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Sir Peter Hendy CBE
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Department for Transport
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By email to: ucr@dft.gov.uk

30th December 2020

Dear Sir Peter

Union Connectivity Review: response to the “call for evidence”

We write in response to the “call for evidence” [issued](#) on 16th November in respect of the Union Connectivity Review (UCR), which you are chairing. This submission is focused on connectivity between the Isle of Wight and the mainland, and represents our shared thoughts as the Island’s Member of Parliament and Leader of the Isle of Wight Council (IWC) (a county unitary authority) respectively.

We note that the UCR is looking at how connectivity between the nations of the United Kingdom can support economic growth and improve quality of life. From our perspective, the connectivity between the Isle of Wight – as the only English county which is physically separate – and the mainland is a significant issue for those living and working within the community we serve.

Having reliable and affordable means to cross the Solent is particularly important for those needing to access specialist healthcare treatment on the mainland. The other English islands accessible by sea, the Isles of Scilly, have arrangements in place – funded by the Cornish Clinical Commissioning Group (CCG) – that caps the cost of NHS-funded patient travel to the mainland at just £5. This is required by [The National Health Service \(Travel Expenses and Remission of Charges\) Regulations 2003](#). We have sought an extension of these arrangements to the Isle of Wight, but to no avail. Consequently, other than some Isle of Wight residents who meet the narrow definition of being on a low income and have such costs met, other residents who need to access healthcare treatment on the mainland – such as those with prostate cancer, who may need 40 trips — face difficulty in affording the associated and oft repeated costs. Consequently, despite some discretionary arrangements put in place by the cross-Solent operators, Isle of Wight residents are uniquely disadvantaged in having to meet the fluctuating costs for such journeys in order to receive vital healthcare. We consider this to be at odds with the NHS’s founding principle of being free at the point of delivery. Cross-Solent travel is also important for those accessing education (principally secondary, further and higher levels) on the mainland.

As we outline further below, with the exception of Northern Ireland (which is also physically separate), the issue of connectivity for the Isle of Wight is arguably more significant than those facing Wales and Scotland (which have seamless, free connections with England as a neighbouring nation).

In light of this – and the issues we outline – we respectfully ask you to consider the circumstances of the Isle of Wight (and its connectivity) in the UCR and make recommendations as to how the issues we raise could be addressed. In particular, we would welcome an explicit recognition of the Isle of Wight as an

included topic in your forthcoming interim report.

Having regard for the topics outlined in the “*call for evidence*”, this submission seeks to respond to the following questions which are relevant to the Isle of Wight and our circumstances. Links to relevant documents are included below, which should be read in conjunction with the narrative set out in the rest of this response.

1) If you represent a place, what is your current strategy for growing the economy and improving the quality of life there?

Please see: the IWC’s [Corporate Plan](#); the IWC’s [Our Plan for Growth](#); Bob Seely MP’s [Vision for the Isle of Wight](#).

1a) What is necessary to achieve this strategy and what evidence do you have that improved connectivity is needed in this instance?

Please see: [the Report of the Island Transport Infrastructure Task Force](#); [Evidence Based Assessment of Cross-Solent Ferry Operations](#).

7) Which specific journeys would benefit from new or improved transport links?

Vehicle and foot passenger services between mainland England and the Isle of Wight.

7a) What would be the benefits of improvements to these specific journeys?

Greater reliability, frequency and affordability of services, to put the Isle of Wight on a more equal footing with other parts of the UK.

7b) Are you aware of any work that has been done to assess the need or feasibility of improvements to all or part of these specific journeys?

Please see documents linked to under 1(a) above.

7c) How would the costs and benefits of the identified improvements be distributed?

The benefits would be enjoyed by all those who need to travel to and from the Isle of Wight, along with those who benefit from goods and services being transported to and from the Isle of Wight.

7d) How will demand for these journeys change in the future?

Demand is likely to increase in the longer-term (due to population growth), but in the short to medium term demand will continue to be suppressed by the impact of the pandemic and home working.

7e) In your opinion, what is the preferred means by which to improve these journeys?

