

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member – Environment and Transport
Date:	12 June 2012
Title:	Langstone Harbour Pontoon Maintenance – Assistance Towards Costs
Reference:	4025
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. The Hayling ferry provides a valuable link between Hayling and Portsmouth, used by 66,590 passengers in 2010/11. Subsidy costs are shared with Portsmouth City Council and the cost to Hampshire is 51p per passenger trip.
- 1.2. Langstone Harbour Board, which provides both landing stages used by the ferry has received a report from Atkins (see Appendix) that these are now in need of repairs, at an estimated cost of £218,000.
- 1.3. This report proposes phased annual payments to enable the landing stages to remain usable so that the ferry service can continue.

2. Contextual information

- 2.1. There are four local ferries operating in Hampshire: Gosport-Portsmouth; Hythe-Southampton; Hayling Island-Portsmouth; Hamble-Warsash. Together these services are used by 4 million passengers each year, and whilst these journeys are over relatively short distances, by using the ferry many people can avoid the need for much longer road journeys.
- 2.2. Hampshire County Council provides financial support for the Hayling and Hythe ferries, in partnership with Portsmouth and Southampton City Councils. This means that services can operate throughout the year and in the evenings, at times when fare revenue is lowest.
- 2.3. In addition the County Council has provided grants towards vessels and for pontoon facilities at some of the ferry terminals, and there are also costs associated with licence fees to use harbour property under agreements

with Langstone Harbour Board at Hayling and Associated British Ports at Southampton.

3. Support for Ferry Services

- 3.1. **Gosport ferry.** Although it was suggested that the County Council be asked to help with funding for replacement of the Gosport ferry pontoon (completed by the Borough Council in June 2011), no formal approach was received and the Executive Member for the Economy, Transport & Environment stated that, in view of the operator's healthy financial position, there was no justification for the County Council to pay for the pontoon to be replaced.
- 3.2. By contrast, although they are independent commercial businesses, the Hythe and Hayling ferry operators rely to a significant extent on revenue support from the County Council, which is provided in the form of an annual grant, and on further funding to cover the maintenance and (ultimately) replacement of the vessels and waterside infrastructure used at terminals.
- 3.3. No attempt has been made to offer either service to open tender, since this could have the potential to (a) substantially increase the requirement for revenue support if the service is retained and (b) lead to claims for compensation from the incumbent operators.
- 3.4. **Hythe Ferry.** Hampshire County Council has provided funding towards the Hythe Ferry since 1982 when a 50% grant, maximum £50,000, was made towards a new vessel and subsequent funding of £450,000 towards repairs to Hythe Pier.
- 3.5. From 1995, the County Council held a licence with ABP for the use by the ferry of a wavebreak at Town Quay, Southampton at an annual cost of £19,566 and a service charge of £1,979. Repairs to the wavebreak came to £414,000 between 2005 and 2009. Since November 2009, the pontoon has been unusable and the ferry has used the Red Funnel pontoon at a cost of £80,000. Since November 2010, ABP has waived the licence fee. To settle liabilities under the licence and to provide a suitable replacement, the County Council has paid £375,000 for a replacement wavebreak which was installed in February 2012 and £100,000 for the wavebreak to be overhauled as a ferry berth to be installed during 2012.
- 3.6. The County Council provides a grant of £55,788 for the operation of the ferry service, £7,000 of which is met by Southampton City Council.
- 3.7. **Warsash Ferry.** No funding is provided.

4. Fare and journey times comparison

- 4.1. Ferry: Gosport-Portsmouth £2.70 - 5 minutes
Southampton-Hythe £5.30 – 12 minutes
Portsmouth-Hayling Island £3.60 – 3 minutes
- 4.2. Bus: Gosport-Portsmouth (via Fareham) £5.60 - 90 minutes
Southampton-Hythe (direct) £6.50 - 35 minutes
Portsmouth-Hayling Island (via Havant) £6 - 60 minutes
- 4.3. The ferry fares are adult day return and the bus fares are adult day rover tickets to allow a change of bus where needed.
- 4.4. The Hayling Ferry fare is notably cheaper but whereas the other ferries, and the bus alternatives provide a near town centre to town centre connection, travel is needed either side of the Hayling ferry due to its isolated position.

