Network Strategy Programme Steering Group

Network Strategy Programme Steering Group is coordinated and Chaired by Transport Scotland.

In October 2013 Transport Scotland sponsored a project to seek advice from the Tripartite group (Transport Scotland, Caledonian Maritime Assets Ltd and CalMac Ferries Ltd) of what a programme of vessel retentions, acquisitions and disposals may look like in order that the delivery of the Ferries Plan could be fulfilled. The key project deliverable is the Vessel Replacement and Deployment Plan.

The remit of the Group is to determine and develop clear roles and responsibilities for the operator (CFL) and the asset owner (CMAL) in the retention, acquisition and disposal strategy of the Clyde and Hebrides Ferry Service (CHFS) fleet. In addition, port infrastructure maintenance and improvement strategy plans within the CHFS network are also discussed and developed within the Group.

This strategic approach is intended to enable optimal delivery of the Ferries Plan and to ensure that the on-going delivery of lifeline ferry services on the CHFS network will continue to be fit for purpose and benefit from investment decisions which are transparent and well informed.

Network Strategy / Programme Steering Group membership

The membership of the Group will consist of representatives from:

- Transport Scotland (TS)
- Caledonian Maritime Assets (CMAL)
- CalMac Ferries Ltd (CFL)

The following is an update from CMAL of 14/11/16 to the PSG on Vessels 801 and 802:

Vessels 1 and 2

Fabrication Progress

Fabrication progress is now well behind the original schedule. FMEL are working on a new build strategy and cardinal date programme and have promised to issue this week.

Milestone No. 7; '35% fabrication' for both vessels was achieved on the 06th October 2016; 8 weeks later than the original scheduled date.

Milestone No. 8; '50% fabrication' was scheduled for both vessels on the 14th October 2016. Our assessment based on current rate of output is that the 50% fabrication milestone is 2½ months behind schedule. Output over the last 8 weeks has reduced compared to previous output, averaging 1.5% per week over the last 8 weeks. As previously highlighted in the June 2016 update, analysis by CMAL showed that the rate of output required from the 35% to the 50% fabrication stage, required significant

increase in production from the output achieved at the earlier stages of fabrication. It should also be noted that more man-hours are required from 50% to 100% fabrication in comparison to man-hours required for 0% to 50% fabrication. From 50% to 100%, several of the units are more complicated to construct (bulbous bow, bow doors) and also aluminium is used for the superstructure, being lighter than steel, hence more units and takes longer to fabricate than steel.

Milestone No. 10; '75% fabrication' and No. 11 '100% Fabrication' are scheduled for 15th December 2016 and 16th January 2017 respectively for both vessels. Given current build strategy and output, our professional opinion is that these milestones are at least 4 months behind schedule.

Milestone No.12 'Berth Join Up' for both vessels is scheduled for 14th March 2017. It is most likely given current build strategy that milestone No.12 for Vessel No. 1 will be achieved closer to the contract launch date 14th August 2017.

For Vessel 2, the contract launch date is 12 October 2017. Our opinion at this stage is that Vessel 2 will be launched much later than this. If this is the case the vessel can still be outfitted whilst on the slipway.

In their efforts to meet milestones for tonnage, the yard are fabricating units without always having the final approved drawings, as such modifications are already required to some structural members on the already fabricated units. In addition very few parts of the units fabricated so far have been offered to the Classification Society for survey.

Advanced Outfitting

So far there has been no advance –outfitting. The focus has been on meeting milestones for fabrication.

Major Equipment Deliveries and Installation

Milestone No.8 'Major Equipment and Lock Out Items Installation' was scheduled for both Vessels on 14th November 2016.

The original FMEL plan was for the main equipment to be delivered to the shipyard around 14th November 2016 and lifted straight in to the relevant hull block and lowered in position, i.e. 'Installed'. The complete list of main equipment has not been 'installed' or 'delivered' by the milestone date of 14th November 2016. The main and auxiliary engines are expected to be delivered end Dec 2016/Jan 2017. FMEL yet to advise installation dates. CMAL opinion is that the subsequent cardinal dates are likely to be impacted. FMEL to expedite and provide a revised schedule of delivery dates for the major equipment.

Factory acceptance tests for the Main Engines and Auxiliary Engines for both vessels are being carried out Monday 14thto Thursday 24th November.

Overall Progress

The Head of Fabrication and Steelwork Manager were dismissed by FMEL on Thursday 03rd November 2016.

Fabrication milestones are currently 2½ months behind schedule. Fabrication milestones cannot be taken in isolation as an indication of progress. The yard redevelopment, pre-

outfitting of blocks, change to equipment delivery and installation, design and issue of drawings is several months behind schedule. The delay in all of these parts has severely impacted on the yard's original strategy and as such the overall progress on both vessels is several months behind schedule. The gap between the contract delivery dates for Vessels 1 and 2 is 9 weeks.

In our professional opinion, with the current project co-ordination, progress and strategy, it is highly unlikely that the 2 vessels can be delivered 9 weeks apart.

General Arrangement

Potential requirement for an additional 2 cabins under discussion.

LNG Bunkering

Input from LNG supplier is required to fully understand the interfaces required between vessel and road tanker to move forward with approvals.