



Department for Transport

Stuart Reid
Chief Executive Officer
Isles of Scilly Steamship Group

Baroness Vere of Norbiton
Minister for Aviation, Maritime and Security

Great Minster House
33 Horseferry Road
London
SW1P 4DR

Tel: 0300 330 3000
E-Mail: baroness.vere@dft.gov.uk

Web site: www.gov.uk/dft

17 March 2023

Dear Stuart,

Thank you for your proposal for taking forward the Isles of Scilly Ferry Replacement (Sea Links) project. Thank you also for our meeting with the Secretary of State on 11 January.

I have considered your new approach carefully with my officials and I am grateful for the time taken to rework the proposal. I accept the new approach could be workable in isolation, however the proposal does not avoid the need for public procurement in the specific context of the Levelling Up Fund. As the funding must flow through the Council of the Isles of Scilly, passing the funds from the Council to the Isles of Scilly Steamship Group (ISSG) for the delivery of a service, creates a requirement for public procurement.

Furthermore, as your proposal acknowledges, 51% of the funding would have to be obtained from elsewhere. In order to return the value to lenders and others, the ISSG could potentially have to raise passenger fares and freight charges significantly, increasing the disparity between the Islands and the mainland, therefore running counter to levelling up ambitions. Your proposal is also at odds with the position set out in the letter from the former Maritime Minister, Robert Courts, to the Council last summer. The approach set out in this letter remains our stance.

My officials are working with the Council to consider alternative delivery models for the project including what the ownership arrangements for the new vessels will be. Government is keen for ISSG to remain part of the project and recognises that pursuing the approach set out in Robert Courts' letter would be a significant change for ISSG.

I have copied in your partners at Tresco Estates Partnership and the Duchy of Cornwall who supported your proposal, along with the Council as the accountable body for the project and local MP, Derek Thomas.

I would be happy to discuss further if helpful. Please contact my office at baroness.vere_puss@dft.gov.uk if you would like to do so.

Yours,
Charlotte

BARONESS VERE OF NORBITON