



Department
for Transport



Civil Air Ensign



Maritime Ensign

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Dear Huw,

Thank you for inviting me to appear before your committee on 22 June as part of your inquiry into Maritime 2050. During the session I committed to writing to the Committee to provide the following information:

1) An update in relation to the tonnage tax break for P&O Ferries and their return of furlough payments.

The Secretary of State for Transport repeated his call for P&O Ferries to repay its furlough money when giving evidence to the Committee on the 27 April, and we have emphasised this at every opportunity. Given we have made our position clear, it remains for P&O Ferries to repay the furlough money and reverse the outrageous decision to dismiss 800 loyal and hardworking staff if it intends to win back public trust and the trust of government.

The Tonnage Tax register is owned by HM Revenue and Customs (HMRC). I am therefore not empowered to share the details of companies on it, or indeed remove companies from it. This is a matter for HMRC. I can say though that we are working closely with partners across government in our response to P&O Ferries' actions. In parallel, my officials are developing proposals for longer term reforms to Tonnage Tax and options to enhance the UK Flag. These reforms are being developed with an acute awareness of the importance of learning from recent events and P&O Ferries' actions.

Lead Official: DfT Maritime

2) Further details on Mode Shift Revenue Support Scheme, and freight grants.

The Department operates two freight revenue grant schemes to encourage modal shift from road to rail or water. These are Mode Shift Revenue Support (MSRS) for rail and inland waterways and the Waterborne Freight Grant (WFG) for coastal and short sea shipping. We continue to encourage and incentivise modal shift from road to rail through MSRS, which financially supports the carriage of freight by rail and water on routes where road haulage has a financial advantage. The £20m per year scheme delivers high value for money removing around 900,000 HGV lorries off our congested road network, saving 58,000 tonnes of CO2 emissions. Similarly, WFG can assist a company with the operating costs associated with running waterborne freight transport instead of road, where transport by water is more expensive. The MSRS and WFG schemes run until 2025 and 2026 respectively. Currently these schemes can be amended within the existing legal framework. However, a full overhaul of the schemes can take place after they have expired, and we would then welcome proposals from industry.

3) An update on reviewing the National Policy Statement for ports.

I noted during the session that the call for evidence as part of the Future of Freight Plan would inform the National Policy Statement for Ports.

The Future of Freight Plan notes that the current review of the National Networks Policy Statement will include consideration of the importance of freight schemes to our economy. The Secretary of State has not yet come to a view on review or revision of the National Policy Statement for Ports, which has functioned well as a framework for planning applications since its designation in 2012. However, the possibility of a review remains open, in accordance with the Planning Act 2008 and the role and future of freight in these contexts could be considered in any eventual review. Government also committed to undertake a call for evidence on planning issues for the freight sector in the Future of Freight Plan. This will include evidence on planning concerns for ports and will inform ongoing policy considerations around ports.

4) Data from the Marine Management Organisation on the time it takes for planning applications to be processed.

We are engaging with colleagues to provide this data. However, it will take some time to get a comprehensive answer on this. My Department will provide this to the Committee as soon as possible.

More generally, we will engage with MMO and Defra on planning application processes and explore the opportunities for increased efficiencies. I am aware that, in general, maritime focused planning applications can be a lengthy process. This is due to the need to carefully consider the potential environmental impact of any work that is done.

5) PPE for women seafarers

During the session, we spoke about ensuring female seafarers have the correct PPE on all vessels. I would like to clarify that in my response to this I mistakenly referred to the International Maritime Organisation, rather than the International Labour Organisation (ILO). The ILO has adopted the Maritime Labour Convention (MLC), which we have played a leading role in enhancing.

It is already a requirement that PPE carried on board UK registered vessels is suitable and correctly fitting for the individual whatever their size or gender. I therefore welcome the amendments to the MLC that will make it a requirement on all merchant vessels regardless of flag. The UK has been a leading and vocal advocate of improving seafarer welfare and working conditions and has always supported continuous improvement to the MLC. I welcome the amendments made to the MLC in May which will see further improvements to the international standards applied to seafarers.

6) An update on the current Maritime Skills Commission review.

I have asked the Maritime Skills Commission to look at future-proofing UK Cadet Training in terms of content, structure and delivery. To date, a small working group of commissioners has been formed and stakeholder engagement is underway. The Maritime Skills Commission will report back to me in September with findings and recommendations.

