OFFICIAL REPORT
AITHISG OIFIGEIL

Net Zero, Energy and Transport Committee

Tuesday 10 March 2026

Session 6

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NET ZERO, ENERGY AND TRANSPORT COMMITTEE
12th Meeting 2026, Session 6

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Michael Matheson (Falkirk West) (SNP)

COMMITTEE MEMBERS

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)
Monica Lennon (Central Scotland) (Lab)
*Douglas Lumsden (North East Scotland) (Con)
*Mark Ruskell (Mid Scotland and Fife) (Green)
*Kevin Stewart (Aberdeen Central) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Duncan Anderson (Ferguson Marine (Port Glasgow) Ltd)
David Dishon (Ferguson Marine (Port Glasgow) Ltd)
Dr Richard Dixon (Environmental Standards Scotland)
Fiona Hyslop (Cabinet Secretary for Transport)
Bill Reeve (Transport Scotland)
Mark Roberts (Environmental Standards Scotland)
Graeme Thomson (Ferguson Marine (Port Glasgow) Ltd)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Net Zero, Energy and Transport Committee

Tuesday 10 March 2026

[The Convener opened the meeting at 09:15]

Decision on Taking Business in Private

The Convener (Edward Mountain): Good morning, and welcome to the 12th meeting in 2026 of the Net Zero, Energy and Transport Committee. We have received apologies from Monica Lennon.

Our first item of business is a decision on taking items 5 to 8 in private. Item 5 is consideration of the evidence that we will hear on the legislative consent memorandums for the Railways Bill; item 6 is consideration of the evidence that we will hear from Ferguson Marine (Port Glasgow) Ltd; item 7 is consideration of the evidence that we will hear from Environmental Standards Scotland; and item 8 is consideration of a letter from the Presiding Officer regarding the Ecocide (Scotland) Bill. Do we agree to take these items in private?

Members *indicated agreement*.

Railways Bill

09:15

The Convener: Our second item of business is consideration of a legislative consent memorandum and a supplementary legislative consent memorandum on the Railways Bill. The bill was introduced in the United Kingdom Parliament on 5 November 2025, and its main purpose is to establish Great British railways as a new publicly owned body with responsibility for rail infrastructure and passenger services across Great Britain. It also makes wider provision in relation to railway funding, access to infrastructure and passenger representation.

The Scottish Government lodged an initial legislative consent memorandum on 5 November 2025, followed by a supplementary memorandum on 20 February this year, reflecting amendments made to the bill during its passage through the House of Commons. I note that the Delegated Powers and Law Reform Committee has considered the memorandums and, although it has drawn attention to limited information on one new delegated power, it has made no recommendations in relation to consent. The committee issued a targeted call for views, and I place on record the committee's thanks to those who were able to respond within the very tight timeframes with contributions to our scrutiny.

This morning, we will hear from the Cabinet Secretary for Transport before considering what recommendations to make to Parliament on the Scottish Government's draft legislative consent motion. I therefore welcome to the meeting Fiona Hyslop, the Cabinet Secretary for Transport; Bill Reeve, director for rail reform, Transport Scotland; and Debbie Blair, lawyer, Scottish Government.

Before we move to questions, I think that the cabinet secretary wants to make a short opening statement—I keep asking for short statements, but no one listens. Over to you, cabinet secretary.

The Cabinet Secretary for Transport (Fiona Hyslop): Convener, I want to start by acknowledging the very serious fire incident near Glasgow Central station over the weekend and paying tribute to the emergency services for their exceptional efforts throughout Sunday and into Monday. That there have been no reports of serious injuries is a great relief to all, and it is testament to the professionalism and dedication of those services.

You will be reassured to hear that I have been constantly briefed throughout. Yesterday morning, I met Network Rail and ScotRail as they assessed the on-going challenging implications of plans to restore the use of, and services at, Glasgow

Central station, when it is safe and able to be reopened.

Turning now to the purpose—

The Convener: Before you do so, cabinet secretary, I want to thank you for those comments. I know that all of these things come with a risk to those who are trying to solve the problem, but it might be useful if you can give the committee any update on when rail services might be restored. I think that parliamentarians got some letters yesterday, but do you know any more than what is in those letters about when services might be restored to Glasgow?

Fiona Hyslop: Obviously, the Scottish Fire and Rescue Service will have to give permission for access to and use of the station. I refer everyone to the Network Rail and ScotRail updates, which, today, have communicated that the station remains closed, but there is low-level traffic that can still use Anderston station, for example. They will communicate as soon as they can. I know that there is a topical question on the matter this afternoon, and there might be more updates by that time.

The Convener: Okay, thank you. I am sorry to have interrupted you, but I think that it is a fundamentally important issue. Do you want to move on to talk about the LCM now?

Fiona Hyslop: Turning to the purpose of this agenda item, I thank the convener and the committee for inviting me to give evidence on the Railways Bill legislative consent memorandum and the supplementary memorandum.

I have repeatedly called for the full devolution of rail in Scotland to strengthen the integration of track and train, but the UK Government is not prepared to make that change at this time. I have therefore made it clear that Scottish ministers will not accept any reduction in our existing devolved powers and that Scotland must benefit from rail reform to the same extent as the rest of Great Britain. As presented, the bill respects those requirements and I and Transport Scotland officials have had long and extensive engagement with the UK ministers and Department for Transport officials to secure that position for Scotland.

The Railways Bill was introduced in the House of Commons on 5 November 2025 and amended at committee stage in January. The Scottish Government considers that the bill, as amended, engages the legislative consent process because it contains provisions that will alter the Scottish ministers' executive competence, so we lodged the LCM on 12 December. The Delegated Powers and Law Reform Committee reported on 5 March. Following welcome UK Government amendments, we then lodged a supplementary LCM on 20 February. The Scottish Government's clear position is that both should be approved.

The bill will create a new body—Great British railways—that will operate, maintain and allocate access to rail infrastructure across the UK. GBR will also deliver passenger services that are currently the responsibility of the secretary of state. Scottish ministers will retain current devolved responsibilities, including securing the provision of ScotRail and Caledonian Sleeper services and specifying and funding rail infrastructure in Scotland.

The bill will introduce new provisions that will strengthen Scottish ministers' accountability for rail infrastructure in Scotland, including a new and improved infrastructure funding regime and, importantly, new powers for Scottish ministers to issue guidance and directions to GBR on areas of rail outputs that we specify, fund and for which we set strategy. My officials at Transport Scotland will undertake a detailed options appraisal to identify the best approach for Scotland's railway. As part of this work, they will engage fully with industry partners and stakeholders. This Government is clear in its commitment to retaining the benefits of ScotRail delivering services in public ownership, and the bill does not change that.

Under the legislation, Scottish ministers will have the power to commission GBR to deliver rail passenger services on their behalf, which could enable passenger services to be delivered in a more integrated way, but that is by no means a requirement of the bill and no decisions have been made on that option at this stage. Approval of the LCM simply acknowledges that power, should Scottish ministers ever want to use it at some point in the future.

I support the policy intent of the bill, particularly its ambition to maximise the benefits of greater integration while respecting devolved arrangements. That support, of course, remains subject to full scrutiny of the final bill text and to the Scottish Parliament's legislative consent process, should there be final House of Lords amendments. I am, however, keen that the elements securing the powers and responsibilities for Scottish devolution are secured and supported by this Parliament in this parliamentary session, if that is at all possible.

I know that the committee will have questions on the Scottish Government's position on the bill, and I look forward to addressing them.

The Convener: Thank you, cabinet secretary. Our briefing tells us that it is a fairly complicated bill, which might be an understatement. There is an LCM and a supplementary LCM and there are likely to be several more LCMs before the process

is complete. Will you reiterate why you asked the committee specifically to consider this before we had all the LCMs and other details in front of us?

Fiona Hyslop: There are two reasons for that. The substantive part of the bill, as presented, was the result of the prior involvement of ministers—a good example of what should happen—so a lot of our issues about protecting and enhancing Scotland's devolved position were agreed in advance of the bill's publication. Building in devolved sensibilities at the start is always a good idea.

The bill is complex. There are provisions for Scottish ministers throughout the bill and that is why a lot of clauses require the LCM approach. We lodged the LCM in December and the Delegated Powers and Law Reform Committee did the right thing by taking time to go through everything, and I am confident that it has done that. There is no controversy about the bill's contents and the legislative consent applications have been applied appropriately.

Protection of devolution is really important for everybody, and we have managed to do that. My main concern, however, is that, having secured that, we do not know what will happen next. If Parliament sets out an assertive position that we have protected and, to an extent, enhanced the powers of the Parliament, that would be a strong message to whoever is looking at the bill at Westminster thereafter.

The problem is probably the interruption of the Scottish Parliament elections, although I should not call it an interruption, because it is an important democratic event. What that will mean is that the new committee that is established will not have the same experience as this committee has. It will also have much less time—weeks as opposed to months—to consider the bill. The House of Lords will be the final place for amendments, and it will likely deal with them when it comes back from recess, so the time and opportunity for the future committee and Parliament to have a view is limited. The substantial amendments have already been lodged, and we do not anticipate major amendments at the next stage. However, if there were such amendments, the committee would have to look only at those aspects of the bill and the final text, and I think that that process would be restricted and limited.

I would also add that the supplementary LCM addresses a point that this committee identified, which is what happens to the provision of services at the end of the period of control of assets, when assets may be transferred. The supplementary LCM that we asked for has been provided and reflects what the committee identified when it considered the Passenger Railway Services (Public Ownership) Act 2024. An important responsibility for Parliament is to tidy up our responsibilities, this side of the election, on the substantive elements of the bill, with the statement of the LCM, as the bill stands. That is the view of the Government.

The Convener: I am smiling slightly, because, although the next committee may be short of time, this committee is not exactly flush with time, given all the things that we have to do. It is good to have had that explanation.

Your explanation is that the Railways Bill would deliver deeper integration across the network. If ScotRail, the Caledonian Sleeper and Network Rail in Scotland are still the responsibility of the Scottish Government, how will that integration work? Can you give us some examples to help us to understand that, cabinet secretary?

Fiona Hyslop: There is far more integration here than in the rest of the United Kingdom. The Railways Bill tries to replicate, across the rest of the UK, the benefits that we have had from the integration of track and train. Lord Hendy, the rail minister, has publicly stated that. Currently, integration is handled through an alliance and agreement between ScotRail and Network Rail. The bill will enable a far more formal position on that. The form that that takes will be up to us, but there are provisions to ensure that, on any issues relating to Network Rail, there will be a greater connection between the Secretary of State for Transport and us. In some respects, that will depend on what option is taken, which will be for a future Parliament to scrutinise. The framework of the bill allows us to decide which way we want to go, but it will be for a future Scottish minister and a future Parliament to assess that.

We could base things on the existing alliance. There could be the potential for a joint venture or for a subsidiary. The important point is that the secretary of state, in some instances, would make agreements with us. Indeed, there are elements throughout the bill that provide for consultation with us, should decisions be made by the UK Government and the secretary of state in relation to Network Rail. Normally, it is the other way around. A lot of that is still in play, and that will come later.

Michael Matheson (Falkirk West) (SNP): Good morning. A key part of making the new arrangements work effectively is the memorandum of understanding that will be developed between the Scottish Government and the UK Government. Can you give us a bit of insight into how things stand in that regard? Do you envisage it significantly changing the existing relationship that the Scottish Government and Transport Scotland have with Network Rail?

09:30

Fiona Hyslop: You will be aware that there is already a memorandum of understanding, but the bill makes the relationship statutory, which provides an important underpinning. The new memorandum is still being developed, but it will ensure that the relationships are strong in terms of the co-operation that will still be required. We will have powers for what we fund and for which we set the strategy, and we will also be able to provide direction and guidance to Network Rail, in relation to aspects of GB rail, which we have never done before.

Prior to the publication of the bill, I had three meetings with Lord Hendy, the Minister for Rail, and two meetings with Heidi Alexander, the Secretary of State for Transport, both of whom want to ensure that the memorandum of understanding is strong and that it helps us to administer the arrangement. The memorandum is still being drafted. There is no requirement for it to be published at the same time as the bill, but the fact that there is a requirement in the bill for there to be a memorandum on a statutory footing is important.

Michael Matheson: Given the underpinning of the MOU in statute, I presume that there will also be an opportunity for parliamentary scrutiny at some point once it has been finalised.

Fiona Hyslop: I assume so. Everyone would be interested in that. I gave evidence to the Westminster Transport Committee, which was looking at the legislation from a UK perspective and wanted assurances about how it would impact devolution, and it also expressed an interest in scrutinising the memorandum after it is published.

Douglas Lumsden (North East Scotland) (Con): You mentioned the memorandum of understanding. Will it include things such as dispute resolution? If there was a conflict because, for example, ScotRail services and cross-border services wanted to use the track at the same time, would that situation be covered by the MOU? How would it be handled?

