

NOT FOR PUBLICATION

EXEMPT INFORMATION – By virtue of paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 – Information relating to the financial or business affairs of any particular person including the authority holding that information. Note that 'person' may include a corporate body.

(Applies to Appendix A and Strategic Risk 2)

AGENDA
ITEM
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SOUTH HAMS DISTRICT COUNCIL

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13

NAME OF COMMITTEE	Executive
DATE	5 March 2015
REPORT TITLE	Dartmouth Lower Ferry: Update Progress
REPORT OF	Group Manager, Commercial Services/Head of Assets
WARDS AFFECTED	All Wards but in particular Dartmouth & Kingswear; East Dart and Skerries;

Summary of report:

Following completion of the widening and extension of the ferry slipways in Dartmouth, South Hams District Council undertook a review of the ferry service to health check the service and identify methods for improving its success. This report considers the recommendations for the future of the service based on the review work.

Financial implications:

The financial implications related to this report are related solely to the preparation of the detailed options appraisal at this time. This is likely to cost between £5,000 and £7,500 and can be funded from the Land and Development Earmarked Reserve. It is anticipated that these costs can be recovered in the Year 1 efficiencies resulting from the review.

RECOMMENDATIONS:

That the Executive resolves:-

1. To note progress in relation to improvements and efficiencies delivered by the Property Services Manager over the last two years.
2. To agree to a full Options Assessment on the Lower Ferry Service to ensure a preferred option for the Lower Ferry business is identified by autumn 2015 at a cost of up to £7,500 to be funded from the Land and Development Reserve.

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1. BACKGROUND

- 1.1 The Lower Ferry operates on the River Dart between Kingswear and Dartmouth providing a vehicular and pedestrian link for residents, businesses and visitors between the two towns and the wider South Devon region. It operates from slipways owned and managed by the Council. The Council operates the Lower Ferry as a business unit and budgeted to make a net surplus of £98,500 for the 2014/15 financial year. However, current projections indicate a trading deficit of approximately £50,000 for the year due to a projected shortfall in income against budget (please refer to the Revenue Budget Monitoring report on this agenda). The income budget is already planned to be amended for future years to reflect the actual potential of business which will also be explored in the options appraisal document when commissioned.
- 1.2 The Lower Ferry faces competition from the foot Passenger Ferry and the Higher Ferry. This is a unique position within the South West to have more than one business operating a river crossing and this has competition issues impacting on pricing and market share.
- 1.3 Following the completion of the ferry slips capital project in 2012 a business case review was undertaken on the Dartmouth Lower Ferry Service. This gave a health check on the existing service and identified methods for improving its success. The review looked at all aspects of the business including, stock, staff and operations through to competitors and marketing, assessing cash flow, financial accounts and profit margins. The purpose of the review was to identify cost savings, provide efficiency measures and ways to improve revenue.
- 1.4 The Member task and finish group considering this service has recently met and emphasised the need for the comprehensive options appraisal to be prepared as soon as is practicable. This work will build upon the actions carried out by the assets team to improve the service and assess its' future viability through a number of delivery channels robustly.

2. ISSUES FOR CONSIDERATION

- 2.1 The Lower Ferry is operating in a competitive environment and to further secure the ability to reduce the operating cost of the ferry and improve income it is recommended that a full options appraisal is undertaken to include alternative service delivery models (ASDM). Further operational and strategic efficiencies should be achievable but these may be secured more efficiently by an ASDM than the current in-house arrangement. This will be tested through the option appraisal work.
- 2.2 Old Mill Creek information is contained within Appendix A to this report and is exempt from the public session.

3. LEGAL IMPLICATIONS

- 3.1 There are no specific legal implications relating to this update report. Full legal consideration will be given to all service options and potential future lease or purchase arrangements.
- 3.2 Since there is commercially sensitive information in the report relating to the Old Mill Creek 2.2 there are grounds for the publication of this part of the report to be restricted, and considered in exempt session. The public interest has been assessed and it is considered that the public interest will be better served by not disclosing the report. Accordingly 2.2 to this report contains exempt information as defined in paragraph 3 of Schedule 12A to the Local Government Act 1972 and is contained within Appendix A.

4. FINANCIAL IMPLICATIONS

- 4.1 At this stage the costs are related solely to the preparation of the detailed options appraisal at this time. This is likely to cost between £5,000 and £7,500 and can be funded from the Land and Development Earmarked Reserve. These costs can be recovered in the Year 1 efficiencies resulting from the review.
- 4.2 Detailed costings around the service delivery options will be brought before Members as part of the options appraisal in order that fully costed service alternatives can be considered.

5. RISK MANAGEMENT

- 5.1 The strategic risk management implications are set out in the table below:

Corporate priorities engaged:	Economy
Statutory powers:	
Considerations of equality and human rights:	N/A
Biodiversity considerations:	N/A
Sustainability considerations:	
Crime and disorder implications:	N/A
Background papers:	2012 service review and action plan
Appendices attached:	Appendix A – Exempt information

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Financial	Council is exposed to financial liabilities arising if not pursuing most viable market model	3	3	9	↔		Executive Director
3	Reputational	Failure to maintain same level service will impact on residents and businesses reliant on DLF.	3	2	6	↔	Participate in managed and structured review of future options Seek external validation of process	Group Manager (HD)

Direction of travel symbols ↓ ↑

(Strategic Risk 2 is exempt)