

Net Zero, Energy and Transport Committee

Tuesday 26 November 2024

35th Meeting, 2024 (Session 6)

MV Glen Sannox (Hull 801) and MV Glen Rosa (Hull 802) – Evidence from Ferguson Marine Port Glasgow

Background

1. The Committee has been keeping a watching brief this session on progress in completing two ferries being built by Ferguson Marine Port Glasgow (FMPG); a company owned by the Scottish Government:
 - The Glen Sannox (formerly known as Hull 801), and
 - The Glen Rosa (formerly known as Hull 802).
2. The Committee has been seeking to track the increasing costs arising from this work and the knock-on effect on ferry services whilst the vessels remain uncompleted. It has also been seeking to hold to account FMPG, the Scottish Government and other relevant bodies to complete the works as soon as reasonably possible and minimise remaining costs.
3. The Committee's scrutiny has involved corresponding with and taking evidence from the main parties involved:
 - FMPG,
 - the Scottish Government and its agency Transport Scotland, and
 - CMAL ([Caledonian MacBrayne Assets Ltd](#)), also owned by the Scottish Government, which procured the vessels and which will be their owner.
4. The Committee last took evidence from FMPG on 27 February. This was just after a visit by some Committee Members to the FMPG yard on 23 February, meeting management, board members and representatives of workers.

Procurement of the vessels

5. The two vessels are passenger ferries to be used by CalMac, the publicly owned provider of services for Firth of Clyde and Hebrides routes. In 2014, Transport Scotland and CalMac first made the case for procuring two new vessels, for the Ardrossan-Brodick and Uig-Tarbert-Lochmaddy routes.
6. There have been prolonged problems with the procurement and construction of the vessels which have resulted in cost increases and delays. Audit Scotland's 2022 report "[New vessels for the Clyde and Hebrides Arrangements to deliver vessels 801 and 802](#)" includes a timeline of events. It also provides a brief history of the vessels' procurement and the establishment of FMPG—

“In October 2015, CMAL awarded Ferguson Marine Engineering Limited (FMEL) the contract to design and build the new vessels, known as Hull 801 and Hull 802, at a combined fixed price of £97 million. Hull 801 was expected

to be completed in May 2018 and Hull 802 in July 2018. CMAL first reported problems with the delivery of the project to Transport Scotland in December 2015. This was followed by several notifications of delays and concerns about FMEL's finances. Despite CMAL agreeing to FMEL's requests to change the contract and the Scottish Government providing financial support, FMEL entered administration in August 2019. In December 2019, the Scottish Government brought the shipyard into public ownership and formed a new organisation – Ferguson Marine (Port Glasgow) Limited (FMPG) – to complete the vessels.”

Parliamentary scrutiny of hulls 801 and 802

7. In October 2019, when it was clear that the vessels' construction was running into serious difficulties, the Session 5 Rural Economy and Connectivity (REC) Committee agreed to hold an inquiry on the procurement of the vessels and issues so far with their delivery. The Committee reported in December 2020.
 - [Details of the inquiry remit and activity](#)
 - [Read the Committee's report on its inquiry into the construction and procurement of ferry vessels in Scotland](#)
8. The report concluded that there had been “a catastrophic failure in the management of the procurement of vessels 801 and 802”, attributing this to a number of factors including the underlying processes and structures for ferry procurement. The REC Committee's Legacy Report recommended that its successor Committee continue to work on this issue.
 - [Read the Legacy Report of the REC Committee \(Paras 92-98\)](#)
9. In this 2021-26 Parliamentary session, two Committee inquiries have focused on ferries. The Public Audit Committee considered Audit Scotland's report [New vessels for the Clyde and Hebrides Arrangements to deliver vessels 801 and 802](#).
 - [Read the report of the Public Audit Committee on New vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802](#)
10. It also considered the [Written Authority](#) provided by the Scottish Government on 14 May 2023 relating to the completion of Hull 802.
11. The Net Zero, Energy and Transport Committee undertook an inquiry into a [Modern and Sustainable Ferry Service for Scotland](#). This was not focused on vessels 801 and 802 but it did consider some of the issues of process and structure that the REC Committee considered had led to failures in the procurement of those two vessels.
 - [Read the report of the Net Zero, Energy and Transport Committee into a Modern and Sustainable Ferry Service for Scotland](#)