Fiona Hyslop: We are developing the heads of terms for the MOU. Access and freight are the two issues that are of interest to everybody UK-wide and which seem to be coming to a head. It is helpful that the bill already states that we have to be consulted about access issues that affect Scotland. The heads of terms have not been completed by any means, but Bill Reeve can discuss the content.

Bill Reeve (Transport Scotland): The heads of terms have not been completed, but they are keeping us busy. Our engagement with colleagues in the Department for Transport has been constructive and it is just about the best that we have experienced. There is a genuine desire from them to respect what we have achieved, which is reflected in the UK bill.

The MOU focuses on how we give effect to the bill's intent through practical arrangements for matters such as dispute resolution. The MOU is about exactly the sort of issue that Mr Lumsden has described and how we give effect to the bill's intent; that is what we are fleshing out. So far, we are encouraged by the constructive engagement and we look forward to being able to consolidate a draft. The final MOU will need to reflect any further amendments to the Westminster bill.

Douglas Lumsden: I am a big fan of open-access operators. Are you assured that they will not be squeezed out by the services that will be operated by GB rail?

Fiona Hyslop: We would not want that to be the case. The access arrangements are still reserved, so those issues are primarily for the UK Government. As I reflected, the bill gives us some locus on access and how that affects our services, including cross-border and freight services. Those issues will be an important focus for the operation of GB railways.

Douglas Lumsden: Are you confident that open-access operators will not be affected by the bill?

Fiona Hyslop: That is not for me to determine; it is an issue for the UK Government. I will be ensuring, from a Scottish perspective, that they will not be affected. If you want to be confident about it, you will need to engage directly with the UK Government. I am sure that my counterparts at Westminster will be doing that.

The Convener: Can I press you slightly on that? I believe that open-access operators have helped to keep the price of tickets down. Their prices seem to be lower than those of other operators, so it might be dangerous to lose them, especially if they are operating services from London to Edinburgh and Glasgow and perhaps beyond in future years, depending on how we go with electrification.

Fiona Hyslop: I agree with you. Bill, do you want to come in?

Bill Reeve: To recap, there are three broad types of open access. There are the operators that you are referring to, such as Lumo, which runs services across the border. We also have important open-access operators such as the Jacobite, which runs a steam train in the west Highlands that does a lot of good for the economy. Importantly, all freight trains are also open access.

The UK Government is providing assurances to open-access communities in the bill, but it is fair to

say that not all parts of those communities are yet satisfied with those assurances, and some amendments are likely to be proposed in the House of Lords, although that is not for us to say.

The bill will give us more influence over such decisions in Scotland than we have at the moment, and it will give us the opportunity to reflect our policies of support for such operations more effectively. It is not as effective as if we were completely devolved, which remains our preferred approach, but within those constraints, the bill takes us a step forward.

The Convener: Your last point is noted. On your first point, it is relevant to note that you are aware of the issues and of how important open-access agreements are and that you will continue to push for them. I am sure that it would vex the next transport committee if such agreements were to disappear.

Mark Ruskell has some questions to ask.

Mark Ruskell (Mid Scotland and Fife) (Green): Will the role of Transport Focus change at all as a result of the bill?

Bill Reeve: The role will be strengthened. There will be some consolidation of powers in Transport Focus, as the rail ombudsman will move in there and some work that is currently conducted by the Office of Rail and Road will be consolidated in Transport Focus. The bill will result in a useful strengthening of the functions of that independent body.

Mark Ruskell: That will be on a UK-wide basis. Do you expect any changes in how the organisation operates in Scotland?

Fiona Hyslop: The impact on passengers runs through what the UK Government wants to do as part of the Railways Bill. As far as the operation of devolved aspects is concerned, an important part of the development of the railway is that public ownership means that we can focus on passengers and make sure that the organisations that represent passengers can have input and make an impact. Obviously, what we are doing now is dealing with the bill as it stands, as opposed to the operation of services and how they will be run. That issue is separate from the legislation.

Mark Ruskell: On the wider vision of what the railways can achieve going forward, the Associated Society of Locomotive Engineers and Firemen's submission talks about having a publicly owned freight operating company that could drive some of the strategic work that needs to be done on freight. It also talks about moving away from using private sector rolling stock leasing companies, which ASLEF believes is not delivering good value for the taxpayer.

Is there room for that agenda in the work of GBR? How do you see the opportunities for freight opening up? Would you support having a public sector freight operating company?

Fiona Hyslop: We are very much in favour of promoting rail freight. We have strong targets. We have invested considerably in freight, which is currently driven primarily by private sector arrangements. I do not think that anything in the bill will prevent Scotland from doing more on public freight operators if we choose to. That would require investment, as would a different funding arrangement for the railways. I welcome ASLEF's submission, but a lot of the aspects that it referred to were more UK-wide.

We are limited by our borrowing arrangements, so our funding does not create new money. There are ideas about using bonds, for example—the Scottish Government also wants to use them—as a different type of funding, but that would not necessarily increase the amount of funding, because our borrowing is capped.

Mark Ruskell: What do you think about a publicly owned freight operator? Does the Scottish Government have a view on that? Are you content for just ScotRail and Caledonian Sleeper to be in public ownership? Does it stop there?

Fiona Hyslop: I can give you my view—I am a minister for a few more weeks. I think that we should be open to that, but it would not be appropriate for me to tie the hands of a future Government minister, who might want to make choices in that area. That possibility is left open.

Mark Ruskell: What about the rolling stock companies?

Fiona Hyslop: I was saying that we need a different form of funding arrangement. The issue is how much we can borrow in order to have a different form of funding. Again, this is not necessarily to do with the bill, but I am keen on looking at Eurofima, which involves a cheaper form of funding. Green bonds are a good suggestion, but that is limited by how much we can borrow. We must not think that that is a magic bullet—it could work only if we had far more fiscal powers than we currently have.

Mark Ruskell: Obviously, the limits of devolution kick in there.

Fiona Hyslop: That is not for this legislation.

Mark Ruskell: I will leave it there.

The Convener: Are there any other questions?

Michael Matheson: I have a couple of points to ask the cabinet secretary to clarify. In your opening comments, you mentioned the creation of a new rail infrastructure funding mechanism for GBR.

With the creation of GBR, is it the intention that rail infrastructure investment in the future will still be undertaken through the control period process, as at present, but that it will operate differently, or will there be a completely different arrangement from the existing CP arrangements?

Fiona Hyslop: I will bring in Bill Reeve on the detail. We have funding of £4.2 billion in the current CP. The new arrangements mean that we will have direction and guidance on what we fund and set a strategy for. That is the whole point of the bill—it will change the relationship with the ORR. The ORR will still have a role, but we will have a stronger role in how the direction can be set. From an accountability point of view, that is really important because, once a control period is agreed, we have to rely on the ORR to monitor it and ensure that the delivery is at pace and to the required level.

I am keen for the Parliament to provide letters of consent. That is one of the significant changes in the bill that will enhance Scottish ministers' powers. It is anticipated that control periods will be folded into the new operation of GBR, which will give us more powers over the areas that we fund and set a strategy for and so on.

Bill Reeve: There will still be five-year funding settlements for the infrastructure. At the moment, we issue a specification and an indication of funding, and the ORR determines how much we should pay. If Network Rail did not deliver what we paid for, we would have no accountability mechanisms for redress.

There will still be a five-year funding settlement, and we will still need to issue our specification and an indication of our funding. The ORR will advise on how much that specification should cost and how efficient GBR should be, but the important change is that it will be for Governments to decide on the level that is appropriate for the five-year period. There will then be accountability mechanisms that will allow us to hold GBR to account in Scotland for its performance against delivery.

That is really a transfer of powers from the ORR to the Scottish Government in relation to a substantial amount of funding. From your previous experience, Mr Matheson, I know that you will appreciate that we have had limited authority over that, despite the vast amounts that are being expended.

Michael Matheson: That is helpful. I was trying to clarify whether we are still going to have a five-year period, as with the existing CP arrangements, so that we have a clear line of sight on what the infrastructure investment profile looks like. That is important for the industry, and for many of those who operate in our railway network on the civil engineering side, to understand.

I seek clarification on another point, as I may have missed something. Given that we are operating ScotRail and the Caledonian Sleeper under operator-of-last-resort arrangements, will the new structure enable you to step out from that, using those powers, or will there be a continuation?

09:45

Fiona Hyslop: That is determined by the Passenger Railway Services (Public Ownership) Act 2024, which the committee looked at. That strengthens the position on ownership.

I know that the committee has very limited time and a lot of work pressure, but the supplementary LCM precisely addresses what was left outstanding from the public ownership legislation. What is needed for the 2024 act and the bill is to make sure that we—and, indeed, the UK Government—have powers in relation to the transfer of assets at the end of a period of ownership or after a change of decision, whatever that decision might be, by a future Government.

Douglas Lumsden: I want to come back in after the deputy convener's questions. I am thinking of a real-life example. There are disability access issues at Inverurie station. Who will be responsible for ensuring that disability access is put in place? Will that rest with GBR? Would the Scottish Government call on GBR to address that? How will it work in practice?

Fiona Hyslop: Frustratingly, although we had thought that it would be simple to transfer responsibility for access and equalities, it has been decided to keep that within the UK reserved area. When it comes to ScotRail services, we will certainly do what we can to have better-planned integration of works so that access, accessibility and equalities issues can be addressed at the same time. Greater integration will help us, but we still do not have the powers that we think we should have on straightforward things such as access.

Douglas Lumsden: Are you saying that that will still rest with the UK Government?

Bill Reeve: Not specifically railway accessibility, but accessibility legislation generally is reserved to the UK. We pressed for a transfer but, unfortunately, it was not on the table. Notwithstanding that reserved power, having a more integrated railway body in Scotland—whatever options we determine on after analysis—will in practice allow us to ensure that accessibility is built in with the bricks of our specification and will allow us to get improvements wherever we

can, as part of the normal business of the railway, in an integrated fashion.

Douglas Lumsden: I am trying to think of who to lobby as we go forward. Will it be you, cabinet secretary, or the UK Government?

Fiona Hyslop: It will probably be both. We can probably do a better and improved service, but we cannot do as much as we would like to do, had we got more powers.

The Convener: It may not be the cabinet secretary, because she might not be here in the next parliamentary session. I do not think that you are standing, cabinet secretary—are you? It will be your successor, whoever that may be.

Thank you very much, cabinet secretary. We will later consider in private the evidence that we have heard, which will inform the report that we put to the Parliament.

I will briefly suspend the meeting to allow for a changeover of witnesses.

Fiona Hyslop: Thank you so much for your co-operation in taking evidence on the LCMs.

09:48

Meeting suspended.

09:51

On resuming—

MV Glen Sannox (Hull 801) and MV Glen Rosa (Hull 802)

The Convener: Welcome back. Our third item of business is an evidence session with Ferguson Marine (Port Glasgow) Ltd. Today's session is our final opportunity before dissolution to examine the progress of the delivery of MV Glen Rosa and discuss current issues relating to the MV Glen Sannox. We will also consider the announcement that the Scottish Government plans to directly award to Ferguson Marine contracts for four further vessels. From my point of view, this is a culmination of 10 years of looking at the Glen Rosa and Glen Sannox ferries, none of which has been particularly great as far as delivery is concerned.

I welcome Duncan Anderson, chair; Graeme Thomson, chief executive officer; and David Dishon, chief financial officer. Thank you for attending. My notes say that I have to congratulate Duncan on his appointment as chair. I am not sure whether the congratulations will last for more than a year, but we will see.

Duncan, you have an opening statement.

Duncan Anderson (Ferguson Marine (Port Glasgow) Ltd): [*Inaudible*.]

The Convener: We cannot hear you yet. Hold on. Let us just wait until I get the nod.

Duncan Anderson: Is that better?

The Convener: Yes, it is definitely better, because we can hear you. Off you go.

Duncan Anderson: Thanks, convener. As you pointed out, I am the recently appointed chair of Ferguson's. I joined as a non-executive director in March last year. Although we are here to talk about the ferries Glen Sannox and Glen Rosa, it is probably also worth my pointing out, as a new chairman, the potential of this shipyard on the Clyde. With an effective modernisation programme and improved build processes, it could be a leader in the industry. It may not seem like that now, but it is entirely possible.

The past management of vessel construction has involved mistakes, largely due to the use over several decades of poor or outdated shipbuilding techniques. The staff have remained hard working and dedicated to their jobs—which is remarkable, in my view—despite having been driven to those poor practices and without a clear future for the yard prior to recent announcements. That said, the governance and management of those workers' tasks have been very poor indeed, and it appears that we have built the ships twice. The logical sequencing of workbacks and processes was

historically poorly thought out and poorly implemented. That has been and will be our main challenge with Glen Rosa until its delivery.

