

Alison Irvine
Chief Executive
Transport Scotland
36 North Hanover Street, Glasgow, G1 2AD
Direct Line: 0141 272 7110
ceo@transport.gov.scot



Richard Leonard MSP
Convener, Public Audit Committee
Room T3.60
The Scottish Parliament
Edinburgh
EH99 1SP

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Dear Convener,

New Vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802

I thank you for your letter of 30 October 2023 with regard to the specification of Barry Smith KC's Report, seeking a view on the report in Transport Scotland's role as sponsor for Caledonian Maritime Assets Limited (CMAL).

Evidence to Committee

In the evidence session, the Committee asked for further detail on the remit of the KC investigation and I took the opportunity to outline the definition set out around the fraud element of the investigation, whilst being clear that this was a matter for the CMAL Board to determine. As the committee will now have seen, as well as setting out the opinion in relation to whether the process was arranged or influenced in a way that was dishonest or fraudulent, the report touches on a number of elements of the wider procurement and points made around the BBC Disclosure Documentary in undertaking the review. I understand that the KC had complete freedom to invite those people to interview that he deemed relevant to his investigation. CMAL has also provided assurance that the KC was given access to all documents in CMAL's possession which he deemed to be relevant.

Transport Scotland Response to KC Report

As has already been indicated to the Committee, the remit and review of the report was for the CMAL Board to determine and undertake. I note that CMAL has already indicated when it published the report that a number of 'missteps' were identified over the procurement in 2014 and 2015 it that CMAL have already addressed including as noted that – *all parties involved in a CMAL competitive tender are required to sign a confidentiality agreement, and all clarification meetings with bidders are now carried out using the same method of communication.*

It is worth highlighting that these amendments in process had taken place prior to the earlier committee reports on 801 and 802 and are also accompanied by further enhancements in procurement processes that have already been set out to this committee as well as the Rural Economy and Connectivity Committee in its investigation.

As CMAL's sponsor, Transport Scotland expects the board and executive team to continually keep their processes under review to ensure that they meet with relevant legislation and best practice and we welcome the improvements that have already been made in this regard.

Finally, as we have already highlighted, the Auditor General has indicated that he will review the KC Report and determine whether any further audit work will be undertaken. Transport Scotland, CMAL and Scottish Government are committed to cooperating fully with any further investigation that is identified.

I hope that this is helpful and please let me know if the Committee requires anything further on this matter.

Regards

Alison Irvine