



From Lord Berkeley, 07710 431542, berkeleyafq@parliament.uk
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Derek Thomas Esq MP
House of Commons, SW1
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Dear Derek,

Council of the Isles of Scilly Levelling Up Fund bid.

I acknowledge your letter of 1st July informing me that you have decided to remove me from the Local Transport Board. I have read nothing in the Terms of Reference for the Transport Board that suggest that the Chair of the Transport Board has the power to remove a member without a meeting and vote; however, I see nothing to be gained by pressing this point.

I am unable to continue my involvement in a project which, in my opinion, has compromised the interests of islanders and the future of the Islands' economy by caving in to the interests of private sector stakeholders through maintenance of the status quo and limiting opportunities for competition to decide the future transport solution. I was, however, grateful to you and the Transport Board members for the opportunity to present the case for a modern RoRo transport solution that I believe fully addressed the needs of the community, the Islands' economy and the aspirations of the Government's Levelling Up agenda.

I am frankly embarrassed by the option that the Transport Board has supported and that the COIS has submitted to Government. I was also embarrassed by the earlier 'urgent' application to support the Isles of Scilly Steamship Company's bid to get a ship built by Appledore Shipyard and funded by Government as part of the Prime Minister's 'gift' to the South West to mark the G7 – it was a proposal that can only be described as bizarre. I believe it is naïve to think that occasional, recent, but much publicised, Government departures from financial prudence will apply to the COIS £48 million levelling-up bid which tests accepted practice regarding state aid and what can even remotely be described as 'value for money'.

Despite the SOBC pointing to a methodical appraisal of options open to the COIS, it has ended up entirely short circuiting the DfT and Treasury guidance about how projects should be developed and justified. It has inexplicably plumped for a solution that:

- a) Entirely ignores the ferry industry's migration to Ro-Ro over the last thirty years for reasons of economic efficiency.
- b) Ignores the islanders' needs for at least a regular and reasonably comfortable winter ferry service, given the high cost of air travel and its unreliability in the winter.

- c) Locks the islanders into a cripplingly expensive LoLo freight service for the 30-year life of the proposed vessels. This economic ‘straight jacket’ acts to close off or limit many forms of economic activity, leaving the islands frighteningly dependent on tourism.
- d) Presents the Government with by far the most expensive solution and a limited economic return on investment.
- e) Minimises opportunities for the Government and the islanders to benefit from competition.
- f) Creates a bespoke transport solution likely to suffer from a lack of resilience and likely to remain dependent upon periodic Government intervention in the future.

Is the urgency for a new ship so great as to justify the high risk, all or nothing, approach adopted? The IOSSG says yes, but the injection of £40 million in assets into a Group ‘on the ropes’ financially with a shareholder value of £11 million is compelling; what other answer could one expect from a Company honouring its obligation to maximize shareholder value? Stuart Reid, CEO, even told the last Transport Board meeting that, if there was a delay, maintenance costs would increase such that there would need to be a 2.5% annual fare rise, but FRIST records show that in the last twenty years fares have risen by an average of 3.5% per annum.

Secondly, there are alternative vessels available to keep passenger and freight services operating. Alternative vessels might have to operate tidally if they cannot take the bottom, but they could still operate quite effectively, and there are several landing craft around for freight which already operate to the islands when needed.

It is not necessary to re-invent the wheel when consider future options for the IOS; there is much to be learnt from Scotland. Indeed, there is a levelling-up proposal for the ferry service to Fair Isle which involves introducing a RoRo solution, a process from which the COIS could learn.

This letter summarises the reasons why I cannot support the COIS levelling up bid. It requires a suspension of critical faculties to believe the COIS bid will be accepted and funded by Government in its current form. Whilst I understand the impulse to bolster a weak bid with pledges of support from stakeholders, the COIS bid has an air of desperation when compared to the above Shetland Island Council bid for the Fair Isle service which has a compelling logic to it. The suppression of dissent is not a guarantee of success!

With the Government being asked to fund 90% of the infrastructure for future ferry and freight services to the IOSSC, the benefits for islanders and the Islands’ economy have to have priority over the interests of private sector players who might operate those assets. This is not what the COIS has proposed to Government in its levelling up bid.

I am copying this letter to members of the Transport Board and the Council of the Isles of Scilly.

Yours Tony

Tony Berkeley