We seek to dismantle those poor practices and implement new ones, while keeping the processes and tasks clear for the workforce. With the appointment of a new senior management team, I have seen considerable changes in the yard and much improvement. However, decades-old problems and neglect of support for commercial shipbuilding in the United Kingdom cannot be repaired in months—it will take years.

There is a shortage of trained and experienced workers and subcontractors in the shipbuilding business environment in general. Across the UK, the shipbuilding sector has brought in a considerable amount of foreign labour to compensate for that. Ferguson's shipyard, however, remains committed to training and developing the young people of Inverclyde and beyond.

The processes and the on-board build management for Glen Rosa have improved a great deal in recent months, but we remain in recovery mode for the build, with a hull that has been in the water for too long and machinery that has been dormant in the vessel that should have been commissioned a long time ago.

That said, we are getting over those challenges. We are powering up the switchboards as we speak, and we are close to full engine commissioning as per the recent schedule, so the last of that long-term legacy is being overcome. We look forward to delivery in the fourth quarter of this year as we move into our modernisation programme.

We also look forward to working on the new vessel projects that were recently announced in the Parliament. We will turn FMPG into an efficient and profitable shipyard that supports both the local community and the resurgence of commercial shipbuilding in Scotland, and into a business that people can be proud of again.

Thank you for the opportunity to make that statement, convener. Graeme Thomson, David Dishon and I are happy to answer any questions that the committee may have.

The Convener: Excuse me, but I will start off by saying that that is the fourth time I have heard that speech. I heard it when I went to Clyde Blowers, I heard it when I listened to Tim Hair and I heard it from Graeme Thomson's predecessor. Those speeches were almost exactly the same.

In the previous parliamentary session, the Rural Economy and Connectivity Committee charged Ferguson Marine with updating it on the build of the Glen Rosa and Glen Sannox. That issue has been passed on to this committee, which is the logical successor committee. I have to say that the reports that have been delivered to this committee have, over a period of time, become progressively weaker, thinner and more off timescale. In fact, that resulted in this committee sending a letter on 2 April 2025 to Ferguson Marine—David Dishon dealt with that letter. We got a holding response telling us that Graeme Thomson would be in post and that we could not get a full report until then because it would be unfair on him. There seems to have been some speculation in the press about who authorised and suggested that response.

We then got a response on 13 May last year. That letter was written by you, Graeme Thomson, once you had had a chance to get your feet under the desk and to work out what the situation was. I would suggest that the report in your letter was fairly upbeat. You said that the work would be on time, and, in the third last paragraph, that costs would increase to £172.5 million, with a £12.5 million contingency. We were then told this January that costs would increase to £197.5 million and that delivery would not be on time.

Graeme, what am I to believe? Everything changes. It seems like quicksand. Having looked at the vessels for 10 years, I have to say that my frustration is huge. Will you explain why your letter of 13 May was so fundamentally wrong on price and on the delivery date?

Graeme Thomson (Ferguson Marine (Port Glasgow) Ltd): First, I would say that, in the letter of 13 May, I diligently reviewed the schedule and costs, aware of the appetite and keenness for a response on where the schedule and costs had got to, which the committee had requested. The aim of my review was to check the logic, the flow of analysis and the way that the budget had been developed. As I had been in post for eight days, that approach had a logic that I could follow and understand and was, I think, appropriate—at the level that was appropriate for the eight days that I had been in post—allowing me to say that I was satisfied that the work that had been done was sound, based on the information that I was presented with. Therefore, I had confidence that that was a good, rigorous process.

10:00

Subsequently, as I became familiar with the yard—I spent months working in the yard—it became evident that systemic and latent issues prevailed in the business and needed to be addressed. I have made a number of changes, which I am happy to talk about separately, to address those issues.

However, fundamentally, what has now caused the schedule to move is the fact that, when we

went into the dry dock, as we planned to, in July and August 2025, we identified excessive and beyond recognised corrosion in the stern tube and on the hull. Those were brought about mainly by the ship having been stagnant in the water for so long, which I understand is an issue in itself, and the quality of the cathodic protection that we put around the vessel at the time. We identified that we had to take recovery action. The window for that was not available in the dry dock that we had in July and August, so we had to assess the full scope of the work, understand how it would fit into a future schedule, which we would have to develop, and then align the availability of the specialist subcontractor to address the issue with the availability of a dry dock.

Having assessed that, we were aware that we would get the window for that work beyond the end of quarter 2 in 2026—it would be in July and August. Therefore, we set about trying to minimise the impact of that and did a very deep dive into a every aspect of the schedule to see what we could do to optimise it. As we went through that work, we identified that, between system installation and commissioning execution, which is where we start to work the live systems, there was a disconnect at a very low level in the plan, which meant that that also needed to be corrected. To compound that, we are unable to put liquefied natural gas on a ship before it goes into the dry dock, for good safety reasons, so the LNG commissioning was therefore also affected.

All those elements flowed together: the availability of the specialist subcontractor for doing the repair in the dry dock; the availability of the dry dock; the extended window; the reworking of the commissioning schedule to align with system installation; and the fact that we had to delay LNG commissioning, because we could not have LNG on the ship when we went into the dry dock. Those elements combined to create the challenge that moved the schedule into quarter 4, and the root of the situation was, fundamentally, a corrosion issue in the stern tube and with the hull. As I said, we have learned lessons from that about how we better protect the hull, but, equally, we recognise that that must be repaired before we hand the ship over.

That led to an analysis of the cost, which David Dishon led the work on. We looked at what we could do to ensure that we covered the scope of the work. We recognise that, because the ship will be there longer, there will be additional costs, between insurance, utilities and the other aspects associated with running the business. Those aspects combined to give us the cost that, unfortunately, we had to share in January.

The Convener: My problem is that there were eight months between your writing that letter in May and our finding out that the cost had gone up and that there was a delay. It took eight months, from when you got your feet under the desk, to work that out. That seems a huge amount of time, does it not? It does to me. If I were running a business, I would be seriously concerned that it took eight months to work out that there were problems.

Graeme Thomson: Until we went into the dry dock in August, we were still sitting within the quarter 2 schedule. We were having some issues—some challenge with the schedule—but we were still sitting within that window. It was going into the dry dock and discovering the corrosion—a specific issue—that led us to reassess the schedule. In doing so, we found one more latent issue in the schedule. For the eight months of that work, we were reporting that we were going to make quarter 2 and looking reasonable for the budget.

The Convener: You went into the dry dock in August.

Graeme Thomson: Yes.

The Convener: You must have got a report pretty quickly from the dry dock. If it was my boat, I probably would have gone down and looked at it myself. That still left four months to work out that there would be an increase in price before the committee was notified.

Graeme Thomson: I will set out what happened in those four months from August. We got the report. We looked at what we originally thought would be hull paint recovery and stern tube remediation being done in parallel. That was the first step of identifying the scope of what we would need to do in the dry dock. Subsequently, we got an analysis that said that those two measures could not be done in parallel but had to be done in sequence. That was a key part of understanding the scope—once we know the scope, we know the duration of time that will be needed in dry dock.

Then we had to identify a dry dock that was not already prebooked and was available for us in that window, as we do not have a dry dock at Ferguson Marine. Also, in time, we had to identify specialists, such as a subcontractor to come in and do the machining of the stern tube for recovery from the corrosion. Bringing those together was what—

The Convener: You wrote to the committee on 15 September, saying that significant milestones for the committee had been met, that there was increased confidence in the delivery timetable and that the project remained within the £185 million budget. You basically said that everything was fine and that we should not worry about it. At that stage, if it had been dry-docked in August, you

must have known that there were significant issues. You have admitted that yourself.

Graeme Thomson: In August, we had not understood the scope. We thought that we could do the work in parallel and that that it could be contained within a week or two, so we were looking for a dry dock. That is why I said that we had not worked out the scope. The information that we had in front of us at that time indicated that it was still possible that, if we found a dry dock and a shortened window, we could contain it.

The Convener: But the price would go up.

Graeme Thomson: Not necessarily—

The Convener: Something in that 15 September update to the committee was fundamentally flawed—it was wrong. Either the price was going to remain the same and the boat was going to be delivered on time, or the price was not going to remain the same and the boat was not going to be delivered on time. You said something to the committee that was fundamentally wrong.

Graeme Thomson: Given the information that I had at the time, I believed that the letter was correct—that we could contain it. Until we had done the work and analysis to fully scope out the recovery action for the corrosion, we were on a track that indicated that we could contain it within the schedule and the cost. That is why I made that statement on 15 September and was comfortable in doing so.

The Convener: Were you comfortable on 15 October?

Graeme Thomson: No, because at that point I started to understand the scope of the work.

The Convener: Do you not think that it would have been appropriate to let committee members know that the letter that you had written to them in September was factually incorrect?

Graeme Thomson: I think that it was appropriate to do the work so that I could fully inform the committee of the impact, because at that point we were still assessing the impact. That is where my focus was.

The Convener: When did you complete that work?

Graeme Thomson: I completed it at the end of November.

The Convener: Wow. To me, it seems to be a bit of a guddle, especially given the fact that, based on some of what you have said regarding LNG, you must have known that LNG could not be stored at either place when you started down this road, yet you factored that in.

Graeme Thomson: No, we knew that LNG could not go in there. The original schedule was that we would go into dry dock in March and the LNG transfer would happen after that—between then and quarter 2. When we looked at the scope originally and thought that we could contain the work within less than two weeks, there was the potential to use a dry dock in April. That is why we started to look at the commissioning schedule at that point.

When we got the full scope, we saw that we would need about four weeks for dry dock and that there were commissioning issues along with system installation. That led to a full bottom-up review of the schedule from a very low level of detail. Doing that took us time, until we got to a point, at the end of November, where we were able to say that we understood what the schedule would be. We then prepared some analysis and cross-challenge, and we brought in more people to look at the schedule to see what we could do to try to bring it back. Subsequent to that, we wrote the letter of 18 December, knowing that we still had the cost to work up, which we provided in January 2026.

The Convener: Are you confident in the details that you gave in the letter of 30 January—that the increased cost of £197.5 million will not be exceeded and that the ferry will be delivered in quarter 4?

Graeme Thomson: I have a high confidence in that number and the schedule for Q4 2026, but I do not think that any CEO who is dealing with a complex vessel such as this would be able to give a guarantee at this point. We will work through and manage our risks to seek to secure a Q4 delivery that is within budget. We have high confidence just now, and that is what we are working to.

The Convener: I have to say that that does not fill me with any confidence at all. I have heard the same thing being said before and we have ended up with increased costs. What we know is that CalMac has insured the Glen Sannox for £57 million. That is what it will cost to rebuild it. We are already up to a cost of £197.5 million for the Glen Rosa, which is, by anyone's calculations, about four times what it should have cost, and we still do not know that it will be delivered.

I have to say that, in some ways, I will be glad when I leave Parliament and I do not have to continue to listen to this, because I am not convinced by any of the arguments that you have given. I will leave it there. I invite Michael Matheson, the deputy convener, to ask his questions.

Michael Matheson: Good morning. I turn to the issues with the Glen Sannox. It has now had to have emergency repairs associated with cracks in

its hull carried out on two occasions. Do you know the cause of the cracks, and will the repairs that have now been carried out permanently resolve the issue?

Graeme Thomson: The crack that was identified was a 20mm crack that manifested itself through vibration through the hull, which was caused by cavitation when the ship went astern. Propeller cavitation is when bubbles come off the tips of the propellers—that vibrated the hull and caused the crack.

As soon as that was identified, the right thing to do was bring the vessel into dry dock and repair the crack in the first instance. The analysis that we have done identified primarily, that there was a root cause, and secondly, that there were two solutions. The root cause was the excessive cavitation—the bubbles coming off the blades of the propellers. The second part was to identify what we could do to mitigate the vibration while we with did the analysis of the propellers.

The first step of the solution was to add additional steel to offset the vibration issue in order to prevent any further cracks in the hull, which we did on the Glen Sannox when it was in dry dock over Christmas. The other step was to start the analysis with our specialist subcontractor on the propeller design.

In the past week we have concluded that work on how we can optimise that design. That work identified that there is an opportunity to improve the design of the propellers and significantly reduce the cavitation on them, therefore offsetting the cavitation in astern mode. Between the steel that we have installed and the updated propellers, we will have a solution whereby this will not happen again.

Michael Matheson: Okay. What is the timeframe for the changes that will be made to the propellers?

Graeme Thomson: In the process that we have gone through, we have done the design, we have gone to an independent expert again to validate that design and we have done a tank test on it in Austria to confirm that this is definitely a solution this time. That has just concluded. We are now going back to the supplier that did the original design, and we are pushing them to get a schedule of when we will get new propellers.

