

Bradford C (Clyde)

From: [REDACTED]
Sent: 30 March 2022 18:28
To: Pacitti F (Frances); Wilcock C (Chris); Higgins K (Kate); Dobson L (Leanne); McFarlane J (John) (Special Adviser); McAllister C (Colin)
Cc: [REDACTED]
ET FMQ/PQ Mailbox; First Minister FMQs; [REDACTED]
Rooney M (Maureen); [REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - URGENT Repsonse needed pls
Attachments: Fergusons incl Audit report.docx

Thanks. I've managed to change the line from findings to recommendations, as below and as in attached which is now in the FM's folder.

We welcome Audit Scotland's detailed report and accept all recommendations.

I expect there will be further asks from FMQ prep, incl some more detail on [REDACTED] criticisms and comments around staff numbers, agency staff etc, but will get in touch after prep.

Thx again,

[REDACTED]

[REDACTED] | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Pacitti F (Frances) [REDACTED]
Sent: 30 March 2022 18:22
To: [REDACTED] Wilcock C (Chris) [REDACTED] Higgins K (Kate) [REDACTED] Dobson L (Leanne) [REDACTED] McFarlane J (John) (Special Adviser) [REDACTED] McAllister C (Colin) [REDACTED]
Cc: [REDACTED]
ET FMQ/PQ Mailbox [REDACTED] First Minister FMQs [REDACTED]

Rooney M (Maureen) [REDACTED]

Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - URGENT Repsonse needed pls

[REDACTED]

Separate email chain refers, but for completeness, we accept all recommendations (not all findings) – applicable for each of SG, TS, CMAL and FMPGL.

From: [REDACTED]
Sent: 30 March 2022 18:13
To: Pacitti F (Frances) [REDACTED] Wilcock C (Chris) [REDACTED] Higgins K (Kate) [REDACTED] Dobson L (Leanne) [REDACTED] McFarlane J (John) (Special Adviser) [REDACTED] McAllister C (Colin) [REDACTED]

Cc: [REDACTED]

ET FMQ/PQ Mailbox [

First Minister FMQs

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]

Rooney M (Maureen)

Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - URGENT Repsonse needed pls
Importance: High

Colleagues,

Pls see attached latest version.

Two outstanding issues, urgency need resolved (pls agree across orgs and come back asap):

What this line on p2 should say:

We welcome Audit Scotland’s detailed report and accept all of the findings.

And Mo, if we can strengthen this line (noting [REDACTE point now at top of Background box):

Ferguson Marine continues to support jobs.

- Since October 2021 Ferguson Marine has consistently employed over 350 staff.
- There have been 42 apprentices in the yard since August 2021. The yard intend to take on a further 15 in August 2022. At that point there will be 57 apprentices.

Pls come back in next 5 mins, as FM prep about to start.,

Thx
[REDACTE
D]

[REDACTE
D] _____
Head of FMQ Team, Scottish Government | [REDACTE
D]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Pacitti F (Frances) [REDACTED]
Sent: 30 March 2022 18:06
To: Wilcock C (Chris) [REDACTED]
(Kate) [REDACTED]
Advise [REDACTED]
Cc: [REDACTED]

Dobson L (Leanne) [REDACTED]
McAllister C (Colin) [REDACTED]

Higgins K
McFarlane J (John) (Special)

[
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R
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E
D
]

ET FMQ/PQ Mailbox [

First Minister FMQs

Rooney M (Maureen)

Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for Spad views and clearance, by 4.30pm pls

Thanks Chris. Agree. We can accept recommendations so far as they pertain to SG and TS. I have a call out to Kevin to confirm for CMAL – he will come back to us in the next 20 mins. Mo might wish to do likewise for FMPGL.

From: Wilcock C (Chris) [REDACTED]
Sent: 30 March 2022 17:54
To: [REDACTED] Higgins K (Kate) [REDACTED] Dobson L (Leanne)
[REDACTED] McFarlane J (John) (Special Adviser) [REDACTED] McAllister C (Colin)
[REDACTED] [REDACTED] [REDACTED]
Cc: [REDACTED] Pacitti F
(Frances) [REDACTED]
[REDACTED] [REDACTED] ET FMQ/PQ Mailbox
[REDACTED] First Minister FMQs [REDACTED] [REDACTED]
[REDACTED] [REDACTED] ([REDACTED])
[REDACTED] Rooney M (Maureen) [REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for Spad views and clearance, by 4.30pm pls

Fran may have a view but I think we do accept all the recommendations (rather than the findings). There is one in there for CMAL that would be for them to consider so we probably can't speak for them on that one.

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]
Sent: 30 March 2022 17:46
To: Wilcock C (Chris) [REDACTED] Higgins K (Kate) [REDACTED] Dobson L
(Leanne) [REDACTED] McFarlane J (John) (Special Adviser) [REDACTED] McAllister
C (Colin) [REDACTED] [REDACTED]
Cc: [REDACTED] Pacitti F
(Frances) [REDACTED]
[REDACTED] [REDACTED] ET FMQ/PQ Mailbox
[REDACTED] First Minister FMQs [REDACTED]
[REDACTED] [REDACTED] [REDACTED]
[REDACTED] [REDACTED] [REDACTED]
[REDACTED] Rooney M (Maureen) [REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for Spad views and clearance, by 4.30pm pls

Meantime, LD asked if this line was correct, and not needing qualified?

We welcome Audit Scotland's detailed report and accept all of the [REDACTED] :

From: Wilcock C (Chris) [REDACTED]
Sent: 30 March 2022 17:43

To: [REDACTED] Higgins K (Kate) [REDACTED] Dobson L (Leanne)
[REDACTED] McFarlane J (John) (Special Adviser) [REDACTED] McAllister C (Colin)
[REDACTED] [REDACTED] Pacitti F
Cc: [REDACTED] (Frances) [REDACTED]
[REDACTED] First Minister FMQs [REDACTED] ET FMQ/PQ Mailbox
[REDACTED] [REDACTED]

[REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for Spad views and clearance, by 4.30pm pls

Thanks [REDACTED] The jobs point would be for SCID colleagues but looks correct.

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

[REDACTED]
From
Sent: 30 March 2022 17:42
To: Higgins K (Kate) [REDACTED] Dobson L (Leanne) [REDACTED] McFarlane J (John)
(Special Adviser) [REDACTED] McAllister C (Colin) [REDACTED]
Cc: [REDACTED] [REDACTED] [REDACTED] Pacitti F
(Frances) [REDACTED] [REDACTED] ET FMQ/PQ Mailbox
[REDACTED] First Minister FMQs [REDACTED]
[REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED] Wilcock C (Chris) [REDACTED] Rooney M
(Maureen) [REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for Spad views and clearance, by 4.30pm pls

Thx Kate and Leanne.

I've spoken to Leanne and will pick up some of these, into Kate's version and circulate.

Chris/Frances – I'm adding to background note [REDACTED] questioning our "saving 300 skilled jobs" based on CMAL reports for 2021 into early 2022 staffing levels on the 2 vessels. I note details of the response line.

Ferguson Marine continues to support jobs.

- Since October 2021 Ferguson Marine has consistently employed over 350 staff. There have been 42 apprentices in the yard since August 2021. The yard intend to take on a further 15 in August 2022. At that point there will be 57 apprentices.

Will circulate updated brief asap.

[REDACTED]

From: Higgins K (Kate) [REDACTED]
Sent: 30 March 2022 17:36
To: Dobson L (Leanne) [REDACTED] McFarlane J (John)
 (Special Adviser) [REDACTED] McAllister C (Colin) [REDACTED]
Cc: [REDACTED] Pacitti F
 (Frances) [REDACTED]
[REDACTED] ET FMQ/PQ Mailbox
 [REDACTED] First Minister FMQs [REDACTED]
 [REDACTED] Wilcock C (Chris) [REDACTED] Rooney M
 [REDACTED] (Maureen) [REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for Spad views and clearance, by 4.30pm pls

Leanne

I haven't incorporated your comments or changes in my version – sorry folks, probably too many spads lol

Kate Higgins
 Special Advisor to the First Minister
 Rural Affairs, Islands and Transport
[REDACTED]

Scottish Government
 St Andrew's House, 2 Regent Road, Edinburgh, EH1 3DG
 Scottish Ministers, Special advisers and the Permanent Secretary to the Scottish Government are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot.

From: Dobson L (Leanne) [REDACTED]
Sent: 30 March 2022 16:45
To: [REDACTED] Higgins K (Kate) [REDACTED] McFarlane J (John)
 (Special [REDACTED] McAllister C (Colin) [REDACTED]
Cc: [REDACTED] Pacitti F
 (Frances) [REDACTED]
[REDACTED] ET FMQ/PQ Mailbox
 [REDACTED] First Minister FMQs [REDACTED] [REDACTED]
 [REDACTED] Wilcock C (Chris) [REDACTED] Rooney M
 [REDACTED] (Maureen) [REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for Spad views and clearance, by 4.30pm pls

Thanks all. Have had a quick look at this and attached with a couple of comments/suggestions. Some bits don't seem to have been updated from last week.

On this in the issues box:

26 Mar: Opposition suggested FM may have misled Parliament by referencing Derek Mackay, as it emerged he was on leave in Aug 2015 and Mr Brown signed the deal for FMEL to become preferred bidder. However, Mr Ross had asked the FM “*Which minister gave the green light for the contract, against expert advice?*” i.e., that advice was in the Oct 2015 email sent to Mr Mackay’s office.

I think we could be clearer – Mr Mackay agreed the award of the contract to FMEL in October.

[REDACTED]

Kate may have comments as well.

Thanks,

Leanne

From: [REDACTED]
Sent: 30 March 2022 15:33
To: Dobson L (Leanne) [REDACTED] Higgins K (Kate) [REDACTED] McFarlane J (John)
(Special Adviser) [REDACTED] McAllister C (Colin) [REDACTED]
Cc: [REDACTED] Pacitti F
(Frances) [REDACTED]
[REDACTED] ET FMQ/PQ Mailbox
[REDACTED] First Minister FMQs [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] Wilcock C (Chris) [REDACTED] Rooney M
(Maureen) [REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for Spad views and clearance, by 4.30pm pls
Importance: High

Spads,

With thx to policy colleagues, we have prepared an updated *Fergusons incl Audit report* FMQ brief, reflecting recent developments incl Mr McColl’s media comments and lines deployed by Ms Forbes at Topicals/

I’d be grateful if you can pls agree who will review for Spads (*version sent by Chris in 15:02 email below*) and then track any amends so we can finalise the brief and print it for FMQ prep.

While there are formatting issues that I can fix, the priority is ensuring SpAds clearance of the substantive content.

Grateful for this in the next hour if possible.

