Council of the ISLES OF SCILLY

Soft Market Test for:

Isles of Scilly Sea Links Project

Response Date: 31 October 2023

Publication Date: 20 September 2023

Version: v2.0

Document Date: 20 September 2023

1. INTRODUCTION

THIS IS NOT A CALL FOR COMPETITION.

This is a soft market test seeking the market views regarding the future Isles of Scilly lifeline sea link services. The document is managed through the Council's e-Tender platform and published under the main CPV code: 98360000 – Marine Services under the principles of the Public Contract Regulations 2015.

The Isles of Scilly Sea Links project is a once-in-a-generation programme to deliver lifeline sea link service through Government-backed Levelling Up funding. The programme is entering a key phase to obtain market information before a full public sector procurement.

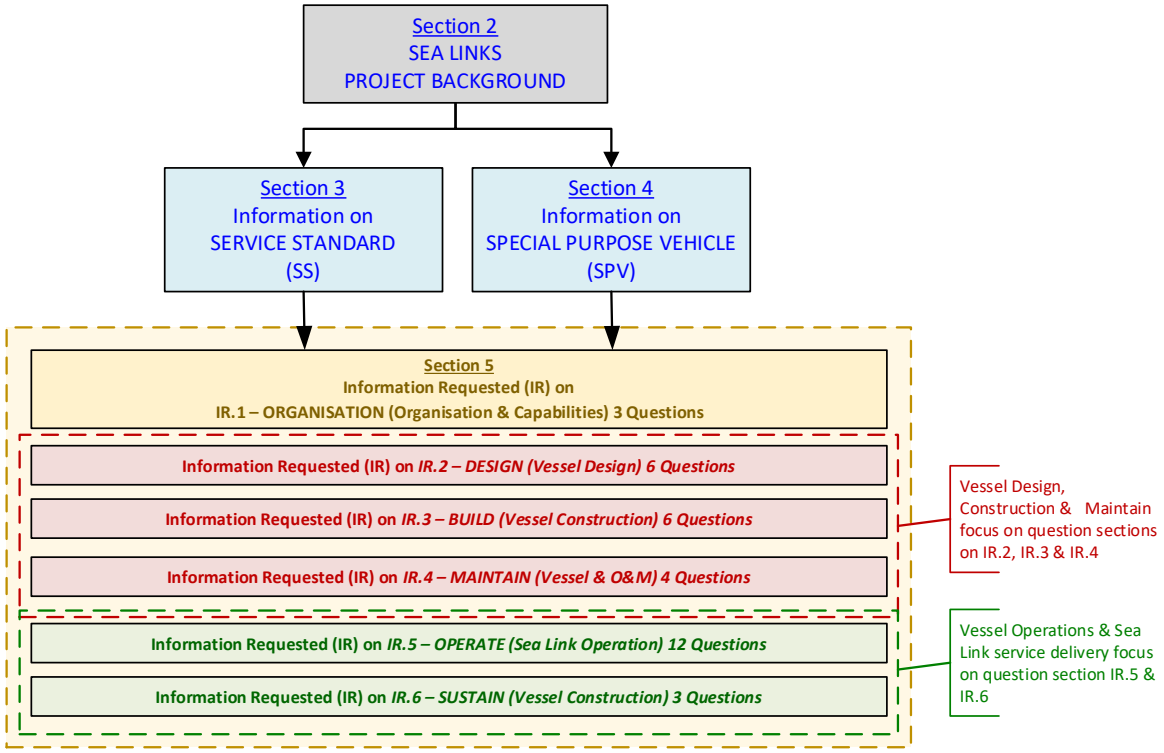
A mechanism has been agreed by which the Government can release the £48.4m of funds to the Council of Isles of Scilly to deliver new vessels and operate the sea link services. The project must identify a new operator and vessels through a public sector-compliant procurement strategy. The Council for the Isles of Scilly (CIoS) is required to complete a full outline business case to secure the funding.

To inform this business case fully, CIoS is conducting a soft market assessment to gain an understanding of the potential level of interest across the private sector. This SMT sets out a series of information requirements/requests from interested suppliers that will be used to identify risks at the earliest opportunity, promote innovation, encourage a positive relationship with suppliers, gather informed market intelligence and determine the potential level of competition, allowing better resource planning.

Scope of the SMT:

a) Provides participants with sufficient information to inform the client on market intelligence.

b) The Sea Links SMT is set out as follows:



The responses supplied are intended to enable the Council to develop a business proposal. Any future proposal development would be subject to the outcome and approval of the Department for Transport business case, and, as such, this exercise implies **no commercial commitment**. This is not a formal tender document.

Participation in this soft market assessment will not prejudice suppliers participating in any future procurement.

If you are interested in this area of asset supply and service provision and also helping with our assessment of the market, please complete section 5, "Information Required & Requested" section at the end of this notice along with any additional information you consider to be relevant and return this via the email or Council Portal by no later than **Tuesday 31 October 2023 at 17:00 hours**.

Participants will be offered the opportunity to visit or have virtual meetings with the Penzance and St. Mary's harbour authorities, a guided tour of the facilities, meeting with elected members and, the business community representatives and the project team. Arrangements to be individually arranged.

Following the assessment of the return market intelligence from participants, a report will be taken to the Council for the Isles of Scilly on **16 November 2023**.

All correspondence and enquiries should be directed to:

Name: **Mr Keith Grossett**

email: **procurement@scilly.gov.uk**

2. BACKGROUND

In 2021, the Isles secured Levelling Up Fund support for proposals to transform its shipping transport system by investing in more reliable and affordable services that improved comfort, convenience and connectivity, sustained economic activity and visitor numbers, and reduced carbon emissions.

The Sea Links project was established to explore the options for delivering modern maritime vessels and services and establish a pipeline to access the LUF funding that has been set aside until April 2025.