At the moment, it looks like approximately six months, but that is our guide—it is the typical time that propellers take. We understand the issue, and we are pushing to try to get them as quickly as we can for Glen Sannox and for Glen Rosa.

Michael Matheson: I presume that those changes are having to be carried out under warranty. Are the costs associated with dealing with the cracks and the work to identify a change in propeller being incurred by you?

Graeme Thomson: Yes.

Michael Matheson: What are those costs?

David Dishon (Ferguson Marine (Port Glasgow) Ltd): For all the propellers and the steel strengthening?

Michael Matheson: For the replacement of the propellers on the Glen Sannox.

David Dishon: The Glen Sannox warranty for recent dry dock—

Michael Matheson: In case you are thinking of giving me the price for all propellers.

David Dishon: The recent dry dock costs for propellers and steel strengthening is just over £1 million.

Michael Matheson: Are the lessons that you have learned from the Glen Sannox being applied to the Glen Rosa?

Graeme Thomson: Yes. When the Glen Sannox came up from Cammell Laird last week, we had trials on board. The steel work that was installed on Glen Sannox has proven to mitigate the vibration, but it does not take away the root cause, which is the propellers. We have now commenced fitting that steel work on Glen Rosa as well, in preparation for the mitigation of the steel and to give us the opportunity to get the propellers installed when they are available.

Michael Matheson: I presume that, if the cost is around £1 million for the Glen Sannox, it will be a similar additional cost for the Glen Rosa for that work to be carried out.

David Dishon: Yes; it will be slightly less.

We are doing separate work in Cammell Laird for the Glen Sannox, so it will be less than that when we get round to doing it for the Glen Rosa.

Michael Matheson: Okay. Thanks.

The Convener: Sorry, can you clarify that? For argument's sake, because what is half a million pounds in the big scheme of things, let us say that the work will cost £1.5 million between the Glen Rosa and the Glen Sannox. Who is going to pay that? [*Interruption*.]

Gosh, how very annoying of my phone. I do not know why that happened. Siri is a wonderful thing but I do not understand why it works on silent mode.

Can you explain to me who is going to pay that £1.5 million?

David Dishon: Ultimately, the Scottish Government will.

The Convener: So it will be the taxpayers of Scotland.

David Dishon: Correct.

The Convener: Is the extra £500,000, or whatever it is, for the Glen Rosa included in the £197.5 million?

David Dishon: That is included in the risk element.

10:15

The Convener: More for the taxpayers to pay.

Over to Douglas.

Douglas Lumsden: It is not really a risk any more, though, is it?

David Dishon: It will be a risk that crystallises. However, at the time that we were doing it, we did not know that, so it is included in the risk element.

Douglas Lumsden: Right. Excuse me for not knowing this, but is the Glen Sannox back out working again just now or not?

Graeme Thomson: I am sorry. Would you say that again?

Douglas Lumsden: Is the Glen Sannox back out working or is it still tied up?

Graeme Thomson: It is still tied up, but I would have to call on CalMac to explain why it is still tied up. We have cleared the work that we had.

Douglas Lumsden: Will it be out of service for six months until the propellers are changed?

Graeme Thomson: No. The additional steel has taken away the vibration in the hull, which should negate any recurrence of the crack that was seen previously. It could therefore go back into service. However, to get to the root cause of the issue and fix it, new propellers have to be fitted.

Douglas Lumsden: So is the fact that it is now out of service really a CalMac issue?

Graeme Thomson: Yes. We are not aware of any reason for stopping it.

Douglas Lumsden: Have there been any issues with the LNG side of things on the Glen Sannox or the Glen Rosa?

Graeme Thomson: No. On the Glen Rosa, we are just finishing the installation of the LNG pipeworks. When we can do so safely, we are ready to start the installation, commissioning and setting into work of that system. I am not sure what use has been made of LNG during sailings of the Glen Sannox. One safety improvement has been brought to our attention, which we have now adopted on the Glen Sannox and are implementing on the Glen Rosa. It passed all the safety requirements, but, in operation, based on the direction of wind, there could be some flow back of LNG fumes. We have now corrected that on the Glen Sannox, and we will correct it on the Glen Rosa.

Douglas Lumsden: Okay, but do you know whether it has been used extensively?

Graeme Thomson: I do not know.

Douglas Lumsden: There have been reports that parts were stripped from the Glen Rosa to get the Glen Sannox back up and working. Will you tell us a bit more about that, please?

Graeme Thomson: As I understand it, when the Glen Sannox was going through its setting into work and then its trials, for efficiency, material was taken off the Glen Rosa and put on the Glen Sannox to ensure that there was a rapid response to any defects or changes. That has been done.

When I came in, one of the first things that we did was make a full analysis of the material state of the ship and all the material that we had in the warehouse, to satisfy ourselves that we did not anticipate any materials issues coming up and so that we could order materials in the lead time that was needed for them to be available for the relevant activity point in the schedule. Having gone through all that, we are now content that we have the materials that we need to complete the Glen Rosa.

We carry the same risk with the Glen Rosa as we did with the Glen Sannox: we could get to the point of setting into work and find that something that should work does not work. Therefore, we are doing an analysis so that we are in a position to understand whether we will need to go to our suppliers, as well as to know the speed of their response in supplying materials. As part of our contract, we have purchased a number of spares to provide to Caledonian Maritime Assets Ltd and CalMac, so that might be another recovery route for us should we find a defect in some equipment.

Douglas Lumsden: Have the parts that have been stripped off the Glen Rosa been accounted for as part of the £197.5 million, or have they been accounted for in terms of repairs to the Glen Sannox? How have you accounted for that?

David Dishon: The original parts that were bought for the Glen Rosa and put on the Glen Rosa are charged to the Glen Rosa. If we have taken anything off the Glen Rosa to put on to the Glen Sannox, that is charged to the Glen Sannox under the warranty.

Douglas Lumsden: I guess that the time for people to take parts off the Glen Rosa would also be charged.

David Dishon: Correct. That is fully absorbed.

Douglas Lumsden: I guess that the time for them to refit it back on the Glen Rosa once a spare arrives would also be charged.

David Dishon: Correct.

Douglas Lumsden: Does this cause any delay for the Glen Rosa? We are talking about quarter 4, which is now only nine months away. Will the stripping of parts off the Glen Rosa to put on to the Glen Sannox impact the timescales that we are looking at?

Graeme Thomson: No. As I say, we have done an analysis, and we know that we have all the material that we need now or that we will get it in a timeframe to suit the activities that consume that material as we execute the Glen Rosa. The risk that we have with the Glen Rosa is the risk that manifested itself with the Glen Sannox, which is that, when we turn something on, it does not work—it might have been lying on the shelf or on the ship for a number of years, and it does not work.

Despite the fact of maintenance and checks, it is not until you make something live, whether that is through pressure or power, that you find that it does not work. We carry that risk. It is there on every ship; it is not just Glen Rosa and Glen Sannox. That is one of the risks that we have accounted for in terms of the high confidence going forward. We have done all that we can to try to mitigate the risk, but it is one of the risks that we carry. When we get into full commissioning, there is the potential that some of the equipment might not work. At that point, we will have to assess the speed of response of our supplier or get spares or get something from our own stock; we could take something from somewhere else on the ship and make that work.

Douglas Lumsden: If it had been completed to its original timescale and something like that had happened, you would have been able to go back to the manufacturer and say that it was not working, but we cannot do that any more, can we? I imagine that everything is out of warranty.

Graeme Thomson: Yes, things are out of warranty. If it was within the timescale, we would still have to go and get the material, but we could go back to the supplier and it would be under their warranty.

Douglas Lumsden: Has any risk provision been put in for things that are no longer under warranty and are not working?

David Dishon: That is part of the £5.5 million and the £197.5 million; we have risks for delays, but we also have obsolete materials, missing materials and anything that we have to take out, so there is an element there for obsolete materials.

Douglas Lumsden: How many spares do you carry for both vessels in the yard?

Graeme Thomson: The spares that we carry are defined by the contract, so we provide those spares. We do not carry spares particularly. We are trying to make sure that we understand, for equipment going into commission, our ability to get a speedy response. For the thousands of items on there, we do not know what might fall over—we have not done that level of analysis—but we anticipate that some equipment will not work effectively. Therefore, we need to have a good, slick process with our suppliers to work out where we can secure a replacement for that equipment, whether it is from that supplier or whether it is from CalMac. We can go to CalMac and ask whether we can get one of its spares—that option is typical for last of class in any programme that I have worked on. The other part is about trying to work out whether it is something that can be recognised as a defect if we have not got it completed by the time that we want to deliver the ship.

Douglas Lumsden: Have there been any issues with spares going missing, just because it has been such a long period of time?

Graeme Thomson: No, we have not got any record of that. We moved parts from Glen Rosa to Glen Sannox. We did an analysis when I first joined which flushed out that, although an item was missing, we could not track the paperwork for it, so the previous management may have decided to move something across for expediency when executing repairs to Glen Sannox. We have now identified that through paperwork or we have identified it as a gap and then created the paperwork to secure a new piece of material.

Douglas Lumsden: I thought, David, that you said that things had maybe gone missing.

David Dishon: No. I am saying that, by the time we get to delivering Glen Rosa, if we then find that something is missing and if it is not in the warehouse or if it is obsolete, we would make provision for that part.

Douglas Lumsden: Duncan, do you want to come in? I notice that your hand is up.

Duncan Anderson: Yes, thanks. I would like to go back to three points that the convener mentioned earlier. First, he has rightly been concerned about what has gone on in the past, but, frankly, those of us in the new management team are not time travellers. Also, looking back at what has gone on with our predecessors is not really our concern; we are focused on taking the yard forward.

The second point is that Graeme Thomson has been taking time to look at the actual process and I have been visiting the ship every month. I was in

the dry dock in August, and any shipyard that immediately picks up the phone to say that there will be a delay without knowing how much it will cost or how long it will take would be negligent in its duties. We took our time, we decided to do it properly and then came back with a forecast for taking the build forward.

The third point is the £57 million rebuild cost, which bears no relation to a new-build cost for a vessel. I have been working either for a shipyard or, more often, a ship operator, my whole life. People very often underinsure to keep the premium down. That ship would be well in excess of £100 million if we built it now, although I accept that we are hugely over budget. I thought that it would be prudent for me to make those points.

The Convener: Thank you for clarifying that I need to go back to CalMac and ask why it is underinsuring a vessel that belongs to the people of Scotland, which is, in effect, what you have said.

Duncan Anderson: Well, I would challenge you to go out and get a price of £57 million. I am sorry, but if CalMac was being honest with you, it would tell you the same thing.

The Convener: With respect, my family has been in insurance for many years. I understand that, when you insure things, you insure them for the cost of replacement. I asked what the replacement cost to CalMac was and it gave me that figure, so I will definitely question that.

To clarify, before we move on, what are the total warranty claims on the Glen Sannox?

David Dishon: At the moment, it is £2.2 million. It will end up somewhere around £3 million.

The Convener: £3 million?

David Dishon: Yes. I would say that it is looking to be £3 million to £3.2 million.

Michael Matheson: I will turn to the Government's announcement of a direct award to Ferguson Marine to construct four new vessels of three different designs. Given the history and our previous experience, what assurances can you give us that you will be able to deliver those vessels at what would be considered a reasonable market rate for such vessels?

Graeme Thomson: There are two parts to that. I will take the last part first.

We have gone through the process of assessing for what, potentially, we would be able to build those vessels. We ran a number of scenarios on a number of vessels. We prepared that for the Scottish Government at its request, and we did that on the basis of what we think we would do it for. I understand that the Government is doing an assessment of what the market would expect to pay for those vessels, in terms of going out to an order. That, ultimately, is the constituent part of the subsidy case.

We are in a position where we know that we will not be as efficient as the current modern shipyards across the UK and internationally just now. That is the journey that we need to go on. We recognise that we have a cost-efficiency curve to come down and improve on. However, that is the basis of why it is going through the subsidy case.

On the vessels, we have built the two Marine Scotland vessels before; we originally built the vessels that are in operation just now. We have also done ferries: a third of the CalMac ferry fleet was built at Ferguson Marine. They have been different classes of vessel. Therefore, none of that particularly fazes us.

In relation to our managing a portfolio, the organisation structure that I have put in place is scalable to manage a portfolio of different classes of vessel, which will all be at different phases as we go through the next five years. Some will be coming through design, some will be in building, and some will be in commissioning, and we have structured an organisation that allows us to do that.

We will augment the capability within the organisation. Equally, we know what our strengths and capabilities are, although we have not particularly demonstrated them in the past 10 years. We will build on that and, where we know that we need to go out to subcontractors for specialist support, we will do that, and manage them as major subcontractors to execute their work to support us.

