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Mr Edward Mountain MSP
Convener of the Rural Economy and Connectivity
Committee
The Scottish Parliament
EDINBURGH
EH99 1SP

25 April 2019

Dear Edward,

At the committee on 5 Dec 2018 the Cabinet Secretary for Transport, Infrastructure and Connectivity advised that Ferguson Marine Engineering Ltd (FMEL) indicated their expectation that MV Glen Sannox would be delivered in Summer 2019 and the second vessel, 802 in Spring 2020. Whilst FMEL have not formally advised Caledonian Maritime Assets Ltd (CMAL) that there will be any change to these dates it is clear that they will not be achieved .

You will also be aware of the contractual dispute between FMEL and CMAL. I can advise that a formal Contract Price Increase claim was submitted by FMEL in December 2018. This claim was reviewed and responded to by CMAL in March, refuting the basis of the claim.

While the Scottish Government is not a party to the contract between the companies, this ongoing delay is extremely disappointing when Scottish Government have already provided loans to FMEL totalling some £45 million to develop the shipyard and support completion of these vessels.

Work has been commissioned with external consultants to examine all the options available to ensure best value delivery of the vessels and the long term future of the shipyard at Port Glasgow. Meetings have been held between Ministers and the Unions, including GMB trade union who represent the workforce in addition to engagement with CMAL, FMEL and Clyde Blowers Capital.

Additionally we have written to FMEL formally seeking a new programme and cost to complete both vessels.

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We have taken all possible steps to understand the options available to Ministers so that we can continue to support the workforce building these vessels and deliver these much needed vessels to serve the island communities who rely on them.

I will be happy to offer further updates once the next steps to move this forward have been taken.

I trust this is helpful.

Kind regards



Paul Wheelhouse

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