

Friends of Penzance Harbour
Briefing for Members of the Cabinet of Cornwall Council
Cabinet Meeting 16th September 2009
Agenda Item 10, Isles of Scilly Link Project

The Route Partnership's proposals for the Isles of Scilly Link project are on the agenda of your 16th September 2009 meeting, and the transport portfolio holder is requesting the Cabinet to authorise the resubmission of a planning application to build on Battery Rocks beach in Penzance. When this application was first submitted in May 2009 it received 672 letters of objection (and just 8 in support) and was withdrawn while alternative options were considered. The location of the development has always been the principle objection of local people and it would clearly be inappropriate and a waste of Council tax payers' money to resubmit an application to build on the same site.

In this regard we respectfully offer the following observations in the hope that they will assist you in reaching the right decision about the future of the Route Partnership's current preferred scheme.

Residents of Penzance have a right to say how their town develops

The vast majority of residents in Penzance are against the Route Partnership's (RP) scheme to build on Battery Rocks beach, and have repeatedly expressed this view:

1. At a Route Partnership consultation in 2004 the public rejected the plan that the RP's current scheme is based on.
2. The current Route Partnership scheme was considered by Penzance Civic Society and rejected.
3. Feedback forms filled in by the public at the September 2008 Route Partnership "pre-planning" exhibition showed 85% were against the scheme.
4. Feedback forms filled in at the January 2009 repeat Route Partnership "pre-planning" exhibition showed 65% were against the scheme (but concerns were raised about the RP biased questionnaire).
5. The Friends of Penzance Harbour exit poll at the same event showed more than 85% against.
6. In February 2009 Penzance Town Council voted against the scheme with just one dissenting voice.
7. In May 2009 planning permission was sought and 672 letters of objection were received by planners; there were just eight letters of support.
8. In June 2009 local elections were held and **no** candidate came out in support of the Route Partnership scheme; those that expressed a view were against.
9. And in a recent *Cornishman* poll 66% said "no" to building on Battery Rocks beach.

The *Cornishman* poll was open to anyone who wanted to vote and following active lobbying in support of the Route Partnership scheme by interests on the Scillies, including the Tresco Estate, it is likely that many of the "yes" votes came from individuals outside of the Penzance area. Taking this into account it seems likely that opposition to the scheme in the Penzance area has not changed since the Route Partnership first presented their plans at the September 2008 "pre-planning" exhibition and 85% rejected them.

As a result of this the local MP has described the Route Partnership scheme as “politically undeliverable” (see: www.friendsofpzharbour.org/blog_more.php?b=41).

Viable and cost-effective alternatives exist

The Route Partnership’s alternative options report concludes that all alternative options are “workable solutions” to the needs of the Isles of Scilly Link, but then goes on to say that the original scheme is cheaper to operate and therefore remains the RP’s preferred option. This conclusion is only possible because the report’s costings are flawed. There are three main issues:

1. Labour costs are based on rates typical for Teesside, and are substantially higher than rates in the Penzance area. This has the effect of pushing up the running cost of all options but it also increases the size of the difference between Route Partnership scheme and the alternative options.
2. The report underestimates the running cost of the Route Partnership scheme and overestimates the costs of the alternative options. Approximately 80% of the running cost difference between the Route Partnership scheme (“option A”) and the out of town depot approach (“option C”) can be accounted for by the report’s insistence on two dedicated lorry drivers for the out of town depot, when normal practice would be to use other multi-tasking staff for this job (it involves driving just 150 miles each week). If the Route Partnership scheme were to require MAFI trucks instead of forklifts to get the freight from the depot to the quay, and this seems likely to be the case, then the Route Partnership scheme would be considerably more expensive to operate than **all** other options.
3. When comparing operating costs the report ignores the capital cost savings associated with the alternative options (they are all considerably cheaper to set up than the Route Partnership scheme) and the fact that these can be recycled to reduce operating costs. This recycling is possible because the Department for Transport (DfT) are funding both the harbour works and part of the cost of the new ship and have agreed the size of their grant. The rest of the cost of the new ship will be met by Cornwall Council borrowing, and the project assumes that the fee paid by the ship operator will cover the cost of the loan. Capital cost savings can as a consequence be recycled because the reduction in the capital cost of the freight and passenger terminals leaves more of the DfT funds available for the purchase of the new vessel, which reduces the amount that Cornwall Council has to borrow, which reduces the payments on the loan, which frees up part of the fees from the operator to help cover running costs. A reduced loan is also a reduced risk for the Council and for Council tax payers.

Point 2 (above) is enough to make the operating costs of the out of town freight depot broadly comparable with the Route Partnership scheme. If points 1 and 3 are also taken into account all alternative options become cheaper to operate, and since all options are “workable solutions” there is no reason not to proceed with the out of town depot approach.

