



The Scottish Parliament
Pàrlamaid na h-Alba

Neil Gray MSP
Cabinet Secretary for Wellbeing
Economy, Fair Work and Energy

Public Audit Committee
Room T3.60
The Scottish Parliament
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Edward Mountain MSP
Convener, Net Zero, Energy and
Transport Committee

30 October 2023

By email only

Dear Cabinet Secretary,

I write in relation to a number of matters relating to the Public Audit Committee's continued scrutiny of the new vessels for the Clyde and Hebrides as set out below.

Ferguson Marine Port Glasgow: quarterly update

Thank you for your correspondence of 29 September 2023 regarding Ferguson Marine Port Glasgow's (FMPG) most recent quarterly update provided to the Net Zero, Energy and Transport (NZET) Committee. This correspondence was considered by the Public Audit Committee on 26 October 2023.

The Committee shares your disappointment that the costs for vessel 801, Glen Sannox, have increased even further since your correspondence of [30 June 2023](#). It also notes with concern the knock-on effect on the handover date for Glen Sannox, and the possible impact on the handover of Glen Rosa, previously known as vessel 802.

Your letter indicates that the Scottish Government is “preparing to undertake due diligence drawing upon the value for money assessment completed earlier this year” and that further information on this work will be shared with both this Committee and the NZET Committee once the assessment is complete.

The Committee seeks clarification of the timescales for the completion of the due diligence assessment.

Publication of information relating to FMPG, Glen Sannox and Glen Rosa

On 26 October, we also considered your correspondence of 4 October in response our letter of [11 September 2023](#).

The Committee is disappointed that despite repeated requests, the Scottish Government is unwilling to publish any information from the two commissioned reports on the funding and future options for FMPG and the due diligence used to make a value for money assessment on the completion of vessel 802 at FMPG.

In its report, “New Vessels for the Clyde and Hebrides: Arrangements to Deliver Vessels 801 and 802”, the Committee was clear that it wants to see a positive future for the shipyard. It therefore does not seek to jeopardise the sustainability or future successes of FMPG. Indeed, in our correspondence to you on this matter, we accepted that some commercially sensitive information in the reports may not be able to be published.

The Committee believes that a balance can be struck between recognising issues of commercial confidentiality and the ability of Parliament to hold the Scottish Government to account regarding the information that it has used to make critical decisions about the yard and the vessels.

The Committee therefore invites you to consider once again your position on this matter and explore whether any information from these reports can be made publicly available.

The Committee’s detailed scrutiny of the Auditor General for Scotland’s report, “New Vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802” in addition to his report, “The 2021/22 audit of Ferguson Marine Port Glasgow (Holdings) Limited” has raised questions regarding the appropriateness of the Scottish Government entering into non-disclosure agreements with commercial external advisers, given they would appear to restrict its ability to be open and transparent about the information it holds.

The Committee seeks further details of the Scottish Government’s use of NDAs including the number that have been entered into with external private

companies regarding the future of Ferguson’s shipyard, Glen Sannox and/or Glen Rosa and how this may impact on the Scottish Government’s commitment to openness and transparency.

The Committee notes that when you gave evidence to the Committee on [22 June 2023](#), one of your officials confirmed that the monthly reports received from FMPG would be published on the Scottish Government’s website. The Committee is unable to locate any monthly updates beyond [December 2022](#).

It would therefore be grateful if you could confirm where FMPG updates beyond this date are being published on the Scottish Government’s website, and whether consideration can be given to publishing them in a more prominent place on the website for openness and transparency.

Forensic analysis of FMEL’s financial records

The Committee notes that you have asked Scottish Government officials to consider and advise on the Committee’s request for Scottish Ministers to make a competent order to specify Ferguson Marine Port Glasgow (FMEL) as a body subject to powers under section 23 of the Public Finance and Accountability (Scotland) Act 2000. As previously set out, the Committee considers this action necessary so that the Auditor General for Scotland can establish how £128.25 million of public money was spent by FMEL on vessels 801 and 802.

The Committee asks for the timescale the Scottish Government is working to, for Scottish Ministers to be able to determine whether it will make a competent order in the terms set out above.

King’s Counsel report: Procurement of vessels 801 & 802 Allegations of Fraud

As you will be aware, a key conclusion of the Public Audit Committee’s report on “New Vessels for the Clyde and Hebrides: Arrangements to Deliver Vessels 801 and 802”, published in March 2023 was that Caledonian Maritime Assets Limited (CMAL) continues “to pursue a thorough investigation of the allegations put forward by the BBC” Disclosure Programme in relation to potential fraud and rigging of the Hull 801 and 802 contracts.

The Committee therefore welcomes the recent publication in full of the Procurement of Vessels 801 and 802 Allegations of Fraud report to CMAL, produced by Barry Smith KC. We considered this report at our meeting on 26 October 2023 and agreed to seek a full formal response from the Scottish Government to the conclusions in the report. We have today also written in similar terms to CMAL and Transport Scotland.

Recognising that many of the points raised in this letter will be of interest to the Net Zero, Energy and Transport Committee, I am copying this letter to the Committee for its awareness.

The Committee would be grateful for a response by **27 November 2023**.

Yours sincerely,

**Richard Leonard MSP,
Convener**