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Dear Convener

Thank you for the invitation to give evidence to the Committee on 30 May on the Strategic Commercial Assets Division (SCAD). The creation of the Division was a critical step in our work to provide the capacity and commercial expertise required to manage strategic commercial assets effectively, to provide assurance and interrogate advice robustly throughout the lifecycle of any intervention.

As well as managing our shareholder interest in strategic commercial assets, the division also has the capability to provide and support a co-ordinated response to companies in distress. It does this in close collaboration with enterprise agencies and officials from the portfolios with direct responsibility or interests in the company or market sector.

To support the evidence session, I thought it would be helpful to provide additional information on the five units that make up the division and an organogram that describes how they fit together. I hope that this will help the Committee to further its understanding of the breadth of the work carried out by SCAD and get a sense of our future direction of travel and commitment to working closely with Audit Scotland.

I am grateful to the Committee for its ongoing engagement with our work and I look forward to the evidence session later in the month.

Yours sincerely

**Gregor Irwin**

## **ANNEX: STRATEGIC COMMERCIAL ASSETS DIVISION**

The Strategic Commercial Assets Division (SCAD) is part of the Directorate for Economic Development within the DG Economy area of the Scottish Government. SCAD is responsible for:

- ensuring the effective governance and stewardship of a portfolio of commercial assets (Glasgow Prestwick Airport, Ferguson Marine, Lochaber Guarantee and BiFab) where the Scottish Government has a financial stake and/or provides a sponsorship
- providing a co-ordinated response to companies in distress in close collaboration with Scotland's enterprise agencies (SE, HIE and SoSE)
- working with cross-portfolio teams to support ministerial engagement with other strategic businesses.

The Division comprises five units (see organogram below) which collectively contribute to the common aims of:

- maximising the public good throughout the interventions' lifespans to ensure business continuity, maintaining jobs and support for supply chains and communities across Scotland
- prioritising value for money and public benefits derived for communities to drive the assessment of optimal interventions
- maintaining sound monitoring and assurance processes to underpin the ability to demonstrate outcomes and public benefits delivered as the assets mature
- embedding continuous improvement through business processes in the management of assets with a standard of excellence promoted at all levels.

### **1) Business Briefings Unit**

- maintains strong relationships with Enterprise Agencies (Highlands & Islands Enterprise, Scottish Enterprise, South of Scotland Enterprise)
- offers practical support to businesses and supporting company resilience
- provides support to the lead minister on the Scottish Government business resilience response through ministerial briefings, advice, and organisational activities
- maximises ministerial engagements to highlight Scottish Government policies.

### **2) Strategic Assets – Insights and Assurance Unit**

- identifies business resilience issues using market intelligence and insights
- advises on legal and commercial due diligence drawing on the input of experts and engagement with Audit Scotland on the approach to interventions to ensure high standards of assurance in asset management and assessments of risk
- leads on policy development and response to ensure consistency of approach and high levels of assurance and oversight related to investment, management and divestment of commercial assets
- provides assurance across new and historic strategic commercial interventions through, for example the Strategic Assets Review Group which provides an additional layer of oversight and scrutiny of our investments
- implements measures to maximise the public good and return on investment from our interventions whilst protecting jobs in communities across Scotland.

### 3) Operations and Asset Management Unit

- operates a response model to advise and brief ministers on the Government response to a situation where there is a risk of financial failure in a strategic commercial asset
- develops and delivers the resilience model toolkit to support surge capacity when required
- manages the Commercial Advisors Framework contract across the division to ensure SCAD efficiently procures the services of commercial advisors across various disciplines
- manages the Scottish Government's legacy interests in BiFab and the administration process
- leads the management of Glasgow Prestwick Airport and future strategy for the business.
- manages Scottish Government's interests in the GFG Alliance's footprint in Scotland and the guarantee provided in relation to the Lochaber Smelter and hydro plant.
- hosts the divisional Programme Management Office (PMO) building a consistent approach to interventions with controlled reporting and governance arrangements.

### 4) Ferguson Marine Governance and Oversight Unit

- maintains good relationships with key stakeholders to foster a collaborative approach to deliver ministerial objectives
- supports Ferguson Marine's senior management team in navigating the requirements of the public sector and Scottish Government ownership
- leads the Ferguson Marine governance programme which aims to provide assurance and oversight of delivery of Hull 801 and Hull 802
- works across Scottish Government to support ministers in taking well-informed decisions on their shareholder interest in Ferguson Marine through the provision of high-quality advice
- ensures lessons learned from the management of this asset is transferred through learning to other divisional teams leading on asset management.

### 5) Benefits Realisation and Futures Unit

- manages the options appraisal and implementation phase for the divestment/transition of Scottish Government commercial assets into their longer-term steady state
- leads the Ferguson Marine futures project, which aims to secure a sustainable future for the shipyard
- works across the Scottish Government and the wider public sector to maximise shareholder and government support and opportunities available to Ferguson Marine
- engages across the division to support an effective whole-life process for Scottish Government commercial assets.

