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Ferguson Marine Secures Royal Navy Contract Amid Ongoing Financial Uncertainty

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Ferguson Marine has signed a deal to construct sections of a Royal Navy warship, offering temporary relief to the troubled Port Glasgow shipyard. The Scottish government-owned yard has faced criticism over poor leadership and ballooning ferry project costs, with urgent investment now needed to secure its future.

Ferguson Marine, the beleaguered shipyard owned by the Scottish Government, has confirmed it will build three sections of a Royal Navy Type 26 frigate under contract from BAE Systems, offering a much-needed boost to its order book and 300-strong workforce. The sections, to be fabricated at the yard in Port Glasgow, will become part of HMS Birmingham, currently under assembly at BAE's Govan facility on the River Clyde.

The value of the new contract has not been disclosed, nor has a delivery timeline been confirmed. However, it arrives at a critical juncture for Ferguson, which has been under sustained scrutiny following years of delays and cost overruns in its ferry-building programme. The yard had previously been reliant on a single remaining job: the completion of the long-delayed MV Glen Rosa, a Caledonian MacBrayne (CalMac) ferry due to enter service next summer.

Ferguson's failure to secure a recent publicly funded order to build seven small CalMac ferries raised alarm bells about its future viability, given that those vessels were widely considered well-suited to its capabilities. Instead, the contract was awarded elsewhere, leaving the yard's future uncertain until the BAE deal was confirmed.

The Royal Navy contract is a rare piece of good news, but it comes amid fresh criticism of the yard's leadership and the financial burden it continues to place on the public purse. Last week, Members of the Scottish Parliament (MSPs) on Holyrood's public audit committee warned that Ferguson needed urgent investment and overhauled governance if it is to survive. The committee cited "reputational damage" stemming from repeated delays and

governance failures, particularly relating to two ferry projects, MV Glen Sannox and MV Glen Rosa.

Ferguson Marine was nationalised in 2019 after its original contract to deliver two dual-fuel ferries, initially priced at £97 million, ran into significant difficulties. Since then, delays, redesigns, and ongoing funding issues have driven the total projected cost to approximately £460 million when factoring in written-off loans and pre-nationalisation expenditures. Government figures suggest over £500 million in public funds has now been committed to the yard.

Although Glen Sannox was finally delivered last November, seven years behind schedule, Glen Rosa remains under construction and is not expected until June 2026. In the meantime, the Scottish Government has pledged to invest up to £14.2 million in the shipyard over the next two years.

Critics argue that while the new Royal Navy contract provides short-term relief, it does little to resolve the deeper issues of mismanagement and public accountability that have plagued Ferguson under state ownership. Without strategic change, the latest deal risks being just another temporary fix for a yard still facing fundamental operational challenges.