

FRIST – Supplementary Memorandum to the Transport Select Committee following the Oral Evidence Committee 3 March 2014

This memorandum seeks to follow up some of the questions asked at the oral hearing and on issues which FRIST wishes to emphasise.

An isolated community The Isles of Scilly have the 4th lowest salaries in UK (2012) and house prices are very high. People cannot afford to move. It is a good place to grow up, it has a small population but is major tourism asset (overseas tourists spend £4 million p.a. in Scilly and domestic visitors a further £30million.)

Cornwall is remote (currently isolated from UK rail system), its rail service is subsidised (it has a £1844 million tourism economy).

The periphery of the UK is a major pull for foreign tourists and just about all of it has subsidised travel except Scilly (rail subsidy if not ferry).

Scilly is a national treasure. It is also part of our historic and cultural heritage of great maritime significance and as such must be supported to sustain this role with a living community. We compare how well and readily the Scots protect this aspect of their social and cultural heritage. Scilly is a driver for the West Cornwall tourism economy. It has under 3% of Penwith population but earns 11.6% of tourist spend (£34.3 million out of £295 million in 2011). The islands' tourist spend collapsed over 2012/2013 – possibly by over £6 million. (Figures from Visit Cornwall “Value of Tourism Report 2011” - no report for 2012 – assume a budget cut). (£6 million is FRIST's estimate - could be several million larger).

Transport Services for residents

FRIST believes that the transport services for residents is not fit for purpose, being very expensive and unreliable. Residents need to allow a minimum of an extra day to ensure arriving at destination, often with the cost of extra nights' accommodation.

In winter, there is no ferry service. Land's End airport has been closed for >50% of the time this winter, and similar time last winter, resulting in diversions to Newquay. There is virtually no public transport from Newquay – taxi to Truro £42, Bodmin Parkway £40. If the runway at Land's End gets hard surfacing, it will still be closed on many (though fewer) occasions due to fog, with continuing diversions to Newquay. Cost of flights £70-80 single.

Reliability of transport services

Some planes are getting old, and therefore more subject to technical problems. The small aircraft able to use St Mary's Airport are more vulnerable to weather disruption (especially cross winds) than larger aircraft, and the service is unreliable in the winter months.

MV Scillonian is 37 years old, older than any on PSO routes in the EU. Meeting current licensing standards for passengers vessels is problematic; the MCA is engaged in protracted negotiations with the EC for exemptions from current (safety) regulations. The current licensing regime appears to be financially burdensome for the operator due to age of vessel.

A new ship is needed to sustain the service beyond 2018, and it must be operated all the year

round. There is no evidence that the IOSSC can afford a new ship. The Scillonian was funded with 60% interest free loan of £1m from the Government in 1977 – again, there is no evidence that the commercial viability of the route has improved markedly since 1977. Second hand vessels suitable for the route do not exist, according to Clarksons, shipping agency.

Thus, financial support is needed to achieve lower fares, increase the number of passengers, and fund a new ship.

Infrastructure

Passenger facilities at Penzance are grossly inadequate - there are no facilities or shelter. There is no agreed plan to overcome this shortfall, although the Town Council has made proposals. From a recent passenger survey, improving Penzance quay facilities is a priority for travellers to Scilly.

Some infrastructure projects are at an advanced stage of planning including two quays/dredging works at Penzance and St Mary's and airport works at St Mary's and Land's End.

The DfT declined to fund rock armour sea defence of Penzance Harbour (South Pier) – subsequently damaged by recent storms (repairable).

There is still uncertainty about whether EU/ERDF funds will be committed to support such infrastructure projects. 'State aids' approval from Brussels is awaited. Delay risks breaching deadline for committing and spending ERDF funds, resulting in no funding.

FRIST urges the Committee to press Government to expedite applications to EC for funding of the port and airport projects.

Joined up transport service?