See further below. There are two distinct main options, one of which (improving existing connections) is our preferred approach.

7f) What would be the environmental impact of improving these journeys in the way that you have identified?

It is considered that a fixed link from the mainland to the Isle of Wight is likely to have a greater adverse environmental impact than continued connectivity being provided by cross-Solent ferries.

7g) Are there any interdependencies with other policies that may impact the deliverability of the identified improvements?

The policies and formulas for the distribution of funding for public services would have to take account of whether the Isle of Wight remained an island accessible only by sea, as set out further below. At present, the Isle of Wight is funded as if it was part of the mainland, without any recognition of the additional costs associated with providing public services on a physically detached island. (Please see [Bob Seely MP’s Letter to the Prime Minister regarding an Island Deal](#) and other links further below.)

9) With reference to the unique geographical position of Northern Ireland, please set out how best to improve cross-border transport connectivity with other UK nations.

Whilst this is not immediately relevant to the Isle of Wight, we consider that issues of feasibility and need for a fixed link between Northern Ireland and Great Britain (as the terms of reference suggests) will be of relevance (albeit on a smaller scale) to the circumstances of the Isle of Wight and mainland

England.

Whilst the scope of the UCR includes all cross-border journeys (i.e. between the four constituent nations), we note that *“potential improvements or changes to transport links at any point on these journeys are in scope of the review and this call for evidence”*, and therefore connectivity from the Isle of Wight, via the English mainland, to Wales, Scotland and Northern Ireland is therefore relevant.

About the Isle of Wight and its connectivity

The Isle of Wight is the largest island in England and has, by far, the largest population of any island that is physically detached from the mainland. It is also the only island which is its own ceremonial and administrative county, with a unitary authority overseeing the provision of local government services. There is also a unique, integrated NHS trust providing physical, mental and ambulance services for the Isle of Wight. Fire and police services are operated locally but governed as part of wider arrangements with the neighbouring county of Hampshire.

Public transport to and from the Isle of Wight is provided by three principal operators:

- 1) **Wightlink:**
 - a. Vehicle and foot passenger service between Portsmouth and Fishbourne;
 - b. Vehicle and foot passenger service between Lymington and Yarmouth;
 - c. High-speed foot passenger service between Portsmouth Harbour and Ryde Pier Head.
- 2) **Red Funnel:**
 - a. Vehicle and foot passenger service between Southampton and East Cowes;
 - b. High-speed foot passenger service between Southampton and Cowes.
- 3) **Hovertravel:**
 - a. High-speed foot passenger service between Ryde Esplanade and Southsea Common.

Of relevance is that the routes referred to in (1) above were part of British Rail (the state-owned rail company) for many years, before being sold (as part of Sealink UK Ltd) to Sea Containers in 1984, who renamed the Isle of Wight operations as Wightlink in 1990. There have been a few changes of ownership since then, resulting in the current joint ownership (50:50) by Basalt Infrastructure Partners and Fiera Infrastructure.

(2) and (3) above have always been in private ownership, currently owned by the West Midlands Pension Fund / Workplace Safety & Insurance Board and the Bland Group respectively.

It is notable that the privatisation of the routes now operated by Wightlink took place without any form of regulation or public service obligation being placed on them. This is in sharp contrast to the privatisation of most of the rest of British Rail in the 1990s when franchises to operate routes were awarded to train operating companies (TOCs) and the infrastructure was placed under the management of Railtrack (now replaced by Network Rail). With the railways now transitioning to a new operating model of management contracts, there will soon be even greater divergence between these former different elements of British Rail.

Without any obligations or regulation (other than that relating to maritime law and safety policy, as overseen by the Maritime and Coastguard Agency) existing, these three operators provide cross-Solent vehicle and passenger services entirely at their discretion. As private companies, their principal focus will understandably be in meeting the expectations of their respective shareholders – particularly for (1) and (2) above (given the nature of their ownerships). In our considered view, this will almost always result in operational decisions being made that prioritise the interests of shareholders above those of their customers. Given the essential / lifeline nature of these services – i.e. in providing connectivity between the Isle of Wight and mainland England – we consider this to be an unacceptable model. Indeed, it could be argued that the Isle of Wight, as a county, is in a uniquely disadvantageous position in the UK in having its connectivity entirely at the discretion of unregulated, privately-owned operators who are ultimately not formally answerable for their operational decisions to anyone but their shareholders.