Recent developments with Glen Sannox and Glen Rosa

12. Shortly after the Committee's last evidence session with FMPG on 27 February (at which he had given evidence), the then Chief Executive was dismissed. This evidence session will be the Committee's first opportunity to discuss progress with his interim replacement.
13. Since the REC Committee's 2021 report, FMPG has undertaken to provide the Parliament with quarterly updates on progress on the two vessels, supplemented occasionally with interim updates. All of these (together with other relevant correspondence) can be found on the Committee's website—
 - [Net Zero, Energy and Transport Committee – Ferry Services in Scotland](#)
14. Key points from written updates received since the last evidence session with FMPG are summarised below:
 - [28 March 2024](#): New FMEL interim Chief Executive John Petticrew highlights “challenges regarding the completion of the LNG [Liquefied Natural Gas] system by 31st May” on Glen Sannox, and that he has commissioned a progress review on both vessels, with the outcome reported in future updates.
 - [19 April 2024](#): Glen Sannox dry docking and builder sea trials have taken place and the Glen Rosa has been launched. Work is ongoing on both vessels, with an expected cost for each in the region of £150 million. The handover date for Glen Sannox is extended to 31 July 2024.
 - [31 May 2024](#): Work is ongoing on both vessels, with an expected cost in the region of £150 million, plus another £3.5 million warranty cost for Glen Sannox – no additional warranty costs are given for MV Glen Rosa. The Glen Sannox is still due for handover on 31 July 2024.
 - [28 June 2024](#): Challenges with the LNG system on Glen Sannox, and knock on impacts on other areas of work, mean that handover will now take place in the week beginning 19 August 2024. Work on the Glen Rosa is “...not at the rate we would like to see”. Costs remain within the predicted £150 million per vessel.
 - [2 August 2024](#): The update highlights additional work to Glen Sannox that must be completed before the vessel can begin acceptance trials. This work is mainly in confined engine spaces where space limits the number of staff that can work at any one time. It confirms a revised handover date of 30 September 2024.
 - [12 September 2024](#): Handover of the Glen Sannox will be delayed by two weeks (from the expected 30 September 2024), due to issues with completing the LNG (Liquefied Natural Gas) fuel system.
 - [27 September 2024](#): Glen Sannox LNG fuel bunkering and associated three-day builder's sea trials have been completed. Project costs are unchanged. The

update highlights that the focus on the Glen Sannox is having an impact on progress on MV Glen Rosa, but that plans are in place to address this.

- [3 October 2024](#): Glen Sannox acceptance sea trials began on 30 September 2024. One of the two anchors failed its trial. The vessel suffered a full electrical blackout following an “inadvertent” triggering of a fire detector. Tugs were dispatched to support the vessel, but it managed to make its way back to port under its own power. Work is underway to fix the anchor problems and address the issue that led to the triggering of the fire detector.
- [11 October 2024](#): Glen Sannox acceptance sea trials were completed and judged by FMPG to be an “overall success”. FMPG “...will provide the committee with a definitive handover date as soon as it is confirmed.”
- [19 November 2024](#): Glen Sannox has received final regulatory approval from the Maritime and Coastguard Agency and Lloyds Register. The update stated that “Subject to the completion of the required legal and contractual processes, the vessel will be officially transferred to its new owners, CMAL.” However, no date was given for when this might happen. (The [BBC then reported](#) the handover of the Glen Sannox at 0930 on 21 November.)

15. Costs for completing the vessels have been revised upwards on various occasions during the construction period. The most recent estimates of around £150m per vessel compare to a total cost estimate of up to £270m (£240m plus a contingency of £5m-£30m) FMPG gave in September 2023.

Evidence session and next steps

16. On 26 November, the Committee will hear from—

- Andrew Miller, FMPG Board Chairman
- John Petticrew, Interim Chief Executive Officer
- Simon Cunningham, Non-executive Director and Chairman, Audit and Risk Committee
- David Dishon – Chief Financial Officer

17. In a discussion later in the meeting that the Committee is likely to agree to hold in private the Committee will discuss next steps on this matter. The Committee will take evidence from CMAL on 7 January 2025.

Clerks

Net Zero, Energy and Transport Committee