Thx and happy to discuss,

[REDACTED]

[REDACTED] | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Wilcock C (Chris) [REDACTED]
Sent: 30 March 2022 15:02
To: [REDACTED] Rooney M (Maureen) [REDACTED]
[REDACTED] Higgins K (Kate) [REDACTED] McFarlane J (John) (Special Adviser)
[REDACTED] McAllister C (Colin) [REDACTED] Dobson L (Leanne)
[REDACTED]
Cc: [REDACTED] Pacitti F
(Frances) [REDACTED]
[REDACTED] ET FMQ/PQ Mailbox
[REDACTED] First Minister FMQs [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for update and Spad clearance by 1pm Wed pls

[REDACTED]

Amended version attached. The points from [REDACTED] are already covered (our independent view had access to the FMEL reports and response to [REDACTED] arbitration). Please let me know if you want these done point by point but would be duplication.

Text should all be right size. 2 comments left for clarity.

Still needs the timeline amended that [REDACTED] is working on. [REDACTED] - Grateful if you could amend accordingly.

SPADs- Have not had a chance to clear but this is mainly drawing on previous lines. Grateful if you could confirm to [REDACTED] you are content.

Chris

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]
Sent: 30 March 2022 08:56
To: Rooney M (Maureen) [REDACTED] Wilcock C (Chris) [REDACTED]
[REDACTED] Higgins K (Kate) [REDACTED] McFarlane J (John) (Special Adviser) [REDACTED] Dobson L (Leanne)
[REDACTED] McAllister C (Colin) [REDACTED]
Cc: [REDACTED] Pacitti F
(Frances) [REDACTED]
[REDACTED] ET FMQ/PQ Mailbox
[REDACTED] First Minister FMQs [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
Subject: RE: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for update and Spad clearance by 1pm Wed pls

Chris/TS colleagues, [REDACTED]

Spads to note below pls, incl latest version of brief in my 23:52hrs email.

Good morning.

Most morning press simply report the *GMS* interview and Ms Forbes in chamber; the Herald report Mr McColl's comments to the newspaper regarding Ms Forbes comments (text below).

Can you pls ensure the update has lines covering:

- the claim that "This issue was not of FMEL's making", if possible by direct reference to RECC/Audit Scotland report findings.
- the comments about a formal complaint, with 2 expert reports, being sent to the FM in 2018 w/ request for independent industrial arbitration to resolve the dispute.
- the comment that CMAL "knew from day one we couldn't put up a [refund guarantee]... it was never on from day one." (is Audit Scotland pars 21-22 on p18-19 relevant here?).

Thanks
[REDACTED]

'Forbes slur over ferries contract is defamation' says Mccoll

- The Herald
- 30 Mar 2022
- By Martin Williams

TYCOON Jim Mccoll has accused the Finance Secretary of defamation after she said he had a "clear interest in shifting the blame" over the disastrous ferry building contract.

The former Ferguson Marine Engineering Limited (FMEL) chief said Kate Forbes' comments in the Scottish Parliament would have resulted in a potential claim for defamation if said outside the confines of Holyrood.

Under the Scotland Act, MSPs are protected from being sued for defamation over anything they say during proceedings of the Scottish Parliament. The publication of any statement under the authority of the Parliament is also absolutely privileged.

Past examples of controversies include Donald Trump's son Eric accusing Scottish Green co-leader Patrick Harvie of making "libellous statements" in Holyrood.

The Ferguson Marine row blew up after Mr Mccoll spoke out over the ferry fiasco when he said the calamitous contract was agreed for political gain.

Ms Forbes sidestepped questions about which minister signed off on the £97 million deal to build two Calmac ferries, but insisted that it did not breach procurement rules.

The First Minister had come under pressure after Mr Mccoll doubled down on allegations the award to Ferguson Marine shipyard was made swiftly because the SNP wanted to announce it at its autumn conference in October 2015.

Public spending auditors said ministers approved the trouble-hit ferries contract despite being warned that it carried "significant risks" for taxpayers, as it lacked usual financial safeguards including a builders' refund guarantee.

And Mr Mccoll said that he believed the decision to overrule advice from experts and sign off the contract was made by the First Minister, along with then transport minister Derek Mackay, who oversaw a transition towards the nationalisation of the yard when it fell into administration in August, 2019.

Caledonian Maritime Assets Limited (CMAL), the state-controlled firm that owns and procures Calmac's ferries, wanted to pull out of the contract weeks after the Inverclyde shipyard firm was named as the preferred bidder.

But Ms Forbes has now sparked a row by passing the blame over the fiasco on to Mr Mccoll and his company.

“The contract was awarded in line with all of the procurement rules and practices in the normal way, as the Audit Scotland report confirms, and contrary to what Jim Mccoll said, it was the chief executive of CMAL and Jim Mccoll himself who signed the contract. This is a man with a clear interest in shifting the blame on others, when the root cause, ultimately, to the delays of these important vessels was the construction under FMEL,” she said at the Scottish Parliament.
[REDACTED]

He said that all parties were aware of the lack of a builders’ refund guarantee, and that he was unaware that there remained concerns – with both CMAL and FMEL signing off on the contract. Ministers carried out a takeover after Ferguson Marine went into administration, following a dispute with CMAL over spiralling costs and “unforeseen complexities” over the ferries project.
[REDACTED]

Scottish Labour’s shadow transport secretary, Neil Bibby, asked if the award of the contract without a full refund guarantee was discussed and agreed by the cabinet, and if so if they were made aware of CMAL’S concerns. He also asked if the position to ignore CMAL was made by Mr Mackay alone.

But Ms Forbes sidestepped the question, saying there had already been a debate on the subject. Mr Bibby has written to the Scottish Parliament’s Public Audit Committee to call for Nicola Sturgeon and Mr Mackay to be summoned to give evidence on the ferries fiasco.

There have been concerns that Mr

Mccoll’s assertions could lead to legal challenges from the firms that lost out in the procurement process, as it appeared set up to favour the Port Glasgow yard.

The tycoon told the BBC had he known of the objections from CMAL he would have pulled out. The first ship was meant to enter service on the Arran route in the summer of 2018 but is not expected to be ready until next year at the earliest – five years late. Hull 802, destined for the Uig triangle to Tarbert on Harris is due to be delivered after that.

The latest estimated cost for both ships is at least around a quarter of a billion pounds, from an original fixed contract price of £97m.

[REDACT | Head of FMQ Team, Scottish Government | [REDACTE

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 29 March 2022 23:52

To: Rooney M (Maureen) [

[REDACTED]

Adviser) [

[

Cc: [REDACTED]

(Frances) [

[REDACTED]

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Wilcock C (Chris) [

Higgins K (Kate) [

McAllister C (Colin) [

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McFarlane J (John) (Special

Dobson L (Leanne)

Pacitti F

ET FMQ/PQ Mailbox

First Minister FMQs [

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Subject: IMMEDIATE: FMQs - Ferguson Audit Scotland Report - for update and Spad clearance by 1pm Wed pls
Importance: High

Chris/TS colleagues, [REDACTED], Spads,

Accepting Maureen's amends, I have made some further amends top Fergusons-Audit Scotland FMQ brief, tracked in the attached incl:

- a section added to cover Public Inquiry calls
- some suggested amends to align with what AS said on the mitigations put in place when we proceeded without a full refund guarantee
- a set of lines to pre-empt any questions about some of the more recent CMAL criticisms, which were contained in the documents release last week.
- the section on costs, drawn from Ms Forbes' letter to MSPs
- drawing in a few other lines from the general Fergusons brief, so that need not be given to the FM this week.

In Comments, I have requested some further lines/info, where possible, incl to pick up Mr McColl's GMS interview (now added as Annex A, p11) and his renewed complaint over 'constant' changes to spec and his reference to raising directly with the FM a proposal for mediation on 31 May 2017.

I also attach some amends/comments on the Ferries brief, which we will include in the FM's folder after the Audit Scotland one.

With thanks, grateful if you can please review and, either accept my amends and remove tracking where agreed, or otherwise track any adjustments you make, and then send back an update of both briefs – cleared with Spads, by 1pm Wed.

:: Can I also get a view on my suggestion that we delete the previous annex timetable and substitute that with the Ministerial decisions timeline (attached here separately); and if agreed, pls action that in the updated brief.

Thx,

[REDACTED]

[REDACTED] | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Rooney M (Maureen) [

Sent: 29 March 2022 19:32 R

To: Wilcock C (Chris) [

R Higgins K (Kate) [

McFarlane J (John) (Special Adviser)

[
R McAllister R (Colin) [

Rc: [REDACTED]

Pacitti F

(Frances) [

[REDACTED]

First Minister FMQs [REDACTED]

[REDACTED]

Subject: RE: FMQs - Ferguson Audit Scotland Report - for further updates by close of play today pls

[REDACTED] Chris,

With some minor tracks and comments for my division's interests.

Handing back lead now to [REDACTED] and [REDACTED] in my team.

Thanks,
Mo.

Mo Rooney (she/her)
Deputy Director, Strategic Commercial Interventions Division
Scottish Government
[REDACTED]

DAC

I am working from home, contactable by email, on my mobile, and on Teams.

From: Wilcock C (Chris) [REDACTED]
Sent: 29 March 2022 17:50
To: [REDACTED]
[REDACTED]
Cc: [REDACTED]
(Frances) [REDACTED]
[REDACTED]

Higgins K (Kate) [REDACTED]
McAllister C (Colin) [REDACTED]

Rooney M (Maureen)
McFarlane J (John) (Special Adviser)

Pacitti F

ET FMQ/PQ Mailbox

First Minister FMQs [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Subject: RE: FMQs - Ferguson Audit Scotland Report - for further updates by close of play today pls

[REDACTED]

With apologies for the delay, please find revised version attached. SCID colleagues may wish to comment on some element of this. Just to confirm that I am otherwise content with your changes (though not accepted so others can still see in tracking).

Chris

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]
Sent: 29 March 2022 15:17
To: Wilcock C (Chris) [REDACTED]
(Maureen) [REDACTED]
Adviser) [REDACTED]
Cc: [REDACTED]
(Frances) [REDACTED]
[REDACTED]

Higgins K (Kate) [REDACTED]
McAllister C (Colin) [REDACTED]

Rooney M
McFarlane J (John) (Special

Pacitti F

ET FMQ/PQ Mailbox

First Minister FMQs [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Subject: FMQs - Ferguson Audit Scotland Report - for further updates by close of play today pls
Importance: High

Hi Chris, colleagues,

Thanks for the updated FMQ brief on the Audit Scotland vessels brief.

Pls see attached – and pls copy in other colleagues as appropriate.

- I've updated it quite a bit, including what (latest) issues need flagged in the Background box- and also re-ordering it (below the top lines) so it's broadly chronological to be a bit easier to follow, and identify relevant parts to respond to particular questions.