Working with the Department for Levelling Up, Housing and Communities (DLUHC) and the Department for Transport (DfT) it was agreed that an approved full business case would be required as the mechanism for funding access.

Developing the evidence to make a compelling case for the investment remains a challenge without commercial input.

The soft market test questions are open and encouraging for the sector to share thoughts on the potential and variety of approaches that would deliver the wide-ranging economic, social and environmental outcomes envisaged. In doing so provide critical inputs into the business case.

3. SERVICE STANDARDS

The Isles of Scilly are situated 28 miles southwest of Lands' End and are a group of approximately 200 low-lying granite islands and rocks. The Duchy of Cornwall owns most of the Isles of Scilly with some freehold land on St Mary's, concentrated primarily in Hugh Town. The whole island of Tresco is let on a long-term basis to the Tresco Estate.

The Isles of Scilly are connected to the mainland UK and the broader economy through air links with Lands' End, Newquay and Exeter and sea links with Penzance. These lifeline links are vital for the island's economy and the long-term sustainability of the island's community. The following information outlines some of the key metrics associated with the Sea Links project:

Current Operation & Vessels

Operator:

Isles of Scilly Steamship Company

Vessels:

Principal passenger ferry vessel – Scillonian III (Built 1977 – Refit 2013) *Length 68m, Width 11.9m, Draught 3.2m & Gross tonnage 1,346*

Principal Cargo vessel – Gry Maritha (Built 1989) *Length 37m, Width 9m, Draught 3.4m, Gross tonnage 1,346 & Carrying Capacity 528t DWT*

Inter-Island cargo launch - Lyonesse Lady (Built 1991) *Length 16m & Width 6m*

Sea Links Core Service Standards (minimum)

Freight cargo sailings - 3 days per week all year round. The maximum tonnage of freight which needs to be transported in the year is on average – 14,000 tonnes.

Passenger capacity - carry a minimum of 485 passengers for 8 months of the year plus also carry cargo.

Passenger profile tables[1]

YE2017	113,513	YE2021[2]	42,885
YE2018	122,381	YE2022	110,414
YE2019[2]	123,238	YE2023	
YE2020[2]	110,355		

Notes

1. Passenger profile source Company House data IoSSG (Isles of Scilly Steamship Group)

2. COVID-19 impact, support grants provided by DfT during the pandemic and recovery - In terms of all operators, the Council of the Isles of Scilly had a £9.7m allocation. Approximately £7.5m was drawn down by the Council, with £5.06m of funding support being provided to the Steamship Group.

Key IoS metrics

Census 2021 - Island population: 2,100 (Office for National Statistics)

85 years & over	**3.8%**
75 to 84 years	**10.8%**
65 to 74 years	**13.5%**
50 to 64 years	**21.9%**
35 to 49 years	**18.4%**
25 to 34 years	**10.4%**
16 to 24 years	**5.4%**
15 years & under	**15.8%**

Island Economy:

Hospitality (Accommodation & Food Services)	**41%**
Agriculture, Forestry & Fishing	**8.5%**
Retail	**8.5%**
Transport & Storage	**8.5%**
Public Administration & Defence	**7%**

Economy Seasons –

Spring period – March, April & May
Summer period – June, July & August
Autumn period - September, October & November
Winter period – December, January & February

Significant Events - World Gig Championship (annual April/May)

Key IoS metrics

The scope of the Sea Links project is to fund the building of new vessels. Depending on the vessel design requirements, harbour improvements may also be required so that the new vessels can operate safely and efficiently.

The potential infrastructure alteration may cover the provision of an electrical supply to allow hybrid and full electric vessel operation should the Green Technology power plant be introduced, essential freight storage works required for the new vessels at St Marys Quay and New Grimsby Quay (Tresco), and essential harbour works to enable passenger accessibility.

Harbour improvements are required so the new vessels can operate safely and efficiently. These must cover an energy supply to allow alternative fuel vessel operation, essential freight storage works required for the new vessels at St Marys Quay and New Grimsby Quay, and essential harbour works to enable passenger accessibility.

	Energy supply arrangements for the vessels will be dependent on types and subject to commercial contracts with providers. The new vessel and quay works will have step-free access, disabled lifts to all decks, improved luggage handling facilities and quayside ramps, which will help rectify this inequality. Harbour supplemental information https://www.cornwallharbours.co.uk/wp-content/uploads/2022/03/Penzance-Harbour-Byelaws_Web.pdf
Key IoS metrics	2023 Tidal Information https://www.cornwallharbours.co.uk/wp-content/uploads/2023/01/Truro-Tide-Tables-2023-final-proof.pdf Sailing times will need to be scheduled based on vessel draught and tidal times.
Island Partnership	The majority of the Isles of Scilly is owned by the Duchy of Cornwall. The Islands' Partnership is supported by its members and strategic partners to grow the value of the visitor economy across the islands – https://www.visitislesofscilly.com/islands-partnership-industry-and-media/strategic-partners
Transport Focus survey	2022 transport survey of residents and businesses. https://www.transportfocus.org.uk/publication/travel-between-the-isles-of-scilly-and-the-mainland-research/

