



**Isle of Man**  
**Government**  
*Reiltys Ellan Vannin*

GD 2016/0046



# Proposals Regarding the Future Operation Of Douglas Bay Horse Tramway

July 2016

Department of Infrastructure

## **Foreword**

### **To the Hon Clare Christian MLC, President of Tynwald, and the Hon Council and Keys in Tynwald Assembled**

The Douglas horse trams are an iconic symbol of the Isle of Man's transport heritage, having operated for almost 140 years. The service was provided by Douglas Borough Council from 1902 until this year when, following the Council's unexpected decision in January 2016 to no longer continue the service, an operating licence for the horse trams was granted to the Department of Infrastructure for the period 30 April to 30 October 2016.

Heritage organisations and the Department of Infrastructure strongly believe that the value of the horse trams to the Island's tourism offering far exceeds the estimated cost of operation in 2016 by Isle of Man Railways. While competitor destinations may also have steam or mountain railways, the horse trams' uniqueness means they rank as one of the most historically important transport systems in the world.

This document considers various options for the future retention and operation of the horse trams, accepting that significant investment would be required to ensure its long-term viability as a transport system and visitor attraction.

Subject to Tynwald approval, the Department seeks to extend its operating licence for a further two years, maximising income through its heritage railways' marketing expertise, while providing the opportunity to evaluate the business case for its continuation.

I hope that Tynwald Members will support the recommendations in this report to ensure that we are able to make a fully informed and considered decision, based upon an analysis of three years of operational data, as to whether we should save our heritage horse trams for the future benefit of the Island.

**Hon Phil Gawne MHK  
Minister for Infrastructure**

## **FULL LIST OF RECOMMENDATIONS**

### **Recommendation 1 – page 18**

That Tynwald supports the Department of Infrastructure operating the Douglas Bay Horse Tramway for 2017 and 2018.

### **Recommendation 2 – page 11**

That the Department of Infrastructure progress discussions with Douglas Borough Council regarding the transfer of ownership of Strathallan tram depot to the Department in its current state for a nominal amount.

### **Recommendation 3 – page 16**

That the Department works with Douglas Borough Council to facilitate the transfer of ownership of horses and trams initially to the Department of Infrastructure, prior to transfer to the proposed new governance vehicle.

### **Recommendation 4 – page 12**

That following transfer of ownership the Department undertake limited minor capital works to address urgent repairs to Strathallan tram depot to provide a temporary combined stables and tram depot.

### **Recommendation 5– page 12**

That the business case for continuation of the Tramway and a new combined facility on the site of either the Strathallan tram depot or Derby Castle continue to be evaluated during the 2017 and 2018 Tramway operations.

### **Recommendation 6 – page 13**

That a new single line Tramway track be laid from Derby Castle to the War Memorial as part of a Douglas Promenade highway scheme.

### **Recommendation 7 – page 15**

That a legal body be established to provide a suitable vehicle to receive charitable donations to the Douglas Bay Horse Tramway.

### **Recommendation 8 – page 15**

That further investigation be undertaken regarding the governance of the Douglas Bay Horse Tramway by a new arm's length vehicle.

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## **1. INTRODUCTION**

### **1.1 The Douglas Bay Horse Tramway**

The Douglas Bay Horse Tramway (the Tramway) has operated for 140 years and was run by Douglas Borough Council from 1902 until its announcement on 21 January of this year that it would no longer continue its operation. The Tramway would not be opening for the 2016 season and its assets would be permanently disposed of.