- I've also included some further questions for response, ideally by inclusion of additional info/lines; can you also pls reflect some of the lines Ms Forbes used for the Topical, incl around who signed the contract in Aug.

- Early Spad views would be welcome if possible, ahead of a further opportunity to input tomorrow.

With thanks, grateful if you can please review and, either accept my amends and remove tracking where agreed, or otherwise track any adjustments you make, and then send back an update by close of play today.

I'm still not sure we need, on top of this, a separate Fergusons brief (so with colleagues' assistance we may want to summarise key lines from that towards the end of this brief); I do agree the Ferries brief should be kept separate, and await an updated version of that a bit later today.

Thx
[REDACTED]

[REDACTED] | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 29 March 2022 09:59

To: Wilcock C (Chris) [Maureen] [

Rooney M

Cc: [REDACTED]

Pacitti F

(Frances) [R

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Chris, colleagues,

Pls see Jim McColl transcript below.

Some immediate thoughts on some specific points he made for which we'll need new lines (for each of these, what have RECCommittee and Audit Scotland said, eg did RECC/AS give a view on the changing spec, eg it was standard, no issues, etc? Are there other sources that support our position on this?

1. CMAL concerns in 2015, JMc saying “we – not defined who – Clyde Blowers, FMEL, etc)” were not made aware of CMAL’s objection to the contract proceeding due to the absence of a full guarantee); later in the interview he said he had been told “after at the Committee meeting to review what happened here”, that the CMAL Chairman refused to sign the order and that it had to be a government minister. *“I didn’t understand at the time why, but again Audit Scotland have revealed why. CMAL were strongly opposed to this. And, you know, they’re the gatekeepers here, and they should’ve been respected”*.
2. Renewed criticisms about the level/number of changes to the spec, and says he commissioned *“an independent review, carried out by experts early in 2017, 2018... they were highly critical of the way the specification was put together”*.
3. Mediation/arbitration over dispute (presumably referring to shortly prior to nationalisation rather than Aug-Oct 2015 period that’s been focus in recent days?) – lines on what efforts were made to resolve, incl any 3rd party findings that backed TS position.

Also (while not the main focus of criticism against SG) some possibly helpful points:

- possibly useful comment about his commercial (not political) decision to buy the yard (highlighted green)

- again, possibly helpful comment on it being corr to launch the first ship, and it was management decision (highlighted green)

I’ll send back some comments on the existing brief a bit later, and will be looking to include lines from you on the above.

Thx,

[REDACTED]

ACTE

Jim McColl

Ferry procurement

GMS

29Mar22

11m39s

Presenter

Let’s talk to Jim McColl now. Good morning to you.

Jim McColl

Morning.

Presenter

The First Minister says that the procurement process was all in order and that it was nothing to do with political capital. Do you still stand by your words?

Jim McColl

Yes, well, I think the recent Audit Scotland report answered questions that we’ve been asking, you know, over the past five years, because we were very keen, after early on in the contract seeing that there were additional costs, we wanted to have a resolution to this and have some sort of mediation, arbitration or expert opinion on this, expert determination, and that all... every time this was raised, the Government would not confront CMAL to tell them and insist that we do this. You know, this was the way to resolve the issue. And [REDACTED]

and I kept asking the question, what is it they are afraid of with CMAL, because they were tiptoeing around CMAL. [CROSSTALK]

Presenter

Well, just be clear, CMAL warned... We know from the Audit Scotland report that CMAL warned the Scottish Government in advance of signing this contract with you that it was going to be too risky, and said the procurement process was reopened. So to be clear, you're criticising the Scottish Government for ignoring CMAL and failing to properly protect the taxpayer against the risk posed by your company.

Jim McColl

No, no. There was... What I'm making... To be quite clear here, I'm making the point that that issue, you know, and this has been uncovered by Audit Scotland. It was buried by the Government... [CROSSTALK]

Presenter

Was it a fair criticism, then, by CMAL?

Jim McColl

It was an absolutely fair criticism that if they... It's their choice, if they are the body that are held responsible, and a buyer who doesn't want you to be there? So, that to me was the revelation that something had gone amiss here. Now, I don't agree that we weren't fit for purpose, because I think we had a very good team and could have completed those contracts. A number of experts, real experts in naval architecture and marine engineering, have said that the preparation for the specification of these contracts was rushed, and, again, what Audit Scotland have uncovered would suggest that perhaps that part of the contract was rushed as well, and that's why we had so many issues to deal with after we started into the contract.

Presenter

So it sounds like you're suggesting the speed at which the contract was announced was the root cause of all the problems that followed. The First Minister, you heard in that clip there, says you signed the contract, you were responsible for the construction - why did you sign a contract for the ferries where the design hadn't been finalised?

Jim McColl

No, to be clear, we were investors in the yard. [REDACTED]

Presenter

You were a major investment in the yard - did you not know what you were being brought into?

Jim McColl

Well, we... [REDACTED]

Presenter

I'll take you back to my original question, which I don't think you answered – do you still think that the contracts were rushed through so that the SNP could make... [CROSSTALK] ..political gain?

Jim McColl

Absolutely. I mean, it's now clear from what was uncovered by Audit Scotland that, you know, these contracts... And not just Audit Scotland. I mean, there are some SNP former ministers who have come out and said, yes, it was a big issue at the time for it to be announced before the conference, the annual conference, which was the first one that the First Minister... that Nicola Sturgeon was First Minister at. And then the following year you had the election. So this was all for political capital in my mind, in my view, when you look at the evidence with hindsight. And it's thanks to Audit Scotland that this has all been uncovered, and there's more to it.

Presenter

You say when you look at it with hindsight it's your view that this was all done for political gain, the optics of it. On that charge that they were interested in making political capital, was the same true in your opinion when you helped take Fergusons out of administration in 2014 just before the independence referendum? Was that for the gain of the SNP?

Jim McColl

I'm sure that... When we took it out I was approached by Alex Salmond. as I had been on a number of occasions on business in Scotland, they were in trouble, to have a look at them. I had a look at the shipyard and I reckoned there was a great opportunity here. And there's no doubt from the SNP's point of view that it was politically beneficial if they could help facilitate this company being taken out of administration. It was not done, to be clear, [REDACTED]

Presenter

You see, to those people listening to this who perhaps don't support independence they might say that you're a supporter independence...

Jim McColl

No, no.

Presenter

You were a government economic advisor. You know, you benefitted from all of this?

Jim McColl

No, no I didn't. I have never given any financial support or said that I was a supporter of the SNP... [CROSSTALK]

Presenter

Sorry, independence. You're a supporter of independence.

Jim McColl

On independence, at the time I believed that the country could do with more powers and there was no way they were going to get that other than through independence, I thought at the time. Now I have with hindsight and events that have transpired since... not just because of this, many other issues... I wouldn't support that now.

Presenter

But at the time it seems like you were a willing player in all of this. You weren't being used for political benefit were you? It doesn't look like it.

Jim McColl

No, no. I think you're trying to skew it the wrong way. I was an investor in industrial businesses and [REDACTED]

And I'd been, I'd been a supporter for years of trying to support businesses in Scotland, to increase the economic opportunity in Scotland and the quality of jobs, and this fitted with that ambition as well as my investment goals.

Presenter

You say that it became, that you became aware shortly after the contracts were signed that the design spec kept changing...

Jim McColl

Yes.

Presenter

And that there were problems. The Glen Sannox was launched by the First Minister in November 2017, we're told the windows had to be painted on because it was so far from finished. Whose idea was that?

Jim McColl

The windows were covered up. I don't think it was paint, [REDACTED]

Presenter

So that was logistics rather than making it look like everything was OK with this contract?

Jim McColl

Absolutely, absolutely.

Presenter

And out of interest, were you privy to who signed off on the contract back in 2015? Because it's still really not particularly clear whether it was Derek Mackay, the then Transport Secretary, or whether it was Keith Brown, his boss at the time?

Jim McColl

No. As I recall Derek Mackay was not available at the time to sign off. He was actively involved with the First Minister and all the push to get the... around the order for Ferguson, but he wasn't available. And I believe it was Keith Brown at the time that signed it. I believe, and [REDACTED]

Presenter

With hindsight, would the taxpayer have been better served if the Scottish Government had listened to CMAL's recommendation against awarding Ferguson's the contract?

Jim McColl

Absolutely, absolutely, because what happened subsequently is costing the taxpayer a huge amount of money that could have been avoided... [CROSSTALK]

Presenter

And you're still taking no responsibility. You're taking... You don't think the yard should take responsibility for the delays and the overruns?

Jim McColl

I'm sure there is a small amount of responsibility that was with Ferguson. [REDACTED]

There's been a fabulous propaganda exercise carried out by the Government to try and put the blame of this onto the previous management at Ferguson's. Ferguson's had absolutely top class management, they did a great job, and that's why I'm speaking out to support them, because they are being, I think, unfairly criticised, and, again, I think this is clearly for political purposes, to put the blame onto them rather than the Government accepting responsibility. And, you know, this has been unearthed... it has been opened up by Audit Scotland. There's more work needs to be done, because this is the tip of the iceberg.

Presenter

We're grateful for your time this morning, Jim McColl, former owner of Ferguson's shipyard.

[END]

[REDACT | Head of FMQ Team, Scottish Government | REDACTE

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 29 March 2022 08:27

To: Wilcock C (Chris) [Maureen] [

Rooney M

Cc: [REDACTED]

Pacitti F

(Frances) [

R

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Will get transcript of Mr McColl on GMS a few minutes ago – raised various things that will need covered.

Will need to consolidate some of the existing material in this brief, reduce duplication etc. I'll have a go this morning.

[REDACT | Head of FMQ Team, Scottish Government | [REDACTE

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Wilcock C (Chris) [

Sent: 28 March 2022 21:07

To: [REDACTED]

Cc: [REDACTED]

Pacitti F

(Frances) [

[REDACTED]

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

[REDACT

As noted we can refine again tomorrow once we see what further coverage there has been.

Chris

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]

Sent: 28 March 2022 19:57

To: Wilcock C (Chris) [Maureen] [

Rooney M

Cc: [REDACTED]

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Thanks Chris

From: Wilcock C (Chris) [REDACTED]
Sent: 28 March 2022 19:51
To: [REDACTED]

Rooney M (Maureen)

[REDACTED]
Cc: [REDACTED]

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Not yet [REDACT Working on the Topical and will weave that in. Apologies.

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]

Sent: 28 March 2022 19:28

To: Allan Z (Zach) <Zach.Allan@gov.scot>; Rooney M (Maureen) [REDACTED]

Wilcock C (Chris)

[REDACTED]
Cc: Palmer DJ (David) <David.Palmer@gov.scot>

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Hi, has the updated Audit Scotland report FMQ brief been sent today?

