



The Scottish Parliament
Pàrlamaid na h-Alba

Claire Baker MSP
Convener
Economy and Fair Work Committee
The Scottish Parliament

By email only

**Net Zero, Energy and Transport
Committee**

c/o Clerk to the Committee
Room T3.40
The Scottish Parliament
Edinburgh
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13 March 2024

Dear Claire,

FERGUSON MARINE PORT GLASGOW

The Net Zero, Energy and Transport Committee receives quarterly updates from Ferguson Marine Port Glasgow (FMPG) on progress towards completion of Hulls 801 and 802. This is an arrangement that began in March 2021, at the request of the Rural Economy and Connectivity Committee, which had transport within its remit during the last Parliamentary session.

The FMPG update of 30 June 2023 confirmed further cost increases and delays to the delivery of Hulls 801 and 802, with an indication that additional costs may arise in future. Concerned that costs continued to rise, and delivery dates were being regularly pushed back, the Committee decided to take oral evidence from senior management at FMPG and the Scottish Government, the aim being to understand why this continued to happen and what was being done to address the root causes of these issues. We also visited the Ferguson Marine shipyard last month to see progress and speak with management and staff representatives.

As the delivery dates of Hulls 801 and 802 approach, thoughts have turned to the future of the Ferguson Marine shipyard and its workforce. While this has been an interesting and important issue to begin to explore, the Committee is mindful that it is one that falls mainly to Economy and Fair Work Committee. I am therefore writing to you on behalf of the Committee to highlight the evidence we have heard (included as an annexe to this letter) and to suggest that the current uncertainty over the future of the yard warrants ongoing monitoring.

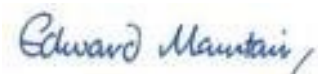
In November last year, the then Cabinet Secretary explained in a [Ministerial Statement](#) that a proposal for further investment in the yard was uncompliant with subsidy control rules. He said that the Scottish Government's was

continuing to examine “options that would be compliant”. FMPG management have told us that the yard is currently equipped to successfully deliver the Small Vessel Replacement Programme (SVRP)¹, but that further investment would allow it to do so more efficiently.

The Scottish Government has stated its commitment to the future of the Ferguson Marine shipyard and its workforce. Given the public investment already made in the shipyard, its importance as a major employer in Port Glasgow and wider Inverclyde area, and its status as the last civilian shipyard on the Clyde, we suggest its future is worthy of some ongoing consideration by the Committee with Scottish Government investments within its remit.

The NZET Committee will continue to monitor updates received on the two vessels from the perspectives of protecting the public purse and their importance to the renewal and redeployment of Clyde and Hebrides ferry fleet and the lives of island communities.

Yours sincerely,

A handwritten signature in blue ink that reads "Edward Mountain".

Edward Mountain MSP

Convener

Net Zero, Energy and Transport Committee

¹ a project to procure up to 10 small replacement ferries for Clyde and Hebrides routes, currently served by CalMac Ferries Ltd, which is being led by Scottish Government-owned Caledonian Maritime Assets Ltd (CMAL)

Annexe

Key issues relating to the future of the Ferguson Marine shipyard heard by the NZET Committee include:

- Despite having a skilled workforce, with a long tradition of delivering ships on time and budget, the experience and negative publicity associated with Hulls 801 and 802 is compromising its ability to attract new work.
- The current layout and equipment available within the shipyard results in inefficient workflow and limits the type of work that can be undertaken at the shipyard. Shipyard management say capital investment is required to remodel and equip the shipyard to allow it to compete on a competitive basis. They have developed plans, of differing scale, to allow for staged upgrades to the shipyard as funds become available.
- The price of vessels built at the Ferguson Marine shipyard in its current state is at a “small premium”² when compared with likely competitors.
- Scottish Ministers are limited by state aid rules as to the level and type of support they can provide to the shipyard.
- FMPG is competing with a well-resourced nearby competitor for specialist staff, compounding difficulties in recruitment and retention.

Net Zero, Energy and Transport Committee

- Meeting on 24 October 2023 – [Official Report](#)
- Letter from the Convener of the NZET Committee to the Scottish Government seeking information on the timescales for the Small Vessel Replacement Programme – 10 January 2024
- [Letter](#) from the Cabinet Secretary for Transport on 8 February on the Small Vessel Replacement Programme – 8 February 2024
- Meeting on 23 January 2024 – [Official Report](#) (Budget session at which the then Cabinet Secretary and Deputy First Minister were asked about FMPG and the Small Vessel Replacement Programme)
- Meeting on 27 February 2024 – [Official Report](#)

² David Tydeman, Ferguson Marine CEO, [NZET Committee, 27 February 2024](#)