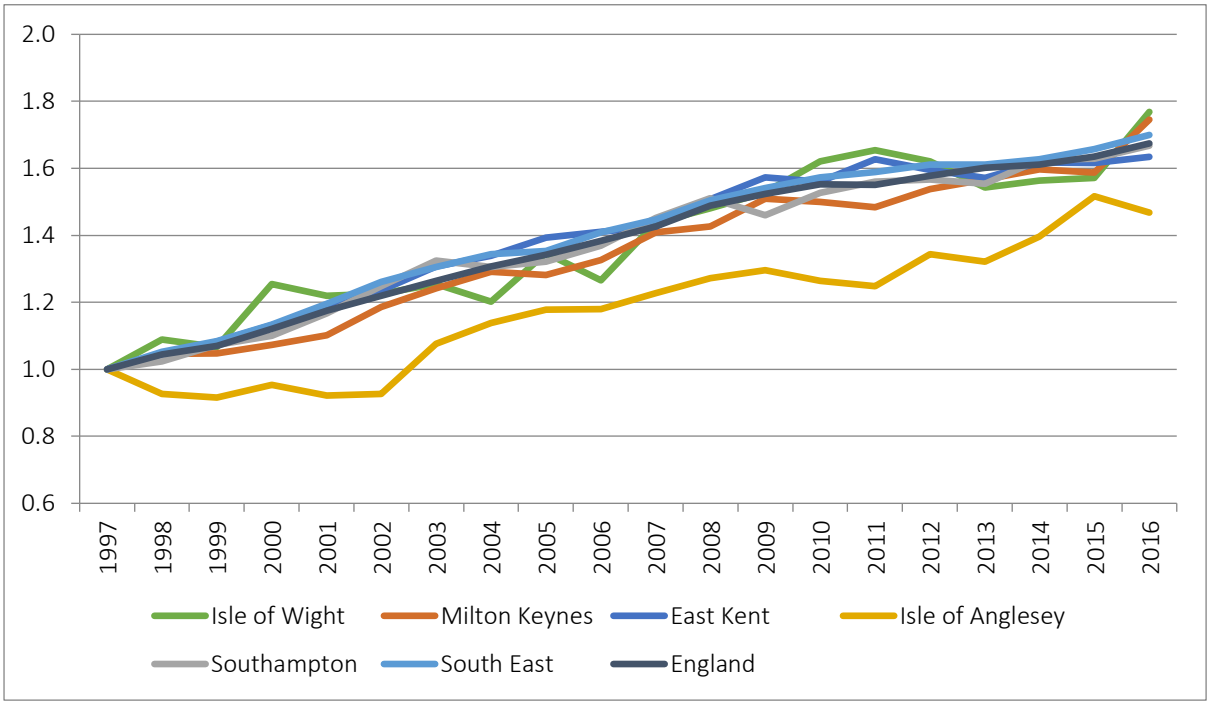
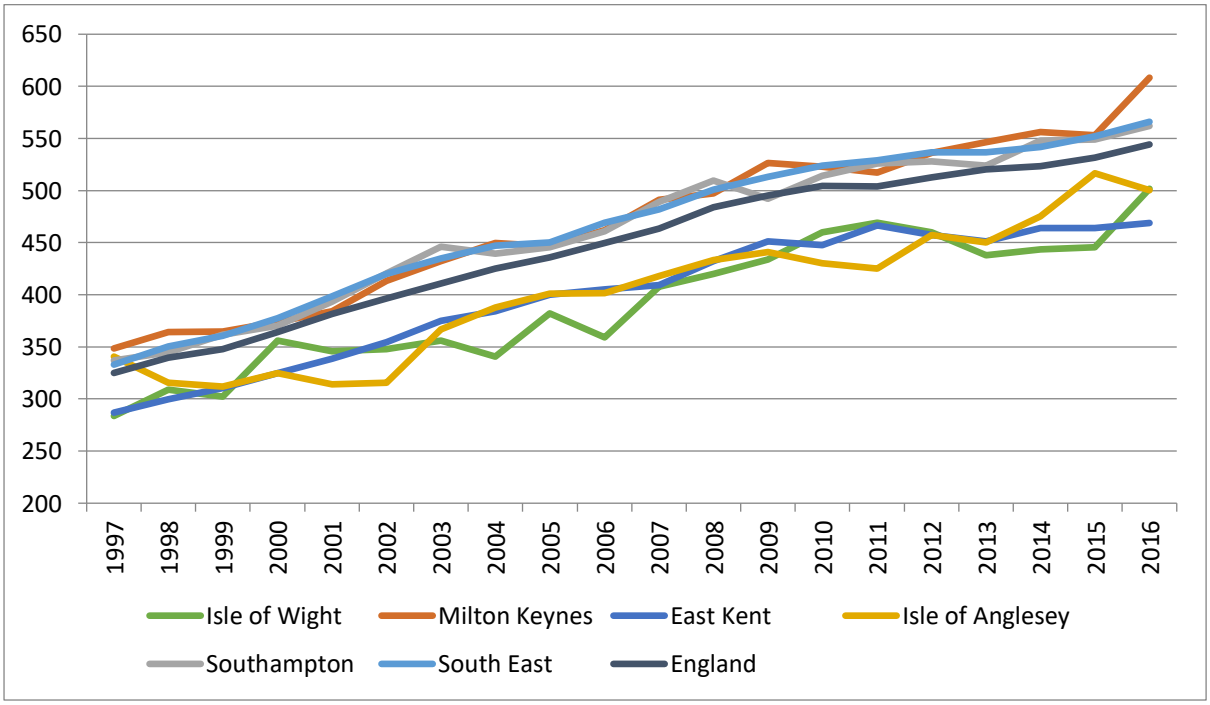


