Serco signs £104m NorthLink Ferries contract extension

25 April 2018

Serco, the international services company, has been awarded an extension to its contract to manage and operate NorthLink Ferries by Transport Scotland. The service operates between the Scottish mainland and Orkney and Shetland, providing a lifeline service for freight and passengers for the Northern Isles.

The contract extension has a value to Serco of approximately £104m for the 18 months period through to 31 October 2019. Serco was awarded the original contract, which had an initial six-year period valued at £350m by Transport Scotland in 2012 following a competitive process.

Since then Serco has invested significantly in NorthLink Ferries, bringing a range of improvements and innovations to the vessels and the service. As a result of these changes, the service has seen an 8% increase in the number of passengers carried, bringing the total to more than 1.7 million, as well as carrying 20% more vehicles since the start of the contract.

Commenting on the contract extension, Stuart Garrett, Serco’s MD, NorthLink Ferries said: “We are very proud of the lifeline service that we provide to the people and businesses of the Northern Isles and North East Scotland. The improvements that we have made to both the vessels and the on board offering over the past six years have made a real difference and 98% of passengers surveyed have rated their overall experience as positive.

“We will continue to work with Transport Scotland to find the right solution for the future of this service and we look forward to serving the islands and their communities for another 18 months.”

Background

- 98% of customers surveyed rated their overall experience as positive
- 8% increase in passengers since 2012
- 1.7 million passengers transported since 2012
- 20% increase in vehicles carried since 2012
- 85% of hotel operation services are from within a 50 mile radius of our operating ports
- 5% increase in cabins booked since 2012
Subsidies

Audit Scotland said in its report of October 2017:

- Between July 2012 and June 2016 (four contract years), the annual amount of subsidy has decreased by 36 per cent, from £51.5 million to £33.2 million. The level of subsidy has decreased from 67 per cent to 51 per cent of operating costs.

Serco in Scotland

Serco has a significant presence in Scotland with almost 3,000 employees working for a range of public organisations. The company started in Scotland over 20 years ago at Scatsta Airport in the Shetlands supporting the offshore industry. As well as NorthLink Ferries, we also run the iconic Caledonian Sleeper service between Scotland and London for Transport Scotland. Serco supports NHS Scotland at Wishaw General Hospital, Forth Valley Royal Hospital, and Dumfries and Galloway Royal Infirmary. Serco operates HMP Kilmarnock for the Scottish Prison Service and we support the Royal Navy, operating out of west coast sites at Greenock, Faslane and Kyle of Lochalsh.

 Ends

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Notes to editors:

About Serco

Serco is a leading provider of public services. Our customers are governments or others operating in the public sector. We gain scale, expertise and diversification by operating internationally across five sectors and four geographies: Defence, Justice & Immigration, Transport, Health and Citizen Services, delivered in UK & Europe, North America, Asia Pacific and the Middle East. More information can be found at www.serco.com