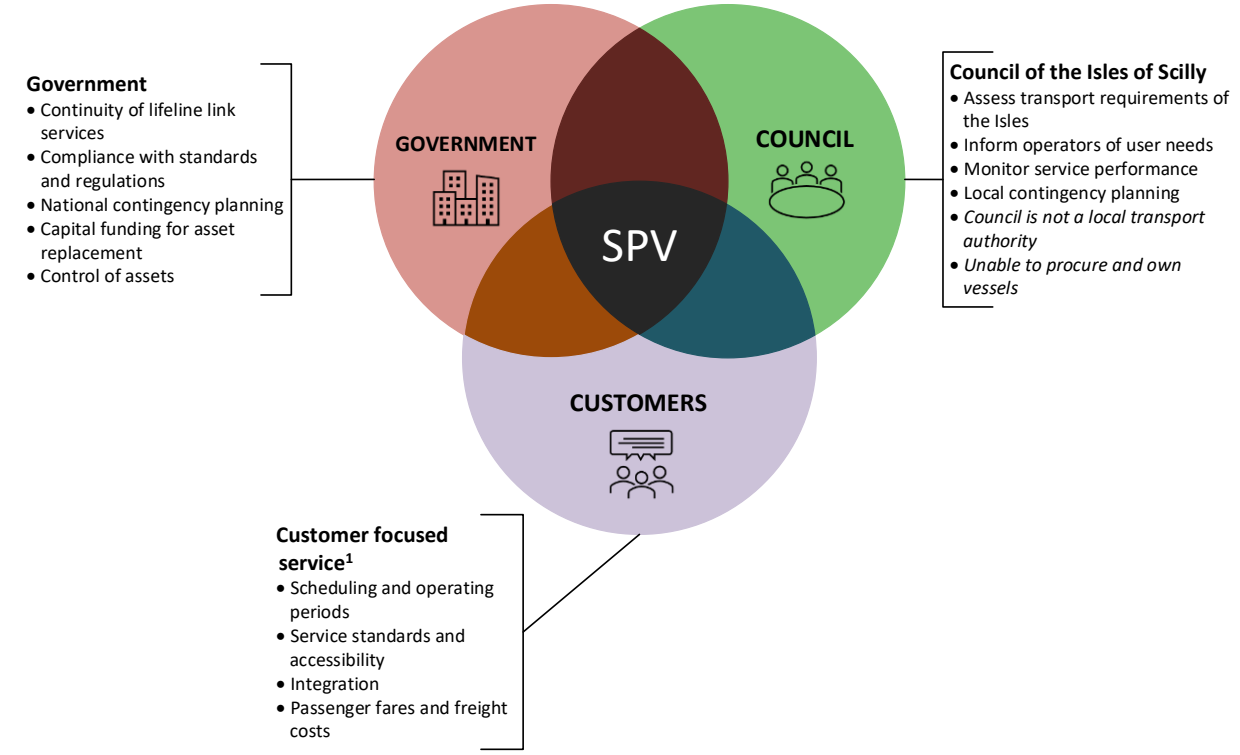
4. SPECIAL PURPOSE VEHICLE (SPV)

Need for a Special Purpose Vehicle (SPV)

The main challenges are that there are Government regulations defining how the Levelling Up grant can be allocated, whilst the size of the Council of Isles of Scilly has specific restrictions and there is a need for commercial ferry service expertise to provide a commercially viable service result.

- The commercial model which is required for the Sea Links project must: -
- Control the use of the vessels which are bought through public funding.
- Provide a regular and affordable lifeline service.
- Be lawful.
- Achieve Value for Money.
- Structure a commercial arrangement that mitigates risks and does not cause accounting difficulties for the Council.
- The financial size of CIoS means it cannot own vessels due to the financial risks.
- Protect against the risk of insolvency of the operator. Maintain proportionate subsidies.
- Hold vessel ownership so that the vessels are tied to the route.

DfT believes that following their internal and external options assessments a SPV is the only way to transfer the funds for the sea links project. An SPV mechanism will be introduced to meet ALL of the key stakeholders.



[1] List needs to reflect the results of the Transport Focus survey.

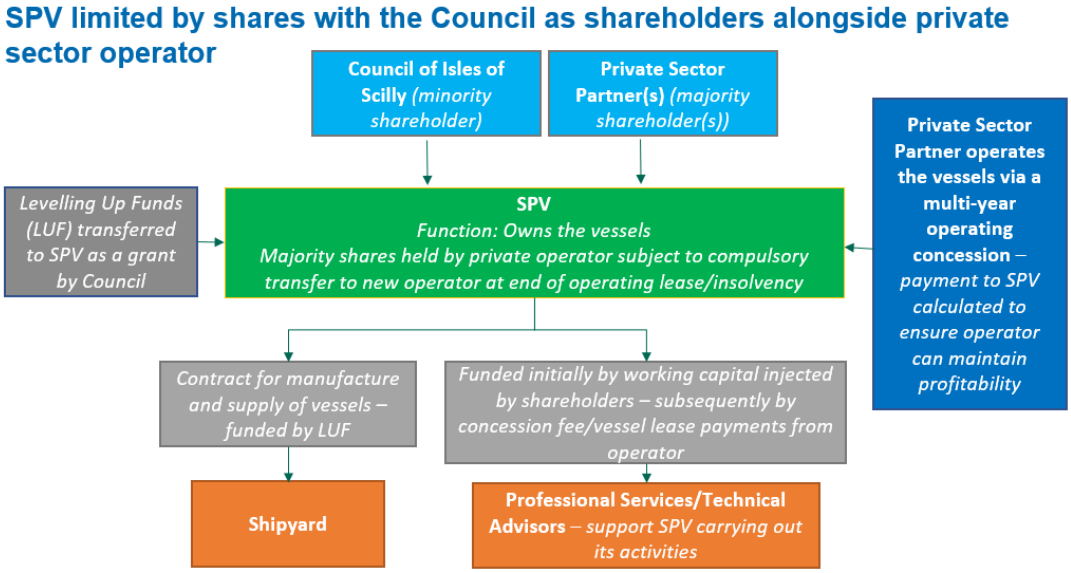
The Special Purpose Vehicle model

The model proposed is to establish a Special Purpose Vehicle. This is a limited company set up with a special purpose and has defined regulations for the company's operations within the company's articles of association. All members and company officers (directors and secretaries) must comply with the articles.