5. Hayling Ferry

- 5.1. Hampshire County Council has paid a subsidy to Hayling Ferry Ltd (formerly Edwards & Co.) for operation of the ferry since 1981 – jointly with Portsmouth City Council since it became a unitary authority. Since 2009 the annual subsidy has increased and has been paid in monthly instalments throughout the year.
- 5.2. Payments are split between the County Council (66%) and Portsmouth City Council (34%). The combined total subsidy is currently £51,406 p.a., of which £34,676 is paid directly to Hayling Ferry Ltd.
- 5.3. There is a licence agreement between Langstone Harbour Board and Hayling Ferry Ltd, to cover maintenance and repairs of the landing stages at Hayling Island and Eastney Point. The charges for this were unchanged for many years but have increased on a phased basis since 2005 and now stand at £17,630 per annum. Hayling Ferry Ltd continues to meet £900 per annum of this sum with the balance now being met directly by the two authorities.
- 5.4. Grant assistance has been provided from time to time to enable replacement of capital equipment, including the building of a new vessel in 1989 (£56,000), a major overhaul of this vessel during the winter of 2005/6 (£26,000) and the replacement of its engines during the winter of 2008/9 (£18,425). Costs have been shared with Portsmouth City Council. Any future requests would be subject to a separate report.

5.5. Ferry use and subsidy:

Licence Year (August to July)	Total Annual subsidy	Passengers carried	Full year subsidy per passenger journey	HCC share	PCC share
2006/07	£27,880	66,434	42p	23p	19p
2007/08	£32,532	69,097	47p	25.5p	21.5p
2008/09	£36,351	65,924	55p	30p	25p
2009/10	£51,146	70,662	72p	48p	24p
2010/11	£51,406	66,590	77p	51p	26p

- 5.6. As context, the Gosport ferry carries some 3.4 million passengers a year and the Hythe ferry 300,000.
- 5.7. In spite of the increases since 2005, Langstone Harbour Board states that the licence charges meet little more than 50% of its costs in maintaining the pontoons, and its objective is to ensure that provision of the pontoons (of which the ferry is the principal user) is not a cost burden to the Board. A precept is levied by the Board on Portsmouth City Council and Havant Borough Council. The Board wishes to reduce its reliance on this precept in the medium term, and therefore wishes to seek increased revenue and cost recovery from other sources.
- 5.8. Langstone Harbour Board has received a report from specialist consultants (see Appendix) which states that the pontoons are now in need of repair at an estimated cost of £218,000 and that without these repairs they would become unsafe and would be unusable for the ferry.
- 5.9. Langstone Harbour Board has accepted that these costs could be met on an annual basis and has approached Hampshire County Council and Portsmouth City Council for grant funding on that basis.
- 5.10. Portsmouth City Council has been approached to provide funding. Although it is willing to maintain its present level of subsidy for the service and current contribution to the harbour licence, and will consider future calls for contributions to vessel costs, should they arise, it does not have budget available towards additional annual costs. Portsmouth funds an hourly bus service, seven days a week, that links the ferry stage at Eastney with Gunwharf Quays and the city centre.
- 5.11. It is proposed that Hampshire County Council meets the cost of the maintenance work so that the pontoons remain available for the ferry, which is their principal user but that payment is made on a yearly basis which would allow flexibility should the future situation change.

6. Finance

- 6.1. It is proposed that, as the pontoon is not a County Council asset, the Langstone Harbour Board should seek to recover the additional costs through increased landing charges and that the funding available for the Hayling ferry be increased by £25,000 a year to reflect this.
- 6.2. Funding will become available with the introduction of the refurbished Town Quay pontoon from 2012/13 and the ending of Red Funnel pontoon costs paid for the Hythe Ferry.

7. Performance

- 7.1. The ferry reduces the need for travel by road and the subsidy per passenger trip is within the £1.67 ceiling set by the 2011 Bus Subsidy Review.
- 7.2. A significant proportion of summer travellers do so for leisure purposes, which supports the local economy whilst reducing isolation for local residents.
- 7.3. The ferry provides an environmentally friendly transport alternative and forms part of National Cycle Network route 2.

8. Recommendation

- 8.1. That the funding for the Hayling ferry be increased by £25,000 a year to meet revised landing fees so that the Langstone Harbour Board can recover the additional costs of maintaining the pontoons used by the ferry.
- 8.2. That the Director of Economy, Transport and Environment be given delegated authority, in consultation with the Executive Member for Economy and Transport, to require the Langstone Harbour Board to provide suitable evidence of expenditure on works to improve the facilities for the ferry and its users and that continued funding be subject to a satisfactory review in April 2013 and annually thereafter.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1 A detailed Equalities Impact Assessment was undertaken as part of the Bus Subsidy Review in July 2011. No adverse impact was identified.

2. Impact on Crime and Disorder:

- 2.1. It is considered that the decision will have no impact on crime and disorder.

3. Climate Change:

- 3.1 How does what is being proposed impact on our carbon footprint/energy consumption?

Delivering an effective public transport system within available funding levels provides an alternative to use of the private car. The ferry route allows a shorter journey.

- 3.2 How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

An effective public transport alternative matches provision to need and minimises carbon emissions.