Thx
[REDACTED]
[REDACTED]

| Head of FMQ Team, Scottish Government | [REDACTE

From: [REDACTED]

Sent: 28 March 2022 14:15

To: [REDACTED] Rooney M (Maureen) <[REDACTED]>

Wilcock C (Chris)

[REDACTED]
Cc: [REDACTED]

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

That's the one, thx [REDACTED]
[REDACTED]

Worth FM seeing the full comment in most appropriate section of the FMQ brief, so she can draw from it if needed.

thx

From: [REDACTED]

Sent: 28 March 2022 14:05

To: Rooney M (Maureen) <[REDACTED]> ; Wilcock C (Chris) <[REDACTED]>

[REDACTED]

Cc: [REDACTED]

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Is this the quote, second half is currently in the AS brief?

STUC General Secretary Roz Foyer said:

"It is clear that the ongoing problems at the yard started with private sector failure and the Scottish Government was 100% correct to intervene. We must not let the current issues distract from the need to build capacity and future orders.

"The loyal and skilled workforce at Ferguson's Marine must be the bedrock of ferry building in Scotland and they deserve the opportunity to have their part in that future."

[RE
DA
CTE | Finance and Business Support Officer
n1
Strategic Commercial Interventions Division
Scottish Government

E: [REDACTED]

From: Rooney M (Maureen) [

Sent: 28 March 2022 13:37 R

To: Wilcock C (Chris) <[REDACTED]>

Cc: [REDACTED]

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

[RED
ACTE

Can you track down the GMB quote please?

Mo.

Mo Rooney (she/her)
Deputy Director, Strategic Commercial Interventions Division
Scottish Government
[REDACTED]

I am working from home, contactable by email, on my mobile, and on Teams.

From: Wilcock C (Chris) [

Sent: 28 March 2022 13:35 R

To: [REDACTED]

Cc: Rooney M (Maureen) [R

[
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Thanks [REDACT Flagg]ing to SCID colleagues.

Mo[REDACT ACT] – I'll work on an amended version of the FMQ brief and pass to you for any comments before putting back to [REDACT

Chris

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]
Sent: 28 March 2022 13:31
To: Wilcock C (Chris) [REDACTED]
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Thx Chris

You can see the clear narrative of the events that the FM and Cab Sec are seeking to have clearly set out – incl pushing back on some of how media/opp have switched between references to the Aug contract preferred bidder award and the later decision, sent to Mr MacKay for decision in Oct for example.

So reflecting the language, and wherever we can augment those points, pls do. Incl direct quotes from Audit Scotland report that underpin her refer[REDACT] E ces to the procurement process having been fine etc.

Also, on Wed/Thu there was a good GMB quote that began by saying the issues pre-dated nationalisation. The brief carried only the latter end of the quote, but I think she should have the full one.

Thx again

[REDACT ED] _____ [REDACTED]
Head of FMQ Team, Scottish Government

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Wilcock C (Chris) [REDACTED]
Sent: 28 March 2022 13:27
To: [REDACTED]
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Thanks [REDACT Flagg] Been side-tracked but will add this in and get it to you ASAP.

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

[REDACTED]

[REDACTED]

From:

Sent: 28 March 2022 13:26

To: Wilcock C (Chris) [REDACTED]

Rooney M (Maureen) [REDACTED]

[REDACTED]

Higgins K (Kate) [

Dobson L (Leanne)

[

Pacitti F (Frances) [

McAllister C (Colin)

[

R

Cc: ET FMQ/PQ Mailbox <ETFMQPQ@gov.scot>; [REDACTED]

[REDACTED]

ET FMQ/PQ

Mailbox [

First Minister FMQs <[REDACTED]

[

Chief Executive Transport Scotland

[

Hutchison D (David) (Special Adviser) [REDACTED]

Director for Covid

Business Resilience and Support [

McFarlane J (John) (Special Adviser)

[

Higgins K (Kate)

[

McAllister C (Colin) <[REDACTED]

Dobson L (Leanne)

[

Hutchison D (David) (Special Adviser) [

McFarlane J

John) (Special Adviser) [

R

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Pls note the FM on BBC today:

BBC Glenn Campbell 0:00

On Calmac, is Jim McColl right to suggest that the contract awarded to his company was rushed for your political advantage?

First Minister 0:10

No, he's not right. In fact, he's flatly wrong to say that. This was a contract that was awarded in line with all of the normal procurement rules and practices and in the normal way, abided with all of the rules around that. Of course, it's also a contract that Jim McColl signed on behalf of his company. There have been real problems with the construction of these vessels, the delays to the completion of the vessels, cost overruns (are) deeply unsatisfactory, and lots of lessons to be learned there. But, as I think the Audit Scotland report itself said, there was nothing untoward in the procurement of the contract at the time.

BBC Glenn Campbell 0:50

But right at the end, the final go ahead was given despite CMAL, your own ferry company, saying that the whole thing should be scrapped and that the procurement process should be started again. Why?

First Minister 1:02

Again, you're using your words there, and anybody can go and look at the documentation.

BBC Glenn Campbell 1:08

What have I said that was wrong, sorry what have I said that was wrong.

First Minister 1:10

I'm going to put it into my words, if you don't mind. Anybody can go look, of course at the documentation, which has been published for quite some time. And I set much of this out in Parliament last week. Yes, CMAL had concerns about the granting of the contract- the final

granting of the contract because of the failure of Jim McColl's company at the time to deliver a full refund guarantee requirement.

BBC Glenn Campbell 1:35

That was a contract requirement-

First Minister 1:36

But what was also set out at that time were the steps that had been taken to mitigate that risk. And I set those out in Parliament, so changes to the final payment, so that more was withheld by CMAL, the requirement for suppliers to deliver full refund guarantees. So, yes, there were concerns, but there were also steps taken to mitigate the risk, and ministers of course, take a judgement in the balance. And of course, if that contract had not been awarded at the time, it is highly likely that the shipyard would not have survived. So, these are decisions that have been taken. The Audit Scotland report was very clear that it didn't think that there were untoward factors in the procurement, although there were very clearly significant problems with the construction of the ferries and, from that, lessons do require to be learned

BBC Glenn Campbell 2:26

When the decision was given to go ahead despite see CMAL's concerns, did you ultimately give the nod was it on your say so?

First Minister 2:35

I am responsible for all of the decisions that the Government takes.

BBC Glenn Campbell 2:40

In this particular instance, did you say 'yes, go ahead'?

First Minister 2:43

You can look at the documentation at the time-

BBC Glenn Campbell 2:45

It doesn't say that, that's why I'm asking you - did you give the go ahead?

First Minister 2:49

This would have been a decision that was taken, like all decisions, by ministers responsible, but I am ultimately responsible for all of-

BBC Glenn Campbell 2:56

Did you say "go ahead"?

First Minister 2:58

I didn't say don't go ahead. That is not to say I was the minister taking the actual decision, but I am responsible for all of the decisions.

BBC Glenn Campbell 3:07

So who was the minister who said this should go ahead.

First Minister 3:10

I covered this in Parliament, the-

BBC Glenn Campbell 3:13

We know from the documentation who was asked for approval, but your predecessor says no one minister could give the say-so for something like this, which is why I'm asking the question.

First Minister 3:23

But that does not mean that that is correct. Look, I am responsible for all decisions the government takes and I'm not going to stand here and try to pass the buck to anybody else; the buck for all decisions the Scottish Government takes, rests with me, and that is the position on this issue. And it's the position on all issues.

BBC Glenn Campbell 3:41

So why don't you put your hands up and say, the government got this spectacularly wrong and that you're sorry?

First Minister 3:47

I'm obviously very regretful for the fact that the ferries have been so delayed and that there have been such cost overruns. But, as the Audit Scotland report says, that is not necessarily the same as saying the contract should never have been awarded. The fulfilment of the contract went badly wrong, and these things are not necessarily the same thing. There are lots of lessons to learn here, but it's also important we learn the right lessons and apply that learning for the future.

BBC Glenn Campbell 4:15

Should there be a public inquiry?

First Minister 4:17

There's been an Audit Scotland inquiry, there's been a parliamentary inquiry. Again, as I said in Parliament - and you know, people listening would have heard me say this - the Audit Scotland report says that when the vessels are completed, there should be a further review of what went wrong so that appropriate lessons can be learned. And, as I said in Parliament, we will consider what the appropriate form of that further review should be.

Transcribed by <https://otter.ai>

[REDACTED]

Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 24 March 2022 08:15

To: Wilcock C (Chris) [

Rooney M (Maureen) [

Higgins K (Kate) [

Dobson L (Leanne)

[Pacitti F (Frances) [

McAllister C (Colin)

[R

Cc: ET FMQ/PQ Mailbox <ETFMQPQ@gov.scot>; [REDACTED]

ET FMQ/PQ

Mailbox [

First Minister FMQs [

Chief Executive Transport Scotland

[

Hutchison D (David) (Special Adviser) [

Director for Covid

Business Resilience and Support [

McFarlane J (John) (Special Adviser)

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Higgins K (Kate)

[

McAllister C (Colin) [

; Dobson L (Leanne)

[

Hutchison D (David) (Special Adviser) [

McFarlane J

R

(John) (Special Adviser) [

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** further updates for 0845 pls Thu pls

Importance: High

Thx Chris,

Three further asks pls:

1) 2017 LAUNCH: Spads advise that from conversation with the FM yesterday we probably need a useable 'public line' on why the FM went to launch a ship, that hindsight now shows was far from completion – given opposition references to painted windows etc in debate.

We've included a suggested line in the attached for policy review/clearance/amends pls.

2) PUBLIC INQUIRY CALLS: Can lines be added to the same document under a new section (PUBLIC INQUIRY CALLS).

Can this incorporate the points Ms Forbes was making in media interviews yesterday, which outline the level of detailed scrutiny involved in the RECCommittee inquiry, and AS's detailed review and report. Also, at FMQ prep it was felt the following line in AS report could be useful – about a formal review AFTER 2 vessels completed – to which FM suggested we could add something to the effect *"the precise nature of which can be considered in due course"*.

