



Department for  
**Transport**

From the Parliamentary  
Under Secretary of State

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Councillor Graeme Hicks  
Cabinet Member for Transportation and  
Highways  
Cornwall Council  
County Hall  
Treyew Road  
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TR1 3AY

31 March 2011

Dear Cllr Hicks

I am writing to inform you that, after careful and detailed consideration, we have decided that we cannot support the allocation of departmental funds for the scheme you have proposed for a new combined passenger and freight boat to ply between Penzance and St Mary's, and associated harbour infrastructure.

The Department for Transport recognises the importance of a sea connection, both for passengers and freight between Penzance and St Mary's, and is totally committed to working to ensure this remains secure into the future. We cannot however justify the allocation of over £35m from this Department for the package you have advanced. This is particularly true at this time of fiscal stringency.

In making our decision, we have taken into account the very poor appraised value for money of the scheme. The scheme proposed by Cornwall goes far beyond what is necessary to maintain services. We are concerned that the cost of both the boat and the harbour works have risen by 50 per cent since 2007. We are also bound to observe that, while other local schemes the department has been considering in recent months have been able to be amended by their local authority promoters so as to reduce the call upon departmental funds, here the opposite is the case. Under these circumstances the level of spending requested on this project, including the construction of a brand new purpose built ship, cannot be justified.

We hope Cornwall Council will take this opportunity to work with the operators, the Isles of Scilly Steamship Company, the Department, and other key stakeholders to develop a simpler, lower cost solution for the passenger traffic between Penzance and St Mary's, and I confirm that we will give priority to considering funding such a solution. This should be a relatively speedy consideration, as we recognise it is important to provide some certainty for all relevant parties. The extent to which harbour works may or may not be required, either in Penzance or St Mary's, will continue to be considered. We expect the existing freight boat to continue in operation for the foreseeable future.

I look forward to working productively with you and with the Steamship Company to help secure an affordable and viable arrangement to safeguard the future of this important crossing.

A copy of this letter has been sent to the Leader of Isles of Scilly Council.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Norman', written in a cursive style.

**NORMAN BAKER**