### **1.2 Implications of the loss of the 2016 Tramway Season**

- 1.2.1 The UK travel industry has a long lead-in for holiday planning. At the time of Douglas Borough Council's announcement, a large proportion of the 2016 holiday season had already been sold.
- 1.2.2 Under the EU Package Travel Regulations 1998, operators are required to advise passengers of any substantial change to their holiday at the first opportunity; passengers then have the right to cancel the holiday and claim a full refund.
- 1.2.3 The proposed loss of the Tramway service had the potential to result in cancellations of tour group bookings in 2016, with the potential loss of future bookings, trust and goodwill.
- 1.2.4 One effect of the temporary closure of the Manx Electric Railway from Laxey to Ramsey in 2008 to undertake urgent repairs to the line was that it took four years for passenger numbers to fully recover once the line re-opened. It was therefore important that temporary closure was avoided.
- 1.2.5 Following the establishment of a working group by the Minister of Infrastructure, Hon P A Gawne MHK, to assess the impact of the closure and consider options to avert it, it was agreed that the Tramway would be operated by the Department of Infrastructure's (the Department's) Public Transport Division for the 2016 summer season. This would ensure that the Island was able to meet its commitments to its tour operators, visitors and the wider tourist economy, in addition to providing an appropriate timeframe to properly explore options for the future operation of the Tramway.

### **1.3 2016 Tramway Operation**

- 1.3.1 To reduce the predicted costs of the 2016 service, assessed by Douglas Borough Council to be in the region of £263,350 (including overheads and depreciation), operational changes were required.
- 1.3.2 Costs have been reduced by combining supervision of the Tramway service with that of the Manx Electric Railway, and operating a revised timetable. Income will be maximised by extending the length of the season and by commemorating the 140<sup>th</sup> anniversary of the Tramway in August 2016. The service is also being supported by targeted marketing, using existing resources within the Department and Manx National Heritage.

- 1.3.3 The potential deficit for the operation of the Tramway by the Department with no increase in income was identified as being £99,480 for the season.
- 1.3.4 Culture Vannin and the Trustees of Manx National Heritage have agreed in principle to underwrite the 2016 season by £25k, reducing the maximum exposure to Government of revenue funding to £75k.
- 1.3.5 Initial signs are positive: for the period 30<sup>th</sup> April to Sunday 5<sup>th</sup> June 2016, the Tramway carried a total of 12,150 passengers, an increase of 4,538 (60%) when compared to the same period in 2015. Cash revenue receipts on the Tramway have increased from £9,802 in 2015, to £15,705 for the same period in 2016. One third of passengers pay cash on the tram, whilst two thirds have pre-paid tickets.

## **2. TOURISM & HERITAGE VALUE**

### **2.1 Economic Value**

- 2.1.1 The economic impact of heritage railways on the Isle of Man in 2011 was evaluated in the 2012 Ecorys Report as being a contribution to the Island's GDP of £11m per annum. At that time, the contribution to the Island's GDP by the overall heritage sector was evaluated as being £38m per annum. It is believed that the heritage railways and the heritage sector contribution to the Island's GDP in 2016 has grown; a consequence of both the increase in group bookings and an extended operating season.
- 2.1.2 The Ecorys Report did not include within its scope the contribution to GDP of the Tramway. The Tramway's contribution would therefore be an addition to that figure as it too plays a role in the visitor economy, providing an important element of the visitor experience.
- 2.1.3 The Island's railway and Victorian heritage are its strongest offers to the group travel market. An area which offers growth opportunities, this market has been identified as important in the Isle of Man Tourism Destination Management Plan 2016-2020, the strategy developed by the Department of Economic Development to achieve a 2% growth in tourism revenue by 2020.
- 2.1.4 Significant investment has been made in recent years in developing the group travel market. During 2015, fifty five transport-related groups visited the Island. With approximately forty visitors in each group, this equates to around 8,800 bed nights. The Department and Manx National Heritage have extended their seasons to provide a visitor offer from March till October to further capitalise on this success.

### **2.2 Heritage Value**

- 2.2.1 Whilst competitive railway destinations, for instance North Wales, have similar narrow gauge steam railways, the Isle of Man is unique in offering a range of Victorian railway experiences.
- 2.2.3 An iconic aspect of the Douglas waterfront, and the last original horse tramway to have operated continuously since 1876, (barring the 2<sup>nd</sup> World War), the Tramway is a unique aspect of our heritage railways. For many visiting transport enthusiasts the Tramway is one of the most important aspects of the Island's heritage railways,

ranking amongst one of the most historically important transport systems to be found anywhere in the world.