The impact of the pandemic

Whilst the issues we have set out above have existed for a number of years (and there has been increasing public concern about the way cross-Solent connectivity is provided and operated), the coronavirus pandemic has resulted in a renewed focus on the unacceptability of the current set-up.

On 28th March, [The Competition Act 1998 \(Solent Maritime Crossings\) \(Coronavirus\) \(Public Policy](#)

[Exclusion\) Order 2020](#) came into force. This allowed Wightlink, Red Funnel and Hovertravel to work together in respect of timetables and routes during the defined “*crossings disruption period*”. This resulted in the Isle of Wight Transport Infrastructure Board (TIB) (a non-statutory body with no legal standing) working with all three operators to agree how services would be provided throughout this time, with minimum services, as specified in a [letter to the Government](#) on 31st March. Subsequently, on 24th April, the Government [announced](#) that up to £10.5 million would be made available to support lifeline transport links to the Isle of Wight (as well as the Isles of Scilly).

These steps were – and remain – very significant, in that they amounted to an formal recognition by the Government that cross-Solent transport provision was of such vital importance to ensuring travel to and from the Island (and the supply of goods and services) that (a) legislation was required to allow co-operation between operators and (b) the routes had to receive public funds in order to ensure their continued operation. Clearly, we welcomed this intervention from the Government, as it showed how important connectivity between the Isle of Wight and mainland England is.

Over the past few months, as the country has come in and out of national and local lockdowns (including the different tiering affecting locations on both sides of the Solent), all three operators have continued to make substantial changes to their service provision. At the height of the first lockdown, 1(b), 1(c) and 2(b) (as referred to above) all ceased to operate, leaving only 1(a), 2(a) and 3(a) operating on significantly reduced timetables. Whilst a significantly fewer number of sailings did broadly match the substantially reduced demand at the time, those needing to travel to and from the mainland faced considerable difficulties in doing so.

This was particularly the case in relation to 1(c) – the high-speed foot passenger service between Portsmouth Harbour and Ryde Pier Head. The service is, for all intents and purposes, part of the National Rail network. It provides direct connectivity between Ryde Pier Head railway station and Portsmouth Harbour railway station, with a number of stations beyond these in each direction. Such is the importance of this route that Network Rail (under your chairmanship) will be spending millions of pounds over the coming years in maintaining and strengthening Ryde Railway Pier to ensure that Island Line trains (which are also being upgraded) can continue to reliably meet this cross-Solent service.

However, the suspension of Wightlink’s service between Portsmouth Harbour and Ryde Pier Head during the first lockdown (and subsequently during the November lockdown) effectively rendered this part of the rail network unusable, putting passengers who rely on this route in a uniquely disadvantageous position compared to other rail users in the UK. Whilst Hovertravel continued to provide foot passenger services which allowed its customers to reach Ryde Esplanade and Portsmouth & Southsea railway stations (albeit with a connecting bus at the latter end), this provides far less practical connectivity than Wightlink’s route (and of course also misses out some of the rail network in doing so). The Hovertravel route also has limited capacity and reliability – as evidenced during periods of bad weather in November when passengers needing to reach Portsmouth had to travel via the Fishbourne car ferry.

As referred to above, Government funding was made available to support the continued operation of rail routes across the country during the pandemic, as well as cross-Solent ferry services locally. It is unfortunate that a route (Ryde Pier Head to Portsmouth Harbour) which relates to both of these (i.e. cross-Solent and rail) was not factored into these arrangements to ensured continued operation.

