

Rural Economy and Connectivity (REC) Committee – Impact of COVID-19

Submission of CalMac Ferries Limited: on the impact of COVID-19 on the rural economy and connectivity in Scotland.

1. Background

On 23 March, the UK moved to a full lockdown following the pandemic threat posed by COVID-19. In response, CalMac reduced its timetable to an essential lifeline timetable, operating less than 30% of the normal winter timetable. On 21 May, the Scottish Government published its Framework for Decision Making which contained the various phases designed to ease the lockdown and the criteria that need to be met to move between the phases. Guidance for transport operators and for users of public transport was issued by the Scottish Government on 26 May.

2. Response

CalMac instigated its crisis protocol on 16 March to respond to the COVID-19 impact. Through the protocol, a response strategy was articulated, and various assumptions were agreed. These assumptions concerned the length of disruption, the reduction in demand and staff availability. Early decisions that were taken to protect our staff and our customers were:

- Stop bookings for period up to 15 July and operate on turn-up and go process
- Refund existing bookings with fees waived with new online only process
- No retail offering
- No cash handling

As at 31 May we have processed 23,391 out of 23,519 customer refunds leaving just 128. The customer mailbox has 2 queries awaiting response with the oldest dated 31 May.

All CalMac's staff have responded professionally to the crisis in supporting our customers and communities. We would pay tribute to the commitment and dedication of our frontline staff who have kept our lifeline services running in difficult circumstances. Staff in our contact centres have also done an excellent job handling thousands of calls and e-mails looking for information or refunds for bookings and keeping our customers and stakeholders informed with clear and regular communications.

3. COVID Impact

Since the introduction of nationwide lockdown measures on 23 March, CalMac has seen a reduction in passenger demand to 4% of normal traffic volume, motor vehicles to 9% and commercial traffic to 45%. This reflects the essential travel guidance issued by the Scottish Government on lockdown.

CalMac implemented an essential lifeline timetable on 27 March which saw the capacity available in the network reduced to 30% of the capacity offered for a normal winter timetable. Given the widespread travel restrictions, this available capacity delivers the required demand for services with significant headroom.

Staff impacts because of shielding and self-isolation resulted in 12% unavailable staff at its peak but has since stabilised around 7%. Because of the reduced timetable, this did not have an impact on our ability to run the essential timetable service.

With the introduction of the Test, Trace and Isolate policy, the risk of staff unavailability will increase, as it is likely an entire vessel crew will have to be isolated following a single crew member's positive test result

4. Transition Period

CalMac has adopted a phased approach to gradually scale up services. This approach will align to the Government announced phased return.

Any easing of travel restrictions must be gradual and carefully planned.

Our plans have been developed using detailed hazard and operability studies (HazOps), incorporating physical distancing of 2 metres and enhanced sanitation into our operating model. We have consulted widely within the European Ferry Market and other UK Transport operators and incorporated the advice from the UK Department of Transport and the Scottish Government.

Implementing physical distancing of 2 metres throughout our operations will reduce the capacity of our fleet on average to 17% of normal passenger capacity and 91% of car deck capacity. Reducing physical distancing to 1 metre would double the passenger capacity.

Physical distancing will increase loading times and we would not be able to operate our normal timetables on the high service routes which require quick turnarounds.

As lockdown measures are relaxed in phases, demand will start to grow. The escalating factors which will influence the growth of demand are:

- Permitting travel to schools, commuting for work purposes, health or small family gatherings
- Permitting travel to holiday homes
- Permitting limited travel for tourism (camper vans, self-catering, camping)
- Permitting full travel for tourism (hotels, restaurants, cafes)

As more travel restrictions are relaxed, particularly as some degree of tourist journeys and travel to holiday homes is permitted, demand could grow towards a normal shoulder period.

Once demand grows towards that of a normal shoulder season, it will exceed the available capacity and the timetable will need to be adjusted to cope with the additional demand. If demand returns towards a normal summer season, it could not be delivered while maintaining 2 metres physical distancing protocols on board.

To scale from an essential lifeline timetable to a winter or shoulder timetable is expected to take around 4 weeks, whereas transition to a summer timetable will take around 8-10 weeks to recruit seasonal staff.

Decisions on when restrictions are lifted and what categories of passengers can travel will be made by Scottish Ministers. CalMac has provided detailed advice to Transport Scotland on

the options for timetables and capacity constraints caused by physical distancing and other safety measures.

5. Market Insight

CalMac has engaged in regular communication with the Destination Marketing Organisations (DMO) network on the west coast of Scotland, not only island DMOs but also those on the mainland including Glasgow Life, Lochaber Chamber of Commerce, VisitScotland and others. As a result, we have gained valuable insight into how destinations are faring currently and how they anticipate coming out of lockdown, and what the impact of this will be on their communities.

There is consensus amongst DMOs that different types of travellers will come out of lockdown in sequence, as outlined above. They are also mindful of the impact of different types of travellers to the islands may have on the existing infrastructure. Their view is that travellers who put pressure on communities should be the last to be allowed to travel.

There is a strong feeling that if hotel accommodation opens but attractions, cafes and restaurants are still closed there will be nothing for visitors to do nor opportunities for them to spend money, hence the desire for a more holistic approach to coming out of lockdown for these sectors. It is acknowledged that second homeowners and visitors staying in self-catering would spend money in local shops.

There may be a pent-up demand for people to travel, both islanders and, as restrictions are lifted, second homeowners and leisure travellers. There may also be specific demand for easy to make short day trips in the Clyde area. But at the same time, many, especially older, people may still be restricted in movement and even if restrictions were lifted may be more cautious and want to stay at home. Therefore, a lot of this traditional core leisure market may not want to, nor be able to travel.

We may also see people's reluctance to use public transport because of social distancing concerns so people may be more likely to travel by car.

In the scenario that all the different types of travellers were able to travel by the Autumn, enough businesses were open and destinations able to cope with visitors, DMOs predict the volume of visits for the rest of the year would be anything between 30% to 60% compared to normal, depending on route and destination.

6. Government Policy and Guidance

The new operating models will place significant capacity restrictions on our services. In the summer period around 50% of our traffic relates to tourism, and the extent to which tourism is opened will determine the need for customer prioritisation. We have shared these models with Transport Scotland.

To manage demand during the transition phase, it is essential that Government guidance is unambiguous. This guidance should address prioritisation and required measures to mitigate the risk of virus transmission. The following areas need to be considered:

- Allowable travel guidelines and evidence required to validate travel needs so that our staff can deliver the required policy on the ground safely, as a lack of clarity could lead to conflict.
- Prioritisation of passenger categories if demand outstrips capacity.
- The consideration and use of Government standardised health declarations.
- Possible requirements for temperature screening to determine whether people can travel.
- Engagement with communities will be critical to retain confidence

The need for our staff to exercise judgement and interpretation as guidance evolves could cause tension with customers.

We also anticipate that communities will find it challenging to reach consensus on the desired level of service and speed of change, and that the current ferry consultation framework is not set up to respond to a crisis. Senior political involvement may be required.

7. Conclusion

While physical distancing measures significantly reduce the overall capacity availability across the CHFS network, there is room for some growth before capacity constraints would be realised.

We are acutely aware of the unique position of the island and rural communities we serve. Any easing of travel restrictions to these areas will be guided by Scottish Government policy and must be gradual, carefully planned and well communicated.

Consideration needs to be given to the lead time involved in transitioning up different timetable levels, given it is expected to take around 4 weeks to transition from an essential lifeline timetable, through to winter and up to shoulder.

CalMac Ferries Limited

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