

Proposal to Remove Second Homeowner Ferry Cards

Date of meeting 14 March 2025

Date of report 23 February 2025

Report by Treasurer

1. Object of report

To recommend removal of Strathclyde Concessionary Travel Scheme discounts for island and peninsula second homeowners.

2. Background to report

The Strathclyde Concessionary Travel Scheme (herein referred to as “SCTS” or “the Scheme”), as the Committee will be aware, currently offers discounted travel on eligible named ferry routes¹ for permanent and second homeowner island and peninsula residents. The issue to second homeowners is a historical scheme legacy issue. Eligible NEC Cardholders are able to apply for a Strathclyde ferry card which in turn gives access to SCTS fares.

Ferry card discounts, through cheaper fares, help people living in some of our most remote and rural areas to access a range of essential services and facilities, many of which can only be reached on the mainland, and which often incur higher travel costs to access than their mainland counterparts.

Under Scheme rules however, any person(s) who own or pay council tax in respect of a second home on any of Strathclyde’s Islands or peninsulas can also apply for a Strathclyde ferry card, irrespective of where their main residence is.

Members will be aware, from a series of earlier committee updates, that funding pressures continue to be experienced by the Scheme. As a result, the Committee at its previous meeting² approved the proposal for the new fare structure to be implemented from April 2025, in line with proposals previously approved in March 2021³.

In line with recent local authority changes to council tax rates for second homeowners, but also noting that by definition a second homeowner has access to essential services and facilities on the mainland without the need for a ferry card. this report sets out the proposal to remove SCTS discounts for island and peninsula second homeowners, subject to engagement with relevant local authorities and participating ferry operators⁴.

3. Outline of proposals

3.1 Changes to Second Homeowner Council Taxes

¹ Note: Named ferry route applied to island or peninsula of residence only.

² <https://www.spt.co.uk/media/iign2fqh/sctsjc200924.pdf>

³ https://www.spt.co.uk/media/nyrlopak/sctsjc120321_minute.pdf

⁴ Note: SCTS Ferry Operators are CalMac, Western Ferries and Argyll and Bute Council

- 3.1.1 In response to the housing crisis across Scotland, and as a way to “prioritise homes for living in”, the Scottish government recently introduced new powers enabling councils to charge up to double the full rate of council tax on second homes from 1 April 2024⁵. The legislation came into effect following joint work with the Convention of Scottish Local Authorities (COSLA) and a public consultation held in 2023. Second homes were previously subject to a default 50% discount on council tax.
- 3.1.2 A Second Home is defined in The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 as “a dwelling which is no one’s sole or main residence, but which is furnished and in respect of which, during any period of 12 months, the person who is liable to pay the Council Tax can produce evidence to establish that it is lived in other than as a sole or main residence for 25 days or more during that period”.
- 3.1.3 All 32 of Scotland’s local authorities have now confirmed that second homeowners will require to pay the higher second home premium (council tax charges doubled) in their areas, with the most recent seeing Falkirk Council introducing the higher levy on 1 January 2025. The remaining two councils, North Ayrshire and Glasgow City, will introduce the second home premium from 1 April 2025.
- 3.1.4 As part of this, North Ayrshire Council undertook community engagement in late 2024⁶. Feedback from a council survey, found those in favour of the additional levy said that second homeowners raised house prices – particularly for island communities of Arran and Cumbrae – and contributed to a lack of affordable housing, while those against it said that second homeowners made significant contributions to local economies.
- 3.1.5 Argyll and Bute Council, in their response to the Scottish Government consultation ahead of introducing the new legislation⁷, stated that “while the legislation may promote economic fairness, encourage long-term rentals, and deter property market distortions, it could also impact the tourism sector. Balancing these factors is crucial for us when considering the implementation of such a policy, with careful consideration of its potential short-term and long-term effects on individuals, communities, and the overall housing market”.

3.2 Strathclyde Ferry Cards

- 3.2.1 Ferry Card entitlement within the Strathclyde area applies on 25 routes, of which 23 routes fall within Argyll and Bute’s Council area and two, Arran and Cumbrae, falling within North Ayrshire Council’s area.
- 3.2.2 There are approximately 14,000 valid Strathclyde ferry cards in circulation, of which approximately 430 of these have been issued to second homeowners. Around one quarter of second homeowner ferry cards are issued to people whose primary residence is out with the Strathclyde area. Appendix 1 provides more detail on ferry card holders areas of residence.
- 3.2.3 Whilst the number of journeys made by second homeowners is not recorded, an estimation has been made to establish indicative costs associated with reimbursing participating operators for second homeowner journeys. This is shown in the table below:

⁵ <https://www.gov.scot/news/council-tax-on-second-homes/>

⁶ <https://northayrshire.community/consultation/council-tax-levy/>

⁷ [argyll-bute.gov.uk - consultation response](https://argyll-bute.gov.uk/consultation-response)

Table 1: Trip assumptions per 2nd homeowner cardholder with indicative annual scheme costs

Low	Medium	High
£9,750.00	£26,500.00	£46,000.00

3.2.4 To reflect as accurately as possible the number of journeys which could reasonably be made under each scenario, trip rate assumptions have been estimated on a route by route basis. As can be seen in Table 1, the cost to the Scheme is estimated to be £46,000.00. This assumes regular use of ferry cards by second home card holders.