Figure 8.8: Gross weekly pay, all full time workers (actual/£)

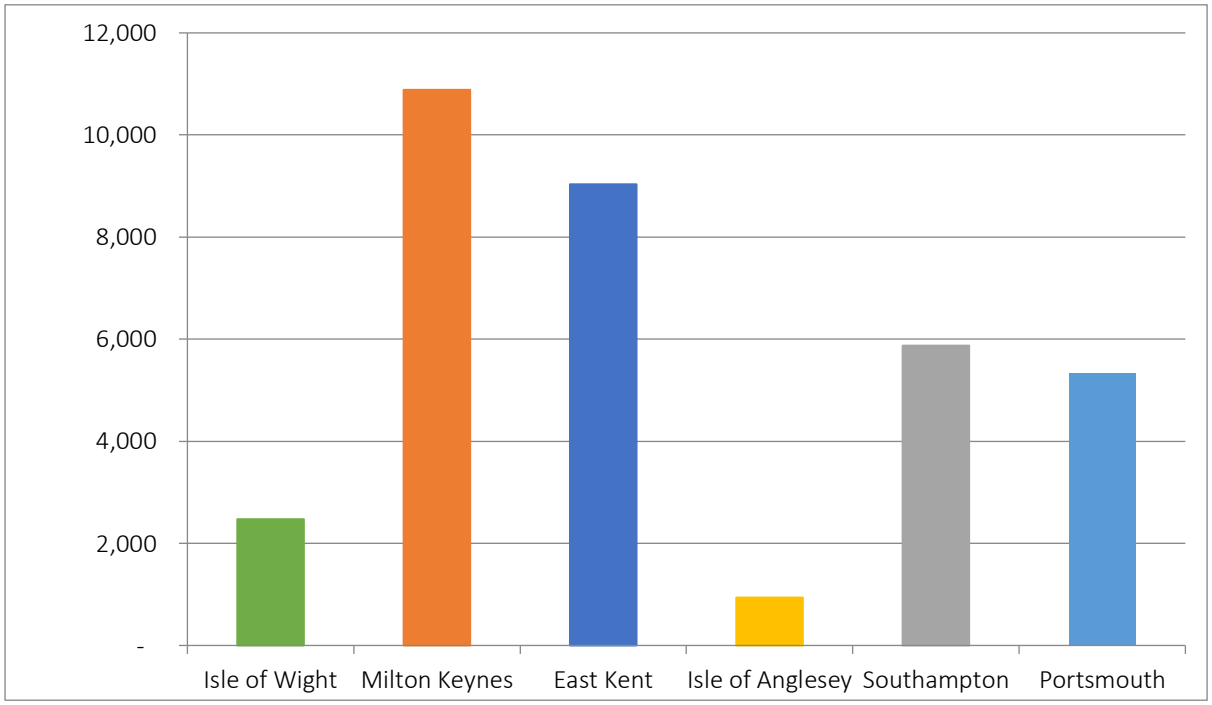


Looking at **actual gross weekly pay** in **Figure 8.8** it is clear that the Isle of Wight, Anglesey and East Kent have markedly lower rates of pay than other comparators. Gross weekly pay in these locations in 2015 was £502, £500 and £469 respectively, compared to £544 nationally and £566 regionally. 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 ADDED[17]

