



From the Parliamentary
Under Secretary of State

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Dear Andrew,

Thank you for your letter of 19 July, on behalf of your constituent,
about Isles of Scilly Ferry Link.

As you rightly say, it is Departmental policy to publish the relevant business case information on schemes once decisions have been made. I am pleased to attach to this letter a note and background information that relates to the decision made on 31 March 2011 not to fund the scheme proposed by Cornwall Council. This note will also be placed on the DfT website.

There was no separate value for money assessment undertaken by the Treasury. Generally, they do not conduct separate value for money assessments of transport schemes, although they may scrutinise and challenge those made by DfT in cases where Treasury approval is required.

I look forward to meeting again to discuss this matter later in the month.

Yours sincerely

NORMAN BAKER

Isles of Scilly Link

Detailed information on the Department's funding decision of 31 March 2011

Introduction

On 31 March 2011 Norman Baker, Under Secretary of State for Transport turned down a request from Cornwall Council and the Isles of Scilly Council to provide funding for the Isles of Scilly Link scheme. The proposal included plans to replace the current passenger and freight vessels with a single purpose built vessel and for improvements to the harbours and passenger facilities at Penzance and St Mary's.

The Department is committed to transparency in its funding decisions and our policy is to release all business case information once funding decisions have been made. This note provides further information and figures on the key factors material to the funding decision. It is not intended to be a comprehensive analysis or history of the scheme.

Background and Context

In 2004 Cornwall Council submitted a business case requesting DfT funding for the Isles of Scilly Link scheme. Following detailed discussion and analysis, the Department granted Conditional Approval for the scheme in 2007. The total cost of the scheme at the time of that approval was estimated to be £43m and the Department agreed to provide funding of £23.84m.

Cornwall Council submitted a business case requesting Full Approval in May 2010. The total cost of the scheme was now estimated to be £62.05m and the contribution requested from DfT was £40.3m.

On 10 June 2010 the new Coalition government announced a suspension of the DfT Local Authority Major schemes funding approvals process and issued a statement that included the following:-

"Local Authorities should not ...assume that schemes prioritised under the previous Government's Regional Funding Allocations (RFA) process will be funded to the previous published levels."

and

"All schemes that were granted Conditional Approval or Programme Entry by the previous Government will be reviewed as part of the spending review. Until then, the Government can give no assurances on funding support for any of these schemes."

DfT officials however continued to engage with promoters of schemes that had Conditional Approval and 'to identify schemes that had critical safety or lifeline issues'. This included discussions with Cornwall on the Isles of Scilly Link scheme.