I am thinking in particular about the Marine Scotland research vessel, as the mission system on there is typical of something that would go out to a specialist company that does that kind of work. It will do the design, we will support the installation, and it will do the sector work in commissioning. Therefore, we allocate out risk appropriately to people who are domain experts in their area. We place a contract, and the risk, with them to manage that integration. That is how we will manage the class.

Michael Matheson is right that we will go through three classes of vessel. However, as I said, we have been through that before in what we have done previously with Marine Scotland and with ferries. We will manage this in the same manner, as we have done successfully in the past.

Michael Matheson: You sound quite confident about that. As CEO at Ferguson Marine, what gives you that level of confidence that you now have in place a management structure that is capable of delivering these vessels on budget, on time and to the spec that is required?

Graeme Thomson: If I look back on the 10 months that I have been in post and talk about the changes that have happened in relation to programme management and programme controls, we have now implemented a much more robust planning process, which has uncovered some of the challenges that we are talking about. That robust planning process gives us a fidelity analysis that is of a depth that we could not previously reach, but is now at the depth that I would like it to be. We also run earned value management systems and cost accounts, and we are training control account managers. Those are all typical, good-practice programme management approaches in running a programme of this complexity.

We have backed that up by bringing in a general manager for programme management to support that. I have also brought in a ship delivery director to manage the execution of Glen Rosa. Going forward, we will do something similar for all the vessels to drive delivery. On top of that, we have driven a message of accountability, ownership and scope understanding. We are driving that forward with Glen Rosa, and we are still on that curve. With the new vessels, we will do that from the start.

10:30

The fundamental thing that we will do differently, however, is to start with good practice from day 1. As I look back, based on my understanding of how we moved into the building of Glen Sannox and Glen Rosa, I see a number of issues that I would not have taken on as a shipbuilder. I would have approached it quite differently. In a previous committee meeting, I was asked what lessons I had learned from Glen Sannox and Glen Rosa. My commentary is much more fundamental. It is not even about lessons learned in the main; it is just about applying good, solid shipbuilding practice. We will bring plenty of that to Ferguson Marine, and that has started now.

Therefore, I have confidence that, with the new vessels, we can bring and mobilise a lot of good practice to ensure that we start the programme well. Programmes of such complexity are always a challenge. The basic point is that, even if you start well, that does not mean that you get better. You start well and try to maintain that. However, I have been in shipbuilding for 40 years, and in every programme that I have worked on, even if you start well, you have the challenge of maintaining that momentum.

In my mind, there are three parts. One is about having the right contracts and ensuring that the requirements are understood. Even in the past day, I have had discussions with the Scottish Government about the contract terms for the future ships and the requirements, to ensure that we get alignment and that we do not have an over-the-wall situation and are just handed things. We need to engage proactively and understand how to start well.

We need to mobilise well. That really means that, before we pick up our calculators or burning torches, we need to understand the scope, how we will mobilise and how we will execute. We need to understand our make/buy strategy, our programme management and the controls on how we will do it.

The final part is getting to delivery. If you have done the first two parts well, you are off to a very good start on a programme.

Michael Matheson: I turn to Duncan Anderson. The executive team appears to be confident that it is capable of delivering the four vessels and has processes in place that will allow it to deliver them at a market rate, on time and to the specification required. You have been a non-executive member of the board and are now chair of the board. What is the board doing differently to give us assurance that you have robust and effective oversight of your executive team in delivering on the commitments that they are making?

Duncan Anderson: As a board, we are very close to management, but we still have enough distance and oversight of the overall direction in which they are going. One important thing is that, in the near future, I think, I am being replaced by another board member. My personal opinion is that there is not enough experience in shipyards or shipping on the board. From the Government's perspective, we have coverage, but we do not have coverage in shipping or shipyard experience. We aim to improve on that.

As regards the committee meetings, we are making some changes to how we get the information and how it feeds into the bimonthly board meetings. However, the main issue is that we need to strengthen our experience on the board in the industry that we are in.

Michael Matheson: There is a confident executive team. You have been on the board and you are now chair of the board. The principal weakness that you have identified in the oversight by the board is a lack of shipbuilding experience. Is that it?

Duncan Anderson: I am talking about the position over a number of years, and I believe that it has improved. For example, my predecessor as an NED was a naval architect. There are two issues. One is the experience in shipbuilding or shipping, and the other is experience on the commercial side. You have heard the recent good news in Parliament that there is a direct award scheme. Going forward, our main challenge is that,

ultimately, the shipyard needs to be profitable, whatever the future holds for it.

In future, we need to win non-Governmental contracts with third parties that become profitable without a subsidy. We need people on board on the management team who can win those contracts, but with oversight from the board. That is our challenge for the future. The current board set-up is pretty good, although it needs strengthening on the commercial side. I have had commercial experience in my career, but we need someone else with that background.

Michael Matheson: Okay, and you are making some process changes to enhance oversight—is that correct?

Duncan Anderson: Yes. There are certainly enough committee meetings. We have an operations committee, which is not common on a board. More commonly, we have the remuneration committee and the audit committee.

We have plenty of monthly meetings, but when I came on board, I had a problem with the quality of the information that we were getting. We do not want endless bar charts of results from the production team—that is what they use anyway. We want more relevant and direct board information that will allow us to oversee what the management team is doing. We are moving towards that now and we have already made some progress with the information that we are getting from David Dishon and Graeme Thomson.

Kevin Stewart (Aberdeen Central) (SNP): Mr Thomson, you said earlier that you know what your strengths are and that you are trying to deal with the weaknesses at the moment. Would it be fair to say that project management has been a weakness in the past?

Graeme Thomson: Yes.

Kevin Stewart: You say that you have strengthened project management. What differences have you made in terms of project management and getting the right people?

Graeme Thomson: I have established a programme management office, which did not exist previously, and we have brought our own planners into that. Previously we had subcontracted planners; they left the business last year and we have now brought in our own planners. We have also brought in a general manager programme—with a project manager who is experienced in the marine industry—and we have appointed production co-ordinators and trainee project planners.

On top of that, we have driven hard the adoption of a common project management planning tool called Primavera, which covers the fidelity and the analysis that we need. We have also implemented a robust risk management process and one of the many governance meetings that we now have is a risk management meeting. We also have a risk engineer to support us in developing a comprehensive risk register.

On top of that, we have also implemented control account management, as I mentioned earlier. We have also implemented earned value in trust, which is really just a key measure in programme management of costs in scheduled performance. It does not give us good news or bad news; it just tells us what the news is and allows us to make decisions based on that. We have also implemented other work around resource planning and recruitment including, as I said, a programme management organisation that did not exist but does exist now, is now populated and has a key role in the delivery of future programmes.

Kevin Stewart: It sounds as though you have built up a team of people that will, of course, add to costs but might well save a lot in the future because you will not have to deal with mistakes at a later date by doing things and having to rip them out and do them again. Have you brought into that team folk who were external to the marine or shipbuilding sector but who have project management experience?

Graeme Thomson: Yes, we have.

Kevin Stewart: Could you give an indication of what those people have done before and what their specialties were?

Graeme Thomson: Yes. For our general manager programme, we brought in a contractor at first and we are in transition to the full-time position. They both have a similar background, having worked in the marine industry on the type 23 and type 45 frigates and other complex projects. The one who is coming in was also the programme planning director for the type 31 programme and, before that, they were on the aircraft carriers. They have quite a depth of marine experience.

Kevin Stewart: I get the point about marine experience, and that is grand, but have you taken project management expertise from elsewhere? I am thinking about the oil and gas industry, for example, where there is a great knowledge of project management of extremely difficult projects and a lot of pressure to deliver on time and on budget.

Graeme Thomson: We have not recruited from that sector specifically. We have recruited planners, project controllers and project managers, but we have left the door open. We have not been, as might be perceived, myopic by requiring them to have marine shipbuilding

experience. The people who we have hired demonstrated the greatest capability to do the work that we require of them.

Kevin Stewart: You are open minded on that front.

Graeme Thomson: Yes.

Kevin Stewart: I imagine that you are equally open minded about those people garnering experience in order to apply project management techniques from outwith the marine industry.

Graeme Thomson: Absolutely.

Kevin Stewart: How will you ensure that all the lessons in project management, and everything that is done in that regard, lead to the right things being done in—please excuse the pun—on-board delivery?

Graeme Thomson: One of the things that I have done in my 10 months here is ensure that people understand the scope of their work, so that they understand what they have to execute, the level of effort that it takes and, therefore, the cost. We have broken that down into the schedule by establishing that everyone is a control account manager—they might be a production supervisor or production manager, but they are also control account managers who carry the responsibility to understand the scope, resources, risk and budget for the work. We have done a lot of training on that, so that we do not end up in a position in which one person—someone in the business—holds all the money while everybody else gets busy and works.

It means that people in the organisation understand, even at fairly low levels, the scope, risk, schedule, resources, budget and time available for their work and understand that they will be held accountable for their performance at a much lower level in the organisation.

Kevin Stewart: You previously said that management and understanding the scope are important, and you have now reiterated that point. On that point, I want to raise a specific issue. Earlier, you talked about coming across the propeller cavitation difficulty. You will come across difficulties from time to time, but one would have thought that, in a situation such as propeller cavitation, there would be experience and a clear understanding of the scope in order to develop a system with no—or minimal—cavitation. Can you indicate how you will ensure that such issues do not come into play in the future?

Graeme Thomson: You are correct. Some of that is down to lessons learned; some of it is about recognising what was not done but should have been, and returning to good practice.

I imagine that the propellers were developed and tested 10 years ago and proven computationally to be free of cavitation. The lesson that we learned from that was that a tank test was not carried out in the astern mode at the time, as I understand it, which is why there is now a very specific issue. That is not necessarily unusual if you rely on a computational model, but it is certainly a lesson about what modelling we should have done. That is why, this time round, we did a tank test of the new design in the astern mode before confirming last week that we now know that the solution works.

Kevin Stewart: I do not want to put words in your mouth, but it seems that there will be a lot more understanding of the scope going forward. More will be spent on project management at the beginning in order to get things right and, based on what you said, there will be much more testing at the beginning so that things are not missed.

Graeme Thomson: Yes. To add to that, we will do a full analysis of the nature and content of our subcontractor contracts to ensure that, when we put work out, we have the controls, measures and requirements clearly in place, so that the people who we subcontract fully understand the scope of their work and what they have to do.

Kevin Stewart: They will also be managed appropriately by the project managers.

Graeme Thomson: Absolutely.

Kevin Stewart: Thank you.

The Convener: The questions that Mark Ruskell wanted to ask have, I think, been dealt with, so I will move on to Bob Doris. I will then come back to the issue of the direct award.

10:45

Bob Doris (Glasgow Maryhill and Springburn) (SNP): Good morning, everyone. I want to ask about something that, I hope, is a bit of a good news story but which requires scrutiny, too—that is, the £14.2 million that the yard has notionally been guaranteed by the Scottish Government over a two-year period. David, I think that you commented on this to the committee as long ago as November 2024.

David Dishon: Yes.

Bob Doris: Crikey. At that time, you said that the money would be used to get shot of "equipment that is obsolete"; to repair equipment that "is not working"; and to upgrade equipment that needed "to be upgraded". Then you started to set out how the money could be portioned out. I think that you said that £4 million would be used to upgrade obsolete equipment, and about £8 million—or over half of the overall amount—would be used to pivot towards ensuring that the yard was fit for future work. I just wanted to put on the

record some of the details of the evidence that you gave in 2024.

The Government has said:

"To date, the Government has received 11 separate capital expenditure (Capex) requests from Ferguson Marine. Following rigorous due diligence, all 11 have been approved, with a combined total value of over £570,000."

David Dishon: That is correct.

Bob Doris: Everything is relative but, compared with that £570,000, the £14.2 million that was announced in 2024 represents a huge, substantial potential investment. It is very clear what that money was to be used for, but to date only £570,000 has been spent. Can you explain why the process seems to have been so slow?

David Dishon: I was here in November 2024, but I think that the Deputy First Minister announced the £14.2 million in July 2024. She also said that it had to comply with financial and legal due diligence. At that point, we thought that that would probably take a few months, but it has taken a lot longer than that.

You are absolutely correct—we have spent £570,000 so far. Legally speaking, because we have not gone through the financial and legal due diligence—we were going through a commercial market operator assessment at the time—we can spend the money only on anything that has a safety implication or on obsolete equipment. We identified what we thought that we could spend at that moment in time, and that has been approved by the Scottish Government.

The rest of the money will very shortly be spent on upgrading the yard. We could not do that at that point in time, because we did not have the legal route to do so, but the direct award has helped us by unlocking that capital investment.

Bob Doris: I suppose that, in one respect, I am pleased that so little has been spent to date, because there would have been no point in sinking money into the yard in late 2024 if you were investing in the wrong kit and equipment for the business.

David Dishon: That is correct.