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 locations[18] 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

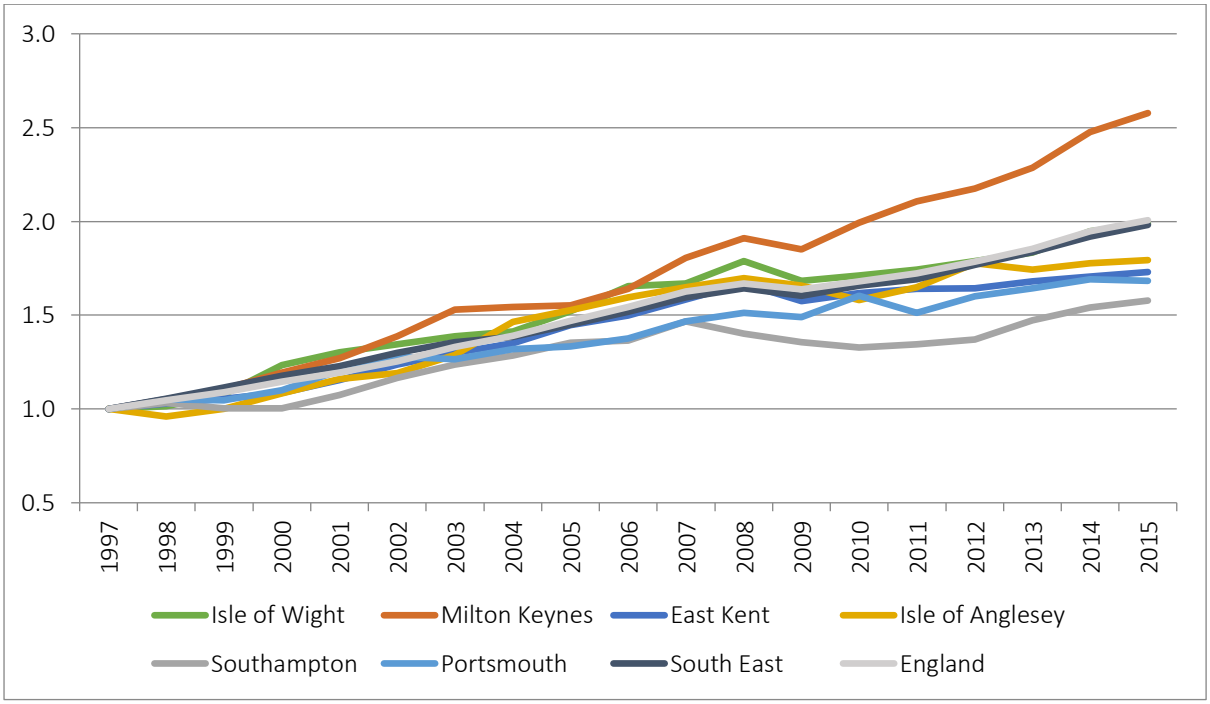
[17] Gross value added (income approach)
[18] Excluding Isles of Scilly, whose data is aggregated with that of Cornwall.

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)

