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Dean Lockhart MSP
Convenor
Net Zero, Energy & Transport Committee
Scottish Parliament
EH99 1SP

30 June, 2022

Dear Mr Lockhart,

Update on Hulls 801 & 802

I have now been in office for nearly 5 months and in the 3 months since my report to you in March, my focus has been on working closely with CMAL to understand the reasons behind the extensive delays and cost increases for the build programmes for the two vessels and to plan ahead, to both avoid any repeats of mistakes made in the past and to respond to observations raised in the Audit Scotland report in March 2022.

I meet regularly with the CEO of CMAL, and our two boards of directors have met and plan to continue to meet regularly. The secondment of a senior member of the CMAL senior team into my leadership team here on site has made a significant difference to both the communication between the two companies and to the relationship between FMPG build teams and the CMAL operational review team on site. I now feel confident that reports to Scottish Government by CMAL and FMPG start with the same understanding of both programme and technical issues, and this is giving a healthier working relationship as we also consider options for the future of FMPG after the completion of the Glen Sannox and Hull 802.

There has been some confusion over the OOR's (Owners Observation Reports by CMAL) in reports published on websites and I am pleased to confirm that this is now a joint FMPG/CMAL process on site with a weekly update, and with two CalMac engineers also on site. As of week-ending 17th June '22, the status – in appendix 1 to this letter – highlights the progress in clearing most of the issues raised and prioritising them. Our clear joint approach is on agreeing what are necessary issues, closing issues which are non-essential and with a focus on the unresolved category 1 items, of which there are now only 15 – a significant improvement on the position in March '22. We have a plan to close out all of these and other similar technical issues within the programme.

In the last 2 weeks the senior management of Lloyds Register of Shipping and the Maritime and Coastguard Agency have attended site and from these meetings I am now assured we can satisfy all Class and Flag issues, ultimately leading to a Passenger Certificate.



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As a direct result of working together more closely, other items of concern raised by CMAL, particularly in their reports during the last few months of 2021, have been properly reviewed and where necessary added back into the programme.

Overall, progress with in-depth reviews of work done, progress with commissioning on Glen Sannox and progress with structural completion on 802 has been positive over the past 3 months. With our increasing confidence in the definition of the scope of work to be completed on both vessels, we remain committed to the delivery of Glen Sannox between March – May '23 and for 802 between October – December '23.

As part of separating the programme planning and delivery teams for Glen Sannox and 802, we invited the design contractors ICE to visit FMPG in April and together with CMAL, we jointly set out a target of design reviews, zone by zone for 802. We have developed a new build strategy for the completion of all the modules for the superstructure of 802 by the end of September, which will place the project in a more confident position of knowing all hot work has been completed before outfitting starts.

ICE will bring a senior team to the yard again in July and we will jointly replan more productive outfitting and commissioning strategies for 802 around a 'clean set of new drawings' as a deliverable from the design reviews over the next 2-3 months.

As part of this, we will review - and retender where appropriate – the scope of work packages with the main contractors, for example, electrical, piping and outfitting.

By the time of my next letter to Committee at the end of September, we believe we will have identified all the work scope challenges on both vessels, re-shaped the delivery programme for 802 and will have made significantly more progress with the Financial Assurance process we are running within the governance structure of both the FMPG board and Scottish Government.

There remain risks and uncertainties with both programmes, supply chain and overall cost of living uncertainties, although the more collaborative processes outlined above also have started to identify opportunities to reduce overheads and to assist the positive progress we are making with finding other work for the yard.

Yours sincerely,

David Tydeman
Chief Executive Officer

Appendix 1

OOB status

	All categories	Category 1	Category 2	Category 3
Total Raised	605	368	224	13
Total Closed	442	262	177	3
Total committed	52	42	9	1
Total to close when work complete	64	49	10	5
Total still to resolve	47	15	28	4

Category 1 - Must be done before handover

Category 2 - General / Specification Issues to be done - may carry over to warranty period

Category 3 - Snagging

Position in March '22:

Total raised - 590

Total closed – 379

Total to resolve – 211

(No categorisation at that time)