



Ministry
of Defence

SECRETARY OF STATE
MINISTRY OF DEFENCE
FLOOR 5, ZONE D, MAIN BUILDING
WHITEHALL LONDON SW1A 2HB

Telephone 020 7218 9000

Fax: 020 721 87140

E-mail: defencesecretary-group@mod.gov.uk

4/5/2/8/ap

19 December 2023

Dear Robert

I am writing in response to your letter dated 28 November 2023 concerning the Isles of Scilly Sea Link and the need to retain access to the levelling up funding (LUF).

As I said, when I announced the £48.5m funding in 2021 as the then Secretary of State for Transport, I appreciate how vital the lifeline passenger and freight services are to the Isles of Scilly's communities and businesses. The LUF provided a once in a generation opportunity to replace the current operator's inadequate and ageing vessels and provide a reliable and affordable service that would also offer a green corridor between the Isles and the southwest of England. As Shipbuilding Tsar, I also recognise the significant opportunity that the levelling up funded vessel replacement programme could offer the UK shipbuilding sector emphasised by their inclusion on our 30-year shipbuilding pipeline.

I would like to thank you and your officials for your efforts to secure a viable way forward and the close collaboration with officials in the Department for Transport and the Department for Levelling Up, Housing and Communities as well as the National Shipbuilding Office (NSO). I have been fully briefed by the NSO Chief Executive about the programme. I am dismayed by the behaviour and actions of the Isles of Scilly Steamship Group (ISSG) despite the support that the Government has provided over several years including through the pandemic.

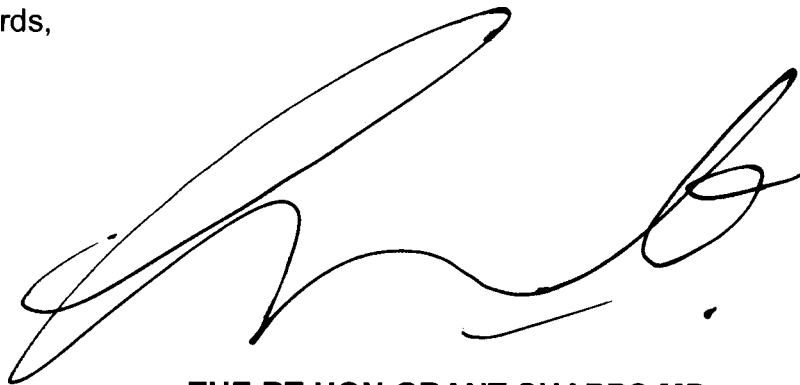
**Cllr. Robert Francis,
Chairman of the Council of the Isles of Scilly
Town Hall
St Mary's
Isles of Scilly
TR21 0LW**

I fully appreciate your concern that the ISSG's intentions will fail to meet any of the Government's wider objectives most notably future affordability of the service for islanders which is central to our levelling up ambitions. I understand your concern that if ISSG fails to deliver, as it has done in the past, the Council needs to have contingent plans where you understandably view the continued access to the levelling up funds as being vital. I am also aware that the soft market engagement the Council has undertaken has demonstrated that there is interest from UK companies which extends to building new vessels with levelling up funding support.

Ultimately the continuation of levelling up funds is a matter for the Secretary of State for Levelling Up, Housing and Communities and the Secretary of State for Transport as the custodians of the funds. I also recognise that the grant cannot be used whilst the prospect of a viable private initiative remains albeit one about which there are grave concerns. However, as Shipbuilding Tsar I continue to ~~strongly support an outcome that would enable levelling up funding be used to~~ maximise a successful outcome for the UK shipbuilding enterprise and its wider supply chain, as well as contributing to the Government's levelling up and decarbonisation objectives.

I welcome your strong engagement with the NSO and would encourage you to keep engaging with them moving forward as well as with other Departmental officials. I am copying this letter to the Secretaries of State for Levelling Up, Housing, and Communities, and Transport.

Kind regards,

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

THE RT HON GRANT SHAPPS MP