



The Scottish Parliament
Pàrlamaid na h-Alba

Morag McNeill
Interim Chair
Caledonian Maritime Assets Limited

Public Audit Committee
Room T3.60
The Scottish Parliament
EDINBURGH
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By email only

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30 September 2022

Dear Ms McNeill,

New vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802

Thank you once again for providing oral evidence to the Public Audit Committee on 30 June 2022 in connection with our scrutiny of the Auditor General for Scotland's (AGS) report, [New vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802](#).

To further our understanding of the issues raised through the range of written and oral evidence we have gathered to date on the report, the Committee agreed at its meeting on 22 September 2022 to ask CMAL to provide information on two specific areas that we did not have the opportunity to cover during the oral evidence session, as outlined below.

This letter relates only to issues discussed at our meeting on 22 September. We note that CMAL has since provided a written submission on 28 September, which may inform future action we wish to take.

Pre-Qualification Questionnaire

We recognise that the AGS' report does not cover the detail of the procurement and design arrangements of the ferry contract. The Committee considers it necessary however to establish more information about the tendering process, which ultimately

led to the decision to award the contract to the former organisation Ferguson Marine Engineering Limited (FMEL).

The Committee understands that a contract notice was published by CMAL on 15 October 2014 for “the detailed design, construction, testing, survey, equipping, completion and delivery of two ROPAX ferries of one hundred metres length overall”. It further notes that a deadline of 19 November 2014 was set for the submission of completed pre-qualification questionnaires (PQQ). Sections 43 and 44 of the questionnaire read as follows—

43 If requested, would you be willing to provide either a parent company guarantee or a bank guarantee? If you cannot provide any of these assurances, and it is determined by CMAL that your financial strength is not adequate then your company may not pass the financial evaluation. If you can provide the assurances as detailed above, CMAL may explore these options with you before determining whether your company can be taken forward in this procurement exercise as per the Guideline on Financial Health of Suppliers.

*44 The ability to provide staged payment refund guarantee from a suitably accredited bank is sought for this project as a **MANDATORY MINIMUM REQUIREMENT**. The guarantee must be in place before work starts. Please provide an evidentiary statement in the form of a letter from your bank confirming their willingness to provide the guarantee if requested to show you can provide this requirement.*

The Committee would be grateful if you could confirm whether, at the PQQ stage CMAL—

- **explored with all bidders who completed a PQQ, including FMEL, if they were willing to provide either a parent company guarantee or a bank guarantee, as per section 43, and how this was undertaken.**
- **sought an evidentiary statement from any of the bidders, including FMEL, and, or their respective banks, confirming that a staged payment refund guarantee could be provided, as per section 44.**

CMAL Board meeting: 25 August 2015

The Committee notes from your written evidence that the issue of the Builders Refund Guarantee (BRG) was discussed at the CMAL Board meeting on 25 August 2015.

Please can you confirm—

- **whether papers prepared for the meeting on 25 August 2015 included details about FMEL’s inability to provide a full BRG.**

- **when the Board meeting papers were circulated to meeting attendees.**

The Committee looks forward to receiving your response by **21 October 2022**, to allow our consideration of the report to continue as timetabled. Should this date present any difficulties, please contact the clerks as soon as possible.

Yours sincerely

A handwritten signature in black ink that reads "Richard Leonard". The signature is written in a cursive, slightly slanted style.

**Richard Leonard MSP,
Convener**