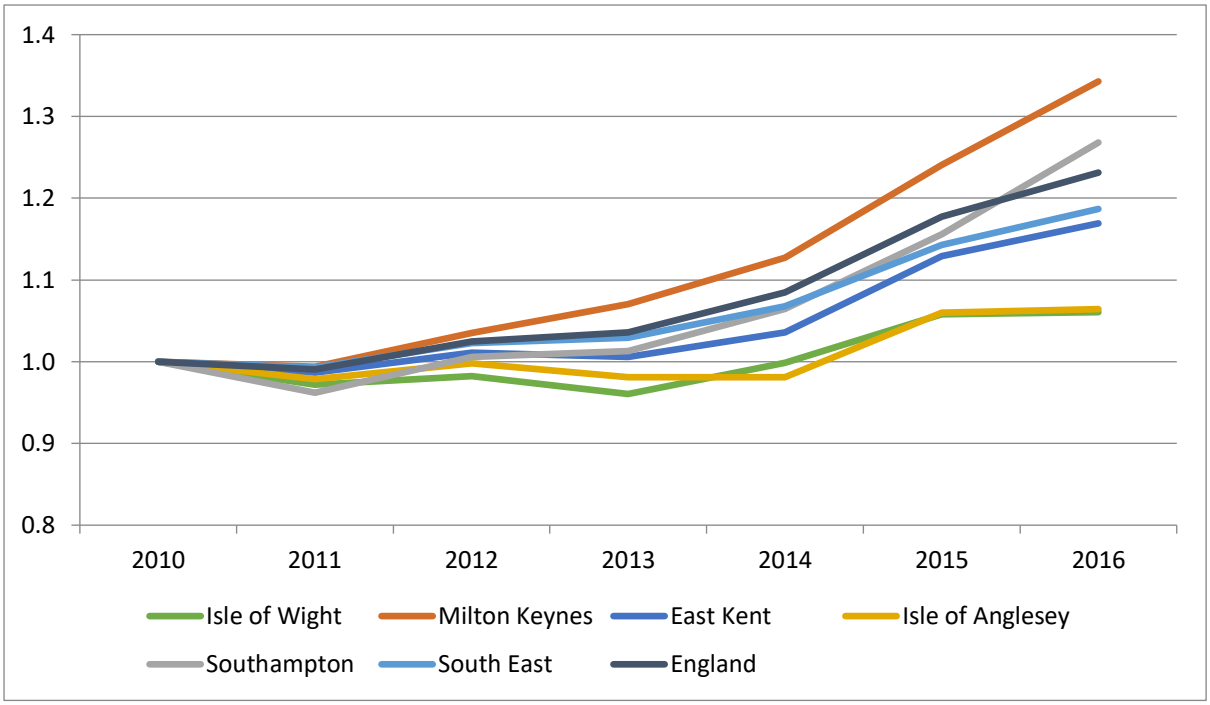


8.5 ENTERPRISES

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)

