

Dear member of the Council of the Isles of Scilly,

I have listened to what was audible in the recording of your Scrutiny meeting last week and have the following comments:

DfT is only following Treasury procurement rules as they see applicable to the IOS asking for nearly £50m of state aid. As anyone who has worked on government financing issues knows, tendering is part of ensuring value for taxpayer as well as delivering service improvements. My impression is that DfT is keen to play by the book after all the scandals of the PPE procurement etc.

Some of your members as well as the Duchy and Tresco appear to think that the IOSSG must be given every support to continue, at whatever price to the island economy and its residents, and members said that there is a need for a single voice for meeting with DfT, but this cannot include IOSSG as the monopoly supplier. I cannot see DfT agreeing to this when there is no independent evidence that the interests of visitors and residents will be improved – apart from a shiny new ship and much higher costs and charges.

So, I think your Council has two options:

Option 1 – continue with the IOSSG in the hope that the company can finance its own vessels with no support from Government., effectively increasing the fares and freight charges by 50% above present levels. Stuart Reid appeared to confirm this -saying that fares would rise by around £15 to £20 with similar freight charge increase, although IOSSG would continue with residents' discount. Not very good for visitors though or the islands' economy.

Option 2 – Your Council go it alone and comply with the conditions of tendering/vessel ownership etc set out in the minister's letter with the intention of being awarded the LUF bid of around £45m. This requires complete separation of CIOS work from IOSSG. IOSSG have an understandable vested interest in telling you whatever it takes to retain their monopoly.

There is a general acceptance that any tendering process will bring efficiencies and service improvements, so this option should provide reduced fares and charges compared to the present.

I am sure that your council could do all of this with suitable external support – to the benefit of all islanders and the islands' economy. Good luck!

Best wishes,
Tony
12 December 2022