



The Scottish Parliament
Pàrlamaid na h-Alba

Public Audit Committee

Director General, Economy
Strategic Commercial Assets Division
Scottish Government

10 June 2025

Dear Director General,

Strategic Commercial Assets Division

Thank you for providing evidence to the Public Audit Committee [at its meeting on 21 May 2025](#).

We note and thank you for the [letter from Mr Rhatigan, dated 23 May 2025](#) which included additional follow up information on the number of freedom of information cases handled by SCAD since 2022. This was in response to a question from Stuart McMillan.

Following the public session, the Committee discussed the evidence heard and agreed to write to you to seek further clarification on a number of additional issues.

Funding for Completion of the Glen Rosa

The Committee notes the most recent cost forecast relating to vessel 802, Glen Rosa, and the anticipated increase of approximately £35 million. During the session, you stated that:

“In the budget agreed by the Parliament, there is insufficient capital allocated to Ferguson Marine to accommodate that, so we are preparing advice to Ministers on how that will be handled. That will require difficult trade-offs and decisions to be made.”

The Committee would be grateful for an update on when it will be advised of the source of funding for this anticipated increase in cost and whether the funds have been approved by Ministers. We expect to be kept updated on developments.

SCAD staffing and the use of consultants

During the session, you confirmed that SCAD currently employs around 40 staff. The Committee understands that one of the reasons for the establishment of SCAD was to consolidate and retain in-house commercial expertise within the Scottish

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Government. However, evidence provided by Mr Rhatigan suggests that the division makes substantial use of external consultants. Our understanding, from the evidence provided, is that the use of such external consultants has also significantly increased in recent months.

We would be grateful if you could provide:

- **An overview of the division of responsibilities within SCAD, including how staff are allocated across teams or functions.**
- **Clarity on how internal expertise is being deployed and why continued or increased use of external consultants is required, despite this in-house expertise.**
- **Further detail on the roles and individual responsibilities of the five SCAD staff specifically assigned to Ferguson Marine Port Glasgow.**

Horizon scanning

The Committee would welcome additional information about the Government's current approach to horizon scanning. During the session, Mr Cook told us:

“There is proactive monitoring of the market. It is just that we have chosen to do it on a sector-by-sector basis, because we think that that is more efficient and allows for greater flexibility than doing so purely on a company-by-company basis. That is the only difference from the approach that EY recommended. The outcome is the same and, based on experience, we would argue that it is a better way of operating.”

However, we remain concerned that a structured and proactive system for identifying companies or sectors at risk is not in place.

Please can you provide details of how horizon scanning is currently carried out on a sector-by-sector basis and how this work feeds into SCAD's wider strategic oversight and decision-making.

Specifically, the Committee would be interested to know whether there are any standard frameworks or tools that guide this activity and how these help to identify and respond to potential risks before they emerge?

Lochaber/GFG Alliance

Finally, in relation to the GFG Alliance and its operations in Lochaber, we note that during the session, Mr Rhatigan described SCAD's relationship as being “almost akin to being a shareholder, because we need a lot of information about it”.

While the Committee notes previous statements by the Scottish Government that there is no financial risk to public funds in relation to the Lochaber guarantee, we are not persuaded that this fully reflects the underlying exposure. We would therefore welcome clarity on:

- **How the Scottish Government assesses and monitors risk in this particular case?**

- **What assurance can be provided that there is genuinely no current or potential risk to public funds?**
- **Whether any changes have been made to the risk profile, operational performance, or corporate structure of GFG Alliance in Scotland that would affect this assessment?**

Transparency and access to information

In the session, SCAD officials also discussed the recent SCAD Transparency Review and the steps now being taken to implement its findings, including plans to establish a Transparency Assurance Panel and to revise contract terms to enable greater transparency in future around the publication of commercial advice.

The Committee would welcome an update on when these commitments are expected to be implemented, and how they will lead to more consistent and meaningful access to unredacted information in the future.

During the evidence session, you also undertook to provide the Committee with the following information:

- **FMI report redactions:** Whether the consultancy firm FMI was required, under the terms of its contract with the Scottish Government, to disclose other clients, in particular, other shipyards that may be in competition with Ferguson Marine, in order to identify and manage any potential conflicts of interest (in response to my question, column 13).

The *Official Report* of the meeting is now online: [Public Audit Committee Official Report, 21 May 2025](#).

I should be grateful for your response by **11 July 2025**.

Yours sincerely,



Richard Leonard MSP

Convener