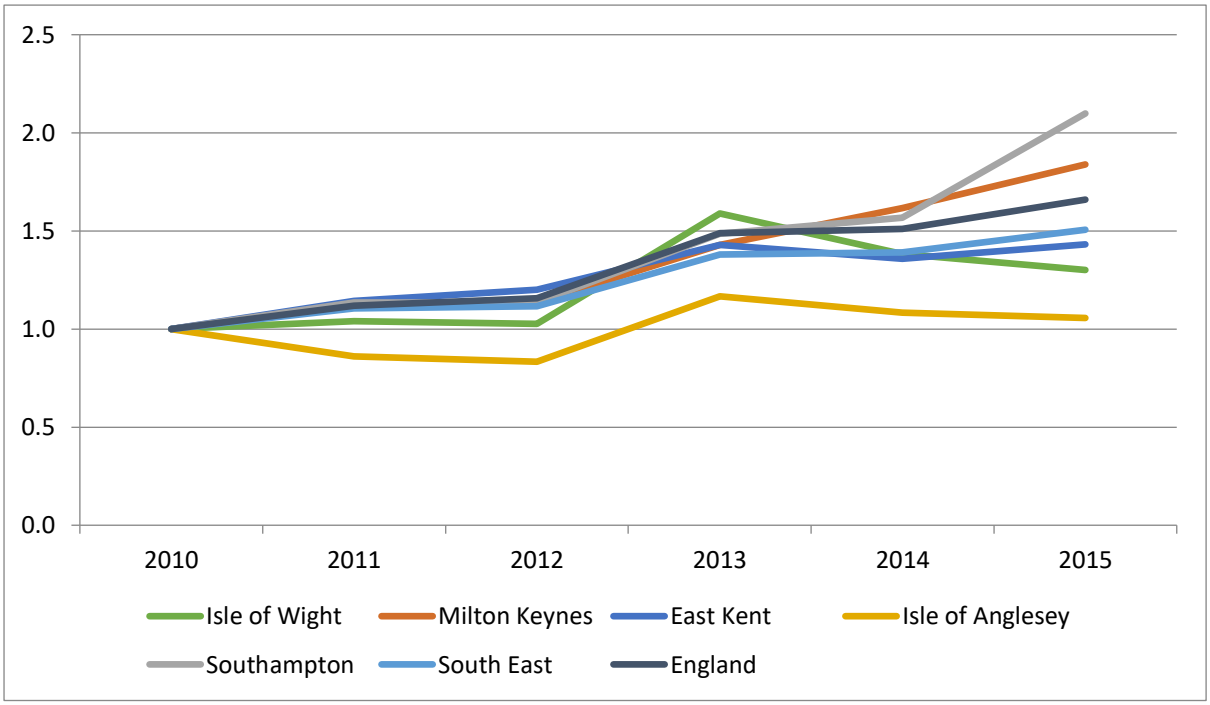
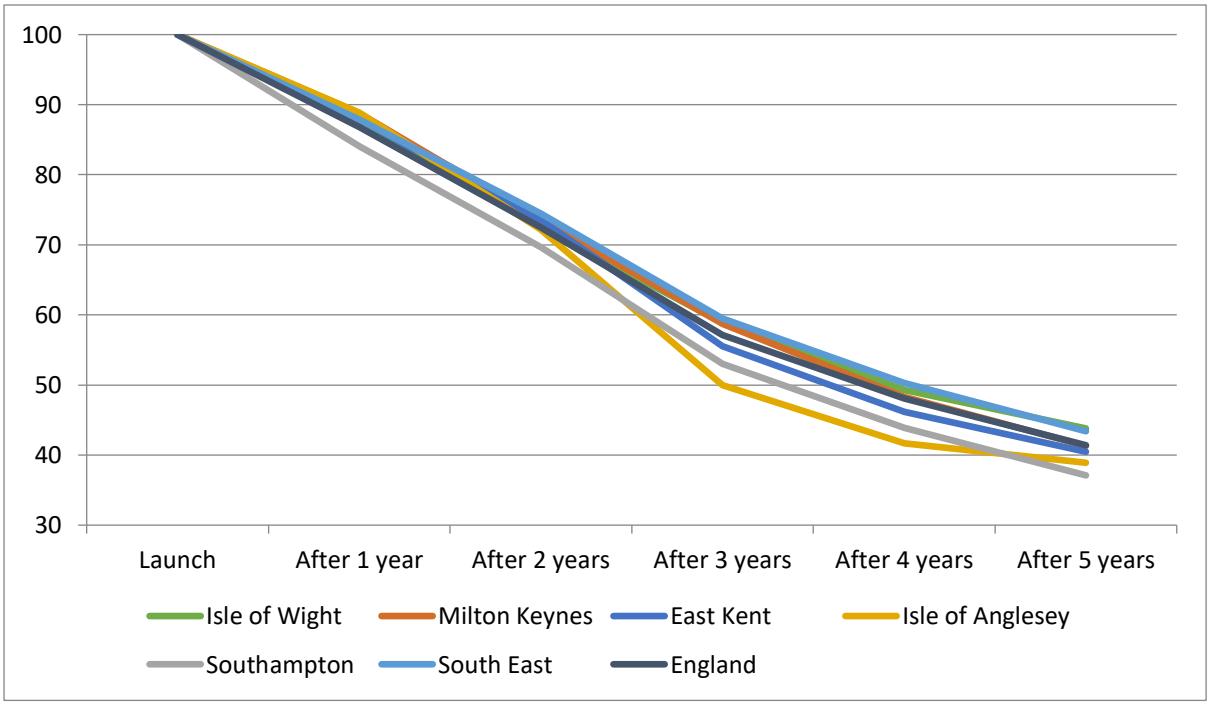


Figure 8.13: Percentage of enterprises surviving 1 - 5 years (%, base year = 2010)



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)