- 2.2.4 Should the Tramway close, it would be the first tramway closure in the British Isles since 1962; many cities are reopening tramway systems and recognising their value. This includes horse tramways in Germany at Doebeln, South Australia at Victor Harbour and Japan at Sapporo, together with many more modern tramway installations.

### **3. STABLES AND TRAM DEPOT**

#### **3.1 Current Stables and Tram Depot**

- 3.1.1 Whilst it is clear that the Tramway is of value to the Island's cultural and heritage offering, there are infrastructure issues regarding the provision of stables, a tram depot and the Tramways track, which would need to be addressed if the long term future of the Tramway is to be secured.
- 3.1.2 The service currently operates from two sites; the stables at Tramway Terrace, and the depot building at Strathallan.
- 3.1.3 The Tramway has seen little capital investment in recent years. The current stables are not the original and Tramway Terrace in front is in poor condition. The depot building at Strathallan is dilapidated, requiring significant urgent attention.
- 3.1.4 To address these issues, Douglas Borough Council planned to combine the two facilities into a new building which was to be funded by disposing of the stables. The plans for the site included stables, storage for 20 trams, a car lift, a smithy, a tack room, staff welfare and visitor viewing facilities. The projected building works for the new combined facility were estimated in December 2015 to be a total capital cost of £2,921,093.

#### **3.2 Future stables and tram depot options**

- 3.2.1 Options identified regarding the future provision of stables and tram depot are as follows:
- do nothing;
  - a new combined stables and tram depot on the site of the staff car park at Derby Castle;
  - a new combined stables and tram depot on the Strathallan site;
  - a purpose-built visitor attraction;
  - a combined stables and tram depot within a fully refurbished Strathallan building;
  - a short-term combined stables and tram depot within the existing Strathallan building;
  - a short horse tram demonstration line.
- 3.2.2 The options are based upon the provision of a smaller, simpler structure than that envisaged by Douglas Borough Council, as a new facility would be supporting a smaller operation.

3.2.3 It is difficult at this early stage, and without any detailed schemes, to provide an accurate cost of these options. However, based on the information available, estimated costs have been provided.

### **3.3 Do nothing**

3.3.1 A decision to do nothing regarding a replacement stables and tram depot would result in the 2016 Tramway season being the last of its 140 years of operation. Douglas Borough Council would implement its resolution to dispose of the Tramway assets with effect from October 2016.

### **3.4 Combined new stables and tram depot at Derby Castle**

3.4.1 A new stables and tram depot could be developed in front of the permanent way depot at Derby Castle, on land that is currently being used for staff car parking.

3.4.2 Although there have been long term concerns regarding the stability of the cliff face at the Summerland site, the cliff face adjacent to the permanent way depot and the proposed new stables and tram depot is not believed to be unstable. This would require further investigation and confirmation.

3.4.3 A limited area for staff car parking would be relocated to land at the Summerland site that is currently being offered for redevelopment.

3.4.4 The cost of a combined stables and tram depot at Derby Castle on the site of the current staff car park has been estimated as being in the region of £1.9m – £2.3m. This excludes the cost of any cliff stabilisation identified as necessary. The site is valued at approximately £150,000.

3.4.5 The loan charge repayments would be between £84,834 and £102,694 p.a. over 30 years, a total of between £2,545,045 and £3,080,844 based upon an interest rate of 2%.

3.4.6 **Advantages:** ability to use the existing Manx Electric Railway tram track; land already owned by Isle of Man Government; purpose-built facility.

3.4.7 **Disadvantages:** the new structure may need a sympathetic design given its location if it is to obtain planning consent; potential opportunity cost due to reduction of the redevelopment area at the Summerland site.