Transport Scotland and CMAL should: • undertake, on completion of vessels 801 and 802, and involving the Scottish Government and FMPG where appropriate, a formal review of what went wrong with the project with a view to learning lessons to help prevent future recurrence with other vessel procurement

3) FERRIES BRIEF

Also, as discussed on our earlier call, while FM has several notes around Fergusons/Audit Scotland etc, we want to give her the Ferries brief but updated to cover a couple of issues in morning press. Compo claims and renewed claims re lawfulness of Turkish contract (I'll send you the articles now)

Ideally could we get this down to 4 pages (given the need to manage how much new info across various issues we give the FM just a few hours ahead of FMQs. I've suggested that some of the issues unrelated to the Islay tender and disruption (such as Uig may not be needed today)

With thx, grateful for as much of this, ideally 1&2 by 8.45 pls

Thx
[REDACTED]

[REDACTED | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Wilcock C (Chris) [R]
Sent: 24 March 2022 07:13

To: [REDACTED]
[REDACTED]
[REDACTED]

Rooney M (Maureen) [R]
Higgins K (Kate) [REDACTED]
Pacitti F (Frances) [REDACTED]

Dobson L (Leanne)
McAllister C (Colin)

Cc: ET FMQ/PQ Mailbox [R]

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Mailbox [R]

First Minister FMQs [R] 24

ET FMQ/PQ

[
[Hutchison D (David) (Special Adviser) [Chief Executive Transport Scotland
Business Resilience and Support [McFarlane J (John) (Special Adviser) Director for Covid
[
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** out of hours request for the FM - for rview and feedback by 0730 Thu pls

[REDACTED]

Thanks for this. No comments on the timeline - looks better on the single doc as you note.

Have tidied up the other note. The reference was to FM (it's a lift from an annex to the briefing that went to her for the event noting the sensitivities).

Chris

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]
Sent: 23 March 2022 23:28
[REDACTED]

[Higgins K (Kate) [Dobson L (Leanne)
[Pacitti F (Frances) [McAllister C (Colin)
[R
Rc: ET FMQ/PQ Mailbox <ETFMQPQ@gov.scot>; [REDACTED]

[REDACTED] ET FMQ/PQ
Mailbox [First Minister FMQs [Chief Executive Transport Scotland
[R Director for Covid
<ceo@transport.gov.scot>; Hutchison D (David) (Special Adviser) [McFarlane J (John) (Special Adviser)
Business Resilience and Support [R

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** out of hours request for the FM - for rview and feedback by 0730 Thu pls

Mo, Chris W,

Good morning. With thanks for the material, please see attached extra notes for the FM, covering:

- 1) (Mo) Recent progress, latest Costs incl Turnaround Director pay – and, as an initial suggestion, weaving in some generic lines in case CMAL reports are aired.
- 2) (Chris W) formatted note on two of FM 3 asks around pre-nationalisation contract award and launch event, and
- 3) (Chris W) the ministerial decision-making timeline on a separate doc, for easier reference
- 4) Official report of Parly statement and Q&A
- 5) Official report of Conservative-led debate on ferries.

Pls can you review the first three notes above, accept amends and remove tracking where agreed, or otherwise track any adjustments; ** there are one or two quick questions in some of the notes, for which I'd be grateful for responses, ideally by way of updates to the notes themselves, or otherwise in covering email.

With thanks, grateful for feedback by 7.30am to allow me to finalise, print and get on the FM's desk ahead of her arrival to prepare for FMQs.

Pls call me if you need to discuss,

[REDACTED]

[REDACTED] Head of FMQ Team, Scottish Government | [REDACTED]
[REDACTED]

From: Rooney M (Maureen) [REDACTED]
Sent: 23 March 2022 21:06 R
To: [REDACTED] Wilcock C (Chris) [REDACTED]
[REDACTED] Higgins K (Kate) <[REDACTED]> ; Dobson L (Leanne)
[REDACTED] Pacitti F (Frances) <[REDACTED]> McAllister C (Colin)
[REDACTED]
Cc: ET FMQ/PQ Mailbox <[REDACTED]>

Mailbox [REDACTED] First Minister FMQs [REDACTED] ET FMQ/PQ
[REDACTED] R)
[REDACTED] Chief Executive Transport Scotland
[REDACTED] Hutchison D (David) (Special Adviser) [REDACTED] ; Director for Covid
[REDACTED] Business Resilience and Support [REDACTED] R
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** out of hours request for the FM

[REDACTED]

We discussed.

Cab Sec's notes

To see below some lines on Ms F's notes. My framing is based on the careful tone to be struck on these points.

- A senior CMAL secondee has joined the Fergusons senior management team as Programme Director, to drive forward progress on the programme. This can only help improve collaboration between the businesses.
- The revised delivery schedule has been developed in collaboration with, and endorsed by CMAL. We welcome this collaboration, which can enhance our collective confidence in the programme.
- Since nationalisation 3 smaller vessels have been delivered ([REDACTED])

Proactive release

Risks are set out below. As discussed, proposed reactive line across most of these criticisms when raised is as follows:

- The Scottish Government has been clear with the FMPG Board that [insert criticism here, eg. planning and reporting] must improve. The Board recognise that and have been driving that process within the business. The Cabinet Secretary for Finance and Economy has been meeting with Ferguson Marine senior management on a fortnightly basis, and the Chair every 6 weeks to drive improvement and progress. There have been some improvements, but this work needs to continue.

The following concerns were identified by CMAL, FMPG and SG in August 2021 as directly impacting on the current performance of the shipyard:

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In addition to the above, CMAL’s monthly reports to SG (April 2021 to January 2022) highlighted the following concerns:

- Slow progress and high level programme milestones have been missed;
- Lack of detailed plan for the build;
- Weaknesses in the planning of the build and issuing of work packages is a problem. This leads to out of sequence working which contributes to the high level of reworking;
- Absence of detailed reporting which makes it difficult to confirm specific delays. However, the objective information on progress towards delivery has improved since December 2021 but issues still remain; and
- Progress on rectifying the Owners Observation Reports (notifications to Ferguson Marine of errors in the build made by CMAL) is slow.

This should cover the ground we discussed.

Mo.

Mo Rooney (she/her)
Deputy Director, Strategic Commercial Interventions Division
Scottish Government
[REDACTED]

I am working from home, contactable by email, on my mobile, and on Teams.

From: [REDACTED]
Sent: 23 March 2022 20:20
To: [REDACTED]
[REDACTED]

[
R
Cc: ET FMQ/PQ Mailbox [

Wilcock C (Chris) [R
Higgins K (Kate) [R
Pacitti F (Frances) [R

Dobson L (Leanne)
McAllister C (Colin)

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Mailbox [R
[R

First Minister FMQs [R
Chief Executive Transport Scotland [R

ET FMQ/PQ
Hutchison D (David)

(Special Adviser) [

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** out of hours request for the FM

[REDACTED]

Key lines on Tim Hair as below, and I have attached background note with more detail on the points alluded to in Chamber today.

The Turnaround Director was appointed in August 2019 following a competitive and robust recruitment exercise and his contract has been managed by Fergusons Board of Directors since August 2020.

- A benchmarking exercise was conducted as part of the recruitment process to identify market rates. The Turnaround Director’s agreed fee was well within the benchmark, and consistent with market rates.
- The fee rates reflect the highly specialised nature of a role that requires senior level experience and a solid track record of stabilising and transforming businesses in difficult situations.
- The Turnaround Director’s contract was renewed in February 2020 with a reduction in the day rate and the addition of a retention arrangement, under which a percentage of the fee is accrued and withheld for a period of time. This payment is not – as has been described – a bonus.
- His role was always temporary and, with the shipyard on a more solid footing, the Board concluded it was the right time to welcome a permanent and longer-term leader.

Mo.

Mo Rooney (she/her)

Deputy Director, Strategic Commercial Interventions Division
Scottish Government

[REDACTED]

I am working from home, contactable by email, on my mobile, and on Teams.

From: Rooney M (Maureen)

Sent: 23 March 2022 19:36

To: [REDACTED]

[REDACTED]

[

R

Cc: ET FMQ/PQ Mailbox [

R

E

D

A

Mailbox [

[

(Special Adviser) [

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** out of hours request for the FM

Wilcock C (Chris) [R
 Higgins K (Kate) [R
 Pacitti F (Frances) [R

Dobson L (Leanne)
McAllister C (Colin)

ET FMQ/PQ

First Minister FMQs [R
 Chief Executive Transport Scotland [R

Hutchison D (David)

[REDACTED]

Yes, I can help. Noting you're handling items 1 and 4, and I don't have Cab Sec's handwritten note, I'll come back to you on item 3.

Mo.

Mo Rooney (she/her)
Deputy Director, Strategic Commercial Interventions Division
Scottish Government
[REDACTED]

I am working from home, contactable by email, on my mobile, and on Teams.

From: **[REDACTED]**
Sent: 23 March 2022 19:23
To: Wilcock C (Chris) [REDACTED] Dobson L (Leanne) [REDACTED] Pacitti F (Frances)
 Higgins K (Kate) [REDACTED] McAllister C (Colin) [REDACTED]
Cc: ET FMQ/PQ Mailbox [REDACTED] ET FMQ/PQ Mailbox
 [REDACTED] First Minister FMQs [REDACTED]
 [REDACTED] Chief Executive Transport Scotland [REDACTED] Hutchison D (David)
 [REDACTED] Special Adviser [REDACTED]
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - *** out of hours
Importance: High

Chris, Mo,

Thanks for this, which I'll review just now and come back w any Qs.

The FM has a few further requests from FMQ prep – one of which you've discussed with **[REDACTED]** and actioned. **ACTE**

The others for action this evening are:

1. Ms Forbes letter to MSPs today, re costs, turned into lines that explain our figures (I will do this, but will need fact-checked)
2. Ms Forbes handwritten note on some key positives typed up into a note, incl CMAL secondment, CMAL having endorsed revised timeframes (Ms Forbes suggested this was for first time ever is that correct?), the completion of 3 smaller vessels since nationalisation; progress on the investment framework (already covered in brief).
3. Details, as lines (and any sensitive info as background) on Tim Hare day rate.
4. Official Report of Parly statement and Conservative debate (I will do this and format once available)

With thx, grateful for confirmation of receipt and that you be able to assist with this this evening.

[REDACTED]

With thx

[REDACTED] | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Wilcock C (Chris) [R]
Sent: 23 March 2022 19:08
To: [REDACTED] Higgins K (Kate)
[Dobson L (Leanne) [Pacitti F (Frances)
[; McAllister C (Colin) [B
Cc: ET FMQ/PQ Mailbox [M
(Maureen) [R
[R
[First Minister FMQs [ET FMQ/PQ Mailbox
[Chief Executive Transport Scotland [Hutchison D (David)
[Special Adviser) [R
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 16:15 pls

[REDACTED/All,

Please find info attached on additional material requested by FM. We have included the wider timeline of events and key decisions as this may be helpful.

Let me know if you need anything further.