The SPV Limited company will own the vessels. The Council will hold a minority 9% shareholding below the threshold to appear on the Council's financial reports. 91% of the SPV shares will be held by the SPV partner procured through competition. The limited company's articles of association would differ from a standard limited company giving the Council, as a minority shareholder, control over reserved matters to influence aspects of the company decisions towards service delivery and fares and freight charges, but the Council would not influence the services putting at risk the viability of the SPV model. The SPV partner will direct the company to meet the minimum service needs of the islands, bring fresh ideas to improve services and direct the company to be commercially viable.

The Council can complete agreements to transfer the levelling-up fund to the SPV. The SPV partner is also likely to be the operator of the new vessels, and their expertise would be used to produce the vessel designs for either new vessel designs or adaptations of existing vessel designs.

The SPV would then be able to procure the new vessels following public procurement regulations and finally put the vessels into service, operated by the private sector partner.



The SPV would not operate the vessels but contract with the SPV partner's ferry operations company as a private sector partner for a contract period. The SPV charges the ferry operator a flexible annual lease charge to ensure that the operator remains viable irrespective of economic conditions whilst retaining a proportion of the profits into a fund held by the SPV. This fund would be used for future transport costs, including significant refits, but it is recognised that it will not be sufficient for the total costs of future vessel replacements. Future Government capital contributions will be required to sustain the model.

This financial model provides a way to discount fare and freight charges using capital investment.

5. INFORMATION REQUIRED & REQUESTED

Participants are encouraged to respond to all the Soft Market Test (SMT) questions. Without prejudice, information from the SMT exercise will be used as business intelligence to inform or update business cases, allowing the contracting authority to finalise a procurement strategy and complete its Outline Business Case submission.

The format for each question is exploratory and in the format of:

Requested Discipline (IR ref)

> **-> Topic Question**
>
> > **-> Benefits** *(Information that demonstrates project ambition)*
> >
> > **-> Guidance** *(Information on the type of market response being sought)*

Participant Information request

The Soft Market Test (SMT) questions have been developed to complete the business case under two workstreams.

a) **SMT SL1 – Vessel Design and Construction**
Complete Topic questions IR.1 - Organisation, IR.2 – Design, IR.3 – Build & IR.4 - Maintain

b) **SMT SL2 – Vessel Operations and Sea Links Service**
Complete Topic questions IR.1 - Organisation, IR.5 – Operate & IR.6 - Sustain

To focus on and maximise the market intelligence potential for the SMT, the Council has assessed each participant's business acumen or specialism and provided that particular SMT workstream. Should the participants feel they can contribute to the workstream they are not in possession of, don't hesitate to contact the Council for a copy.

Participants are encouraged to limit their responses to 6 sides of A4 for each question.

IR.1 - ORGANISATION (Organisation & Capabilities) - 3 Questions

ORGANISATION & CAPABILITIES – QUESTION 1 – Integrated approach & delivery

QO.1 – The Council of Isles of Scilly (CIoS) intends to procure a single provider approach for its IoS Sea Links Project based on the Sustain, Design, Build, Operate & Maintain (SDBOM) requirement. Suppliers and providers are invited to consider and provide their views on this approach.

BENEFITS

- Early award of the future operator allows strategic partner ownership to set up as a single controlling mind for the programme.
- Strategic Partner enables a single point of control and accountability for delivery.

GUIDANCE

In their response, participants are requested to consider the following:

- Benefits of an integrated approach to SDBOM and any key risks and mitigations.
- Consider how the programme could be delivered through a Special Purpose Vehicle (SPV) as detailed in section 4 of this SMT document.
- Participants are requested to provide examples of working under an SPV and Integrated delivery principles as detailed in section 4 of this SMT document.

ORGANISATION & CAPABILITIES – QUESTION 2 – Future vessel ownership

QO.2 – The Sea Links Project is provided through the Levelling Up Fund (LUF), focusing on delivering and introducing new vessels for the IoS lifeline service. With vessel investment outlined to be provided through the LUF funding, CIoS is looking to set up a single entity (SPV) to manage the assets and direct the operation of the vessels through a commercial arrangement, as detailed in section 4 of this SMT document.

GUIDANCE

In their response, participants are requested to:

- Provide examples of previous experiences working in or as part of an SPV arrangement and any issues that can be recommended to avoid.

- Consider scenarios and risk-share approaches that would be acceptable from their commercial perspective.

ORGANISATION & CAPABILITIES – QUESTION 3 – Strategic partner

QO.3 – The CIoS is looking for a strategic partner who exhibits certain behaviours and values that will contribute towards the success of delivering the Sea Links Project; the participant should describe their ability to achieve this.

BENEFITS

- To assure the participant has an established and ongoing partnership and professional commitment.

GUIDANCE

Describe how your practices will work with us:

- Collaboratively and flexibly in programme delivery.
- Confident professionals, trusting and trusted.
- Open and honest with industry partners while listening and learning from them.
- Working with the Council to deliver a commercially viable operation.
- Ambitious solution-oriented champions of the best ideas for delivery of the vessel & services.
- Organisations' capabilities to deliver and manage the Sea Links Project.

IR.2 - DESIGN (Vessel Design) - 6 Questions

VESSEL DESIGN – QUESTION 1 – Optimum vessels for sea link operation

QV.1 – The Isles of Scilly mainland and inter-island services are delivered by four vessels, 3 of which are end-of-life. The service requirements (SMT section 3) identify the need for the following:

1) Passenger transfer for the Penzance – Isles of Scilly route.
2) Freight transfer for the Penzance – Isles of Scilly route.
3) Inter-island freight transfer between St Mary's and the Off-Islands.

- Participants are encouraged to consider and advise on the optimum number of vessels to sustain the sea link services based on passenger & freight metrics and vessel and quayside limitations.

- CIoS seeking all-year passenger capability.

BENEFITS

- Design review to consider new and improved options for service delivery, improved resilience and where a single type is introduced for efficiency of operation and maintenance.
- Operational re-model opportunity and new service marketing & launch.