### **3.5 Combined new stables and tram depot on Strathallan tram depot site**

3.5.1 The depot building at Strathallan is dilapidated, requiring significant urgent attention. Douglas Borough Council would be willing to transfer ownership of the Strathallan site in its current state for a nominal amount.

3.5.2 Agreement regarding transfer of ownership would include an overage clause to protect the Council's right to a share in the future value of the property in the event of a future sale.

3.5.3 This option would release the use of the stables at Tramway Terrace back to the Council, enabling progression of its intention to sell the site. A combined new

stables and tram depot on the Strathallan tram depot site would incur the cost of demolition and construction of a new building.

3.5.4 The current tram depot is within a conservation area and is currently awaiting consideration for Registered Building status. There are no alternative planning consents and there is uncertainty as to what structure would be permitted on the site.

3.5.5 **Advantages:** would retain the tram depot at its current site, relocating the stables to the same site.

3.5.6 **Disadvantages:** uncertainty over planning consents could result in delay in the development and progression of a new scheme.

### **3.6 Combined stables and tram depot within a fully refurbished Strathallan tram depot**

3.6.1 The option to provide combined stables and tram depot within a fully refurbished Strathallan building was considered but rejected. The structural assessment obtained by Douglas Borough Council identified that some of the main structural elements of the building had sustained irreparable damage, and the majority of the fabric of the building was in a dilapidated condition. In engineering terms, the practicality of restoring the building was not considered viable.

### **3.7 Creation of a purpose-built visitor attraction**

3.7.1 The Tramway provides an excellent opportunity to develop a new visitor experience comprising the historic trams, stables and a ride on the Tramway, which would increase revenues by developing an all-weather visitor attraction where the dwell time is longer.

3.7.2 The proposed attraction would combine the essential infrastructure facilities to deliver the Tramway including stabling, undercover storage for 13 trams, and key public attraction components.

3.7.3 The public attraction components would include a horse viewing gallery, tram viewing zone, exhibition, shop, café, outdoor demonstration area and car park.

3.7.4 Such an attraction would help meet the aims of the Destination Management Plan 2016-2020 by:

*"work(ing) with Manx National Heritage, DEFA and others in identifying the need and opportunity in improving and reinvesting in the heritage and cultural offer".*

3.7.5 The Tramway currently charges around £3 per adult and £2 per child for a 20 minute experience. The Snaefell Mountain Railway charges £14 for a three hour attraction. The market price for a half day attraction is in the region of £12 to £16, so an extended attraction should certainly be able to justify an increased charge.

3.7.6 Based on real ticketed admissions at Manx National Heritage sites and others on the Island, in the region of 40 – 50,000 paying admissions per annum should be achievable. A standard ticket price of £6.00 per head would generate an average

price (after discounting, joint ticketing and concessions) of £3.50 per head, giving an annual income of between £140,000 and £175,000. The attraction would also have a strong retail component, which at a conversion rate of 10% and an average spend of £1.50 per paying customer, would make a contribution to turnover in the region of £6,000 - £7,500.

- 3.7.7 A building in an appropriate style for the proposed reduced operation could be achieved in front of the site of Derby Castle Permanent Way depot, on land that is currently being used for staff car parking. A limited area for staff car parking would be relocated to land at the Summerland site that is currently being offered for redevelopment.
- 3.7.8 The cost of a new build visitor attraction on the Government owned land next to the Manx Electric Railway site has been estimated to be between £2.3m and £2.9m. Based on these figures, the loan charges would be between £102,694 and £129,484 p.a. over 30 years, a total of between £3,080,844 and £3,884,543 based upon an interest rate of 2%.
- 3.7.9 **Advantages:** an all-weather Tramway attraction would appeal to the target primary new growth markets identified in the Destination Management Plan; families and cruise passengers. The attraction would also appeal to an existing core market currently in decline, the visiting friends and family market. Furthermore, the attraction would also appeal to the group travel market; independent incoming travellers; local families and enthusiasts; Tramway would be able to use the existing Manx Electric Railway tram track.
- 3.7.10 **Disadvantages:** additional costs when considered against a smaller, reduced scheme; the new structure may need a sympathetic design given its location if it is to obtain planning consent; potential opportunity cost due to reduction of the redevelopment site at Summerland.