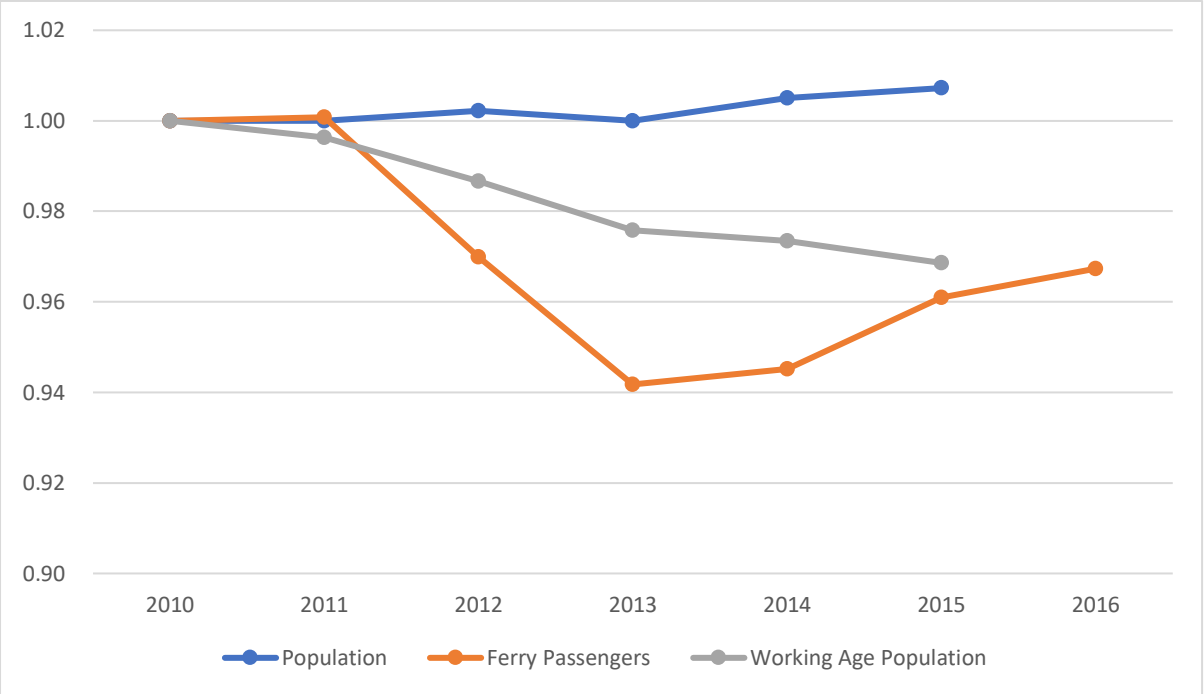


Figure 8.15 shows the rate of change in the use of the ferry service by foot passengers and vehicle types, alongside the rate of increase in the Island's Gross Value Added rating. From 2013 there appears to be a decoupling between the overall GVA trend (which shows the Island economy improving) and ferry 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)

