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Edward Mountain MSP  
Convener  
Net Zero, Energy and Transport Committee  
Scottish Parliament  
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30 May 2024

Dear Edward,

### **Clyde and Hebrides Ferry Services Contract**

I acknowledge your letter of 8 May 2024 in relation to the Clyde & Hebrides Ferry Services (CHFS), specifically the points you have raised regarding whether the current contract awarded to CalMac will be extended, and how the Scottish Government intends to award the next contract for delivery of Clyde and Hebrides Ferry Services.

As previously advised in my Parliamentary statement on 16 November 2023, the preferred procurement route for the next CHFS contract, remains a direct award to CalMac (an award in reliance on the exemption in Regulation 13 (1) of the Public Contract (Scotland) Regulations 2015).

I note your point that island communities do not appear to support an uncontested direct award. However, it is clear from our engagement with communities, including the Ferries Community Board (FCB), that regardless of the procurement route, the primary outcome they are seeking is a reliable and resilient service.

The outcome from a formal public consultation is due to be published in the coming weeks, and extensive stakeholder engagement has also been carried out by my officials through a series of 'drop-in' public engagement events across the network. I am committed to ensuring that the views of key stakeholders, including our island communities, continue to help shape the next CHFS contract. That includes continuing to engage with the FCB, both as this work develops, and also on an ongoing basis once the new contract is in place.

While good progress has been made on the diligence work relating to a direct award, there are a number of complex issues still being worked through, including subsidy control, individual entity status and associated accounting impact.

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Now that we have greater clarity on the remaining issues and processes it is clear that we cannot conclude these by 30 September 2024, which is the expiry date of the current contract. I have, therefore, decided to implement an extension of the current contract up to 12 months to enable this work to be concluded prior to the final decision, this will also provide greater certainty for both island communities and operational staff.

My officials are currently engaging with CalMac on the necessary arrangements, including working collaboratively on the delivery of an Enhancement and Change plan with a view to implementing a number of service enhancements ahead of CHFS3 coming into force. I will of course update Parliament further in due course as this work progresses.

Yours sincerely,



**FIONA HYSLOP**  
**Cabinet Secretary for Transport**

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