### **3.8 Combined short-term stables and tram depot within Strathallan tram depot**

- 3.8.1 Although the indications are that the structure would be unsuitable for major capital investment, continued use of the Strathallan tram depot would provide a short-term solution for 2017 and 2018.
- 3.8.2 The short-term relocation of the stables into the Strathallan tram depot would provide the opportunity for further data collection and evaluation of the business case for continuation of the Tramway. This option would release the stables at Tramway Terrace back to the Council, enabling progression of its intention to sell the site.
- 3.8.3 The Department would undertake limited minor capital works to address urgent repairs and incorporate stables into the building. Refitting and maintenance over two years would not exceed £150,000, and would be funded from the Department's existing budgets.

- 3.8.4 Any agreement with Douglas Borough Council regarding the transfer of ownership of Strathallan tram depot would include an overage clause to protect the Council's right to a share in the future value of the property in the event of a future sale.
- 3.8.5 With the Department currently planning to focus the Promenade redevelopment on the road between the Sea Terminal and War Memorial a further two years use of existing track would be possible. This would also give more time to overcome difficulties surrounding track location and allow for a decision on the Tramway's future based on the results of three season's operation.
- 3.8.6 **Advantages:** opportunity to continue the Tramway operation for a further two years to enable the evaluation of the business case for its continuation.
- 3.8.7 **Disadvantages:** acquisition of a severely dilapidated building under consideration for Registration and requiring urgent repair.

### **3.9 A Short Horse Tram Demonstration Line**

- 3.9.1 A final option considered was to build a short demonstration line to operate some horse trams as a small visitor attraction in its own right, probably on the old steam railway route.
- 3.9.2 This posed a number of challenges including finding a suitable right of way, as many sections of the old railway track bed now have utilities buried within them. The old railway track bed near the Wildlife Park was identified, with the Wildlife Park providing a suitable location to stable the horses.
- 3.9.3 Whilst the Wildlife Park would attract some children and families to take a ride on a horse tram, the numbers would be insufficient to sustain its operation.
- 3.9.4 Most significantly, the demonstration line would have no historical relevance and would be seen by many as a "fairground ride" at the Wildlife Park. This would diminish both its value as an attraction and the income opportunities which the Tramway could provide.
- 3.9.5 The construction of a short demonstration line was therefore not considered to be a suitable or viable option.

### **3.10 Recommendation:**

- 3.10.1 That the Department of Infrastructure progress discussions with Douglas Borough Council regarding the transfer of ownership of Strathallan tram depot to the Department in its current state for a nominal amount.
- 3.10.2 That following transfer of ownership the Department undertake limited minor capital works to address urgent repairs to Strathallan tram depot to provide a temporary combined stables and tram depot.
- 3.10.3 That the business case for continuation of the Tramway and a new combined facility on the site of either the Strathallan tram depot or Derby Castle continue to be evaluated during the 2017 and 2018 Tramway operations.

#### **4. TRAMWAY TRACK**

4.1 The Douglas Promenade highway scheme to improve the ride quality and safety of the Promenade highway will commence once planning consent and Tynwald approval has been obtained. This scheme will require the current Tramway tracks to be removed whilst the works are undertaken.

4.2 If planning permission is not obtained for the Douglas Promenade highway scheme, then the existing track could remain in place for some time. It could therefore potentially be used beyond 2016 for a further season. Thereafter, it is inevitable that action to address the condition of the Promenade highway will be required.