3.3 Proposed removal of second homeowner ferry cards

3.3.1 Given continued Scheme funding pressures, as well as pending changes to concessionary fares, and in order to align with local authorities' recent policy decisions to introduce a premium levy on council tax charge for second homeowners, it is proposed that Strathclyde Ferry Card entitlement is removed from the Strathclyde Concessionary Travel Scheme for homeowners with second residencies within the Scheme area.

3.3.2 The rationale for this proposal would be to bring into line Council Tax liability and Ferry Card eligibility across island and peninsula households which would also ensure greater equality between permanent island residents and non-permanent second homeowners, particularly as regards the requirements around life-line journeys.

3.3.3 Ahead of any changes to second homeowner eligibility, it is proposed that SPT engage with relevant local authorities⁸ and participating ferry operators to seek views and to inform any final decision. However, notwithstanding major concerns, the removal of second homeowner ferry cards would be implemented at the earliest opportunity within the upcoming 2025/2026 financial year, with an update on implementation provided to the next meeting of the Committee.

3.3.4 These changes would mean, that with immediate effect, no new second homeowner ferry cards would be issued from date of implementation. Work will be carried out to establish an appropriate plan for phasing out of existing second homeowner ferry cards.

3.3.5 Members are reassured that any decision to remove second homeowner ferry card entitlement does not in any way affect primary resident ferry card entitlement, and that Strathclyde concessionary ferry fares remain fundamental to supporting more affordable access to essential services and facilities for eligible ferry and peninsula permanent residents.

4. Committee action

The Committee is recommended to:

- (i) approve the removal of Strathclyde Ferry Card Entitlement for second homeowners; and
- (ii) note the proposal to engage with relevant local authorities and participating ferry operators prior to removal of this entitlement.

⁸ Relevant local authorities - Argyll and Bute Council and North Ayrshire Council

5. Consequences

Policy consequences	<i>Changes would equate to a change in current SCTS policy; however, scheme objectives will continue to be met. The change would align with local authority change in policy regarding second homeowner council tax charges.</i>
Legal consequences	<i>None at present.</i>
Financial consequences	<i>Introducing the change would reduce Scheme costs and support measures being introduced to ensure financial sustainability of the Scheme moving forward.</i>
Personnel consequences	<i>None at present.</i>
Equalities consequences	<i>Changes will require appropriate screening and impact assessments to be completed.</i>
Risk consequences	<i>None at present.</i>
Climate Change, Adaptation & Carbon consequences	<i>None at present.</i>

Name Lesley Aird

Title **Treasurer**
Strathclyde Concessionary Travel Scheme Joint Committee

For further information, please contact Martin Breen, Senior Transport Planner at martin.breen@spt.co.uk.

APPENDIX 1: Ferry Cards Issued by Location

Table 2: Total number of valid Strathclyde Ferry Cards = 14,000 (approx.) *

Island or Peninsula	% by location
COWAL PENINSULA	39.32%
ISLE OF BUTE	19.99%
ISLE OF ARRAN	13.93%
ISLE OF CUMBRAE	7.19%
ISLE OF ISLAY	6.10%
ISLE OF MULL	5.89%
ROSNEATH PENINSULA	3.63%
ISLE OF TIREE	1.65%
ISLE OF COLONSAY	0.50%
ISLE OF COLL	0.41%
ISLE OF IONA	0.41%
ISLE OF JURA	0.38%
ISLE OF GIGHA	0.28%
ISLE OF LISMORE	0.27%
ISLE OF LUING	0.04%
ISLE OF KERRERA	0.01%
ISLE OF EASDALE	0.01%
Total	100.00%

* Includes all Strathclyde Ferry Card Types including primary and secondary homeowners.

Table 3: Second homeowner issued ferry cards by geographic region of primary residency.
Total number of valid second homeowner cards = 430 (approx.)

Type	Primary Location	Valid Ferry Card
Mainland to Island	Scotland (SPT Area)	67.51%
	Scotland (Non SPT Area)	15.67%
	England	9.22%
	Wales	0.46%
	Non-UK	0.23%
Island to Island	Scotland (SPT Area)	6.91%
Total		100.00%