

NEW VESSEL PROJECT UPDATE

DECEMBER 2023



COMMUNITY ENGAGEMENT EVENTS



During the autumn, our Vessel Replacement Project team visited all of the off-islands and St Mary's to speak to you about our new vessel replacement plans. We were delighted to welcome so many of you to these events, and the conversations we had were invaluable in helping further shape a solution that will work for the Isles of Scilly.

We've now had the opportunity to reflect on what was said, and we would like to update you on what we've heard and how we plan to take your comments on board.

YOUR QUESTIONS ANSWERED

WE HEARD

Understandably, you wanted to know what our plans were with freight and fare increases for islanders.

There were also a number of questions around increases in fares for visitors and non-islanders.

WHAT WE ARE GOING TO DO

We've committed to freezing Travel Club fares, available to all residents of the islands, excluding inflation between now and 2026.

Freight costs will be kept to a minimum too. We forecast that by 2026, freight charges will increase on average by around £20 per tonne or 2p per kg. We understand that freight charges – particularly for smaller businesses – can be a cause for concern, but we promise to engage with our business customers and act in a transparent way with our pricing.

We feel it is right to prioritise protecting fares for islanders first, as our services often act as a lifeline link. We are also aware of how important both our air and sea services are for the visitor economy, and as such, we have carefully costed our plans for a phased increase in non-Travel Club fares.

We all know and understand that the Isles of Scilly has limited accommodation and we believe that fare increases for visitors are being set at a realistic level to ensure that the islands can continue to thrive from the important tourism sector. Indeed, we are currently seeing a double digit increase in travel bookings for summer 2024, compared with the same point last year, showing demand holding up well.

We commit to continually reviewing our fares and affordability, alongside partner organisations such as the Island's Partnership and business leaders from the region.

On funding, some of the conversations we had revolved around the proposed use of private financing for our plans, rather than levelling-up funding and you wanted reassurance on why this was the case.

Our plans to replace vessels started in 2019. We entered into proactive discussions with Government and councils during that time, but with little visibility of a resolution, we have decided to pursue a route that provides certainty for the islands.

The longer we wait, the higher costs will be and the higher maintenance costs on existing vessels will become. We're always open to discussions on public funding and have always acted in good faith to try and make these opportunities happen. But the solution we've arrived at will deliver new ships by 2026, ensuring the long-term security of the route.

Some of you wanted to know about what infrastructure improvements could be made at Penzance harbour.

Penzance harbour isn't operated by the Company, but we're keen to work with the Council and harbour authority on improvements that will make passenger transfer and freight handling better for everyone.

The recently published Penzance Harbour Management Plan sets out some potential options utilising Town Deal funding. The Company will engage with that process fully and we are also actively looking for a new freight depot / warehouse as part of our own plans.

You wanted to know if there were plans to increase sailings at times that were more convenient for onward travel once reaching Penzance.

Some improvements have been made in this department in recent years, with double sailings on a Saturday at the height of the season and the provision of Sunday sailings. We will carry out a feasibility study into whether we could introduce additional double sailings, allowing passengers to alight from an earlier sailing during the week.

We're also in a position to confirm that, following your feedback at these events, from 2024 our sailings from October onwards will be brought forward to depart St Mary's at 2pm, helping with onward travel plans.

Our new passenger vessel will be faster than the Scillonian III which would also help in this regard, getting passengers to their destination sooner and embarkation and disembarkation will be quicker

There will also be improved passenger facilities on our new freight vessel, providing a morning sailing three times a week from the islands, throughout the year.

Several off-island residents wanted to know about freight storage and whether an increase of capacity for perishable goods was being looked at.

Both the Penzance to Scilly cargo vessel and the Lyonesse Lady II will benefit from significantly increased capacity. The larger vessel will also have much better solutions for chilled and frozen goods.

Storage of goods at off-island quays is a matter for the Duchy of Cornwall, but we commit to engaging with them positively to help encourage further improvements.

In terms of vessel design for the Lyonesse Lady II, we have already taken some of the feedback given and are working with our naval architects to work on appropriate improvements.

The project team also received questions about Skybus, including its profitability during the quieter winter months and the frequency of flights.

The Group has run an airside operation since 1981 and is well-established as a reliable provider. It is true that in general, the summer and fringe months are where the Company is able to make most of its revenue, but losses are incurred in providing the air services over winter.

We operate flights six days a week throughout the year and also run Land's End Airport. We're able to work in an agile way and scale the number of flights to match the demand. What we're unable to do is increase the number of flights to the degree that they run with spare capacity, as this would be detrimental to the business and result in increased fares.

OUR COMMITMENT

This document intends to capture the main discussions from our consultation sessions. There were a number of recurring themes, but we are 100% committed to keeping you involved throughout this project.

For specific enquires or feedback, please contact:

VESSELPROJECTTEAM@ISSG.CO.UK

THANK YOU

Finally, we would like to take this opportunity to thank all of you once again for your input into this project. We understand how important these decisions are for the islands and we really appreciate your patience.

We are very grateful for your continued support and custom throughout 2023 and would like to wish you a very happy Christmas and and best wishes for the new year.



If you have any questions, please do speak with the project team,
or submit your questions to:

VESSELPROJECTTEAM@ISSG.CO.UK