GUIDANCE

- Design considerations should cover fewer vessels of the existing type for alternative increased mixed cargo and passengers.
- Suitability for increased sailings, extended seasonal & winter sailings, faster crossings, and bi-directional.

VESSEL DESIGN – QUESTION 2 – Vessel environmental benefits realisations and introduction

QV.2 – Considering the optimum number of vessels to deliver the core Sea Link services, including growth opportunities. Participants are invited to outline the environmental considerations (Credentials) that should be implemented into the new vessel design to increase efficiency & productivity whilst decreasing energy/ fuel use and carbon emissions.

Set out the benefits realisation with each green technology element and any considered savings in either emissions or operating costs.

BENEFITS

- Green technologies will improve the journeys' efficiency while minimising the environmental impact.

GUIDANCE

- Please describe how the green credential considerations in your designs will support the net zero carbon target by 2050.
- Set out options for introducing the green technologies in stages over time through the refit milestones that will allow improvement and a balanced investment profile.

VESSEL DESIGN – QUESTION 3 – Vessel design "Off-the-Shelf" or "Bespoke."

QV.3 – Having considered the optimum number of vessels to deliver the core Sea Link services, participants are invited to outline the concept design principles for the new vessels considering any limiting factors such as keel depth, quayside requirements, power plant, etc.

BENEFITS

- Vessel delivery may be shortened based on the level of alteration or complexity of the bespoke design

GUIDANCE

- Participants should outline proposals where standard or "off-the-shelf" vessel concept designs to suit the Sea Link programme needs.
- Where no "off-the-self" design is suitable, set out the timeline and outline requirements that should be included in the final design specifications for the ocean-going services.
- Participants are invited to outline their organisation's capabilities and capacity to undertake the vessel designs. Where they are a single operator, outline any consortium approach providing references where they may have already delivered similar programmes.

VESSEL DESIGN – QUESTION 4 – Vessel asset life cycles

QV.4 – Participants are invited to set out the vessel asset lifecycles, including significant maintenance or refit milestones. The information provided by the participant will be used to consider the potential operational contract period and align the milestone requirements with future capital funding profiles

BENEFITS

- Service contract periods set to include future significant vessel milestone events.
- Operator will manage and coordinate asset milestone events without losing lifeline services.
- Single point of contact for maintenance shipyards.

GUIDANCE

- Based on the vessel selection and operation, participants should identify budgetary estimate expenditure for each maintenance milestone.
- Identify potential maintenance shipyards, locations, and timescales vessels that will be out of service.
- Outline how the asset maintenance milestones may be scheduled to minimise the lifeline service impact.
- Include options for introducing the green technologies and any potential expenditure costs, including benefits that may be realised or balanced against service improvements

VESSEL DESIGN – QUESTION 5 – Passenger comfort

QV.5 – Passengers' comfort has an increasing impact on the operating revenues in both the short term and the long term, improved passenger experience as a factor relating to comfort levels balanced against price. Participants are invited to set out the measures they would incorporate to increase passenger comfort and accessibility.

BENEFITS

- Factors may include more than ship motion and the ambient environmental conditions, such as excessive vibration, noise, digitised boarding, and cargo loading.

GUIDANCE

- Measures should be based on the vessel type participants consider operating the service.

VESSEL DESIGN – QUESTION 6 – Delivery timescales

QV.6 – Recognising that the IoS Sea Links Project has specific needs and preferences for the IoS operation, participants are requested to set out the vessel delivery timescales for design, approvals, sign-off, construction, and commission.

BENEFITS

From the initial order, the project team will fully understand the security of delivery, which will include the following:

- Added value for the customer, including but not limited to affordability, service, performance, availability, and reliability.
- Future-proof ship design – reducing global emissions.
- Environmental footprint and efficiency aspects.
- Safety and accessibility.
- Efficient logistic operations.

GUIDANCE

- The timescales should include approvals and certification and should be set out under headings like:
    - Design - Concept/ Preliminary/ Contract/Detailed
    - Construction – Shipyard details/confirm construction slot/Block building periods/or erection/Launch
    - Commission – Sea trials/ vessel sign-off & handover/ First voyage
- Timelines should be based on periods from the Initial Order
- The information should identify high-level risks that must be managed to avoid additional impacts to delivery, i.e., supply chain security on materials, technologies, etc and decision sign-off processes.
-

IR.3 - BUILD (Vessel Construction) - 6 Questions

VESSEL CONSTRUCTION – QUESTION 1 – (Supply chain security and risks)

QB.1 –As an assembly industry, shipbuilding relies heavily on intermediate inputs or supply chains. Given the high share that inputs represent in the manufacturing process, participants are requested to describe how their organisation manages the various inputs into the construction and how these are secured, including areas of risk that any procurement should consider.

BENEFITS

- Direct value-added accounts for between 20% and 30% of shipbuilding output value.
- Security of supply chains reduces the risk of delivery timescales.

GUIDANCE

- Intermediate inputs should be set out as those controlled directly by the shipyard and those subjected to external supply chain partners.
- Where intermediate inputs are subject to timelines, pressures should be highlighted and any controls that are introduced to control these.
- Document intermediate inputs that may be subjected to high-risk-based activities or supply impacted by the current world economic position, including how these pressures will be managed.

VESSEL CONSTRUCTION – QUESTION 2 – (Shipyard locations and previous similar projects)

QB.2 – Participants are invited to outline shipyard locations they want to use to undertake the construction phase. This should include where there is current capacity to produce the size and type of vessels being considered as part of any proposed in question QV.3; and where previous or similar vessel projects have been delivered.

GUIDANCE

- Participants' responses should be in the context of meeting public sector procurement regulations.
- Outline the locations of the shipyards to be considered or capable.
- Outline any social value added that should be considered as part of the shipyard selection, i.e., apprenticeships, local supply chains, etc
- Outline similar projects and constructions, including the construction period from order to first voyage.

