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29 February 2024

Dear Edward and Richard

I wrote to you on 20 February and indicated that I would answer the questions contained in the annex to your letter of 10 January at the end of February.

I now set out the answers to the questions you posed.

5. Who authorised building of the vessel prior to the completion of the “plan approval process”?

The “plan approval process” is an iterative process of review and approval of drawings and specifications, by both the Maritime and Coastguard Agency (MCA) and the vessel classification body, Lloyd’s Register (LR). Building began under the former Ferguson Marine Engineering Limited (FMEL), and so Scottish Government does not hold precise details of operational actions taken during this initial phase. It is however clear from advice from Caledonian Maritime Assets Limited (CMAL), the technical advisors to Scottish Government in this process, that there is an ongoing process of approval during any vessel build, and this cannot be considered as a single point in time for approval.

6. On what dates did monthly and weekly meetings on the completion of Hulls 801 and 802 take place between the Scottish Government, FMPG and CMAL (or any combination of those organisations) in 2022 and 2023 and who was present;

The dates of the monthly project meetings which Scottish Government Officials attended were:

06 January 2022
16 February 2022
16 March 2022
18 April 2022
01 June 2022
06 July 2022
03 August 2022
07 September 2022

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05 October 2022
02 November 2022
07 December 2022
11 January 2023
09 March 2023
03 May 2023
15 June 2023
05 July 2023
09 August 2023
20 September 2023
11 January 2024

These meetings were chaired by Ferguson Marine, and attended by CMAL and Scottish Government Officials.

The dates of the weekly “801 Acceptance Workgroup” meetings were:

15 August 2023
22 August 2023
29 August 2023
5 September 2023
12 September 2023
19 September 2023
26 September 2023
3 October 2023
10 October 2023
24 October 2023
31 October 2023
14 November 2023
21 November 2023
28 November 2023
5 December 2023
12 December 2023
19 December 2023
9 January 2024
16 January 2024
23 January 2024
30 January 2024
6 February 2024

These meetings were chaired by Scottish Government, Strategic Commercial Assets Division, Governance and Oversight Unit officials, and normally attended by representatives from FMPG, CMAL, CalMac and Transport Scotland. The minutes and action logs from these meetings are published on the Scottish Government website at [Ferguson Marine Hull 801 Acceptance Group - gov.scot \(www.gov.scot\)](https://www.gov.scot/Topics/transportandinfrastructure/ferguson-marine-hull-801-acceptance-group), and the minutes of each meeting record the attendance.

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7. At which of those meetings were the following discussed (these were all subsequently subjects of MSF1261 applications?)—

a. Non-compliance of Stairway widths between car deck 3 and passenger deck 5;

Weekly “801 Acceptance Workgroup” meeting dates at which these were discussed are:

15 August 2023
22 August 2023
29 August 2023
5 September 2023
12 September 2023

Monthly Project Meetings at which these were discussed are:

02 November 2022 – asking if feedback had been received on the stairway widths
05 July 2023 – mentions stairwells being widened.

b. Non-compliance of the escape routes which resulted in Application 2, revision 9, for the additional staircases and changes to doors; and

Weekly “801 Acceptance Workgroup” meeting dates at which these were discussed are:

15 August 2023
22 August 2023
29 August 2023
5 September 2023
12 September 2023
26 September 2023

Monthly Project Meetings at which these were discussed are:

15 June 2023 – mentions CalMac training with escape routes
05 July 2023 – mentions MCA working with escape routes but doesn't mention non-compliance.
09 August 2023 – mentions the escape routes as a risk on stair way deck 6-7

c. Non-compliance of “Escape trunk dimensions for the sizes of the eleven ‘secondary’ escape trunks for crew to reach muster stations from machinery and other spaces below the car deck”.

Weekly “801 Acceptance Workgroup” meeting dates at which these were discussed are:

15 August 2023
22 August 2023
29 August 2023
5 September 2023

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12 September 2023
26 September 2023
3 October 2023
24 October 2023
31 October 2023
14 November 2023
21 November 2023

Monthly Progress Meetings at which these were discussed are:

20 September 2023 – discussing escape trunks being opened.

8. At which meeting was the need for an application to the MCA for each of these areas of non-compliance discussed?

There was no discussion of the need for MCA applications in these cases, as they had already been submitted by the time of the meeting. However, the applications and the expected response times were discussed regularly at the weekly “801 Acceptance Workgroup” meeting.