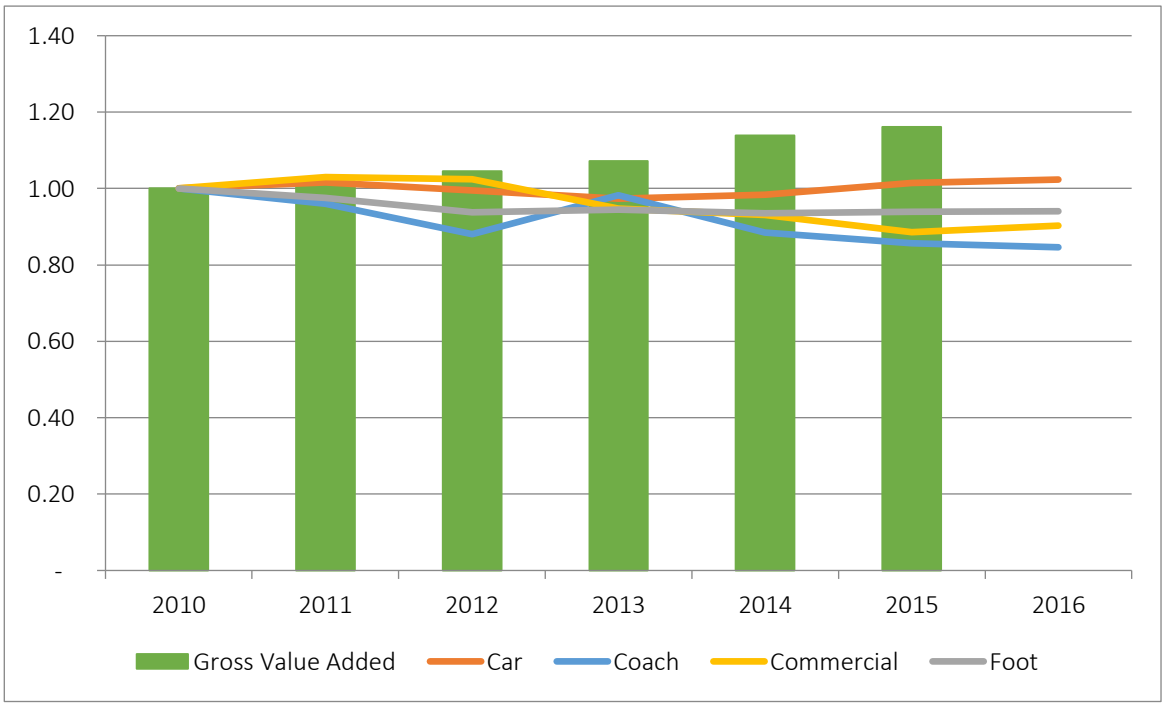


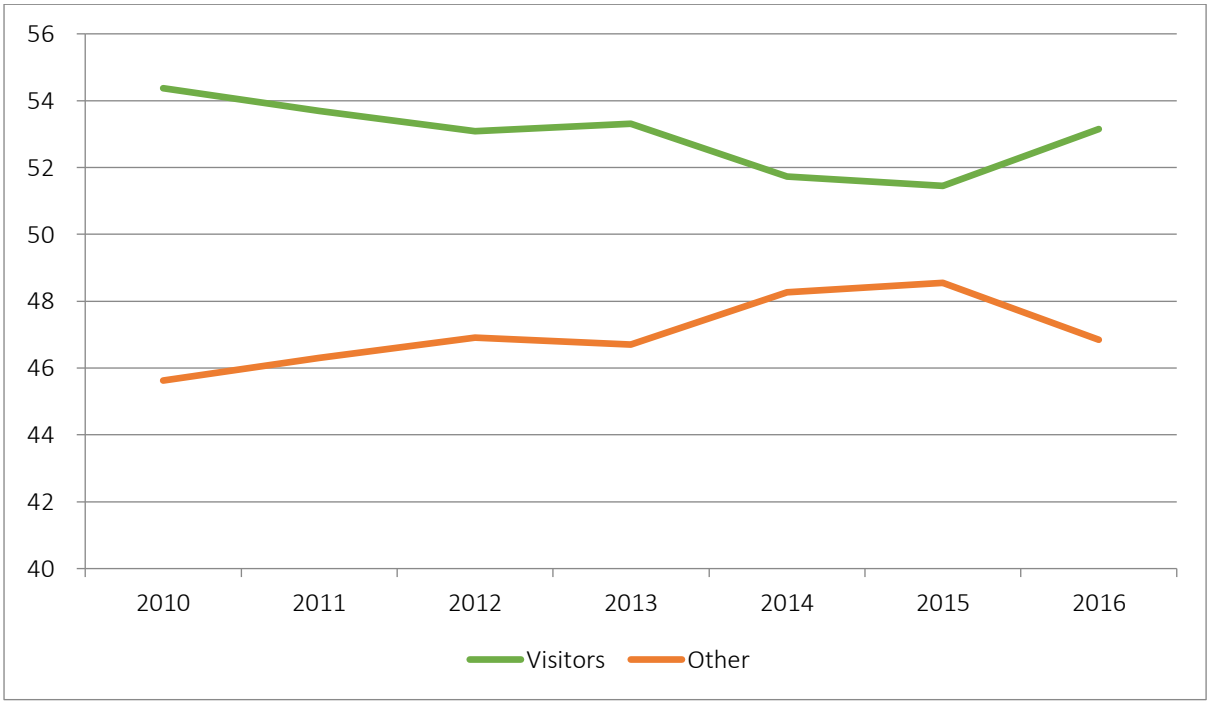
Figure 8.16: Isle of Wight Gross Value Added and total ferry passengers (indexed)

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 numbers[19] 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 been relatively more important since 2010 it may well be useful for surveys of these customers to be carried out.

