



From Lord Berkeley, 07710 431542, tony@tonyberkeley.co.uk

29 June 2022

To members of the Cornwall and IOS Leadership Board

Dear members of the Leadership Board,

Levelling Up fund bid for new ships for the Isles of Scilly

I noted a report in the media about comments made at the Leadership Board meeting on 17 June by Robert Francis, Chairman of the Council of the Isles of Scilly (COIS), about delays to the £48m new ships project. As is well known, my wife Marian Berkeley when a member of that Council and Co-ordinator of FRIST (Friends of the Isles of Scilly Transport), has long campaigned for better passenger and freight services to and from the islands, a campaign I fully support. I felt that the bid prepared by the COIS for funding from the Levelling Up Programme did not deliver what many islanders and other stakeholders wanted, and was unlikely to comply with the terms of the Bid invitation. The COIS is well aware of my reasons.

There is a need for new vessels but no immediate urgency as there are alternatives available, through provision and operation of alternative shipping and air services, to ensure that the islands are not isolated in the event of major breakdowns. The COIS does not appear to have investigated these alternatives or developed a contingency plan with operators to cover an extend loss of service due to failure of aged vessels. Whilst the ferry service requires a bespoke vessel to avoid a tidal timetable and to be able to 'take the ground', there is one vessel (MV Pentalina) which is MCA approved, not committed and on the market for charter or sale, and no doubt others that might be made available in an emergency to provide a temporary service to a tidal timetable. Such compromises are commonplace in ferry services to small islands. A number of other operators are keen to get involved, but would need a very strong message of welcome, which is certainly not there at present.

The Levelling Up Fund plan does not provide for much 'levelling up' but rather maintenance of the status quo. There is no reduction in freight charges which are approximately double the charges for freight services to comparable Scottish islands. There is also no provision of a winter passenger service to overcome long weather delays affecting air services during the winter.

The adoption of RoRo, a long-established industry norm, would not only reduce charges but remove the need for two ships on the mainland route, saving around £10m on capital costs. The adoption of RoRo would also offer scope for wider industry competition. The two harbourmasters have confirmed that ramps for RoRo loading and unloading can be provided at a reasonable cost.

Government procurement rules criticised by Robert Francis are there for a purpose; as member of the Leadership Board will know too well, the rules require competitive tendering – in this case for the procurement of the vessels, for the operation of the services, for charges and fares, as well as the need to ensure that the £45m of assets funded by the taxpayer operate throughout their life for the benefit of the taxpayer.

It is important that the Levelling Up bid is not perceived as a 'passporting operation' with the CIOS acting as a temporary intermediary for the transfer of £45 million between Central Government and the current operator to continue an inefficient and costly monopoly for perhaps 30 years. Such an outcome is hardly in the interests of islanders or their economy. If the COIS and the Steamship Company (IOSSG) are convinced that the current proposals are the best solution, then the latter could always try to raise the money themselves. Given current economic trends in the UK, the cost of the current proposals is likely to exceed £55 million.

However, if it is believed that taxpayers' money is required to deliver an acceptable solution, then the COIS should start again with the Levelling Up Fund and seek to comply fully with the bidding process and Treasury rules. From discussions with a number of colleagues, including ministers, in Westminster, I very much doubt that the £48m will be forthcoming for the project in its current form.

I suggest that it would be much better to start afresh, complying with the spirit and letter of Government procurement rules not only on the funding itself, but to deliver on the cost, service and economic benefits that could come from a new and independent root and branch review of transport needs to last the islands for the next 30 years or so.

I am of course happy to discuss these issues with any or all of you!

Yours, Tony

Tony Berkeley

A handwritten signature in blue ink, appearing to read 'Tony Berkeley', with a horizontal line underneath the name.