

Report to Partnership Meeting 12 September 2025

RESEARCH AND STRATEGY DELIVERY

Audit Scotland Performance Audit – Delivery of MV Glen Sannox & MV Glen Rosa

Purpose of Report

The report advises Members on Audit Scope published in May 2025 into the Delivery of MV Glen Sannox and MV Glen Rosa.

Background

In 2015, Caledonian Maritime Assets Limited (CMAL), awarded Ferguson Marine Engineering Limited (FMEL) a contract to design and build two new ferries. They would replace aging vessels on the Clyde and Hebrides network and their anticipated benefits were improved reliability, increased capacity, and reduced carbon emissions and fuel costs.

The vessels were expected to be completed in May 2018 and July 2018, at a combined fixed price of £97 million.

In December 2019, the Scottish Government brought FMEL into public ownership and formed a new organisation – Ferguson Marine (Port Glasgow) Limited (FMPG) – to complete the vessels.

In 2022, the Auditor General for Scotland reported that multiple failings had led to delays and cost increases, and that significant challenges at FMPG needed to be addressed to deliver the vessels. The report led to substantial scrutiny by the Scottish Parliament Public Audit Committee in 2022 and 2023.

The first vessel, MV Glen Sannox was delivered to CMAL in November 2024, six and a half years later than planned. It began sailing from Troon to Brodick on Arran in January 2025. The second ferry, MV Glen Rosa is currently due to be delivered in Summer 2026. The last forecast estimated that the cost to complete both vessels, in addition to what was spent before the yard was nationalised, will now reach £335 million.

Audit Objective & Scope

The audit will review the Scottish Government, Caledonian Maritime Assets Ltd (CMAL), and partners' performance in delivering two dual-fuel ferries—the MV Glen Sannox and MV Glen Rosa—initially contracted in 2015.

Purpose: It aims to assess causes behind considerable delays, cost escalations, governance and oversight weaknesses, and to identify public-sector lessons for large-scale infrastructure delivery.

The formal audit scope is scheduled for publication in Autumn (September) 2026. The Glen Rosa delivery is now expected in Summer 2026—roughly eight years later than the original 2018 timeframe. Cost estimates have risen from £97 million to

approximately £335 million post-nationalisation.

Key Audit Themes

The presented audit is expected to cover:

- Governance & Oversight Failures
 - Poor decision-making: unauthorized exit packages and contract changes (e.g. £48,000 under-paid taxes).
 - Lack of ministerial approvals and board oversight.
- Project Management & Controls
 - Faulty management systems at FMPG including no functioning defect management, poor inventory control, and insufficient planning.
 - Repeated redesigns, timeline mismanagement, and staffing issues.
- Financial Oversights & Cost Escalation
 - Final cost projections reaching £335 million to £460 million (some sources cite), with Glen Rosa alone now estimated at up to £185 million.
 - Concerns over budget transparency, cost contingency planning, and funding assumptions.
- Strategic Future of the Shipyard
 - At the time of publication FMPG had no confirmed contracts beyond completing Glen Rosa, and relied on Scottish Government funding only through 2026. Positive news on FMPG securing work from the MoD represents a positive step forward.
 - Uncertainty over its ability to secure future small-vessel contracts amid UK subsidy constraints.

HITRANS Strategic Considerations

The delay in ferry delivery affects connectivity across west coast communities—particularly Arran, Islay, Mull and others reliant on CalMac services. HITRANS should consider how prolonged disruption affects transport planning and rural mobility commitments.

Audit outcomes may influence future ferry procurement and capital investment policies.

Given the significant and ongoing impact of ferry delays on west coast communities, HITRANS and our partner Councils should actively seek opportunities to contribute to Audit Scotland's upcoming performance audit on the delivery of MV *Glen Sannox* and MV *Glen Rosa*. These vessels are vital to lifeline services and regional connectivity, and their delays have affected residents, businesses, and visitor access across multiple islands. The lessons learned through this Audit will also be valuable for future vessel procurement for the Northern Isles Ferry Service contract and by partner Council with ferry service delivery responsibility.

Officers recommend that as an organisation deeply concerned with connecting our island communities HITRANS should:

- Formally engage with Audit Scotland to offer input into the audit process and request clarity on how communities directly affected by ferry service disruption will be consulted.

- Highlight the value of local perspectives on the social and economic consequences of the delays, including island economies, healthcare access, tourism, and logistics.
- Offer to facilitate consultation and feedback through our established Ferry Stakeholder Groups, which provide direct access to local authority representatives, community councils, business groups, and transport users.

Engaging early will ensure that local experience and priorities are reflected in the audit findings, and that any future recommendations on governance, procurement, and delivery of ferry services consider the practical realities for island and coastal communities.

RISK REGISTER

RTS Delivery

Impact - Positive

Comment – The report will emphasise any risk of a capacity gap in ferry delivery and supply which is relevant where a number of communities are reliant upon ageing vessels.

Policy

Impact – Positive

Comment – The Scope should see consideration of models to engage Island Communities in supporting specification and key prioritization metrics in defining ferry services.

Financial

Impact – Positive

Budget line and value – No cost to the Partnership and the Scope will have cost transparency as a key focus.

Equality

Impact – Neutral

Recommendation

Members are asked to:

1. Note the report.
2. Approve the formal engagement by HITRANS Officers with Audit Scotland to support the Audit Scope / Planning as outlined

Report by: Ranald Robertson

Designation: Partnership Director

Date: 25th July 2025