

Mo Rooney
Strategic Commercial Interventions Division
9 December 2021

Cabinet Secretary for Finance and the Economy
Minister for Business, Trade, Tourism and Enterprise
Minister for Transport

Ferguson Marine (ferries 801 and 802): Quarterly update to Parliament (November 2021)

Purpose: To make Ministers aware of the quarterly update to the NZET Committee by Ferguson Marine which will be submitted on Thu 23rd Dec 2021.

Quarterly update to Parliament

1. Ferguson Marine provide a quarterly update on progress towards the delivery of vessels 801 and 802 to the Net Zero, Energy and Transport Committee, as requested in the Rural Economy and Connectivity Committee's report of 9 December 2020. The Turnaround Director of Ferguson Marine last wrote to the Committee on 30th September 2021.
2. Ferguson Marine will provide their next update to the Committee before Parliament goes into recess. The current expected date of issue of the letter is Thu 23rd Dec. Communications colleagues are aware.
3. The update which will be provided to the Committee this week is attached as Annex A. It reports no change to the budget or planned delivery dates for the vessels. The Ferguson Marine Board have indicated an 80% confidence level in delivery of 801 in line with the cardinal date.
4. The Cabinet Secretary may wish to be aware that officials met with the Minister for Transport today and this quarterly update was discussed.

CMAL views

5. CMAL remain of the view that, whilst it would be technically possible for a high performing shipyard to deliver the vessels in line with the current programme, they do not consider that this will be possible for Ferguson Marine. Their view is that processes are not properly aligned to deliver on the programme as scheduled. They also note that the spend on man hours does not reflect the required level of resourcing increase needed to deliver on the programme.
6. CMAL now have access to an improved level of information from Ferguson Marine. They are of the view that objective data, provided by Ferguson Marine, is supportive of their position that delivery against the programme is not on track. They are in discussion with Ferguson Marine management on this.
7. CMAL have noted a marked improvement in engagement between CMAL and the Ferguson Marine team, with more open and constructive discussions now

underway to address long standing differences of opinion (notably on perceptions of progress, concerns, and action required on Owners Observations Reports).

8. CMAL’s most current monthly progress report on delivery of the vessels (reporting on the November 2021 period) is attached at Annex B.

Conclusion

9. Ministers are asked to note:

- The content of the quarterly update which Ferguson Marine will provide to Parliament on Thu 23rd Dec.
- That this submission substitutes for the usual monthly progress report to Ministers on progress towards the delivery of ferries 801 and 802. The next routine monthly progress update will be received to Ministers at end Jan/beginning Feb 2022 and will reflect on progress in December 2021.
- That the next formal update to the Net Zero, Energy and Transport Committee will be due by 31 March 2022.

**Mo Rooney
Strategic Industrial Assets Division**

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Cabinet Secretary for Finance and Economy Minister for Transport Minister for Business, Trade, Tourism and Enterprise			X X		X

DG Economy Chief Executive Transport Scotland Reuben Aitken Mo Rooney [redacted] [redacted] [redacted] [redacted] Frances Pacitti [redacted] [redacted] [redacted] [redacted] [redacted] [redacted] [redacted] [redacted] [redacted] [redacted] [redacted] [redacted] [redacted]

ANNEX A – Ferguson Marine quarterly update to Net Zero, Energy and Transport Committee (Dec 2021) (separate PDF document)

Annex B - CMAL MONTHLY UPDATE ON PROGRESS TOWARDS DELIVERY OF 801 AND 801 (separate PDF document)