Chris

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]
Sent: 23 March 2022 17:36
To: [REDACTED] Higgins K (Kate) [Wilcock C (Chris)
[Dobson L (Leanne) [Pacitti F (Frances)
[; McAllister C (Colin) [B
Cc: ET FMQ/PQ Mailbox [[REDACTED] Rooney M
(Maureen) <Maureen.Rooney@gov.scot>; [REDACTED]
[ET FMQ/PQ Mailbox
[; First Minister FMQs [)
[Chief Executive Transport Scotland [Hutchison D (David)
[Special Adviser) [R
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 16:15 pls

Chris, thx

I'm picking back up, working off Kate's version and will weave in your updates. Meantime if you can pls review Kate's.

With FMQ prep at 6pm, we need to finalise and print the core FMQ brief in next 20 mins.

I assume the other material requested by FM via Leanne/Kate is in hand.

Thx
[REDACTED]

[REDACTED] | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 23 March 2022 17:32

To: Higgins K (Kate) [

Wilcock C (Chris) [

[REDACTED

Dobson L (Leanne) [

Pacitti F (Frances)

[

McAllister C (Colin) [

Cc: ET FMQ/PQ Mailbox [

Rooney M

(Maureen) [

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D
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ET FMQ/PQ Mailbox

[First Minister FMQs [

[Chief Executive Transport Scotland [

Hutchison D (David)

[Special Adviser) [

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 16:15 pls

All,

The attached is the version officials have been working on to cover all the extra requests for lines. I've left everything in track changes, but appreciate it is starting to look messy.

We will look at Kates version and make further amendments to marry up the briefs this evening.

The additional annexes request by FM will be sent by colleagues separately as instructed.

Thanks

Chris

From: Higgins K (Kate) [

Sent: Wednesday, 23 March 2022 17:25

To: Wilcock C (Chris) [

Dobson L (Leanne) [

Pacitti F (Frances)

[; McAllister C (Colin) [[REDACTED]

Cc: ET FMQ/PQ Mailbox <[REDACTED]>

Rooney M

(Maureen) [

R
E
D
A

ET FMQ/PQ Mailbox

[First Minister FMQs [

[Chief Executive Transport Scotland [

Hutchison D (David)

[Special Adviser) [

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 16:15 pls

Chris

I've done some work on this this afternoon to tighten and try and get top lines in space FM is looking for

Kate

Kate Higgins
Special Advisor to the First Minister
Rural Affairs, Islands and Transport
[REDACTED]

Scottish Government
St Andrew's House, 2 Regent Road, Edinburgh, EH1 3DG
Scottish Ministers, Special advisers and the Permanent Secretary to the Scottish Government are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot.

From: Wilcock C (Chris) [REDACTED]
Sent: 23 March 2022 16:00
To: [REDACTED] Dobson L
(Leanne) [REDACTED] Pacitti F (Frances) [REDACTED] Higgins K (Kate)
[REDACTED] R McAllister C (Colin) [REDACTED]
Cc: ET FMQ/PQ Mailbox [REDACTED] Rooney M
(Maureen) [REDACTED]
[REDACTED] R
[REDACTED] E
[REDACTED] D
[REDACTED] A ET FMQ/PQ Mailbox
<[REDACTED]> ; First Minister FMQs [REDACTED]
[REDACTED] ; Chief Executive Transport Scotland [REDACTED] Hutchison D (David)
[REDACTED] R
[REDACTED] R
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 16:15 pls

Is that the 3 points below?

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]
Sent: 23 March 2022 15:57
To: [REDACTED] Dobson L (Leanne) [REDACTED] Pacitti F
(Frances) [REDACTED] ; Wilcock C (Chris) [REDACTED] ; Higgins K
(Kate) [REDACTED] McAllister C (Colin) [REDACTED]
Cc: ET FMQ/PQ Mailbox <ETFMQPO@gov.scot>; [REDACTED] Rooney M
(Maureen) [REDACTED]
[REDACTED] R
[REDACTED] E
[REDACTED] D
[REDACTED] A ET FMQ/PQ Mailbox
[REDACTED] First Minister FMQs <[REDACTED]>
[REDACTED] Chief Executive Transport Scotland <[REDACTED]> ; Hutchison D (David)
[REDACTED] R
[REDACTED] R
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 16:15 pls
Importance: High

[REDACTED] colleagues,
ACTE

A colleague has flagged a BBC thread from which I think there are three other issues raised by Audit Scotland for which sets of lines will be needed in the updated FMQ brief in case raised with the FM.

Grateful if these can be covered in the updated brief, with an extended deadline of 16:45.

Thx,

[REDACTED]

LOAN ARRANGEMENTS

Philip Sim on Twitter: "FMEL would later claim it didn't even *want* the loans, and just took them while it was wrangling with CMAL. And Audit Scotland says they don't think ScotGov "could have obtained appropriate assurance on FMEL's resources" before making them" / Twitter

Philip Sim on Twitter: "ScotGov apparently also didn't put any requirements into the loan agreements about monitoring progress in return; the auditors say "it is not clear what impact the £45m in loans had on progress with the vessels' construction"" / Twitter

What's our response to AS criticism of how loans were provided?

LACK OF UNDERSTANDING CHALLENGES PRIOR TO PUBLIC OWNERSHIP

Philip Sim on Twitter: "While ScotGov conducted some due diligence, a complicated situation was developing very quickly and Audit Scotland says the government "did not have a full understanding of the challenges at the shipyard" – in part because relationships with FMEL had "deteriorated" https://t.co/L0g6GkPUYF" / Twitter

What are our lines as to why we went ahead w nationalisation, despite not knowing the scale of the challenges?

STAFF CONFIDENCE AND MORALE

Philip Sim on Twitter: "The yard has new bosses, but Audit Scotland says "workforce representatives have expressed a lack of confidence in their ability to turn the shipyard around" – apparently "low staff morale remains a concern", and creates a real risk that the programme could slip further https://t.co/a1QCcutMjp" / Twitter

What can the FM say if asked about staff confidence and what steps the new leadership has put in place to support the workforce and boost morale? Also, were we expecting a useful trade union comment that could be added to the bired?

Thx
[REDACTED]
ACTE

[REDACTED] | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 23 March 2022 15:07

To: [REDACTED]

(Frances) [REDACTED]

(Kate) [REDACTED]

Cc: ET FMQ/PQ Mailbox [REDACTED]

(Maureen) [REDACTED]

R
E
D

Dobson L (Leanne) [REDACTED]

Wilcock C (Chris) <[REDACTED]>

McAllister C (Colin) [REDACTED]

Pacitti F

Higgins K

Rooney M

[REDACTED] ; ET FMQ/PQ Mailbox

First Minister FMQs [REDACTED]

Chief Executive Transport Scotland [REDACTED]

[REDACTED] R

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 16:15 pls
Importance: High

[REDA colleagues, Spads,

Thx for the updates.

I've tracked some suggestions and questions in the attached.

There still appear to be some issues with the order of the brief – for example it starts by covering some of the Audit Scotland findings, then covers the FMEL CEO Committee update, and returns again to the Audit Scotland findings. It also makes the point about half a dozen times about TS and CMAL already improving its vessel procurement processes. Other than including it in Top Lines, and then in a relevant section within the main brief, it shouldn't be repeated multiple times.

I'd be grateful if colleagues can pls review the brief as a whole and remove or at least minimise duplication of lines, but placing them in the most appropriate section – so it's clear to the FM where to go depending on the question asked.

Can you also pls respond to some outstanding requests, tracked in Comments, for issues to be covered, for example on the on-going disagreement over OORs.

Grateful if you can pls pick up these points urgently and then clear an updated brief with Spads, for return no later than 4.15 today.

[REDA

[REDACTE Head of FMQ Team, Scottish Government | [REDACTE

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 23 March 2022 13:33

To: [REDACTED]

Dobson L (Leanne) [

Pacitti F (Frances)

[; Wilcock C (Chris) [

Higgins K (Kate)

[; McAllister C (Colin) [

>

Cc: ET FMQ/PQ Mailbox [

Rooney M

(Maureen) [

R
E
D
A

ET FMQ/PQ Mailbox

[First Minister FMQs <[REDACTED]

[Chief Executive Transport Scotland [

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am Wed pls

I attached the latest draft of the FMQ. I've tried to incorporate the comments I have read over various email chains and versions. Apologies if any have slipped through.

I think Policy officials copied will need more on some what we are doing about the AS recommendations, some lines on the proactive release and CMAL FMPG tensions etc.

Thanks

[RE
DAC

From: [REDACTED]

Sent: Wednesday, 23 March 2022 12:11

To: [REDACTED]

Dobson L (Leanne) [

Pacitti F (Frances)

[Wilcock C (Chris) <[REDACTED]>

; Higgins K (Kate)

[McAllister C (Colin) [

Cc: ET FMQ/PQ Mailbox [

Rooney M

(Maureen) [

R

E

D

A

ET FMQ/PQ Mailbox

[First Minister FMQs [

[; Chief Executive Transport Scotland <[REDACTED]>

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am

Wed pls

Working through now with an aim of 1pm. There was a mix up in email chains, think we've covered most of it.

Thanks

[RE
DAC

From: [REDACTED]

Sent: Wednesday, 23 March 2022 12:02

To: Dobson L (Leanne) [

Pacitti F (Frances) [

Wilcock C (Chris) [

Higgins K

(Kate) <[REDACTED]> McAllister C (Colin) [

Cc: ET FMQ/PQ Mailbox <[REDACTED]>

Rooney M

(Maureen) [

R

E

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A

ET FMQ/PQ Mailbox

[First Minister FMQs [

[Chief Executive Transport Scotland [

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am

Wed pls

[RED colleagues,
ACTE

On the basis of Leanne's feedback, just sent, happy to extend the deadline, but would be grateful for sight of updated version picking up Leanne's points by 1pm please so we can see where we stand.

Thx

[REDACTED]

[REDACTED]

[REDACTED] Head of FMQ Team, Scottish Government

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: Dobson L (Leanne) [REDACTED]
Sent: 23 March 2022 11:49
To: Pacitti F (Frances) [REDACTED]; Wilcock C (Chris) [REDACTED]; Higgins K (Kate)
 [REDACTED]; McAllister C (Colin) [REDACTED]; Rooney M
Cc: ET FMQ/PQ Mailbox [REDACTED] (Maureen) [REDACTED]; ET FMQ/PQ Mailbox
 [REDACTED] First Minister FMQs <[REDACTED]>
 [REDACTED] Chief Executive Transport Scotland <[REDACTED]>
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am Wed pls

Struggling to see the wood from the trees in here at the moment with all the changes/comments but I've attached with some immediate thoughts – I'll look at this again once some of the comments have been addressed though.

As [REDACTED] has flagged, I think a bit of work is needed on the structure to make it easier for FM to see the issues identified by AS and our rebuttals to them. At the moment it is too difficult to pick out the key responses.

Why is the letter to committee not referenced in the issues box (and then lines included in the body of the briefing)?