4.3 Options identified regarding the future provision of the Tramway track were as follows:

- replacement single line Tramway track to the Sea Terminal;
- replacement single line Tramway track to the War Memorial;
- removal of the Tramway track.

#### **4.4 Replacement of the Tramway Track to the Sea Terminal**

4.4.1 The cost of laying a new single line track to the Sea Terminal as part of the Douglas Promenade Scheme has been estimated to be in the region of £3.86m.

4.4.2 The cost of removing the old track and laying a new single line track along the whole promenade, outwith the Douglas Promenade highway scheme has been estimated as £6.3m.

#### **4.5 Replacement of the Horse Tramway Track to the War Memorial**

4.5.1 It has been identified that there is little commercial value to be gained from running the service the full length of the promenade to the Sea Terminal. A more economical option would be to lay the Tramways track from Strathallan/Derby Castle to the War Memorial.

4.5.2 The cost of laying a new single line track as part of the Douglas Promenade highway scheme has been estimated to be in the region of £3.1m.

4.5.3 The cost of removing the old track and laying a new single line track to the War Memorial, outwith a Douglas Promenade highway scheme, has been estimated to be in the region of £4.65m

4.5.4 The difference in the funding for the shorter route is not as significant as might be expected, as the more expensive elements of the track are still required regardless of the route length, eg point work, signalling, etc.

4.5.6 The double track from the War Memorial to the Sea Terminal would be abandoned. Provision has been made in the current highway scheme to protect a corridor to allow for future installation of the Tramway on Loch Promenade, as required under Transport Policy 3 of the Isle of Man Strategic Plan.

4.5.7 The first section of the Douglas Promenade highway scheme, from the Sea Terminal to the War Memorial, would require completion prior to commencing the section of

the scheme from the War Memorial to Strathallan. This would enable evaluation of the business case for continuation of the Tramway prior to the need to commence replacing the Tramway track from the War Memorial to Strathallan.

#### **4.6 Removal of the Tramway Track**

4.6.1 The cheapest option for a Douglas Promenade highway scheme that offers acceptable value for money would incur a cost in the region of £1.4m to remove the existing tramway. This approach would not provide any environmental or economic improvement but would resolve the ride quality and asset management concerns.

#### **4.7. Funding**

4.7.1 Funding for the Tramway track has already been included within the budget of the Douglas Promenade highway scheme as recorded in the Government "Pink Book".

#### **4.8 Recommendation**

4.8.1 That a new single line Tramway track be laid from Derby Castle to the War Memorial as part of a Douglas Promenade highway scheme.

### **5. GOVERNANCE**

#### **5.1 Integration into the Department/Statutory Board**

5.1.1 A decision to retain the Tramway would also require a decision about its future governance. One option would be to continue the process adopted for the 2016 season and integrate the service into the Department or a new statutory board. This would be contrary to the Government objective of achieving a "smaller simpler Government", and would also have the following disadvantages:

- it would suggest that the existing service had simply relocated unchanged;
- it would offer less incentive to reduce the level of public subsidy;
- it would reduce the opportunity for community involvement and charitable support.

#### **5.2 Creation of a New "Third Sector" Governance Vehicle**

5.2.1 Increasingly in the UK and America, cultural and heritage organisations exist "at arm's length" from the national or local government bodies that fund them. This principle gives the community confidence that the organisation is protected from short-term concerns and that the assets are not at risk in times of financial difficulty.

5.2.2 Such bodies are usually eligible for charitable status and can bring in external expertise to sit on the governing body. Arm's length bodies usually work very closely with their funding bodies and can have contractual relationships or service level agreements to, for example, second staff, access government procurement, capital, staff pensions etc. Examples in the UK include the British Museum, and on the Island the Manx Museum and National Trust.

5.2.3 Once the capital assets required were in place, and the operation had approached cash neutrality, an arm's length governance body could take over the operational responsibilities.

