

News release

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Doubts over ferries' costs, the future of Ferguson Marine shipyard and unacceptable bonus payments

Uncertainty remains over the final costs and completion dates of two delayed lifeline ferries, Glen Sannox (801) and vessel 802. Concerns have also been raised over the payment of performance bonuses to senior managers at Ferguson Marine Port Glasgow.

In total, the two vessels are currently estimated to cost £293 million, with delivery already five years late. Despite additional Scottish Government funding in 2022/23 and 2023/24, the latest estimates suggest there is around £9.5m of funding required for the ferries beyond the amount already approved – this needs to be considered as part of future budget processes. There is also doubt about the longer-term viability of the Ferguson Marine Port Glasgow (FMPG) shipyard, despite sustained investment by the Scottish Government.

The Scottish Government has assured FMPG there will be financial support for at least another year, enabling delivery of vessels 801 and 802. Approval for this is needed from the Scottish Parliament. Further investment in the shipyard and workforce are also needed to help secure future contracts. The Scottish Government has commissioned an independent review of future options for the Ferguson Marine shipyard which is due to report shortly.

Auditors have raised concerns over £87,000 of performance bonus payments to senior FMPG managers during 2021/22. It is not clear how their performance was assessed, nor were appropriate frameworks and governance in place. FMPG should have sought Scottish Government approval for the payments.

Stephen Boyle, Auditor General for Scotland said:

“It is deeply concerning that the costs to complete these ferries have continued to escalate, whilst the island communities these boats are meant to serve remain significantly impacted.

“Despite substantial sums of public money being invested, there is still no certainty over how much the ferries will cost, when they will be ready or whether the shipyard has a viable future.

“It is unacceptable that performance bonuses were awarded to senior managers at the shipyard, without proper governance for such payments. The Scottish Government needs to make sure its rules over pay are followed by this public body.”

For further information contact Joanna Mansell on 07970331858 jmansell@audit-scotland.gov.uk or media@audit-scotland.gov.uk

Notes to Editor:

1. The Auditor General has prepared this report on Ferguson Marine Port Glasgow under Section 22 of the Public Finance and Accountability (Scotland) Act 2000. This allows the Auditor

General to bring to the Parliament and the public's attention matters of public interest related to the financial statements of public bodies.

2. The auditor issued an unqualified opinion on Ferguson Marine Port Glasgow (Holdings) Limited (FMPG) financial statements for 2021/22. The auditor has highlighted some risks and uncertainties to the financial viability of FMPG within their independent auditor's report and annual audit report.

3. In December 2019, the Scottish Government brought the Ferguson Marine shipyard in Port Glasgow into public ownership after it had been placed into administration. This created a new entity, Ferguson Marine (Port Glasgow) Holdings Limited (FMPG). FMPG is a Non-Departmental Public Body wholly owned by the Scottish Government. Scottish Ministers are the sole shareholder for FMPG, holding 1 ordinary share of £1.

4. FMPG is due to provide its next quarterly update to the Scottish Parliament before the end of March 2023.

5. Section 22 reports are submitted to Scottish Ministers for laying in the Parliament along with the accounts of the relevant body. While there are statutory deadlines for these reports, the actual timing of publication is determined by when the report is laid in the Scottish Parliament by Scottish Ministers.

6. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

7. The Auditor General appoints auditors to Scotland's central government and NHS bodies; examines how public bodies spend public money; helps them to manage their finances to the highest standards; and checks whether they achieve value for money. The Auditor General is independent and is not subject to the control of the Scottish Government or the Scottish Parliament

8. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland