

Lords crest

From Lord Berkeley
07710 431542, berkeleyafg@parliament.uk

Rt Hon Michael Gove MP
Secretary of State for Levelling Up, Housing and Communities
2 Marsham St, London SW1

Dear Michael,

Levelling up bid for new ferry services to the Isles of Scilly

I write to you in your new Levelling Up role about the bid by the Council of the Isles of Scilly (COIS) for new ships and other facilities to improve sea services to and from the islands, seeking a grant from the fund of £48m. I live in the isles of Scilly and have been involved in seeking improvements in transport there for some time.

Whereas there is a clear need for new transport services and investment as set out in the bid documentation, the proposal does not deliver long-term economic benefit for the islands. This is because the Council did not explore independently the various options for the services but rather relied on the views of the monopoly supplier of the current services with a track record of financial failure, and whose commercial interest is clearly in preserving the status quo and avoid any future competition.

Along with the Friends of the Isles of Scilly Transport (FRIST), I submitted an alternative proposal to the COIS to adopt a Roll-on Roll-off solution as is used on virtually every ferry service in Scotland and elsewhere. This would provide a much improved service for passengers and reduce freight costs by around 50% and could be done using one ship as opposed to the two in the Levelling up bid, and costing £25m, saving the taxpayer over £20m. Ramps would need to be built at St Mary's and Penzance harbours, and both harbourmasters have confirmed that these could be built at a cost of £4m each.

We were advised on the RoRo option by Bill Davidson, who has managed and planned many ferry services in Scotland. It is very clear why Scottish services, both private sector and Calmac, have all adopted RoRo – because it provides much greater reliability, better turn-round and lower costs to the consumer. For the Levelling Up bid, it would also save the Treasury a great deal of money!

Conversely, providing funding for the bid project as it stands would consign the islands' economy to decades of high cost and low service quality compared to the mainland.

I have noted that the Levelling up Bid application form rightly contains a requirement for an 'Option Assessment Report' in paragraph 4.3(d). Given the opposition of the Isles of Scilly Steamship Group to RoRo, such a report must obviously be done by a completely independent body.

I do urge you, before allocating any funds for the existing bid, to request an independent Option Assessment Report that compares the capital and operating costs and benefits of different options

over several decades. It should also include options for financing and operating the vessels, and the benefits of introducing real competition in these elements. That is the way to ensure that taxpayers' money is well spent and in compliance with the Levelling Up agenda.

I am of course happy to discuss these issues with you or a colleague.

Best wishes, Tony

Lord Berkeley

<http://committees.scilly.gov.uk/documents/s28374/Appendix%20A%20-%20Application%20Form%20draft.pdf>