I think it needs more of the info from cab sec's statement around SG not managing the yard directly and the processes we have in place to scrutinise and press the board and management to drive the programme as hard and as fast as possible to successfully complete the vessels.

Why do we not have anything in here on the tensions between CMAL and FMPG that the AS report surfaces, and the quote saying the different views expressed in updates is understandable?

Thanks,
Leanne

From: Pacitti F (Frances) [REDACTED]
Sent: 23 March 2022 09:05
To: Wilcock C (Chris) <[REDACTED]>; Dobson L (Leanne) [REDACTED]; Higgins K (Kate)
 [REDACTED]; McAllister C (Colin) [REDACTED]; Rooney M
Cc: ET FMQ/PQ Mailbox [REDACTED] (Maureen) [REDACTED]; ET FMQ/PQ Mailbox
 [REDACTED] First Minister FMQs [REDACTED]
 [REDACTED] Chief Executive Transport Scotland [REDACTED]
Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am Wed pls

Some minor additional changes

From: Wilcock C (Chris) [REDACTED]
Sent: 23 March 2022 08:19
To: [REDACTED]

(Leanne) [REDACTED]

Higgins K (Kate) [REDACTED]

Dobson L
McAllister C (Colin)

Cc: ET FMQ/PQ Mailbox [REDACTED]
(Maureen) [REDACTED]

Rooney M

[REDACTED]
[REDACTED]
[REDACTED]

First Minister FMQs [REDACTED]
; Pacitti F (Frances) [REDACTED]

ET FMQ/PQ Mailbox
)
Chief Executive Transport

Scotland [REDACTED]

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am Wed pls

SCID Colleagues [REDACTED] and [REDACTED] from TS,

I have made amendments to the attached. Mainly around language and addressing comments from FMQ team. Grateful if you could review and then consider the reordering of topics as [REDACTED] notes.

Given time pressures I will use a clean copy of the current version for today's briefing for Minister and Cab Sec.

Chris

Chris Wilcock
Head Of Ferries Branch
[REDACTED]

From: [REDACTED]
Sent: 23 March 2022 07:42
To: [REDACTED]

(Kate) [REDACTED]

McAllister C (Colin) [REDACTED]

Dobson L (Leanne) [REDACTED]

Higgins K

Cc: ET FMQ/PQ Mailbox [REDACTED]
(Maureen) [REDACTED]

Rooney M

[REDACTED]
[REDACTED]
[REDACTED]

First Minister FMQs [REDACTED]
Pacitti F (Frances) [REDACTED]

ET FMQ/PQ

Mailbox [REDACTED]

[REDACTED]

Scotland [REDACTED]

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am Wed pls

Chief Executive Transport

Copying in the Director and CEO's office.

[REDACTED] | Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 23 March 2022 07:40

To: [REDACTED]

; Dobson L (Leanne) [

Higgins K

(Kate) [

McAllister C (Colin) [

Cc: ET FMQ/PQ Mailbox [

Rooney M

(Maureen) [

R

E

D

A

Mailbox ([REDACTED]

; First Minister FMQs [

R

ET FMQ/PQ

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am Wed pls

Importance: High

Good morning [REDACTED] /colleagues, Spads,
ACTE

Main morning newspaper reports of the Audit Scotland report pasted below.

[Multiple failings have led to delays and cost overruns which continue to obstruct delivery of island ferries | Audit Scotland \(audit-scotland.gov.uk\)](#)

Key focus (incl by Glenn Campbell on BBC *GMS* just now) is primarily on why (*and lack of "documentary evidence" as to why*) in Oct 2015 Ministers proceeded with FMEL despite the lack of full guarantee and CMAL's preference to restart procurement.

In updating the FMQ brief, it would be helpful for some policy/political consideration of what further Ministers may say if pressed on that point, beyond the lines currently in the brief:

"The procurement in relation to vessels 801 and 802 was undertaken thoroughly, in good faith and following appropriate due diligence."

Is there any basis/merit, or risks, in referencing/alluding to any potential opportunity costs we may have faced if FMEL had been dropped at that point and the procurement process restarted?

The secondary line running in press (see *Herald* headline) is the position today – and when and indeed whether the 2 vessels will be completed, given the report findings that "significant operational failures... still need to be fully resolved" as further remedial work is still being uncovered.

Thanks and happy to discuss,

[REDACTED]

SCOTSMAN

Ministers 'knew risks' before contract awarded, report says

Ministers awarded a major Calmac ferries contract to Ferguson Marine despite the "severe misgivings" of their ship owners and "significant risks" over the yard's inability to provide financial guarantees, Audit Scotland has concluded.

The highly critical results of an investigation by the public spending watchdog also found major problems remain unresolved at the Port Glasgow firm, including "significant operational failures" and further remedial work still to be addressed.

It said the two ferries still under construction were now nearly four years late "with no certainty on when they will be complete".

Audit Scotland said their final cost was to be at least £240 million – two and a half times over budget – although the Scottish Conservatives said it could reach £400m. Auditor

General Stephen Boyle said: "The failure to deliver these two ferries, on time and on budget, exposes a multitude of failings.

"A lack of transparent decision-making, a lack of project oversight, and no clear understanding of what significant sums of public money have achieved. And crucially, communities still don't have the lifeline ferries they were promised years ago."

He warned that lessons must be learned to prevent the problems being repeated in future ferry orders. The report's conclusions call into question the Scottish Government's decision to go ahead with the order against expert advice and its handling of the contract, including making loans of £45m to the yard before nationalising it to prevent collapse.

The Scottish Conservatives described the findings as "absolutely damning" and said they had uncovered an "embarrassing fiasco".

The party will seek to pile on the pressure on ministers by leading a ferries debate in the Scottish Parliament today, while Holyrood's public audit committee has pledged to explore the report's findings with the Auditor General "in detail" within weeks.

The major delay in completing Glen Sannox for the main Arran route and its unnamed sister ferry for the Skye-harris-north Uist triangle, which should have been delivered in 2018, has exacerbated the unreliability of Calmac's ageing fleet, several of which have suffered major breakdowns.

The report said: "These issues have frustrated island communities and weakened resilience across Scotland's ferry network."

Audit Scotland said ministers approved awarding the contract to Ferguson Marine in 2015 despite the yard being unable to provide "mandatory refund guarantees" for the financial risk to Caledonian Maritime Assets Limited (CMAL), the Scottish Government firm which owns Calmac's ferries.

The report stated the Cmal board "considered that there were too many risks involved to award the contract" and told Transport Scotland it would prefer not to award it to the yard and to start the procurement process again.

Transport Scotland said Scottish ministers "were aware of the risks but were content to proceed to contract award", but Audit Scotland was unable to find evidence justifying this, and said "there should have been a Proper record of this important decision".

The Scottish Government declined to comment on this finding.

As delays and cost overruns increased, Audit Scotland said a dispute over the contract between the yard and Cmal escalated, which led to the Scottish Government taking over the site in 2019.

Scottish Conservatives transport spokesperson Graham Simpson said: "This report is absolutely damning of the SNP's overwhelming failures on Scotland's ferry network"

However, Economy Secretary Kate Forbes sought to focus on the Scottish Government actions to protect Ferguson Marine from closure which had "saved two lifeline vessels, secured a viable future for commercial shipbuilding on the Clyde and protected over 300 jobs".

[SNP pressed ahead with Ferguson Marine ferries contract despite experts' 'severe misgivings' – Audit Scotland | The Scotsman](#)

MAIL

£240m worth of SNP incompetence laid bare in ferries fiasco report

A RISKY shipbuilding contract that resulted in spiralling costs and delays was given the green light by Scottish Government ministers despite warnings against it, a damning report has found.

Audit Scotland said there was 'insufficient evidence' to explain why ministers approved a deal for Ferguson Marine to build two ferries without a full guarantee of a refund if deadlines or quality standards were not met.

In a review of the fiasco, the spending watchdog concluded the project has been 'fraught with problems and delays for over six years', with costs rising from an estimated £72million to at least £240million.

Its report explained that ministers gave approval for the deal despite Ferguson Marine refusing to offer an industry-standard refund guarantee that would protect government-funded ferry owner Caledonian Maritime Assets Limited (CMAL).

CMAL had expressed 'severe misgivings' about the deal, and the ferry owner's board had written to Transport Scotland to urge it to reopen the procurement process.

However, Audit Scotland found no record of why ministers were willing to accept the risks of awarding the contract.

Its report said: 'We consider that there should have been a proper record of this important decision.'

It added that the lack of a full guarantee transferred the risk from Ferguson Marine to CMAL. It said this meant the 'contract was not effective when problems emerged' and gave CMAL 'limited scope' to address concerns about the standard of work.

Auditor General Stephen Boyle wrote: 'In addition, some of the milestones in the contract were not clearly defined and had no link to quality standards.'

This meant CMAL was legally obliged to make milestone payments despite concerns about Ferguson Marine's performance.

Just one year after the £87million contract was signed in 2015, cashflow problems at Ferguson Marine prompted the Government to give early payments and two loans worth £45million to the shipbuilder. Although the additional money helped to limit compulsory redundancies, Audit Scotland found the financial support 'had little impact on the progress of the vessels'.

Originally due for completion in May 2018 and July 2018, neither ferry has been completed and the shipyard was taken into public ownership in 2019 when Ferguson Marine entered administration.

Transport Secretary Michael Matheson also announced last month nearly 1,000 electrical cables on board the two ferries – for Clyde and Hebrides routes – needed to be replaced because they were too short.

Audit Scotland's recommendations include completing the two vessels 'as quickly and efficiently as possible' and then carrying out a review of the numerous failures.

Finance Secretary Kate Forbes defended the decision to take Ferguson Marine into public ownership. She said: 'There is no doubt that getting the vessels completed has been extremely challenging but let me be absolutely clear, these vessels must be delivered as soon as possible.'

'There can be no ifs or buts when it comes to lifeline services for our island communities.'

Scottish Tory transport spokesman Graham Simpson said: 'Ministers have presided over an embarrassing fiasco year after year and it is our island communities who have been left abandoned. They have faced endless delays on the arrival of new ferries and seen costs spiral out of control.'

Labour counterpart Neil Bibby said: 'The SNP's relentless incompetence has left island communities waiting years for new lifeline ferries, taxpayers picking up an ever-growing bill, and Scottish shipyard workers fixing problems they didn't create.'

Lib Dem economy spokesman Willie Rennie said: 'This is yet another example of the failed SNP industrial intervention policy.'

HERALD

Faulty ferries may never set sail as costs soar to £240m

Public spending watchdog warns multiple failures have put future of project at risk

By Martin Williams

MULTIPLE failures have led to a risk that two lifeline ferries at the centre of cost and building overruns at a state-owned shipyard may never be put into service, financial watchdogs have warned.