- 5.2.4 The establishment of such a body using an appropriately constituted entity would enable governance of the Tramway to be provided by a new third sector organisation and provide a high level of autonomy and independence from Government.
- 5.2.5 The most appropriate routes for possible retention of the Tramway at arm's length from Government appear to be either a company limited by guarantee or a charitable trust/foundation. Further work would be required to produce detailed proposals for these long term options.
- 5.2.6 The proposals outlined above regarding the establishment of a suitable arm's length governance body could, in time, also be investigated for the other heritage railways, which would reduce the scope of Government by moving service provision to an alternative provider. A full appraisal would first be required before any proposal to transfer governance responsibility of the Department's railways to a new third sector provider could be considered. It is however possible that a new third sector governance body could operate the Department's three existing railways as well as the Tramway.

### **5.3 Development Trust**

- 5.3.1 The announcement of the closure of the Tramway provoked a wide range of comments and contacts by email or letter. This response was worldwide and could be roughly divided into three categories:
- members of the public who wished to comment on, complain about or support the decision;
  - members of the public who wished to support the Tramway in the future;
  - specialist groups.
- 5.3.2 There has also been coverage in specialist media and online forums. A key priority for the short to medium term has been to maximise the potential of all these contacts.
- 5.3.3 A legal body with charitable status could provide a suitable vehicle to receive charitable donations to the Tramway operation, from individuals, and organisations.

### **5.4 The role of Friends and Potential Volunteers**

- 5.4.1 The Tynwald debate in February 2016 included the suggestion that consideration be given to the use of volunteers on the Tramway.
- 5.4.2 The heritage sector covers a wide variety of governance and operational models, and it is a misconception that all heritage railways are run by volunteers as most have a mix of volunteers and paid staff. Providing regular scheduled services and fixed opening times is complex using volunteers and the experience elsewhere would suggest that it takes a pool of approximately thirty volunteers to provide a consistent year round service equivalent to one full-time paid member of staff. Furthermore, some roles in transport are legally accountable and are more complex to assign to volunteers.
- 5.4.3 Volunteers have to be recruited, trained, and supervised. Ideally this should be against defined and needed roles and formal job descriptions. Some roles would

require checks with the Isle of Man Vetting Bureau. There would be an administrative and managerial overhead to this.

- 5.4.4 There would however be considerable opportunities for the use of volunteers to support the operation of the Tramway. Some of the governing body would be volunteering their time. There would be opportunities for volunteers to work alongside paid roles in the care of the horses, driving of trams, conducting and stewarding events. Some volunteers could also support fundraising, marketing, social media and educational activities off-site. All of these roles would be adding value but some would also support cost reduction. The use of volunteers to support events could make a real difference to their sustainability.
- 5.4.5 Every effort would be made to encourage the use of volunteers to support all activity associated with the Tramway. Realistically there would be constraints on the numbers that could be recruited and trained in the first years and the real benefits would be in the second and subsequent season.

## **5.5 Recommendations**

- 5.5.1 That further investigation be undertaken regarding the governance of the Douglas Bay Horse Tramway by a new arm's length vehicle.
- 5.5.2. That a legal body be established to provide a suitable vehicle to receive charitable donations to the Douglas Bay Horse Tramway.

## **6. SCALE OF SERVICE**

- 6.1.1 The importance of the current fleet of nineteen trams would be assessed in relation to their significance to the Tramway on the basis of age, state of preservation, completeness, technological innovation, rarity and association with events or the wider community. An outline assessment of the fleet has been undertaken and some initial recommendations identified.
- 6.1.2 The earliest vehicles date to the 1880s and are of international significance. They were built by different manufacturers and reflect contemporary construction techniques.
- 6.1.3 It is proposed that a future fleet be reduced to a total of eleven cars giving a representation of ages, types and manufacturers.
- 6.1.4 Charitable and other funding would be sought for a programme of restoration over time to enhance the heritage significance e.g. by removing modern paintwork and recent modifications.
- 6.1.5 Four cars could be retained as special "museum" cars which would be kept in working order but only used on special occasions. The main working fleet would be restricted to seven cars which would include examples of closed cars, open toast-racks, small covered toast-rack and large covered toast-rack.
- 6.1.6 The current stable of twenty two horses would be reviewed with regard to numbers and suitability for a reduced operation over a longer season. The continuing welfare of the horses is important and we have retained the experienced staff from Douglas

Borough Council. We have also retained the appropriate services of an experienced practice of vets.