Bob Doris: However—and I am not trying to catch you out—it seemed quite clear in late 2024 that you were going to spend about £4 million on replacing obsolete equipment. I think that you have suggested that that figure is now less than £1 million. Is that because some of that obsolete equipment is no longer part of how you intend to take the yard forward and therefore does not need to be replaced?

David Dishon: No. You are absolutely correct to say that there was no point in spending that money in 2024 if it was going to be spent on the wrong kit, but there was also no point in spending the money if the yard had no secure future. We had to go through that process; after all, these are public funds, and you do not want to spend £14.2 million only to find out that you have no secure future and are left with a white elephant.

One of the lines in that £4 million spend was a full upgrade of the electrical system. It is obsolete, but there are no health and safety implications arising from it at the moment, and it, too, will be part of the future upgrade. It is a timing issue. The £14.2 million spend has been fully mapped out, and we will be starting that work very shortly.

Bob Doris: You say that the £14.2 million has been fully mapped out, but has that information been made public? Would it be appropriate to do so? Clearly, there is a will in Parliament to scrutinise the future of Ferguson Marine—with good will, because we want it to prosper—but we are, like the convener, also very conscious of the missteps that have been made over several years. We want to ensure that that £14.2 million secures the yard's future and is not another misstep.

David Dishon: No—absolutely. We can do that, and give you a full breakdown. We have to go through Public Contracts Scotland to get the tender process started, so once that is up and ready, we will give you that information.

Bob Doris: At the heart of the context around all this is a core question. Subject to due diligence, how will the investment be used to ensure on-time and on-budget delivery of the four vessels stated in the direct award? Can you bring that to life and provide specific examples of how that investment can be used, in order to give the committee a degree of reassurance that we may previously not have had?

David Dishon: Yes. For example, one of the items is a semi-automated 13m panel line. That will involve not only implementation of the panel line but a building upgrade as well. It will allow us to be more productive—our man hours per tonne, for example, will reduce significantly and there will be a 50 per cent productivity increase in that regard. Those working practices and efficiencies will reduce the cost of the build and allow us to be more competitive again in the future, so that, when we get to the end of the four vessels and we are involved in competitive tenders on the open market, we will have learned the lessons from doing the marine protection vessels and marine research vessels and the second phase of the SVRP and will have learned how to use that equipment to become more efficient.

Bob Doris: I have one final question. I am looking through your previous evidence to the committee, which was very helpful. You suggested that the investment of £14.2 million would be

almost a “catch-up” for the yard, because successful commercial yards would, as a matter of course, be investing over £1 million, and possibly as much as £2 million, annually or regularly, to ensure that they are always fit for the future and at the cutting edge, so that they can win profitable contracts.

That raises a question about what happens once we have invested the £14.2 million. The day that you install new equipment, a new piece of replacement kit may appear on the horizon. What is the sink fund for replacements as a matter of course, once the catch-up has taken place? Where does that money come from?

David Dishon: The £14.2 million will be phase 1. We have done substantial research into what the owner of a shipyard should be putting in as capital expenditure—again, I go back to the figure of £1 million to £2 million per year. That investment had not happened prior to the Scottish Government taking ownership in December 2019, so there was a significant catch-up even for the Scottish Government. When the Scottish Government took over in 2019, it had to learn about running a shipyard. Then the Covid-19 pandemic hit, and we reached a stage at which the Government was looking at potentially selling the shipyard, so it would not want to put capital investment in. Now, it is at the catch-up stage, and realistically, the investment should be about £1 million to £2 million every single year going forward, just to upgrade.

To go back to the panel line example, it is not necessarily the case that new ones are coming in and we need to rip everything out and start again—there will be technical upgrades for that.

Bob Doris: I really hope that we get to a stable state with Ferguson Marine in the next few years, and it becomes a good-news story.

David Dishon: So do I.

Bob Doris: I think that all of us—including the convener, despite the terrier-like scrutiny—will want to see the yard being run successfully, profitably and for the public benefit, so I thank you for those responses.

The Convener: I agree with that, but I point out that, prior to nationalisation in 2019, if I remember rightly, a £30 million loan was given to help the yard become more competitive, and then it was given a further £15 million; the two sums were not linked, but that was £45 million in total. It appears that that money disappeared, and no one has quite worked out where it went. As an observation, it is a pity that it was not spent on the yard.

I see that Douglas Lumsden has a question.

Douglas Lumsden: Mr Dishon talked about a panel line. Is that the same as the plating line that was discussed in your previous evidence?

David Dishon: I will defer to Graeme Thomson.

Graeme Thomson: Yes, it is a semi-automated panel line. Basically, for large plates, you automate how you process the plate, put the stiffeners on it, weld it and put the penetrations into it so that, when it gets to the end of the panel line, you are able to fold it into a unit or a compartment.

Douglas Lumsden: A couple of years ago, we were told that the figure for the panel line was £25 million, but there was also a long lead time. Can that now be ordered? If it is not ordered, will that affect the delivery of the four new vessels that are being discussed?

Graeme Thomson: There are two parts to that. In the past 24 hours, we have been speaking with the Scottish Government about getting a mechanism in place to allow us to order the panel line. We have engaged with a supplier, which has indicated that that will take 12 to 14 months, but it gets a lot of demand, so the sooner we book our manufacturing slot, the better. We are therefore keen to do that.

In the analysis that we have done on what it would take to build the vessels, we have made an assumption that we would have the panel line available. Therefore, the pricing that we have presented—which might not be market competitive in the first instance, but gets us there—is based on having the panel line available.

If we got the order today, we would not have a fully functioning panel line installed until March or April next year. However, in parallel with that, whatever the first vessel is—we are assuming that it is a Marine Scotland vessel—we still have to go through our design process and the long lead time for material purchase for the vessel, which means starting to build only when the design is mature.

Between getting from here to contract and design, and considering the long lead on items that are needed inside the ship, we expect that to proceed after March 2027. We will get the benefit of the panel line at that point, but we have a bit of a runway to go before then.

Douglas Lumsden: At present, you do not know what you are building, because the specification and the design work have not been done. Is that correct?

Graeme Thomson: Yes, but that is not unusual. In shipbuilding, what happens most often is that the procurement agency for the ship operator provides us with a document that contains a set of requirements. Occasionally, it has a concept design done, but it is only a concept design.

Part of our contract involves creating a detailed functional design, which is a lot more detailed. We spec out the size of pumps, engines and ventilation and start ordering all that equipment. Latterly, we go into a detailed design, which is bespoke for the ship. We have a journey to go on, but the current situation is typical.

Douglas Lumsden: Things such as how the vessel will be powered—whether it is dual fuel again or whether it is diesel or electric or whatever—are still to come from the design. You do not yet know how the ship will be powered.

Graeme Thomson: That information will come from the requirements. The customer will say in the specs whether it wants the vessel to be dual fuel, how many cars it wants to have on the vessel and what sensors it wants for doing marine research. The customer defines those requirements and we then analyse how we could bring that together as a package.

Douglas Lumsden: Is it correct that it is only at that point that you will have a price that you can give to the Scottish Government?

Graeme Thomson: Yes. The price evolves. We have already done a price based on what we know, but we will keep on evolving the price and narrowing it down. Typically, we give a price based on what we understand, but it has a level of variability, because we do not have the detail. The intention is to narrow that down and to ensure that we stay within that price band to get to the detailed price.

Douglas Lumsden: It will be a long time before you have a contract from the Scottish Government to build the four vessels, and it is only an intention that the contracts will come to you.

Graeme Thomson: Yes. We have had discussions with the Scottish Government about a contract. We are keen to speak to the procurement agency to work out how we package that up.

If it is an individual contract, we are keen to start the conversation and the contract on the first of those vessels as quickly as possible. At that point, we will discuss the requirements and continue to refine our price, scope and schedule and understand what material we have to purchase and the lead time for that material.

Douglas Lumsden: It will be a while before we know the timescales for delivery and all those things.

Graeme Thomson: That will happen a lot further down the line.

The Convener: It sounds as if we are not going to repeat the stage where we were building the ferry before the design had been approved, which is where we were when we started the scheme with the Glen Rosa and the Glen Sannox.

I have a couple of questions. I know that Duncan Anderson is not particularly happy to look at history, but I remember David Tydeman coming in and saying that Ferguson Marine would always be 20 to 25 per cent more expensive than any other yard when it came to building ships. Was that wrong?

Graeme Thomson: That was based solely on labour—at that time the delta was on labour. However, on all other aspects, including efficiency and materials, we definitely should be able to be competitive, and those are the areas that we need to focus on now.

If, however, we are going with—convenient as these examples are—Poland and Turkey, and their labour rates are cheaper, we will not compete with that. If that is the deciding factor in the race to price, we will face a challenge. We should be wiping our face with Turkey and Poland on what they pay for materials compared with what we pay, and we should be just as efficient as them with the investment that we are proposing to make.

11:00

The Convener: I understand that, but I am trying to work out whether, with the labour involved, the cost will be 20 to 25 per cent more than building a vessel overseas.

Graeme Thomson: I do not believe so.

The Convener: What is a reasonable figure?

Graeme Thomson: I think that it will be 10 per cent.

The Convener: Is it 10 or 15 per cent? Are you happy with 10 per cent?

Graeme Thomson: Yes, although I am sure that this will be played back to me some time in the future. I will look forward to that.

The Convener: You will be glad to know that it will not be me who does it, but somebody will probably come and ask you to justify it. Is that figure based on the investment that the Government is making, or is it without that investment?

Graeme Thomson: It is with that investment.

The Convener: My next question is about the contract award that the Government has indicated that the yard will get. You do not have a huge amount of space in the yard, which limits what you can do at any one time. Will the contracts take up all of the five years, or will they take longer, because of the limitations on space and equipment?

Graeme Thomson: We estimate that it will take about five years, although that is partly about when the contracts are let.

You are absolutely correct that the yard will run out of space at some point. We are certainly looking at what we are doing with the investment that we have talked about and how we can optimise the space that we have. The footprint of shipyards traditionally grows organically, because they are there for many decades. In the journey that we are starting on, we will look at how to optimise space so that there is a proper production flow that makes best use of it. If we had four slipways and four panel lines, we would look for resource to use them all in parallel, but that is not the way, and we would also lose lessons learned from that.

The Convener: Absolutely. Space is a limiting factor. We hope that you will get this direct award from the Government, but you will not be able to take on any other work while that is being done, will you?

Graeme Thomson: We will have to do that analysis. As was said earlier, we want to get some detail on the ships, to understand how we will put them through our facility, and to look at the capacity that we might have left, if any.

I have been speaking with Inverclyde Council about how, if we were looking to expand our footprint, there are areas around the yard—although it might not look like it—that we could go into, subject to the council being amenable to that. There is also the Inchgreen facility a mile down the road from us.

I have been clear since I have been in the job that I hope that Port Glasgow will not be big enough in five years and that we can expand and spread out more, perhaps at Inchgreen or other annexed areas, so that we can get to the point at which we are creating a good solid commercial shipbuilding industry in Inverclyde again.

The Convener: The area that you would need is currently under water and would need huge investment to make it into a yard, would it not?

Graeme Thomson: Are you talking about Inchgreen?

The Convener: I am talking about the yard spreading out where you are at the moment.

Graeme Thomson: I might be about to upset some people in Inverclyde, but part of the issue is that we have a fire station in the middle of our yard that serves the whole community. We cannot move that, because it is critically important. There is space in front of the yard that we could use. It does not look like much, but it could be sufficient for us to put in another panel line or other automated equipment.

The Convener: When the Government made its statement the other day, it said that Ferguson's could not be in a position in which it had to rely on Government contracts and that it also had to have contracts from elsewhere. You are fairly committed to the Government for the five years. Do you fear that, when those vessels are all built, you will come to a bit of a cliff edge, a bit like you did with the Glen Sannox and the Glen Rosa, because you will not have anything else?

Graeme Thomson: I am going to say no to that, because I am looking at the current demand for marine vessels and the longevity of that demand. As the National Shipbuilding Office reported in 2022, between the UK Government and the devolved Governments, there is a requirement for 150 vessels in the next 30 years. We should be attractive and competitive in the UK within the five years and able to secure work on a competitive basis.

The condition that prevails on the direct award is that the maximum that we can take in while executing the direct award work can be only 20 per cent of the value of the direct award itself. As a result, we might be constrained not by size but by the nature of the work that we can take on, to ensure that we do not in any way threaten the delivery of the direct award work that has been proposed.

The Convener: I want to understand the direct award a bit more. I presume that there will be five contract payments, as there are for most ships built around the world, and not the 18 that we had for the Glen Sannox and the Glen Rosa.

Graeme Thomson: That is why we are speaking to the procurement department—we want to engage on and understand the issue. I have made it clear up front that we do not want to get into the position that we were in with the Glen Rosa and the Glen Sannox, but the best way to do that is to ensure, in this first phase, that whatever contract we establish serves everybody's interests and is the best arrangement for us to be successful as an enterprise.