VESSEL CONSTRUCTION – QUESTION 3 – (Programme accelerated delivery)

QB.3 – With existing vessels undertaking the IoS sea link service approaching the end of their operating life, the Sea Links Project team is exploring what actions or processes can be introduced to accelerate the delivery of the new vessels. Participants are requested to set out initiatives and processes to support this approach.

BENEFITS

- Reduced risk of existing vessel failure.
- New operations and services can be brought forward to improve the services to the IoS residents, businesses, and visitors.

GUIDANCE

- Set out a process that can be shortened based on best practice management and decision-making
- Set out any additional costs or saving benefits that may follow with the vessel programme

VESSEL CONSTRUCTION – QUESTION 4 – (Vessel lifecycle planning and refit patterns)

QB.4 – To enable the programme team to understand better the affordability and lifecycle planning process, price certainty and future investment/ replacement milestone. This question is aligned with the information provided under question QV.4.

BENEFITS

- Understanding of asset depreciation and critical milestones for activities
- Planning and Investment for crucial technologies or vessel refits and customer improvements

GUIDANCE

- Set out essential information for activities, investment requirements and timelines for:
  - Vessel lifecycles – different vessels have different requirements and schedules
  - Introduction of new or key technologies – Operational, Environmental or passenger improvements
  - Key Maintenance activities/ refits – Quantity of refits based on vessel designs, length out of service, requirements aligned to EOL life expectancy
  - End of life - Vessel capital replacements – periods based on vessel type and build

VESSEL CONSTRUCTION – QUESTION 5 – (Support infrastructure)

QB.5 – Dependant on the final vessel designs and final vessel approval, it is expected that there will need to be significant alterations at each of the ports servicing the sea links project at Penzance, St Marys & Tresco. Participants are invited to set out their previous experience's accommodation subsequent dockside and quay infrastructure works.

BENEFITS

- Understand whether marine infrastructure works should be carried out under additional procurement processes or included in the Sea Links as a different LOT.

GUIDANCE

- Participants are invited to detail their experience with marine infrastructure works and clarify if they undertake the works directly or have a civil construction partner.
- Provide information on how and to what level of extant works were undertaken to serve any vessels supplied

VESSEL CONSTRUCTION – QUESTION 6 – (Construction timeline)

QB.6 – Participants are invited to outline the delivery timelines based on vessel selection of "Off the Shelf" or "Bespoke" type. The milestones should include stages covering design, construction, and commission.

BENEFITS

- Realistic programme timelines can be created based on feedback from the industry
- Procurement gateways can develop important review periods

GUIDANCE

- At each stage of the design, construction and commission will have sub-stages; participants are encouraged to detail those used to measure progress and signoff.
- Risk and supply chain dependencies should be shown against relevant stages, with a narrative of where their mitigations can be introduced to manage.

IR.4 - MAINTAIN (Asset Management & Maintenance) - 4 Questions

ASSET MANAGEMENT & MAINTENANCE – QUESTION 1 – (Sea Link vessel O&M service scheduling)

QM.1 – To ensure that the life link services are provided and sustained, scheduled maintenance and treatment plans must be managed as part of the critical infrastructure programme. Participants are requested to describe their experience and detail how they would undertake the requirement.

BENEFITS

- Positive and proactive asset management and treatment plans can minimise asset depreciation and potentially extend the asset lifecycle.
- Careful maintenance scheduling will preserve services to the IoS during scheduled maintenance plans.

GUIDANCE

- Critical infrastructure for the IoS sea links operation includes vessels, harbour, and quay infrastructure (fuelling, loading, etc.)
- Participants should describe the expected scheduled maintenance and treatment plans to ensure an excellent and efficient state of repair and safe operating condition, seaworthy in all respects and in accordance with good maintenance practice (fair wear and tear excepted and having regard to the age and type of the Vessel)
- O&M descriptions and plans should include PRE-delivery for any interim vessels brought into service to cover the vessel operation during the construction period and Post-delivery for the new vessels once they have entered service.

ASSET MANAGEMENT & MAINTENANCE – QUESTION 2 – (Shipyard capabilities & Social Value)

QM.2 – Participants are invited to describe the strategic shipyards and maintenance partners they would engage for maintenance or significant works to the vessels.

BENEFITS

- Potential benefit of using Cornish and UK shipyards.
- Social added value in the use of local shipyards from jobs and local supply chain sourcing

GUIDANCE

- Locations of the shipyards to be considered capable for the O&M tasks, those to be used for any potential refit, and if there is already a strategic partnership and commercial arrangement with that shipyard.
- Participants should describe how they will move vessels to and from the shipyards, including lead time for scheduling and experience of the yard's performance. Performance metrics should be included for completion on time schedules.
- Describe potential benefits and added social value in the shipyard selection and any cost-benefit analysis used in that proposal.

ASSET MANAGEMENT & MAINTENANCE – QUESTION 3 – (Refit cycle – Green technologies)

QM.3 – Participants are asked to consider the optimum point to introduce the vessel Green Technologies during original construction or one of the significant refit stages. The narrative should outline the benefits of each option and the savings and cost implications.

BENEFITS

- Vessel construction period and operations are optimised to ensure that the sea links project realises its potential.

- Clear Green Technology planning can be scheduled, and environmental benefits realised and marketed.
- Continued support for the blue economy and monitoring of marine mammals, working with conservation bodies with appropriate and timely interventions.

GUIDANCE

- Participants are requested under question QB.3 to consider accelerated delivery programmes; provide confirmation or explanation on the options to include Green Technology in initial construction or a subsequent scheduled refit stage; and describe the costs/ benefits of each option.
- Explanation and be they see green enhancement introduced during maintenance cycles and how they would drive efficiency and invest to save approach.