Another shortcoming arising out of the pandemic measures was how the Coronavirus Job Retention Scheme (CJRS) effectively disincentivised ferry operators from running services. Essentially, during periods of lockdown, furloughing salaried staff was more financially attractive than having them come into work to operate services with reduced footfall and trading income. So, effectively, public money was being used to support the cessation / reduction of services, thereby resulting in diminished provision for the travelling public. Although nothing can be done about this now, clearly there are lessons to be learnt from how such schemes – whilst necessary – can have unintended consequences when made available to private companies who operate in an unregulated public transport model. It would perhaps have worked more effectively if some flexibility had been introduced to the CJRS that allowed staff in businesses which provide essential / lifeline transport to continue working whilst being in receipt of furlough money for this time when they were working. In contrast, we are not aware that the CJRS itself contributed to a reduction in railway services. Decisions in respect of service levels for the latter were clearly made with direct input from the Department for Transport as the franchising authority. This situation once again highlights the disparity between the operation of cross-Solent public transport and the UK’s railways.

Having regard for all of the above, we consider that the impact of the pandemic – and the resulting measures which were required to keep cross-Solent transport services running – represents a watershed

moment. For the first time, the Government has acknowledged, through its interventions, the essential / lifeline nature of these services to the Isle of Wight community. In light of this, we firmly believe that it is now both timely and necessary for the UCR to look at the future of cross-Solent travel and what steps might be taken to improve connectivity between the Isle of Wight and the mainland. When the pandemic has ended, we should not return to the “old normal” of having the Island’s connectivity entirely at the discretion of privately-owned companies. We must work towards a more sustainable and public-orientated approach in the future, which has proper regard for the essential / lifeline nature of these crossings. With the railways now transitioning – post-pandemic – to a new, more accountable operational model, we should look to do the same with our ferry services.

The future of cross-Solent connectivity

As referred to further above, we consider that the county of the Isle of Wight is uniquely disadvantaged by the unregulated nature of its cross-Solent public transport provision. Not only does this contrast unfavourably with the railway network, it is also in a worse position than other islands within the United Kingdom. As the UCR refers to the Government’s commitment to “*levelling up by addressing the causes of regional inequality across the UK*”, we consider it is important to compare the Isle of Wight’s connectivity with other major islands across the nations:

- 1) In Wales, Ynys Môn (Anglesey) is served by two bridges. These are free to use.
- 2) In Scotland, the Isle of Skye is served by one bridge. This has been free to use since 2004.
- 3) In Scotland, a number of islands (including Na h-Eileanan Siar (the Outer Hebrides / Western Isles), some of Na h-Eileanan a-staigh (the Inner Hebrides) and Arran) have ferry services subsidised by Transport Scotland (the Scottish Government’s executive agency for transport), with a [Road Equivalent Tariff](#) (RET) policy in place. RET is a distance based fares structure, with one overarching fares policy being applied across all ferry services which are part of the scheme. The RET formula for calculating fares is a combination of a fixed element (to ensure services remain sustainable and to cover fixed costs such as maintaining harbour infrastructure and vessels) and a rate per mile (calculated by Transport Scotland analysts using contemporary independent research by the RAC). The RET formula is reviewed annually by Transport Scotland. Interim subsidy arrangements are [also in place](#) for ferry services to and between the Northern Isles (Orkney and Shetland), ahead of the intended introduction of RET. More information regarding these various arrangements can be found on a [dedicated page](#) on Audit Scotland’s website.

Clearly, (3) above is made possible because the routes to which RET applies (or is intended to apply) have contracts to run the services awarded by the Scottish Government:

- Caledonian MacBrayne and Argyll Ferries (subsidiaries of holding company David MacBrayne, which is owned by the Scottish Government);
- NorthLink Ferries (owned by Serco) – recently [re-awarded](#) to serve the Northern Isles (with a subsidy in place).

