

VATIS Ltd
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Mary McAllan
Director of Economic Development
Scottish Government
5 Atlantic Quay
150 Broomielaw
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dated 31 May 2018

Construction Review

Reference: VATIS/8/31052018

As part of the consideration of a proposed funding package for Ferguson Marine Engineering Limited (FMEL) QI Ltd were invited by Scottish Government Economic Development Directorate (EDD), to undertake a review of specific aspects of the current FMEL plan for completion of their contract for the construction of two ferries for CMAL.

Initial discussions were held with [REDACTED], in the role of Senior Responsible Owner, and the following remit was agreed for the review:

“Verification of the adequacy of the updated resourcing plan – that is, the labour input – for the two vessels currently under construction for CMAL by Ferguson Marine Engineering Limited (FMEL).”

The review was undertaken by Luke van Beek (Team Leader) and Bert Niven. After appropriate planning, visits to the shipyard were undertaken and, given the time available, a review of the infrastructure at the FMEL shipyard, the two builds in process and the planning system were completed. The current situation and the year ahead were discussed with senior management including the CEO, Operations Director and the Head of Planning. They all came across as knowledgeable and with a good understanding of the challenges they have faced, the lessons learnt and the future issues.

The yard is impressive for a small commercial shipyard. The recent work on improvement of infrastructure has included a build shed where a greater proportion of work can be carried out undercover and a relocated office building, which freed up additional yard space. A new approach to planning has been introduced and there has been a significant addition of new senior management. The addition of the build shed has allowed a different approach to ship build to be adopted, significantly reducing the

time and manpower required. These reductions are reflected in the declared manpower numbers.

A detailed examination was undertaken of the buildup of the minimum workforce level. This number is defined by trade and skills and split between direct and indirect labour. It also recognizes the work necessary to complete Ship 1 (under the previous build strategy) and the new work associated with Ship 2.

Construction of Ship 1 clearly suffered from being first and the numerous changes that were found to be required to the design. The build programme also spanned the period of rebuild of the yard infrastructure. We had good evidence that lessons learnt from the Ship 1 construction have been incorporated in the design and build of Ship 2.

The manpower numbers given in the attached appendix, are declared as a minimum and, whilst refinement might reduce them marginally, a slight increase is more likely. This review team is confident in the declared numbers. The updated resourcing plan is considered adequate to complete the work currently planned by the Yard to fulfil their contract with CMAL.

The sustainability of FMEL is dependent on future work. Their strategy for winning this work is developing.

It is recommended that:

The minimum resourcing plan is accepted;

A Quarterly Review, linked to loan drawdown, is undertaken to monitor build progress against the declared plan;

Assistance is offered to progress and improve their future strategy.

Luke van Beek
VATIS Ltd
Review Team Leader

Appendix A to Reference VATIS/8/31052018 dated 31 May 2018

Minimum Workforce Level

Date	[REDACTED]
June 2018	■
July 2018	■
August 2018	■
September 2018	■
October 2018	■
November 2018	■
December 2018	■
January 2019	■
February 2019	■
March 2019	■
April 2019	■
May 2019	■
June 2019	■