The Convener: When do you expect the first payment to be made?

Graeme Thomson: I expect it to be made on contract signature.

The Convener: When will that be?

Graeme Thomson: I have just had a conversation about that in the past 24 hours, in which I said that I was keen to get involved with the procurement. Given what I have just described with regard to ordering the panel line and the lead

time for that, I am keen to get a contract in place as soon as possible to allow us to mobilise our team of engineers, our supply-chain people and our subcontractors.

The Convener: David, when you have been before the committee in the past, we have talked about non-recoverable costs.

David Dishon: Yes.

The Convener: What are the non-recoverable costs each month?

David Dishon: They are currently about £500,000 a month. For the year to date, which we are 11 months into, we have had £5.4 million of underrecoveries, so we will end up this year with a figure of £6 million.

I know that you have quoted me talking about £1 million but, for clarity, what I said at the time was that the figure could get up to £1 million. When the yard closes down for two weeks in December, for example, there are a lot of underrecoveries. At the moment, the figure is anywhere between £250,000 and £500,000.

The Convener: I want to understand this. You are not getting any more money for the Glen Rosa—well, the extra money that you could charge for it.

David Dishon: That is correct.

The Convener: So is the cost of everything that is going on at the yard—the lights, the people and all the bills that you get in—not unrecoverable?

David Dishon: Yes, that is where the underrecoveries are at the moment.

The Convener: It is just £500,000 a month to cover wage bills, electricity bills, rates bills and all the rest of it. All of that comes to only half a million.

David Dishon: That is correct. For example, people who are not working on either the Glen Rosa or the BAE Systems work will be working on the business case, the future of the yard and bids, or they will temporarily not be able to do the work of their trade for a week or so, but we still need to keep them. That sort of thing falls under the category of underrecoveries.

The Convener: You have been told that the Glen Rosa is going to cost more money, so surely the people who are on the Glen Rosa have to be unrecoverable, too, because you are not getting any more money for them.

David Dishon: No. If we take the whole wage bill and look at a particular trade—say, a welder on £30,000 a year, just to keep the figures round—there are no underrecoveries at all if they are working full time on the Glen Rosa.

The Convener: So all of that will be paid for by the Government.

David Dishon: Correct.

The Convener: On the Glen Rosa contract?

David Dishon: It will be charged to the Glen Rosa. If there are, say, two or three weeks in a year where, because of the way in which the work is sequenced, people have no work to do, they will be put on to other work, and that work cannot get charged to BAE Systems or the Glen Rosa. Those are underrecoveries, and we will then ask the Scottish Government for that money.

The Convener: Let us imagine that the Glen Rosa was not there and that you did not get the contract. What would the underrecovery be? What is it actually costing?

David Dishon: It is costing £1.9 million a month, and that is all salaries. If we were to keep 300 people employed, and if we took into account the costs of running a warehouse, rent, audit fees, overheads, utilities and so on, the figure would be £1.9 million a month. In that situation, you would obviously scale things down, but that would be the maximum.

The Convener: So it is pretty vital that Graeme Thomson gets those contracts signed and gets that money back, because that is what it is going to cost the Scottish taxpayer to run the yard while nothing is actually happening.

David Dishon: It needs to happen as quickly as possible. That is why, if there is a gap between the Glen Rosa being delivered and the new contracts being in place, we need to find something to fill it.

The Convener: Okay. Those are all the questions that we have.

I will reiterate what Bob Doris said: I, too, want Ferguson Marine to be successful. However, you will excuse me if I am sceptical, because I have heard the same story from Clyde Blowers, Tim Hair, David Tydeman and now Graeme Thomson—the stories are all the same. I do hope that once I am retired—or, I should say, once I am working at home, as I will not be allowed to retire—I will see the Glen Rosa get delivered at the end of this year and the contracts happening, but please excuse me if I remain sceptical.

On that note, I thank our witnesses very much. I briefly suspend the meeting to allow for a changeover of witnesses.

11:10

Meeting suspended.

11:21

On resuming—

Document subject to Parliamentary Control

Environmental Standards Scotland Strategy 2026-2031 (ESS/2026/01)

The Convener: Welcome back to this meeting of the Net Zero, Energy and Transport Committee.

The fourth item on our agenda is consideration of Environmental Standards Scotland's proposed strategy for 2026 to 2031, which has been laid before Parliament under the procedure set out in the UK Withdrawal from the European Union (Continuity) (Scotland) Act 2021. Environmental Standards Scotland is the independent body established under that act to monitor compliance with, and the effectiveness of, environmental law in Scotland.

The document is a revised version of ESS's original strategy, which was first published in 2022, and it sets out how the organisation intends to exercise its functions over the period from 2026 to 2031. An earlier version of the revised strategy was laid last year, but it was subsequently withdrawn following consideration by the Delegated Powers and Law Reform Committee, which identified that certain information required by the parent act did not appear to have been fully reflected in the document. A revised version was laid on 5 February, and I note that the Delegated Powers and Law Reform Committee has reported that it has no recommendations to make.

This morning, the committee will take evidence from representatives of ESS before deciding whether it wishes to make any recommendations to the Parliament. If members have no concerns, the committee may simply note the document.

I welcome to the meeting Dr Richard Dixon, chair; Mark Roberts, chief executive; and Neil Langhorn, head of strategy and analysis, all from Environmental Standards Scotland. Thank you for attending this morning. Richard, I think that you want to make an opening statement.

Dr Richard Dixon (Environmental Standards Scotland): Yes, please. Thank you for giving us the chance to come and talk about our new Environmental Standards Scotland strategy, which will cover the next five years.

The strategy builds on our successful four and a half years of operation, and it takes us into a period of change in which we will be absorbing two new scrutiny functions—one on nature targets and the other on the climate duties of local authorities and how they perform them. We will, of course, be accountable to a new Parliament soon, with new members, new committees and a new set of legislative priorities.

Our new strategy puts us in a strong position to deliver over the coming five years. We will continue to ensure that public bodies in Scotland comply with and effectively implement environmental law, and we will build on our achievements since we formally came into being, in October 2021, as a non-ministerial office answerable to this Parliament.

Our work is resulting in real change. For example, our investigations have led to increased support for local authorities in meeting their climate change duties and full implementation of the Ramsar convention to safeguard Scotland's internationally important wetlands, and our findings on incineration have helped to prevent overreliance on that method of waste management.

You will be familiar with our recent report on storm overflows, which is being taken forward by Scottish Water, the Scottish Environment Protection Agency and the Scottish Government. As in every case when we have agreed action with a public body or a group of bodies, we will continue to monitor progress, scrutinise the implementation of our recommendations and hold those bodies to account.

We have also recently made recommendations on topics as diverse as improving air quality, reducing marine litter, protecting soils and eliminating non-native species, which will all make a difference to Scotland's environment and communities.

Our strategy builds on the previous strategy and our past four and a half years of work, and it sets four clear priorities for our proactive work, which are climate, nature, resources and water—that is, fresh water—and the marine environment. The board worked closely with the staff of ESS to produce the strategy, and we carried out wide-ranging consultations online and in person. We are grateful to everyone who took the time to respond, and we are pleased that the feedback on the proposals in our draft strategy has been overwhelmingly positive.

The feedback informed and improved the final version, which you have in front of you. We hope that you like it, and we are very happy to answer your questions.

The Convener: Thank you very much. I get to ask the first question. What lessons did you learn from your first strategy document about how to implement your second strategy document?

Dr Dixon: I will start and then hand over to Mark Roberts. Our first strategy was written when we

had been operating for only six months. It was a good strategy; it was certainly fit for purpose, but we learned a few things along the way. One of those was the level of work that we need to do to follow up investigations that are finished. Quite a big part of our work is going back to public bodies and asking, "Have you done this now? What is the timetable for that?" and having a discussion if it is off track. That is quite a big part of our work, and we, perhaps naively, did not quite anticipate how big that would be, so that is now built into the new strategy.

Another thing that we learned is about focus. The first strategy listed 14 priorities. We have progressed something on all those 14 priorities, but we have focused down to just four big priorities in this strategy in order to make it clearer for decision making internally and clearer for external stakeholders where our big priorities are, without excluding everything else.

Those are the big priorities for the proactive work that we decide to do off our own bat, but people can still bring us any subject that they like, whether it is one of our priorities or not, and, if it is within our remit, we will investigate it for them.

The Convener: Mark, do you want to come in on that?

Mark Roberts (Environmental Standards Scotland): I do not think that there is much more to add. The key learning from my point of view was the need to have a greater degree of focus, as Richard Dixon said, because our remit is quite wide and the organisation is relatively small. As Richard described in his opening statement, the areas that we cover and the different aspects of environmental law that we focus on are varied, which is why I was very supportive of the board saying that there needs to be a bit more focus and prioritisation in the strategy.

The Convener: Looking forward to the work in the areas that you want to concentrate on—some is proactive and some is reactive—how will you make sure that you spend enough time getting the right responses from your work in the reactive areas? I am slightly concerned. I am keen that, if you start down a route, people must understand the seriousness of your recommendations and actually sort things out. Perhaps you would like to talk briefly about that.

Mark Roberts: I think that public bodies have got used to us being here. ESS was a new organisation, and our function did not entirely replicate what went on previously, pre-Brexit, as ESS is much more immediate than the European Commission was. We talk to the Scottish Government, SEPA, NatureScot, local authorities and other public authorities on a very regular basis.

Across the four and a half years of our existence, there has been a marked change in the recognition of our role and how responsive public bodies are to us, as well as in the recognition that we will keep coming back to people and following up on recommendations that we have made and agreements that we have reached on implementation. As Richard Dixon said, those long tails of work are now quite significant for us. In the vast majority of cases, we get a positive response from public authorities following our requests for information or the recommendations that we make. There will always be a degree of tension in any scrutiny relationship, but, on the whole, I think that it works reasonably well.

11:30

The Convener: You are saying that public bodies have got used to your existence—I think that that is the expression that you used—but you are pretty sure that they have not become too comfortable with your existence.

Mark Roberts: I do not think that they have become too comfortable. I imagine that, if representatives from the public authorities that we scrutinise were here, they would probably say that ESS is on their case very regularly and frequently.

The Convener: That is good. I will bring in Michael Matheson.

Michael Matheson: Let us turn to your enforcement role. Given your experience to date, it would be helpful to get a sense of how you are finding the approach that you are taking to enforcement. I understand that you have an informal resolution process in the first instance. Could you explain how that is working and provide any examples of how you feel it has or has not worked? That would help the committee to get a sense of the progress that you are making.

Mark Roberts: We were set up under the 2021 act, which requires us to seek agreement with public authorities through a process of informal resolution. It may be helpful to set out the process that we go through. I will use the example of what happens when we receive a representation.

A member of the public, a non-governmental organisation, a community or an industry group might come to us with concerns about the way in which a piece of environmental law has been implemented. We will do some pre-screening to determine whether the matter is within our remit and whether it relates to an element of environmental law. We will follow it up with some research that may involve engagement with public bodies and a wider look at the context. We may use our powers under the 2021 act to require those bodies to provide us with information. We can issue information notices that require public bodies

to provide us with data, documentation and so forth.

Having gathered all the information, we may identify areas of concern or areas where we think there could be improvements. We then approach the public authority to say, "Would you be willing to work with us on an informal resolution?" In the vast majority of cases, that works quite well and there is a significant amount of exchange in the process in that we say what we think should happen and the public authority may express some doubts. Quite frequently, we go back to it and reiterate our points. When we are satisfied that the recommendations have been adequately implemented or there is a plan in place for that, we consider the informal resolution to be closed, after which we issue a report. As Richard Dixon said, we then follow up on that and ensure that the recommendations have been implemented.

There have been cases in which we have not been able to reach agreement with public authorities. We have brought two improvement reports to the committee about cases in which we were unable to reach agreement. One of those reports was about air quality in 2022, and another was about local authorities' climate change duties. When an improvement report is laid in the Parliament, the Scottish Government and its relevant public authorities have to produce an improvement plan in response, which the Parliament has to approve. That is an important element of our enforcement powers that we have used.

During our first four and a half years, we have not used our more stringent enforcement powers for compliance notices, petitioning or judicial review. We have contemplated compliance notices but have decided that they were not merited, or action was taken when we were considering making use of them. Those two powers remain at the pointy end of what our enforcement powers could be. Our strategy sets out our criteria for when we would go down those routes. However, I envisage and hope that, in the vast majority of cases, we will be able to secure improvement through informal resolution.

Michael Matheson: That is helpful. I presume that you will build experience of using informal resolution as you go. However, it will create additional workload in that you will potentially have to look at a public body's compliance with any changes following that informal resolution. How are you going about managing that, given that you will have to take a rear-view-mirror look at what I suspect will be an increasing number of cases while continuing to try to make progress and deal with new issues as they arise?