ASSET MANAGEMENT & MAINTENANCE – QUESTION 4 - (Asset depreciation and replacements)

QM.4 – It is critical in managing any asset that life cycles are modelled on their respective depreciation curves so that intervention and treatment programmes can be introduced. Participants are requested to describe vessel life cycle models, including breakdowns for individual elements and model any significant funding requirements expected with those plans.

BENEFITS

- Asset modelling of deprecation and timely intervention treatment allows for extended asset life cycles

GUIDANCE

- Participants are requested to set out the principal element or component depreciation cycles and treatment plans, recognising that some elements have different depreciation curves, interventions, and treatment stages. Asset sub-categories for considerations like:
  - Vessel superstructure
  - Propulsion and Powerplant
  - Loading & external mechanical components (i.e., cranes, hold cover, davits, steering, etc.)
  - Vessel safety systems, environmental systems & technology
  - Internal vessel fabric and fixings
- Describe timelines and intervention strategies for refits and eventual capital replacement modelling of the vessels
- Estimate and describe significant O&M treatment plans and potential estimation of capital replacement for vessels at EOL, based on the quantity and type proposed under question response QV.1

IR.5 - OPERATE (IoS Sea Links Operation) - 12 Questions

IoS SEA LINKS OPERATION – QUESTION 1 – (Sea links operation Sustainability & affordability)

QSLO.1 – The sea links operation is an essential life link service to the Isles of Scilly. The future operation will need to meet the sustainability factors - Human, Social, Economic and Environmental- while ensuring that services are affordable to residents, businesses, and visitors.

Participants are requested to describe how they would achieve this and any initiatives or successful experiences where this has happened.

BENEFITS

- Provides support for the economic sustainability of our local communities – marine tourism is growing faster than land tourism.
- Continued support for the blue economy and monitoring of marine mammals, working with marine conservation bodies and inter-island support.
- Future services are sustainable and benefit residents, businesses and island visitors, maximising performance, adding social value, and ensuring the security of the lifeline services.

GUIDANCE

- The questions set out in IR.6 focus on sustaining the existing services during the period of pre-delivery of the new vessels. Participants are requested to describe the future operation to:
    - Sustained affordable services
    - Organisation's environmental commitment
- Participants should highlight the key strengths of their initiatives and submissions to demonstrate how they represent affordability, Sustainability and Value for Money.
- Participants are encouraged to outline financial model options where the SPV can use the capital assets to reduce fares and freight tariffs.

IoS SEA LINKS OPERATION – QUESTION 2 - (Service improvement and growth)

QSLO.2 – Through developing and reshaping services, participants are encouraged to share growth opportunity initiatives for both passenger and freight and, as an operator, demonstrate how they would be proactive in developing growth.

BENEFITS

- Marketing plans to align with the business plan, demonstrating service shaped to meet the IoS needs
- Development of cheaper services for island residents offset by tourist and freight growth
- New vessels and service will see improved services, faster and more resilient journeys

GUIDANCE

- Participants should describe how the new vessels will add benefit and resilience in bad weather, especially for winter services
- Describe options for growth in cargo freight and passengers, which may result in concession fares for island residents

IoS SEA LINKS OPERATION – QUESTION 3 - (Customer services)

QSLO.3 – It is important to build on positive experiences for the service to shape and influence service improvement and growth. Participants should describe how the relationships are developed around customer service, marketing and liaison with residents & council.

BENEFITS

Customer focus on improvements based on customer contribution and experience.

GUIDANCE

- Participants should set out Customer Service standards to include Health and safety, Maritime safety, Safeguarding, Accessibility, Feedback, Performance, and passenger interface/ behaviour.
- Experience in customer & resident focus panels, including initiatives such as Customer Charters or Passenger Focus Groups.

- Customer service-based managing enquiries, complaints, CRM, marketing, etc

IoS SEA LINKS OPERATION – QUESTION 4 - (Fares – Passenger & Freight)

QSLO.4 – Participants are requested to share fare structure ideas that they feel are relevant to the IoS services, passenger, and freight quantities, describing any options or opportunities. Participants are encouraged to outline financial model options where the SPV can use the capital assets to reduce fares and freight tariffs.

BENEFITS

The fare structure generates enough income to offset or provide a concession to the IoS residents.

GUIDANCE

- Participants should consider fare structures to provide affordable passenger and freight tariffs.
- Any fare structure proposal or suggestion Participants should consider and describe potential fare structure for:
    - Between the mainland and IoS for Passengers and freight – include any seasonal changes
    - IoS inter-island for Passengers and freight – include any seasonal changes

IoS SEA LINKS OPERATION – QUESTION 5 - (Partnership approach to delivery)

QSLO.5 – It is critical that from the offset of the potential new service, a clear partnership is established with the council, residents, and service users. Whilst formal partnerships will likely be established under any proposed SPV model, how would participants propose interacting with all council levels, residents, and service users to develop, deliver and improve services?

BENEFITS

- Positive contributions recognised at all levels and used to shape services.

GUIDANCE

- Participants should describe previous experiences or initiatives to which they may have been introduced.
- Feedback monitored and reported as part of the Operational Performance Suite or alternative methods.

IoS SEA LINKS OPERATION – QUESTION 6 - (Managing Service disruptions)

QSLO.6 – The sea-link services are critical to residents, businesses, and island visitors. Participants are invited to describe how they propose managing planned and unscheduled service disruptions for passenger and freight services throughout the contract's life.

BENEFITS

- Proactive management of resident, council, and service user expectations.
- Lifeline services maintained.

GUIDANCE

- Set out what processes and platforms, messaging any disruption or significant service changes, are shared with residents' passengers, logistic suppliers, and the council.
- Describe the required coordination and management, including how the disruptions from slight to major will be handled.

IoS SEA LINKS OPERATION – QUESTION 7 - (Freight & Passenger loading consolidation)

QSLO.7 – Penzance Harbour is located on one of the town's main link roads, and St. Mary's port has limited space and facilities; participants are asked to consider what additional facilities at this mainland harbour need to be considered to accommodate the new vessels for freight consolidation and loading, this may include working with local suppliers for goods and storage.