With the freight handling side of the operation moved to an out of town depot there are a number of options for locating the new passenger facility on an existing harbour side site.

For a breakdown of the full costs and an alternative analysis of the Route Partnership figures please go to: www.friendsofpzharbour.org/blog_more.php?b=39

Scheme threatens harbour regeneration

The maturing of plans for the redevelopment of Coinagehall Street, the vacating of the old Trinity House building, and the recent closure of the Dry Dock have all made the Route Partnership's plan for Penzance harbour hopelessly out of date, and these new opportunities for regeneration in the harbour area are now being put at risk by the Route Partnership's plan to locate an industrial freight handling facility and associated traffic in the heart of the historic seafront. At a recent meeting hosted by the local MP, representatives of businesses from around the harbour and local councillors agreed that the out of town depot approach is the best way of handling freight for the Isles of Scilly Link, and that any Scilly Link development "should be undertaken within the context of the wider regeneration of Penzance harbour." A failure to do this will put valuable natural and heritage assets at risk and threaten the future sustainable development of the town.

For more on this issue including a copy of the outcome of the meeting mentioned above please go to: www.friendsofpzharbour.org/blog_more.php?b=37.

One ship option is NOT cheaper to operate

Many of the most controversial aspects of the Route Partnership scheme stem from the Route Partnership's decision to replace the existing two ship operation with a single larger combined passenger and freight vessel. This approach makes it more difficult for the passenger facilities to be located in the most logical place (on the side of the harbour close to the bus and train stations and adjacent to the town's main car park) and it requires the controversial lengthening and rock armouring of two historically important listed piers.

The current operator of the service switched from operating one ship to operating two for hard commercial reasons and has continued to operate successfully this way for the last 20 years. Until recently the Route Partnership were unable to justify the decision to go for one ship, but on the 31st July 2009 they published a report by Hart Fenton comparing the operating costs of the proposed new vessel with two possible two-ship options. This report concludes that a single vessel as specified by the RP will be the cheapest to operate, but as with the report into alternative options for locating the passenger and freight terminals, it contains a number of serious flaws.

The Route Partnership have refused to release the technical annexes that contain the data that the report's conclusions are based on, but from what is available in the main part of the report we know the following:

1. That they have calculated the cost of fuel for a freight ship to be £252,628/annum when the current freight vessel fuel bill is around £50,000/annum; that a difference of over £200,000.
2. When assessing the running costs of the SWATH fast ferry the report included operating costs for two return trips a day (doubling costs) when only one would be needed to transport current passenger numbers; the annual fuel bill for this service would be around £384,000 but the Route Partnership's report contains an amount of £955,634; that's a difference of over £550,000.
3. The report also assumes that the SWATH can only operate in wave heights up to 1m thus seriously restricting its sailing schedule, while in fact it is specifically

designed for wave heights up to 4m and would be able to operate through the summer season with few if any disruptions to service.

4. The wage cost figures are also subject to query, not only in total but also in detail. For example on a one ship system all cargo working at Penzance would have to be in overtime; this is a significant cost item when comparing a "one ship" with a "two ship" system. Similarly the RP appear not to have allowed for self maintenance, a significant cost saving when operating a two ship system.

The fuel miscalculations alone (over £750,000) are sufficient to eliminate most of the claimed cost advantage of the single ship approach. A more detailed analysis will only be possible when the RP release the full figures on which the report is based, but it is already clear that the report that the RP is using to justify the choice of a single larger and more costly vessel is seriously flawed and open to challenge.

The failure to properly assess the costs of the fast ferry is from an economic point of view particularly worrying. With the Isles of Scilly at full capacity for long-stay visitors (and no growth in capacity anticipated) one of the few possible growth areas is in day visitors. The proposed new single combined freight and passenger vessel will be no faster or more comfortable and is unlikely to attract new day visitors. A fast ferry on the other hand is likely to be more comfortable and with a journey time of 1.5 hours (instead of 2.5 hours) will attract new business to the islands.

Harbour Revision Order fails to reflect public opposition

The Harbour Revision Order (HRO) has now been approved by the Secretary of State but a number of questions remain about the process. Perhaps the most important concerns the total absence of any public objections when notice of the HRO was published in 2005. Given the subsequent scale of public opposition to the full plans when they were made public in September 2008 and submitted for planning approval in 2009 one can only conclude that the public either didn't see the notices or were not aware of what they meant. Either way the public were not given a fair opportunity to make their views known on an issue of very great importance for the future of their town. This interpretation of events is backed up by the Town Council who have recently admitted that even they did not realise the consequences of the HRO until the full plans were made public in September 2008; the Town Council has recently expressed its continued opposition to the HRO.

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