



COUNCIL OF THE ISLES OF SCILLY

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Rt Hon Grant Shapps MP
Secretary of State for Defence & Shipbuilding Tsar
Whitehall
London
SW1A 2HB

28 November 2023

Dear Secretary of State,

Isles of Scilly Sea Link

In October 2021, as the then Secretary of State for Transport, you announced that you had committed £48.5m through the Levelling Up Fund to contribute to the replacement of the current passenger and freight vessels. The funding was intended to sustain the long-term future of the sea link between the Isles of Scilly and mainland and ensure that it was both future proofed and resilient.

This was followed by the proposed new vessels being included in the 30-Year Cross-Government Shipbuilding Pipeline which formed part of the National Shipbuilding Strategy announced in March 2022. This was welcomed at the time by the Council as it provided further evidence of the government's commitment to see the vessels delivered using public funding which would in turn, result in the provision of affordable passenger and freight services which was one of the main objectives of the Levelling Up project.

As you pick up your new brief as Shipbuilding Tsar, you may not be aware of the latest developments on the project. Despite the continued availability of Levelling Up funding, the current incumbent operator has elected to use private finance to potentially procure the new vessels from an overseas shipyard. If this happens, we will lose the opportunity to procure British built vessels with green credentials. The cost of the private finance will be borne by our community, businesses and visitors.

The business case submitted to the Department for Transport in September clearly demonstrated the debilitating impact funding the vessels in this way would have on the islands' community and economy, due to the higher passenger fares and freight tariffs that would be required to meet the financing costs. As it stands, the operator is yet to sign the contract with the shipyard. This has now become a protracted and complex project the outcome of which is still unclear.

The Council remains fully committed to ensuring the opportunity you created through the Levelling Up programme is not lost. The work we have been doing in conjunction with the Department for Transport and National Shipbuilding Office has identified the most appropriate way to engage with the market to design, build, operate and maintain the new vessels, whilst at the same time following a full public procurement process. I am grateful to the Chief Executive of the National Shipbuilding Office for his continued engagement in the project.

I hope that in your new role you are able to continue to be an advocate for the Levelling Up funded project both within government and the wider maritime industry.

Thank you in advance for your continued support for the sea link between the Isles of Scilly and mainland.

Yours sincerely

A handwritten signature in black ink that reads "Robert Francis". The signature is written in a cursive style with a long horizontal flourish at the end.

Councillor Robert Francis
Chairman of the Council of the Isles of Scilly

Copy to: Derek Thomas MP