The concerns have surfaced in a scathing report from public spending watchdog Audit Scotland, which says that major problems remain unresolved at the Port Glasgow shipyard that is constructing the ferries, adding costs of the project have soared to at least £240 million – over £40m more than the last estimate.

There are now more faults with the ferries that need resolved than when the Scottish Government took control of the shipyard at the end of 2019.

The new costs, which now include £45m of "lost" Scottish Government loans, are two-and-a-half times the original contract price and more than three times the estimated budget in Transport Scotland's business case of £72m.

But the new analysis has warned the price of the ferries could continue to soar as, more than two years after the Scottish Government took control, significant operational failures still need to be resolved and further remedial work on the vessels continues to be uncovered.

The state-owned Ferguson Marine (Port Glasgow) board has reported there was a risk that it has underestimated the amount of work required to complete the vessels.

Ferguson Marine told Audit Scotland that if the multiple issues are not resolved "there is a risk" that Caledonian Maritime Assets Ltd (CMAL), the taxpayer-funded firm which owns and procures ferries, "will not accept the completed vessels".

The two dual-fuel ferries currently languishing at Ferguson

Marine's Inverclyde shipyard are meant to serve the Clyde and Hebrides but have been plagued with setbacks since they were first ordered in 2015.

Ferguson ferries deal awarded without financial safeguards

The contract for two delayed and overbudget CalMac ferries was approved by ministers without normal financial safeguards, a watchdog has found.

An Audit Scotland investigation was unable to establish why the £97m order was given to Ferguson shipyard without such guarantees.

The ships, still being built at the Port Glasgow yard, are four years late and will now cost at least £240m.

Problems have also continued since the yard was nationalised, the report said.

The Audit Scotland report revealed that as recently as January there were still 175 technical, safety or quality issues to be resolved - including some that could prevent the issuing of a passenger safety certificate by regulators.

MSPs will learn later this month how a recently-discovered problem with cabling on the first ship, Glen Sannox, will affect the completion dates and costs.

How the saga has unfolded

In August 2014 Ferguson's, the last commercial shipyard on the Clyde, went into administration, threatening 70 skilled jobs in one of the most deprived areas of Scotland.

Then first minister, Alex Salmond, personally intervened to save the yard. He persuaded billionaire businessman Jim McColl, a member of his council of economic advisers, to take it over just a week before the Scottish independence referendum.

A year later the new company Ferguson Marine Engineering Ltd (FMEL) was announced as preferred bidder to build two new ships for the state-owned ferry network CalMac.

Ferguson's bid was the most expensive of the six yards that tendered but outscored them on "quality".

The signing of the £97m fixed price contract was announced in October to applause on the opening day of the SNP conference in Aberdeen.

The first steel was cut a month later but within weeks the timetable for the build was starting to slip.

Problems worsened over the coming years, with FMEL accusing CMAL, the government agency which owns and procures ships for CalMac, of repeated specification changes.

CMAL denied this, accusing FMEL of rushing ahead with construction before finalising the design.

By early 2019 relations between them had broken down, the ships were hugely delayed and overbudget and FMEL was running out of money, despite receiving £45m of loans from the Scottish government.

In August that year the firm, by now employing more than 300 people, went back into administration.

The shipyard was later nationalised by the Scottish government, and the turnaround director appointed to supervise completion of the ships estimated it would require an extra £110m-£114m of public money.

The first ship Glen Sannox was due to be delivered this summer but is likely to be delayed further.

The report's findings

One of the key findings of the Audit Scotland investigation is that there were inadequate financial safeguards in place to protect public money.

Shortly after being named as preferred bidder, FMEL notified CMAL it could not provide the full Builder's Refund Guarantee (BRG) - which was stipulated in the contract. This would have provided full repayment guarantees if the ships were late, failed to meet specification or if the shipbuilder went bust.

A compromise was negotiated but CMAL's chairman remained so concerned he wrote to Transport Scotland suggesting the contract should not be given to FMEL, and the procurement process restarted.

Transport Scotland told him ministers were aware of the risks and were happy to proceed.

"There is no documented evidence to confirm why Scottish ministers were willing to accept the risks of awarding the contract to FMEL, despite CMAL's concerns," the report says.

Government agency CMAL soon became aware of many problems, but the terms of the contract gave them no power to "direct" FMEL to make changes, the watchdog found.

Money was to be released to FMEL upon hitting certain "milestones" but these were vague and failed to stipulate quality, meaning there was a legal obligation to hand over more funds.

"FMEL was able to claim fabrication milestones for vessel parts that were not erected on to the vessel, that had not been surveyed and, in some cases, had been left unused in the shipyard for several years," the report found.

The launch of Glen Sannox by First Minister Nicola Sturgeon in November 2017 triggered one such payment, but most of the machinery and pipework normally fitted by this stage had yet to be installed.

The report also says that £45m of government loans to FMEL - now mostly written off - were deemed commercially sensitive, meaning the Scottish Parliament and CMAL were only told about them months later, yet they did little to advance construction of the ships.

While noting that relations between the shipyard's new management and CMAL have improved greatly since nationalisation, the report says serious issues remain.

The breakdown of relations with FMEL meant the government did not have full information when it took over.

"The Scottish government made the decision to nationalise the shipyard without a full and detailed understanding of the amount of work required to complete the vessels, the likely costs, or the significant operational challenges at the shipyard," the report says.

CMAL still has concerns about work quality and the detail of plans. In January this year there were still 175 outstanding Owner Observation Reports (OORs) - technical, safety or quality concerns.

Some of these, such as the accessibility of equipment for inspection and maintenance, will need to be remedied before the ship is granted a passenger safety certificate.

The board appointed by ministers to oversee the shipyard says there is a risk that CMAL could refuse to accept the ships if some of these issues are not resolved.

The Covid pandemic and recruitment issues has affected work, and workforce morale is said to be low.

A serious problem with cabling installed on Glen Sannox prior to nationalisation was only identified in February, with the implications for delays and extra costs still to be made public.

The political reaction

The Scottish Conservatives described the report as "absolutely damning"

Transport spokesman Graham Simpson said: "Ministers have presided over an embarrassing fiasco year after year and it is our island communities who have been left abandoned.

"They have faced endless delays on the arrival of new ferries and seen costs spiral out of control, with one expert saying this week the cost of the two new ferries could now hit £400m."

Scottish Labour's Neil Bibby said blame lay with the SNP government. "Their relentless incompetence has left island communities waiting years for new lifeline ferries, taxpayers picking up an ever-growing bill, and Scottish shipyard workers fixing problems they didn't create."

The Liberal Democrats described it as an example of "failed SNP industrial intervention policy".

Economy Secretary Kate Forbes, however, insisted many problems lay with decisions taken by FMEL, and she defended the nationalisation of the shipyard.

"Not only did our efforts save the last commercial shipyard on the Clyde from closure, we directly rescued more than 300 jobs and ensured that the two vessels - which are vital for our island communities - will be delivered," she said.

She said the procurement process for the ships was undertaken in good faith and with due diligence, and added: "Suggestions to the contrary are wrong."

<https://www.bbc.co.uk/news/uk-scotland-60837254>

[REDACT | Head of FMQ Team, Scottish Government | [REDACTE

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 22 March 2022 23:51

To: [REDACTED]

Cc: [REDACTED]

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FMQs ([REDACTED]

ET FMQ/PQ Mailbox [R
Rooney M (Maureen) [R

Wilcock C

Dobson L (Leanne)

McAllister C (Colin)

Higgins K (Kate) [R
ET FMQ/PQ Mailbox ([REDACTED]

First Minister

Subject: RE: Draft Ferguson & AS Report FMQ's - Amends/questions for Audit Scotland brief - for update by 11am Wed pls

Importance: High

Thanks [REDACTED], colleagues,
ACTE

Pls see attached the Audit Scotland ferries FMQ brief, with some suggested amends and questions where I think the First Minister would want some further detail or clarity.

I've filled out the background box, so that should only need minor updates tomorrow. Obviously if media/opp go heavy on one angle we've not covered, then that will need to be updated.

More generally, can you pls consider the layout/ordering of the brief; One option could be, after the Top Lines, to cover the issues as the AS report does, chronologically, from the initial arrangements through to progress since nationalisation. At the very least if you can pls include some sub-headings between sets of lines, it should make it clearer for the FM where to find relevant lines for the particular question she is facing under questioning in the chamber.

As previously mentioned, the FM likes to see direct quotes, where helpful, from the Audit Scotland report. I've inserted a couple in the attached for consideration. I appreciate there are not many unequivocally positive comments in this report, but there are a couple more potentially positive references, highlighted below; you are better-placed to determine where best in the brief they might sit.

The other, main Fergusons FMQ brief looks about right, and as discussed, it may be we merge the two briefs or sit them alongside once we get closer to the finalised briefing on the Audit Scotland report.

With thanks, I would be grateful if you can pls review and pick up my suggestions/comments, and return an updated version of the Audit Scotland brief, cleared with Spads, by 11am Wednesday.

Happy to discuss,

[REDACTED]

:: AS report excerpts

"The Scottish Government appointed the FMPG Board in June 2020. [REDACTED]

(p48)

"FMPG is currently developing a new programme for both vessels to take account of the additional work and delays created by the cable problem. It is taking the opportunity to consider the timescales for all outstanding work on both vessels and building this into the new programme. For example, the previous programme included a six-month commissioning process, but FMPG considers that, realistically this process might take longer. As part of this re-baselining exercise, FMPG is considering whether there will be any impact on the vessels' budget.

[REDACTED]

CMAL has previously raised concerns about FMPG's programme planning, and its ability to apply the correct amount of time to activities.

[REDACTED]

(p56)

[REDACTED] Head of FMQ Team, Scottish Government | [REDACTED]

----- Find out more on [Preparing First Minister's Questions \(FMQs\)](#) -----

From: [REDACTED]

Sent: 22 March 2022 18:51

To: [REDACTED]

ET FMQ/PQ Mailbox [REDACTED]

Cc: [REDACTED]

Rooney M (Maureen) [REDACTED]

Wilcock C

(Chris) [REDACTED]

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[REDACTED]

Higgins K (Kate) [REDACTED]

McAllister C (Colin)

Dobson L (Leanne)

[REDACTED]

Subject: Draft Ferguson & AS Report FMQ's

Importance: High

Evening [REDACTED]

Apologies for the delay. Please find attached a draft of the Ferguson brief and one for the AS Report.

Those copied in will work through any comments and make amendments as required first thing tomorrow morning.

Thanks

[REDACTED]
DAC

[REDACTED] Strategic Commercial Interventions Division | Scottish Government
Scottish Government | [REDACTED]

I am working from home, contactable by email, on my mobile, and by MS Teams.