

Virginia McVea Chief Executive Maritime and Coastguard Agency

By email only

Net Zero, Energy and Transport Committee c/o Clerk to the Committee Room T3.40 The Scottish Parliament Edinburgh EH99 1SP

netzero.committee@parliament.scot

Wednesday 20 September 2023

Dear Ms McVea,

Hulls 801 and 802 under construction at Ferguson Marine shipyard

At our <u>meeting on 12 September</u>, the Committee heard from Neil Gray, Cabinet Secretary for Wellbeing Economy, Fair Work and Energy in the Scottish Government. This role includes responsibility for the Scottish Government's major investments, including Ferguson Marine Port Glasgow, which the Scottish Government has owned since 2019.

As you will be aware, Hulls 801 and 802, are under construction at the yard. The Committee posed questions to him about the stalled completion of these ferries in light of various updates received over the summer—

- The latest quarterly update <u>letter</u> from David Tydeman, Chief Executive of Ferguson Marine on 30 June. This said that re-work on the Glen Sannox (Hull 801) had increased costs by £20m across four categories—
 - Owner observation reports for specification compliance;
 - Replacement of non-compliant equipment and systems/pipework
 - Steelwork modifications to allow new design or different equipment;
 - Costs from sub-contractors for modification and design changes.
 - Mr Gray's letter of 30 June, responding to this update;
 - A <u>further update</u> from Ferguson Marine on 22 August;
 - An <u>accompanying update</u> from Mr Gray on 23 August.

The 22 August letter informed the Committee that the Maritime and Coastguard Agency had "reassessed the application of "cargo ship" rules to the crew spaces of passenger ferries (on a broader basis than just Ferguson and Glen Sannox/802)". It also mentions "other approval issues" as arising. As well as leading to increased costs, these have meant that sea trials and the commissioning of liquid natural gas facilities are being further delayed.

On 12 September, the Cabinet Secretary told the Committee that these developments were "largely but not exclusively, due to the MCA taking a

different approach [emphasis added] to regulation of crew escape from 801". He told us that this was "not a minor thing" but was "pretty fundamental to whether the design of the ferry allows it to sail."

Given public concern over cost and delays around Hulls 801 and 802, the Committee agreed that I should write to the MCA to seek clarification on various relevant matters. I would be grateful for your response on—

- 1. When was the MCA engaged to complete the final sign-off process for Hulls 801 and 802?
- 2. For how long have discussions between Ferguson Marine and the MCA on final design sign-off for the Hulls been taking place?
- 3. Can you clarify for the Committee what regulations, guidance etc Fergusons Marine are referring to when they refer to the "cargo ship rules"? When did these rules come into force and have they been significantly amended at any point since the contract for Hulls 801 and 802 was signed in 2015?
- 4. What is your response to Ferguson Marine's statement that the MCA had "reassessed the application of "cargo ship" rules to the crew spaces of passenger ferries" and to the Cabinet Secretary's statement that the MCA has now taken a "different approach to regulation of crew escape from 801"?
- 5. If there has been such a reassessment or change by the MCA, (whether in relation specifically to the two hulls or more generally to the application of these rules), when did this happen and what was the cause?
- 6. If there has been such a reassessment or change, please detail the first date of any relevant communication about this by the MCA to any of the following, in relation to Hulls 801 or 802—
 - Ferguson Marine;
 - Transport Scotland;
 - The Cabinet Secretary for Wellbeing Economy, Fair Work and Energy;
 - Other Scottish Government Ministers; or
 - Any other relevant party of whom the Committee should be aware.
- 7. If there were any such communications and these were in writing, is it possible for the MCA to share these with the Committee?
- 8. Can you shed further light on the "other approval issues" that the 22 August letter from Ferguson Marine says that the MCA has now raised in relation to Hulls 801 and 802?

It would be helpful to have a response by Thursday 5 October so that the Committee may consider next steps in this matter. For your information, I am sharing his letter with my counterpart on the Scottish Parliament's Public Audit Committee, which also has an interest in Hulls 801 and 802.

Yours sincerely,

Edward Manstain,

Edward Mountain MSP Convener **Net Zero, Energy and Transport Committee**