The current ownership structure of routes serving the Isle of Wight does not allow for this, but given that this year we have seen – for the first time – the Westminster Government introduce legislation to intervene in the cross-Solent travel market, there is now a precedent which could justify further intervention. We would like the UCR to look specifically at what could be done in this regard. The pricing of cross-Solent travel (particularly for vehicles) is a particular concern for Isle of Wight residents and businesses, so exploring how and whether we could transition to a RET policy (or some form of subsidy) would certainly be welcome. We note that these Scottish ferry services are subsidised by the Scottish Government (to the tune of £169 million annually, along with £41 million of capital expenditure, according to [2017 figures](#)). Furthermore, we note that the Scottish Government receives much of its funding through the Barnett Formula. In light of the latter, it is only right that the Westminster Government looks at what public subsidy is made available for Scottish ferry services and seeks to take a commensurate approach for ferry services in England (for both the Isle of Wight and the Isles of Scilly).

It is not our intention, through this submission, to set out a detailed solution for how cross-Solent connectivity could be improved. Clearly, taking an unregulated, privately-owned operating model and transitioning it to a set-up which has at least some public accountability is easier said than done – and we note that in the 20+ years during which there has been increasing public dissatisfaction with the current arrangements that none of the governments during this time (Labour, Coalition and Conservative) have made a meaningful intervention in respect of cross-Solent connectivity. That is why we are now looking to the UCR to look afresh at what could be done, post-pandemic, and make recommendations accordingly.

Having regard for the models in place in Wales and Scotland, we consider there are two distinct approaches which could be taken to transform cross-Solent connectivity in a meaningful sense:

- 1) To develop a new regulatory and governance model for how some or all of the existing routes operate. This could range from a form of voluntary / opt-in regulation (where the existing operators agree to provide minimum service levels on their routes, and ideally with some controls over pricing) to full nationalisation (where the routes become state-owned). We are not advocating any particular solution, but clearly any model which moved our services closer to the RET approach would be welcome. We are asking the UCR to consider what might be achievable / desirable in the short to medium term, and then as a long-term solution which could be transitioned to.

In terms of an over-arching policy objective, we are keen to see the routes treated as if they were part of the wider transport networks to which they connect. So, in the case of the routes which carry vehicles (to Portsmouth, Southampton and Lymington), the aim should be to see them being treated – as practically as possible – as if they were part of the road network (albeit potentially with a toll, as per RET or similar). In the case of the routes which carry foot passengers (connecting to Portsmouth Harbour, Southampton Central and Lymington Pier railway stations – the latter being the same service as that which carries vehicles), they should be treated – as practically as possible – as if they were part of the National Rail network. Many trips on these foot passenger routes form part of wider journeys on trains, made possible by integrated ticketing.

- 2) To seek to establish a fixed link (bridge or tunnel) across the Solent, for road vehicles and / or trains. If such a fixed link was established, it is expected that tolls would be applicable, given the construction costs involved and the length of the route required.

In noting the possibility of a fixed link as a potential solution, we are not offering a particular view here as to the merits (or otherwise) of such an approach. Our own views regarding a fixed link are a matter of public record. Notwithstanding the latter, we consider it is right that the possibility of establishing a fixed link between the mainland and the Isle of Wight is looked at as part of the UCR. In particular, if it is decided that a fixed link is worthy of consideration, it would be necessary for a feasibility and impact study to be undertaken. The feasibility aspect would look at whether such a link would be viable and practical, and if so, how. The impact aspect would assess the potential impact of such a link on the Island's environment, character and public service provision (more on the latter further below).

Determining the way forward

As we have set out, we are firmly of the view that the Island's uniquely disadvantageous position – in terms of connectivity with mainland England – is one which must be addressed. In many respects, it has a greater sense of urgency and importance that connections from England into Wales and Scotland (which remain unfettered and free on a series of public roads and uninterrupted railways). If the UCR is to focus on improving connectivity across all parts of the United Kingdom, it should principally look at how mainland Great Britain connects to (1) the six counties of Northern Ireland and (2) the county of the Isle of Wight. Only by seeking to significantly improve connectivity between mainland Great Britain and these seven counties can we become a truly United Kingdom, levelling up the connectivity of these counties to the rest of the country.