9. What is the process described by Kate Hall to the Public Audit Committee for “internal escalation” from these weekly and monthly meetings to Ministers and Cabinet Secretaries?

The escalation process described by the former Deputy Director for SCAD Kate Hall, would be via a submission to the Cabinet Secretary. As I indicated in my response of 20 February 2024, the former Cabinet Secretary for Wellbeing Economy, Fair Work and Energy would have expected matters which broadly impacted on cost, delay or vessel safety issues, and which were not being mitigated by actions of FMPG, to be escalated in this way.

To make the committee aware, Ms Hall left her post for a new role on 25th July 2023, and would not have been aware at the time of her appearance at that Committee of the weekly meetings, which began as I have set out above, on the 15th of August 2023.

10. The Committee requests copies (or notification of the publication) of the following documents for each month in 2023—

- a. FMPG Monthly Updates to the Scottish Government**
- b. CMAL Monthly Update to the Scottish Government**
- c. Ministerial Updates**

I remain committed to being as open and transparent as possible in relation to decisions around Ferguson Marine and vessels 801 and 802. We recently reviewed the publication scheme which will see more information being released where possible.

All of the available information requested (including FMPG and CMAL monthly updates and ministerial updates) up to December 2023 is publicly available here:

[Ferguson Marine: documents - gov.scot \(www.gov.scot\)](https://www.gov.scot/ferguson-marine-documents)

Officials are working to publish any missing monthly information where possible.

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Please note that CMAL no longer send monthly updates since April 2023. This is because they raise any items at the monthly project or the weekly 802 Acceptance Workgroup meetings.

11. Please provide the Committee with details of the meeting dates on which procurement of the LNG equipment was discussed;

The issue to which you refer is not related to the procurement of equipment, but to a severe delay in a response from the primary contractor for the specialist cryo-steel pipework for the LNG system. This primary contractor failed to respond to FMPG over a considerable period of time, although this was not raised at the monthly or weekly meetings until 5th December 2023.

12. When you were first aware of a potential delay associated with the availability of the equipment.

The former Cabinet Secretary for Wellbeing Economy, Fair Work and Energy was made aware of a possible delay in the commissioning of the LNG system by submission on 20th December 2023. This potential delay was not, as noted above, due to equipment availability.

13. On what date did you first meet with the Chief Executive of FMPG in person and what issues were discussed?

The first meeting between the former Cabinet Secretary for Wellbeing Economy, Fair Work, and Energy, Mr Neil Gray, and the CEO, Mr David Tydeman, of FMPG was held on 16th May 2023. Here they discussed:

- the written authority and the rationale for continuing the build of vessels 801/802 at FMPG;
- The challenges stemming from historical decisions and how this has impacted cost and delivery;
- The need to control costs and ensure speedy delivery of the vessels for our island communities.

14. On what dates between your appointment and your letter to the Committee of 23 August 2023 did you meet with the Chief Executive of FMPG?

There were two virtual meetings attended by both the CEO of FMPG and the former Cabinet Secretary and 1 visit to the shipyard in person:

- The 16th May 2023 – via a meeting/video conference.
- The 17th May 2023 – via a meeting/video conference.
- 27th July 2023 – the Cabinet Secretary for Wellbeing Economy, Fair work, and Energy visited the Ferguson Marine Shipyard to meet with the CEO in person.

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15. The Committee requests details of— a. How the risks to the completion of Hull 801 presented to the Scottish Government in monthly updates from FMPG and CMAL were taken into account when concluding “the value-for-money case for completing that vessel is also met”; and

The information from the monthly meetings between September 2022 and May 2023 was given to our commercial advisors who completed the due diligence assessment on the value for money case.

b. What threshold was identified as the limit for that value for money case for Hull 801 being met.

As the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy set out to the Public Audit and Net Zero, Energy and Transport Committees, this information remains commercially sensitive, and to release this would prejudice procurement of similar vessels, as it would allow potential bidders an insight into the costs acceptable to Scottish Government. As Mr Gray outlined previously, we will keep this under review, and if it is possible to release this information in future, I will update the committee.

As I set out in my first response to the committee of 20 February, I am aware that question 16 in the annex to your letter of 10 January has been answered by the Cabinet Secretary for Transport.

I hope you find this helpful.

MÀIRI MCALLAN

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