BENEFITS

- Better road space management and disruptions to the town commuter route.

GUIDANCE

- Participants should describe where they have had similar challenges and the solutions they found to overcome them.

IoS SEA LINKS OPERATION – QUESTION 8 - (Transport provider partnerships)

QSLO.8 – The key departure point to the islands for the sea links service is Penzance Harbour; the town also has one of the key public transport hubs in Cornwall, for Bus (Go Cornwall Bus & FIRST Kernow) and Rail (GWR (Great Western Railway)). It is anticipated that with the introduction of digital ticketing, there is a significant opportunity to work with other transport operators. Participants are invited to submit their views on achieving this integrated ticket approach and any experience with this type of initiative.

BENEFITS

- Customer has an improved joined-up experience
- Opportunity for passengers to use the strategic rail and bus network to arrive at the port, saving emissions produced by their vehicle while also relieving the stress of the journey.

GUIDANCE

- Holistic view on approach, barriers to overcome and developing partnerships with transport providers
- Outline any experience with or product development similar to the ITSO standard (ITSO is a digital transport planning framework)
- Provide examples of similar experiences with third-party transport operations to enable, i.e., discount preloading, single-ticket purchase, and end-to-end journey management.

IoS SEA LINKS OPERATION – QUESTION 9 - (Digital loading & ticketing)

QSLO.9 – Participants should describe their experience implementing and operating digital ticketing for booking, boarding and cargo management.

BENEFITS

- Improved customer efficiency and experience.
- Improved business administration and vessel management

GUIDANCE

- Provide information on the ticketing platform, its protocols, and passenger/ freight operators currently using it.
- Include examples where the ticket has been integrated with other public transport providers such as bus or rail (ITSO type format)

IoS SEA LINKS OPERATION – QUESTION 10 - (Government initiatives)

QSLO.10 – Participants are invited to describe how they envisage using current UK government initiatives to take advantage of introducing into the operations and fleet, i.e., Digital, ticketing, greener technologies, fare concessions, etc.

GUIDANCE

- Participants should consider the HMG and Councils' strategies, i.e., Decarbonising Transport, UK Maritime Strategy, UK Ship Building Strategy, etc

IoS SEA LINKS OPERATION – QUESTION 11 - (Lifeline service provision)

QSLO.11 – The PIN sets out the current minimum sea links service as an example – this is deemed the minimum level of service required – provides examples where this expectation can be maintained and increased on delivery of the new vessels.

BENEFITS

- Minimum standards of the lifeline services are maintained for the islands
- Service standards are improved and reshaped to meet council and business opportunity requirements.

GUIDANCE

- Consideration should be given to describe how the service will be sustained as a minimum before delivering the new vessels.
- Service standard expectations post-delivery with the new vessels, sailing frequency changes, operating period extension, and winter sailing options.

IoS SEA LINKS OPERATION – QUESTION 12 - (Sea link contract operating period)

QSLO.12 – Participants are invited to describe the operating contract service length they consider should be tendered.

BENEFITS

- Contract security for staff, supply chain and passenger brand recognition and loyalty
- Contract management partner relationship
- Contract or service period will provide time for benefits realisation and delivery of any service promises.

GUIDANCE

- Contract or service period should be aligned to the significant maintenance milestones
- Participants should consider management of contract price fluctuation and managing indices increase, service price, costs, and risk

IR.6 - SUSTAIN (Sustaining Services) – 3 Questions

SUSTAINABLE SERVICES – QUESTION 1 – Interim or Fill service operation

QS.1 – The current sea link services operate a fleet nearing the end of its operational life. CIoS seeks potential operators' views on how the lifeline core services might be sustained before the newly funded vessels are brought into service.

BENEFITS

- Essential lifeline services are maintained from the mainland to the Isles of Scilly; inter-island services are underpinned by the introduction of new vessels.

GUIDANCE

- Capabilities for an operator to provide a service on the route to cover the design and construction period if necessary – This may include the provision of temporary vessels.
- Potential for providing and operating an interim vessels fleet to cover core services during design and construction phases if needed – Service provision?
- What support would be required to ensure that core services were maintained?

SUSTAINABLE SERVICES – QUESTION 2 – Sustained affordable services

QS.2 – The Isles of Scilly residents rely on passenger and freight services from the mainland and inter-island operations to survive. The heavy reliance on the tourism season has established a peak economy during Spring through Autumn (March to November).

How will your organisation work with the Council and Residents to ensure support to the islands is maintained and affordable?

BENEFITS

- Essential lifeline services must be maintained to the IoS and ensure the island's economy is developed.

GUIDANCE

- Please describe what method you would use to ensure services remain affordable.
- How best to deliver affordable fares and freight tariffs to the island communities and visitors?

SUSTAINABILITY – QUESTION 3 – Organisations' environmental commitment

QS.3 The participant should describe their business goals for reducing environmental impact; how they increase productivity whilst decreasing energy use and carbon emissions; and how this would be applied to the Sea Links Project for Design, Build, Operate & Maintain in delivering the solution.

BENEFITS

- To assure that the Bidder is committed to reducing environmental impact.

GUIDANCE

Please describe your organisation's goals for tackling climate change (e.g., if you have a commitment to achieving net zero carbon by 2050).

- Describe how your practices support increased productivity whilst decreasing energy use and carbon emissions.
- Include details of relevant standards that you work to and certifications (e.g., ISO 14000).
- Describe how you review policy and ensure that your practices are fit for purpose

FURTHER INFORMATION

If you have any questions, please contact us via procurement@scilly.gov.uk

Please provide your responses via procurement@scilly.gov.uk by no later than TUESDAY 31 OCTOBER 2023 at 17:00 hours.