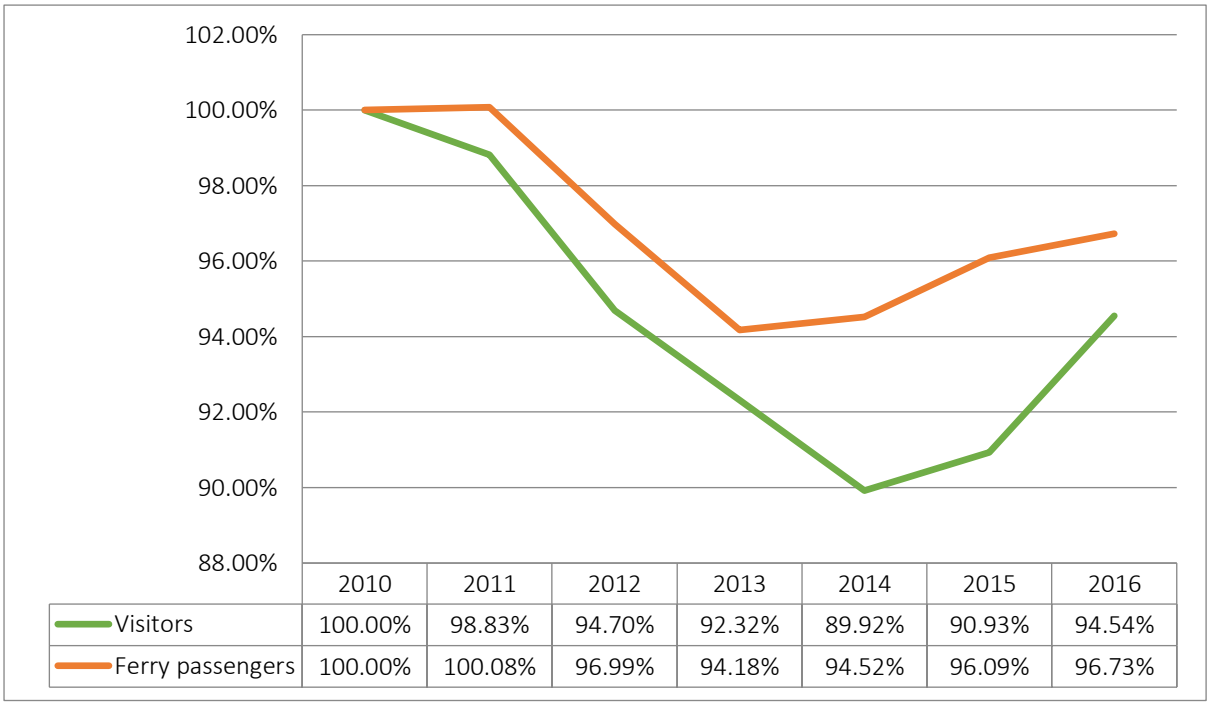
Figure 8.17: Split of ferry passengers – visitor and other (%, indicative)



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)



	2010	2011	2012	2013	2014	2015	2016
Visitors	100.00%	98.83%	94.70%	92.32%	89.92%	90.93%	94.54%
Ferry passengers	100.00%	100.08%	96.99%	94.18%	94.52%	96.09%	96.73%

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	√	√	√
4	Volume of fulfilment by fare option (foot passengers)	Commercially sensitive information				
5	Percentage discount by customer type (negotiated discounts)	Commercially sensitive information				
6	Volume of fulfilment by discount type	Commercially sensitive information				
7	Average yield per customer	Commercially sensitive information				
8	Capacity: vehicles (CEU) and foot passengers	n/a	n/a	n/a	√	√
9	Total vehicle ferry capacity (CEU): Last Friday in January	n/a	n/a	n/a	√	√
10	Total vehicle ferry capacity (CEU): Friday before Whitsun	n/a	n/a	n/a	√	√
11	Total vehicle ferry capacity (CEU): Friday before start of Cowes week	n/a	n/a	n/a	√	√
12	Total vehicle ferry capacity (CEU): Friday before August bank holiday	n/a	n/a	n/a	√	√
13	Total vehicle ferry capacity (CEU): Friday before Christmas	n/a	n/a	n/a	√	√
14	Percentage of published sailings made	n/a	n/a	n/a	√	√
15	Percentage of sailings departing within 5 minutes of the published times	n/a	n/a	n/a	√	√
16	Percentage vehicle ferry utilisation (CEU)	n/a	n/a	n/a	√	√
17	Percentage foot passenger ferry utilisation	n/a	n/a	n/a	√	√
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	See www.wightlink.co.uk/information/				
21	EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	Accounts available from Companies House				

n/a – not available