



The Scottish Parliament
Pàrlamaid na h-Alba

Stephen Boyle
Auditor General for Scotland

By email only

Public Audit Committee
Room T3.60
The Scottish Parliament
EDINBURGH
EH99 1SP

publicaudit.committee@parliament.scot

26 June 2023

Dear Auditor General,

Written Authority: Completion of vessel 802

As you will be aware, the Director-General Economy recently sought and subsequently received Written Authority from the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy in relation to the completion of vessel 802 at Ferguson Marine Port Glasgow (FMPG).

A copy of the request, and the Written Authority itself, was provided to the clerk to the Public Audit Committee on 16 May 2023, in line with the requirements of the Scottish Public Finance Manual.

The Committee sought further information about the request, and the provision of the Written Authority, taking oral evidence from the Director-General Economy as part of its scrutiny of the 2021/22 audit of Ferguson Marine Port Glasgow (Holdings) Limited on 1 June 2023. We also took evidence from the Cabinet Secretary for Wellbeing Economy, Fair Work and Energy on the Written Authority at our meeting on 22 June 2022.

While the Committee notes that following a process of due diligence, the Director-General Economy was “satisfied of the regularity and propriety of completing vessel 802 in line with the existing contract”, assurances were unable to be provided to Scottish Ministers that value for money could be achieved by completing the build of vessel 802 at FMPG.

During oral evidence, the Cabinet Secretary explained that the Director-General made this assessment because he—

“...could not be satisfied, based on the economic uncertainty, inflation, the other elements of information that were available and the direct cost comparison between completing and procuring elsewhere, on that narrow value-for-money element”.

This is an acknowledgement of the risk that costs to the taxpayer for the delivery of 802 may continue to rise. The Committee recognises that as the Written Authority relates to future expenditure, it will be monitored by the external auditors as appropriate. Recognising that this is the first time that a Written Authority has been provided by a Scottish Minister since 2007, the Committee writes to ask how this may inform any future work by you in this area.

The Committee would be grateful for a response by **28 July 2023**.

Yours sincerely,

**Richard Leonard MSP,
Convener**