I have also asked the Maritime Skills Commission to undertake a Ratings Review with an initial update in September and a report by April 2023.

7) An update on the expected completion date for electrification of the last leg of the Felixstowe rail line for freight.

I note the proposal to extend electrification from the electrified main line, near Ipswich to the Port of Felixstowe for freight trains. The Government invests in rail enhancements on the basis of value for money, alignment to our strategic priorities, and affordability. The first stage to progressing the Felixstowe to Ipswich electrification proposal would be to secure funding through the Rail Network Enhancements Pipeline (RNEP) for a 'Strategic Outline Business Case'.

We remain committed to publishing the Rail Network Enhancements Pipeline update, which has been delayed by the need to take account of the impacts of the pandemic and the 2021 Spending Review. We want to provide as much clarity and certainty as possible on rail enhancements and will set out our plans shortly. Although unable to discuss individual projects at this time, we have to make difficult decisions to manage funding within affordable levels. As part of this decision-making process some schemes have had to be deprioritised, and the expected outcome of rail enhancement projects no longer being taken forward is that they will be paused or closed.

The Department has been working closely with Network Rail (NR) and Freight Operating Companies (FOCs), and those bodies with key users of rail freight such as the port of Felixstowe, to minimise disruption as far as possible during the strikes to protect critical freight flows in key industries. As part of this NR has prioritised keeping essential freight routes open as far as possible, including lines to and from major ports like London Gateway, Felixstowe and Liverpool, to mitigate disruption to supply chains.

My officials remain engaged with the port, NR and FOCs to monitor these impacts, including lessons learnt from the first week of industrial action to be prepared for any future instances.

8) Progress on the seafarer 9-point plan. P

A summary providing an overview of progress and trajectory across the workstreams is enclosed at Annex A.

I hope this response is helpful, and I look forward to reading your report.

Yours sincerely,



ROBERT COURTS MP

MINISTER FOR AVIATION, MARITIME AND SECURITY

Annex A - Seafarer Protections 9-point plan progress summary

1 Legislation - *Changing the law so that seafarers working on ships that regularly use UK ports are paid the equivalent of national minimum wage*

- Progress: On 6 July, the Government introduced the Seafarers' Wages Bill to the House of Lords and published the Government's Response to the Consultation on Seafarers' Remuneration.

2 Ports action - *Asking UK ports to suspend access to ferry operators which do not pay at least the equivalent to the UK national minimum wage*

- Progress: Letters sent in March 2022 and published on the Department for Transport's website. Workstream Complete.

3 Minimum wage-equivalent corridors - *Working with international partners to collaborate on seafarer protections and welfare, and to explore the creation of minimum wage corridors between our nations*

- Progress: All countries engaged are broadly positive on working to together to improve seafarer protections and welfare. There are differences between states on the level of ambition though. In particular on bilateral wage corridors where some are likely able to move more quickly than others.

4 HM Revenue and Customs enforcement - *Asking HM Revenue and Customs to dedicate UK National Minimum Wage resources to the maritime sector*

- Progress: HM Revenue and Customs have undertaken a review of the UK's domestic maritime sector compliance with the UK National Minimum Wage and will continue to monitor the situation whilst working with operators to ensure that UK National Minimum Wage obligations and rights are understood and adhered to.

5 Maritime and Coastguard Agency enforcement - *Maritime and Coastguard Agency continuing their robust enforcement policies*

- Progress: The Maritime and Coastguard Agency continue to implement robust enforcement policies and are providing regular updates to officials.

6 Fire and rehire changes - *Developing a statutory code for "fire and rehire" practices and failures to engage in meaningful employee consultations*

- Progress: The Department for Business, Energy and Industrial Strategy plan to consult on a 'fire and re-hire' statutory code over summer and will bring this into force when Parliamentary time allows.

7 Company investigations - *Taking action against company leaders who break the law*

- Progress: The Insolvency Service's civil and criminal investigations continue. There will be no government comment whilst investigations are on-going.

8 Seafarer welfare - *Improving the long-term working conditions of seafarers*

- Progress: Officials continue frequent engagement with industry and unions on this workstream, including development of a Seafarers Framework (*name to be confirmed*).

9 Attractiveness of UK flag - *Encouraging more ships to operate under the British flag*

- Initial engagement received very positively by stakeholders. We will continue to engage industry, Departments and agencies in coming weeks and months to identify and prioritise initiatives best placed to encourage more ships to operate under the British flag.