Mark Roberts: That is an excellent question. As the chair said in his opening statement, informal resolution is becoming a significant element of our work, given the amount of follow-up that we have to do and the further exchanges that we have with public bodies. We are in the process of establishing a formal programme management function within the organisation, as we have reached a stage and scale where there are so many strands of work.

We are currently considering about 29 active representations and following up on a number of past representations. For example, we will soon go back to SEPA to ask for an annual update on its programme of removing physical barriers and weirs from rivers. We agreed a plan with SEPA, and we follow up with it every year. The programme management approach will give us a much more managed way of keeping on top of the resources that are available for all that follow-up work. Informal resolution will absolutely be a growing piece of work, and it will get bigger as time goes on. I hope that, ultimately, some of those issues will go away and be resolved, but it is a significant issue.

Michael Matheson: In my experience, more new things tend to come into your inbox than issues that go away. I presume that getting the programme management structure in place will be critical to ensuring that the organisation can manage the cases in an effective and robust way, so that informal resolution does not become such a burden that the organisation struggles to deal with new and emerging issues as they arise.

Mark Roberts: Yes, that is critical. That is why I have put that structure in place. It is not only for the work in response to representations received; we continually monitor developments in the wider environmental law landscape—internationally, at a UK level and within Scotland. As Richard Dixon described, we do proactive monitoring and analytical work. We have also responded to an awful lot of consultations and calls for views. Those are all individual strands of work that we are putting together, which is why it is imperative that we have a more formal programme management structure at this stage in our development.

Michael Matheson: Richard Dixon, is the board satisfied that those in the executive team are able to manage that challenge and that they can put in place project management arrangements to deal with that potentially significant burden on the organisation?

Dr Dixon: Yes, we are. We have discussed it a number of times. We are keen to get reassurance that the resources are in place, that the scale of the challenge is recognised and that we are able to cope in a way that, as you suggest, does not

interfere with dealing with new stuff that might come in. At the moment, we are completely reassured that the organisation is on top of that. We also fully support that activity. We think it is essential that the organisation makes sure that things that have been agreed are not left to slide and that the promised change comes into effect.

We should not make that sound like a huge task. For instance, we write to SEPA once a year to ask it about weir removals, and, if it says that everything is on track, that is the end of that conversation for a year. If someone says to us that there has been a bit of a delay and that they are not going to do something yet, a conversation takes place about what a new timescale might look like. The board might even consider whether we should use our enforcement powers to ensure that something that has stalled moves. We have not needed to do that yet, but the board has a clear sight on such issues, and we are convinced that the organisation has a good handle on them.

Mark Ruskell: I want to ask about the two new scrutiny functions. The Natural Environment (Scotland) Bill will grant powers in relation to scrutinising the nature targets, and Richard Dixon has mentioned the local climate change reports. What will be your approach to scrutinising the nature targets? What will be the resource implications for the organisation?

Mark Roberts: We are taking on the function of the independent scrutineer of the Scottish Government's progress towards meeting the statutory nature targets. It might be helpful if I set out the timescales. Those targets must be set in secondary legislation within a year of the commencement of the bill's provisions. The next key date that is set out in the bill is 2030. The bill will require us to report on progress on meeting the targets at least every three years, but we anticipate that we will want to do work in advance of the move to the three-year frequency, not least because 2030 is not very far away from where we are now and from when the targets will be set.

The setting of the targets is for the Scottish ministers, following advice from NatureScot. We are observers in the advisory group that is developing the targets; we are not participants, given our scrutiny role.

We have received an increase in our budget for 2026-27, and some of that funding will be used to increase the number of staff who will focus primarily on scrutinising the statutory targets when they are formally set. I anticipate that we will start doing our work during 2027-28 and that we will start to increase our staff numbers during 2026-27.

Mark Ruskell: Right now, beyond being an observer in the room, is part of your role to ensure that the process of target setting is on track, or are you waiting to see what the output is before starting to look at implementation?

Mark Roberts: To a certain extent, we are observing the process of development, but we have to wait until the targets are set. The most important thing is that the bill's provisions are commenced as early as possible in the new parliamentary session, which will set the clock ticking in relation to the setting of the targets, because we will rapidly get to 2030 if that is not done quite quickly.

Mark Ruskell: We are almost there already, to be honest. What about the local climate change reports?

Mark Roberts: As the committee might recall, those stemmed from our improvement report about local authorities' climate change reporting, as I just discussed with the deputy convener. The Scottish Government has updated its statutory guidance to public bodies on climate change duties, which was one of our recommendations, and the new statutory guidance was published on Friday last week. Local authorities will start reporting based on that guidance during 2026-27, and we will start our scrutiny of that reporting during 2027-28. Again, we will start the process of expanding our staff numbers and recruiting new people for that specific role during 2026-27, because we will have to provide that scrutiny immediately in 2027-28.

Mark Ruskell: You will be aware of the committee's conversation with the UK Climate Change Committee about the draft climate change plan. I am interested in your memorandum of understanding with the CCC. When the CCC came to this committee, I got the impression that resourcing is an issue. It has only two members of staff who cover Scotland, and it has a defined remit in legislation. It also strikes me that a range of bodies, including yours and Audit Scotland, have a role in guiding the action and scrutinising whether action is appropriate enough to meet the targets. Is that situation evolving? How is that reflected in your memorandum of understanding?

The CCC was quite clear about its resource constraints. Unlike ESS, it is not required to report to this committee on its resourcing requirements, which are not a matter for this Parliament.

11:45

Mark Roberts: Our memorandum of understanding is quite a high-level document about where we will share information and collaborate. Practically, we have regular exchanges at a variety of levels. Some members of Neil Langhorn's team meet members of the CCC regularly to update them on our work on climate change, and Richard Dixon and I have met

the relatively new chief executive, Emma Pinchbeck, and we provide the CCC with information if we are doing any work in the climate change area.

I anticipate that, during the next parliamentary session, we will want to focus on implementation of the climate change plan—I imagine that the committee would expect us to do that. That will build on work that we have done in response to a representation that we received in 2022, if I recall correctly, about the content, detail and implementation of climate change plans. I suspect that that will be one of those pieces of work that we will want to pursue. If we do not do that in collaboration with other bodies, such as the CCC, Audit Scotland and the Scottish Fiscal Commission, we will make sure that they are aware of and aligned with the different angles that we are all taking and respecting our different governance arrangements.

That was the approach that we took in early 2025, when we all wrote to the committee saying that those were our expectations for a good climate change plan. We will all operate independently, as is appropriate, but we will keep each other aware of what we are doing in that area.

Mark Ruskell: What would be your next actions on that? I remember your submissions about what a good climate change plan looks like, which were useful for the committee as well as other organisations.

We are now about to hit dissolution. The new committee in the new parliamentary session will take several months to get up and running, and we have a draft climate plan that will be signed off in a matter of weeks. It does seem that reassessment will be needed immediately following implementation of the plan. Are you working with those other organisations—Audit Scotland, the Scottish Fiscal Commission and the Climate Change Committee—on next steps, or are you waiting to see what scrutiny will look like in the next parliamentary session and what you will be asked to do?

Mark Roberts: We are not actively in discussion with those bodies at the moment, but as Richard Dixon said in introducing the strategy, climate change is one of our priority areas. We are going through a process of what we should look at underneath each of those four priorities. We might choose to look at implementation of the climate change plan and, if we do that, it could start quite early in the next parliamentary session. Again, we will work through the prioritisation process, but I recognise that new parliamentary committees will take time to get established in the next session and make a decision about whether they wish to focus on CCP implementation.

Mark Ruskell: I will move on to how you are able or not able to deal with individual cases and complaints. You have probably had a couple from my office, not about ESS—not yet, anyway—but individual cases and complaints about regulators, regulatory processes and problems.

We have been faced with the challenge of advising constituents to frame their complaints in a way that points to a systemic problem with environmental law or with the way in which regulation is being enforced that is replicable across Scotland. We are trying to find some way of getting around the issue with individual complaints by pointing to those wider themes.

How are you, one year on from your last appearance before the committee, dealing with that? After all, it is a problem that, for those who are still in the European Union, the European Commission can take on and deal with individual complaints as individual complaints, while you are, in theory, quite restricted in that respect.

Mark Roberts: The 2021 act restricts us from looking at a complaint about, say, an individual regulatory decision, be it made by SEPA, by NatureScot or by a local authority. However, you are absolutely right: we can take on representations that come to us, if the example of an individual case illustrates a wider systemic issue. We are not here to second-guess regulators' decisions—that is not our role—but if a case flags a wider issue about a particular piece of legislation, we absolutely can look at it.

Therefore, the approach that you have just described with regard to helping people frame representations is absolutely correct, and it would fit within our remit. I should say that we also provide support and advice to individuals who come directly to us on how best to frame their representations.

Mark Ruskell: So what do you see as the governance gap? Indeed, do you feel confident in talking about, say, environmental courts or other governance gaps, or is that something that you feel is not for you to look at?

Mark Roberts: One might construct an argument as to whether there is a governance gap through reviewing individual cases, but that is not ESS's job. It falls outside our remit. I know that others have suggested that that ought to be something that we could do, or something that an environmental court could take on, but I just want to make it clear to the committee that that is not a job for ESS, under the 2021 act as currently drafted.

Mark Ruskell: I am aware of that.

Finally, the committee has to write a legacy report, and there is an issue that I am interested in hearing your views on. You have had quite a close relationship with this committee, and you do play a formal role in bringing improvement notices back here, but where do you think our successor committee should focus in its relationship with ESS and the priorities emerging at your end? Do you see ways in which you could engage better with the successor committee?

Mark Roberts: As I think that the chair said in his most recent update to the committee, however committees are constituted in the next Parliament, we would certainly offer to provide regular updates to the successor committee on our work. Personally speaking, I would very much like to have the type of relationship that we have had with this committee during this parliamentary session, because it is quite a practical and effective way of demonstrating how that accountability works, and it allows us to bring things to the Parliament's attention in quite an effective way.

Richard, do you want to add anything?

Dr Dixon: I agree with the comments about our relationship with the committee. Depending on the committees that are formed, we could have two committees in our sights. I hope that we will have a good relationship with the successor committee, or committees, and we will work hard to try to make that happen.

As for this committee's own work programme, I am sure that you will be saying that, although the draft climate change plan got a lot of scrutiny, there was not much time for the Scottish Government to do very much about that scrutiny before the plan was finalised. Therefore, a key job for the successor committee, or committees, will be to look at implementation and think about a plan B, if certain things do not come about. That is the strong message that we will be sending—indeed, I think that we will both be saying the same things in that respect.

Another key area of unfinished business is Scotland's continued non-compliance with the Aarhus convention. That is something that we will continue to work on, and again, we will be very happy to talk to the successor committee about how to take forward that work and, indeed, its relationship with environmental courts, as they might provide the solution to our problems of non-compliance with some of the convention.

The Convener: As no other members have questions, I will just make two comments, one of which is, in a way, a question.

Of course, we do not have the final climate change plan yet; it is up to the Government to lay it, if it wants to, by the end of this parliamentary session, but it does not have to do so. However, one of the recommendations that we have made is that early warning indicators be introduced to highlight when things are not going right. My question to you, then, is this: will you take that up with the Government and with future committees? Surely that sort of thing would form quite a basis for your own work.

Dr Dixon: Yes, I think that that would be very sensible. Given the big lag—a year and a half—in the climate data, that sort of approach would let us know much earlier that we had not built as many cycle lanes, say, or planted as many trees. Those kinds of early warning indicators are very helpful in trying to take corrective action.

I just want to come back to the previous question about our MOU and our working relationship with the Climate Change Committee. Obviously, it has a small resource, but its work is very technical. It gives advice to Government; the Government does not have to take that advice, but it does have to respond to it and it is, perhaps, embarrassing if it does not go along with it. However, there are no statutory powers to force it to do anything that the CCC says. Instead of looking at the very technical things that the CCC looks at, we look at governance issues and can use our powers, as we have done with the climate change duties for local authorities, to compel some action. Therefore, we can have that dual role: the CCC does the technical stuff and gives excellent advice that the Government must respond to, and we can look at implementation and the governance systems and try to make those better. I hope that those two bits are complementary, rather than overlapping.

The Convener: My other comment is that I remember the committee's first meeting with ESS, at which our relationship was pencilled out. It was to be close, but it was not to be one in which one would tell the other what to do. I think that that will be the basis of any future relationship that you will have with committees—that is, you will work closely but both sides will be given space to work within their own areas.

I think that those are all the questions that we have. Thank you for coming in.

11:57

Meeting continued in private until 12:11.

This is the final edition of the Official Report of this meeting. It is part of the Scottish Parliament Official Report archive and has been sent for legal deposit.

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