## **6.2 Recommendation**

- 6.2.1 That the Department works with Douglas Borough Council to facilitate the transfer of ownership of horses and trams initially to the Department of Infrastructure, prior to transfer to the proposed new governance vehicle.

## **7. FURTHER OPERATIONAL ISSUES**

- 7.1 The current licence with Douglas Borough Council for the use of key Tramway assets expires on 31<sup>st</sup> October 2016.
- 7.2 Based upon the 2016 budget produced by Treasury and Douglas Borough Council, and an increase in revenue of 50%, a revenue budget of £62,000 would be required for 2017 and similar arrangements for any subsequent years prior to transfer to a new third sector body.

## **8. SUMMARY AND CONCLUSION**

- 8.1 The Douglas Bay Horse Tramway has a unique place in heritage transport, being the oldest surviving horse tramway of its kind. It provides a memorable and instantly recognisable image which is intimately associated with holidaying on the Isle of Man and is known throughout the world.
- 8.2 Long term, a decision to retain the Tramway service would require some difficult commercial decisions; replacement of essential infrastructure comprising new stables, tram depot, and tram track would be required at an estimated minimum cost of £5.4m.
- 8.3 A short-term combined stables and tram depot at Strathallan would provide the opportunity to extend the operation of the Tramway for a two year period and further evaluate the business case for its continuation. The Department of Infrastructure is best placed to undertake this.
- 8.4 A decision would also be required about the future governance of the Tramway. The possible provision of an arm's length body would avoid extending the scope of Government, with the potential for the model to be applied in future to the other heritage railways. The development of suitable organisations and structures would enable the Tramway to receive support and assistance from individuals and specialist groups.
- 8.5 The Tramway is an important element of the Island's unique cultural and heritage visitor offering, which contributes £38m to the Island's GDP. Growth of this important sector of our economy requires all elements of the Island's visitor offering to be in place. To start dismantling any part of it would be counterproductive at a time when our unique attractions are needed more than ever.

## **9. SUMMARY OF RECOMMENDATIONS**

### **Recommendation 1**

That Tynwald supports the Department of Infrastructure operating the Douglas Bay Horse Tramway for 2017 and 2018.

### **Recommendation 2**

That the Department of Infrastructure progresses discussions with Douglas Borough Council regarding the transfer of ownership of Strathallan tram depot to the Department, in its current state for a nominal amount.

### **Recommendation 3**

That the Department of Infrastructure works with Douglas Borough Council to facilitate the transfer of ownership of trams and horses initially to the Department of Infrastructure, prior to transfer to the new governance vehicle.

### **Recommendation 4**

That following transfer of ownership the Department undertake limited minor capital works to address urgent repairs to Strathallan tram depot to provide a temporary combined stables and tram depot.

### **Recommendation 5**

That the business case for continuation of the Tramway and a new combined facility on the site of either the Strathallan tram depot or Derby Castle continue to be evaluated during 2017 and 2018 Tramway operations.

### **Recommendation 6**

That a new single line Tramway track be laid from Derby Castle to the War Memorial as part of a Douglas Promenade highway scheme.

### **Recommendation 7**

That a legal body be established to provide a suitable vehicle to receive charitable donations to the Douglas Bay Horse Tramway.

### **Recommendation 8**

That further investigation be undertaken regarding the governance of the Douglas Bay Horse Tramway by a new arm's length governance vehicle.