In terms of the Isle of Wight, we consider that the two distinct approaches we have outlined above (improved cross-Solent ferry operations or a fixed link) could not be more different in terms of their likely impact, cost and nature. A fixed link would have a transformational impact on the Isle of Wight, and would allow the Government to treat the Island (from a public funding perspective) as any other administrative part of mainland England (albeit with a toll cost associated with accessing it). For example, the Isle of Wight's hospital (St Mary's) would almost certainly be downgraded (in terms of the breadth of services it provides) to reflect what would be commensurate for an equivalent population in part of mainland England.

In the absence of a fixed link, we remain of the view (as we have set out extensively to Government over the past 18 months) that the additional costs associated with providing public services on an Island separated by sea should be factored into our funding settlement (such as for local government, health and emergency services). The need for this has already been recognised by the Government, when (in December 2018) it [published](#) its response to the consultation on the Fair Funding Review:

“Some local authorities will face unique cost pressures related to their geography; such as the costs associated with providing services on an island, or to a widely dispersed population in rural areas. The government will therefore consider how the Area Cost Adjustment could be updated and

improved to better reflect these sources of differences in costs.”

“The Isle of Wight is a uniquely isolated and remote authority as it is only possible to reach a major town or city from households on the island via a ferry journey. The government therefore considers it necessary to take account of the additional time taken by ferry transport in any measure of remoteness, including the time taken on board the ferry and at embarkation and disembarkation.”

Part of our earlier submission to the Government in support of the Island’s case was a detailed assessment undertaken by the University of Portsmouth on the subject of *“the Impact on Physical Separation from the UK mainland on Isle of Wight Public Service Delivery”*. (Please see reports [phase 1](#) and [phase 2](#).) As the phase 2 report set out:

“We estimate that the Isle of Wight Council needs to spend an additional 3% on public service provision as a result of being an island.”

As the analysis sets out, that additional 3% was – in 2015-16 figures – a sum of £6.4 million, which is equivalent to four times the amount of Rural Services Delivery Funding that North Yorkshire receives, or almost 4.5 times the amount received by Devon. Whilst it is right that these rural local authorities receive this additional funding, the ongoing delay in the implementation of the Fair Funding Review has meant that there has not yet been a commensurate adjustment for the Isle of Wight. Similar factors are applicable to the additional costs of providing healthcare services on the Island.

Having regard for the above, there does appear to be two distinct ways forward for the Government in ensuring that its *“levelling up”* agenda reaches the Isle of Wight through improved connectivity and increased prosperity:

- 1) To make (a) funding available for a new regulatory and governance model for existing cross-Solent connectivity (with subsidies and public service obligations, where needed, to ensure minimum levels of service); and (b) appropriate, additional funding available to ensure that the provision of public services on the Isle of Wight is equal to that enjoyed on the mainland.
- 2) To continue with the arrangements set out in (1) above, unless the case is made (and funding made available) for constructing a fixed link between mainland England and the Isle of Wight – and then adjusting the ongoing funding model accordingly once such a fixed link was in place.

We consider that, on balance, the expenditure required to establish a fixed link between mainland England and the Isle of Wight would likely be far in excess of the costs involved with making a meaningful intervention in existing cross-Solent connectivity and providing additional funding available for public services, even over many years. On this basis, our preference would be to see (1) above as the best way forward to significantly improve cross-Solent connectivity and help level up the Isle of Wight’s economy and prosperity with neighbouring parts of the mainland, whilst maintaining its distinctiveness and unique character. Nevertheless, if the UCR considers that the concept of a fixed link merits further consideration, we would ask the Government to make funding available for a feasibility and impact study. In the meantime, (1) above should proceed in earnest to avoid the Island’s uniquely disadvantageous position on connectivity continuing any longer than necessary. The Isle of Wight needs to make a strong recovery from the impact of the coronavirus pandemic, and improving connectivity and public service funding will make a real difference in achieving this.

We trust this submission is helpful and look forward to reading your interim report early in the New Year. Whilst appreciating that you will be examining a wide range of issues relating to the UK as a whole, we would welcome the opportunity to discuss our evidence with you – and how our aspirations for improved cross-Solent connectivity might be taken forward.

With best wishes



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