The timings of Scillonian's arrival and departure at Penzance does not fit with trains. For example, its evening arrival at Penzance is within 5 minutes of a train leaving Penzance for Plymouth, with the following service 3 hours later on Saturdays. On Mondays, the sleeper train from London arrives at Penzance an hour later than on other days, and too late to catch the Scillonian. FGW's suggested solution is to get off the sleeper at Plymouth at 0530 and change to a Cross Country service leaving at 0545. We cannot understand why the sleeper cannot use the Cross Country path and vice versa but we are told by FGW that this is not possible. There is no sleeper train service to London on Saturday, which is probably the busiest travel day for tourists to/from Scilly.

Sustainability of Tourism

FRIST receives many comments from visitors regretting they are not planning to visit any more because of high fares. Ticket prices are up on average 18%, and visitors down >20%, both in 2 years.

Return trips to Scilly (mainly visitors) in 2013 were 27% lower than 10 years (138 000 verses 101,000) with approximately 50% of that loss having occurred in the last 2 years. Scilly retains its appeal – it is just more difficult and expensive to get to.

If transport was improved, would there be growth?

There is a need for lower prices as well as reliability. Evidence from Scotland includes:

- single fare mainland to Islay (comparable distance and population) is £6.30 compared with the Scillonian £42 min.

- Outer Hebrides visitor numbers increased by 27% in six years during the time when Scotland had introduced the PSOs to their islands. *Source Scottish Licenced Trade News Posted on February 20, 2014.*

Reliability.

For many visitors as well as islanders, a more reliable service is essential. Business people visiting IOS also need reliable transport communications. Given the location of the islands and weather conditions, reliability could best be achieved by a combination of air and sea services all year round. Greater ferry frequency in the summer must also be part of the package.

With much lower fares and a more reliable service, we would expect the visitor numbers to stabilise and then gradually increase over several years – as has been demonstrated in Scotland.

New investment in the islands

Uncertainty over the adequacy and affordability of future transport links is currently working against private investment in the Islands.

Recent business insolvencies (St Martins Hotel, Mermaid pub) raise questions over 'market conditions'.

Increase in Liability Orders issued for arrears of business rates reflect a stressed business environment (Liability Order for 1 business owing £26,000 in Jan 13, Liability for 4 businesses owing £101,000 in Oct 2013) .

<http://www.scillytoday.com/2013/01/29/council-to-use-bailiffs-to-recover-tax-debts/>

<http://www.scillytoday.com/2013/10/10/council-goes-to-court-to-chase-local-debtors/>

Solutions

A major concern of islanders is that transport (air and sea) is in the hands of a single operator. The travelling public has very little influence on service quality/frequency/timings etc. It is perhaps too small a market for more than one air operator on the same route but an alternative one could open up routes to Scilly from other locations We would prefer competition between the air and sea services which would be likely to improve service quality and sharpen up pricing. A PSO designation for the sea route is required to ensure increased reliability and an all year regular service, the choice of mode of travel at an affordable fare and the provision of a back up service. A minimum of a PSO for winter sea service with lower fares is essential.

A new bespoke replacement vessel required for future sustainability of sea service. The current passenger vessel's life expectancy is 2018 and there is a shrinking time frame in which a new vessel can be designed, commissioned and constructed.

The case for state subsidy

There is a case for State subsidy to maintain a community of 2000 persons and its tourism based economy (tourist spend ~£34.3 million in 2011). The current downward spiral (higher travel costs, shrinking tourist economy) risks severely damaging the island community with knock on effects on the mainland economy in West Cornwall.

A state subsidy would provide leverage for competition and set minimum service standards; Scotland has done this for decades. Lower ticket prices are essential. More passengers will reduce any deficit financing.

FRIST's message to Baroness Kramer, Minister of State.

'You kindly met us in January; and were sympathetic to our needs. You suggested that we should come back with a proposal when all the stakeholders had agreed on what they wanted.

*In the next few weeks we hope to to be able to say that we have that agreement between the two councils, island and mainland representatives, Cornwall and IOS LEP and FRIST. **We all agree that we need an affordable, reliable, all year round transport service.*** FRIST believes that competition between and within modes and a new replacement ferry supported by an operating deficit subsidy would drive much needed improvement and impetus to the services and stimulate growth and the economy generally. •

Marian Bennett, FRIST Co-ordinator

11th March 2014