



# The Scottish Parliament Pàrlamaid na h-Alba

Fiona Hyslop MSP  
Minister for Transport

By email only

**Public Audit Committee**  
Room T3.60  
The Scottish Parliament  
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2 November 2023

Dear Minister,

Thank you for your evidence to the Public Audit Committee on [21 September 2023](#) with regard to the Scottish Government's response to the Committee's report, "New Vessels for the Clyde and Hebrides: Arrangements to Deliver Vessels 801 and 802" (the report).

The Committee is also grateful for your follow-up response to areas of the report you felt had not been fully addressed by the Scottish Government in its [original response](#). The Committee considered your letter at its meeting on 26 October 2023 and agreed to write to you in the terms set out below.

## **Sharing information on investment in private companies**

In our report, "New Vessels for the Clyde and Hebrides: Arrangements to deliver vessels 801 and 802" we supported the recommendation made by the Auditor General for Scotland for the Scottish Government to improve the transparency of its investment decisions in line with its new framework for investing in private businesses. Specifically, the Committee concluded—

"The Scottish Government should consider how more information can be routinely shared with Parliament and published about its decisions to invest in private companies and the performance of those companies. We further

believe that the Scottish Government should strengthen its business investment framework to better outline intentions over risk tolerance, risk appetite and the expected public benefit of future interventions”.

In its original response to the Committee’s report, the then Minister for Transport stated—

“The Scottish Government has already made amendments to the Scottish Public Finance Manual to strengthen the guidance around investments and interventions in relation to private companies. We will continue to keep this under review to ensure it remains appropriate in relation to the issues the Committee notes above.”

We note that your recent correspondence reasserts that amendments have been made to the Scottish Public Finance Manual (SPFM) that “better outline and govern these types of decisions.” **The Committee asks what steps the Scottish Government has taken to strengthen the business investment framework, including details of any amendments made since the report was published.**

In your correspondence, you note and accept our recommendation that decisions around future investment in private businesses should be shared with Parliament, either directly or through the relevant Committee. The Committee agrees that this should relate to substantial investments in these businesses rather than the day-to-day spend and that due consideration should be given to issues of commercial confidentiality. **In noting the Scottish Government’s acceptance of this recommendation, the Committee wishes to establish in more detail how this work will now be progressed and to what timetable.**

### **Written Authority and Shareholder Authorisation**

The Committee welcomes the Scottish Government’s acceptance that occasions of Written Authority should be published. The Committee further notes the work currently underway to develop an area on the Scottish Government’s website where all occasions of Written Authority can be found, which we consider will improve openness and transparency in this area. **The Committee would be interested to establish when this work will be completed by.**

The Committee also notes the recent approach that was taken by the Scottish Government in relation to the Written Authority for Hull 802, which was shared with the Committee and the Auditor General for Scotland. While we welcome the Scottish Government’s commitment to share occasions of Written Authority with Committee, it is perhaps worth highlighting that this practice is already set out as a requirement of Accountable Officers in the Scottish Public Finance Manual as follows—

“Having received such an authority (following assessment by the Cabinet Secretary for Finance, Economy and Fair Work, and clearance by the First Minister and the Deputy First Minister), you must comply with it, but should then, without undue delay, pass copies of the request for the authority and the authority itself to the Auditor General and the Clerk to the Public Audit Committee”.

In its report, the Committee considers there to be equivalence between occasions of Written Authority and where the board of a company wholly owned by Scottish Ministers consider it necessary to seek and receive shareholder authorisation. Indeed, we concluded in our report that such occasions should be a matter of public record and suggested that this could be achieved by the Scottish Government proactively publishing this information on its website as well as providing a written copy for information of the shareholder authorisation to the AGS and the Clerk to the Public Audit Committee.

The Committee notes that the Scottish Government will “consider further whether or not the broad principles of publishing these can be accepted” while giving due consideration to matters of commercial confidentiality. **The Committee seeks a detailed response to the Committee’s suggestion of how occasions of shareholder authorisation can become a matter of public record.**

In our report, we concluded that there was scope for Transport Scotland and Caledonian Maritime Assets Limited (CMAL) to work together to clarify in writing the procedure for seeking reassurances from Scottish Ministers, including how and when either Written Authority or shareholder authorisation should be sought. It is therefore encouraging that the Scottish Government intends to develop further guidance on procedures around issuing a Shareholder Authorisation in the next iteration of the Framework Agreement with CMAL. **The Committee asks when the agreement will be updated to include this information.**

The Committee would be grateful for a response by **30 November 2023**.

Yours sincerely,  
**Richard Leonard MSP,**  
**Convener**