

T: 0300 244 4000  
E: scottish.ministers@gov.scot

Scottish Parliament  
Net Zero, Energy and Transport Committee  
netzero.committee@parliament.scot

20 February 2024

Dear Edward,

Thank you for your letter of 10 January 2024.

I will, of course, answer the specific questions posed in your letter to my predecessor in this role. However, I also think it is worth starting with the more general point, that the Board of FMPG sets the strategic direction for the CEO, who, as Accountable Officer, is responsible for driving the delivery of the programme.

I note that you have referenced certain updates presented to Officials in April 2022 and February 2023 which include references to escape routes. I would like to make clear that ongoing engineering challenges such as these, were and remain for FMPG to resolve. Scottish Government officials sought advice from our technical advisors CMAL on the appropriateness of the programme and information presented.

CMAL have confirmed to us that whilst exemption options for escape routes were discussed at monthly update meetings, as reflected in the update documents you have referenced, this was considered part of the normal iterative process of design and build refinement. At that stage it had not been raised as a concern by FMPG, nor was it recognised by CMAL as a concern in relation to a potential delay.

In addition, CMAL have confirmed that the date on which FMPG first indicated that these upper deck escape routes would potentially need to be redesigned to meet MCA requirements was 15<sup>th</sup> June 2023. This was prior to the previous Cabinet Secretary for Wellbeing Economy being notified by officials on 29<sup>th</sup> June 2023. My understanding is that in the period between notifying CMAL and SG, FMPG were engineering solutions to mitigate delay, and to ensure that accurate information was presented to the sponsor directorate on both delay, cost impacts and planned action.

In answer to your more specific questions, I would respond as follows.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

**1. Who is responsible for which aspects of the overall completion of the project and the budget;**

As set out above, the Board and CEO are responsible for delivery of the vessels to the contract specifications, including the cost. Strategic Commercial Assets Division (SCAD), established in early 2022 and part of the Directorate for Economic Development within Scottish Government, is responsible for sponsorship of the business, which is to say, for providing a governance and oversight function to Scottish Government. The officials in SCAD report via their Director and Director General to the Permanent Secretary, who is the Principle Accountable Officer, (PAO) for Scottish Government, and to me as Cabinet Secretary with portfolio responsibility for this area.

The Permanent Secretary as PAO has delegated certain functions under S15 of the Public Finance and Accountability (Scotland) Act 2000, (the PFA), to the CEO for FMPG, and he has a personal accountability to the Parliament on the use of public funds, and therefore under S23 of the PFA to the Public Audit Committee on spending.

In addition and as a result of the undertaking given by the previous AO to the Session 5 Rural Economy and Connectivity (REC) Committee, in 2021, the Net Zero, Energy and Transport Committee are given quarterly updates by the CEO. The CEO also has by invitation, given evidence to the Net Zero, Energy and Transport Committee to assist them in their inquiry into Ferry services in Scotland.

**2. What types of issues, and associated level of risk they represent, Scottish Government Ministers would anticipate being raised by FMPG with CMAL and under what circumstances you would anticipate those being escalated and how quickly?**

CMAL act as technical advisors. Whilst it is not possible to set out an exhaustive list of issues that would require to be escalated to either Scottish Ministers or Scottish Government Officials, I would broadly expect that any significant engineering or build issues which posed a risk to delivery or safety, or had significant cost implications to be escalated to the sponsor directorate and thereafter raised with Ministers.

**3. Are these arrangements working in your view, given the issues with design and supply chains have been known and discussed by for some time by FMPG, CMAL and Transport Scotland before the Written Authority to complete 802 was provided? and**

The written authority was issued as a result of the due diligence study into costs to complete both vessels and was considered by Audit Scotland to have followed expected governance processes. In addition, the recent report by Audit Scotland into the governance arrangements was highly complementary of the improvements which SCAD had brought to this process.

Therefore, I am of the opinion that whilst oversight processes can always be refined, there should be no suggestion that there was any lack of oversight in advance of the issuing of the written authority for 802. Many of the issues with design predate nationalisation, and

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

St Andrew's House, Regent Road, Edinburgh EH1 3DG  
[www.gov.scot](http://www.gov.scot)

**INVESTORS IN PEOPLE™**  
We invest in people Silver



therefore governance arrangements now will have more limited influence over issues which have arisen as a result of historical designs.

**4. What actions are you taking to review and improve governance arrangements, including your awareness of potential risks to the budget and timescales for delivery of the vessels?**

SCAD, and the Director for Economic Development are in regular contact with both the Board and the CEO to ensure that governance arrangements are providing robust oversight of risks to the programme and timescales.

There are senior officials present in the yard weekly and they lead the cross-organisational working group to ensure that any risks to Glen Sannox handover are surfaced and FMPG are directed to action appropriate mitigations.

Budget control around the build is very much a matter for FMPG but Scottish Government finance teams have a regular and ongoing dialogue with the FMPG Chief Financial Officer and finance teams within FMPG. CMAL also review and challenge spend on the vessels on a monthly basis.

CMAL are present in the yard and on Glen Sannox on a daily basis to ensure that they can detect and raise any issues or risks to programme delivery, and the yard presents a weekly and monthly update to both CMAL and SCAD colleagues to ensure that there is early escalation of any potential risks.

You have also requested further information contained within the annex to your letter and, as the Committee will appreciate, it will take some time to undertake the work required. Officials are undertaking an exercise to collate and provide this information and I will therefore update the committee as soon as possible with this information. I would expect to be able to provide this update before the end of February.

I hope you find this helpful.

**MÀIRI MCALLAN**

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

St Andrew's House, Regent Road, Edinburgh EH1 3DG  
[www.gov.scot](http://www.gov.scot)

**INVESTORS IN PEOPLE**<sup>™</sup>  
We invest in people Silver

