

Chief Executive's Office

Alison Irvine

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Richard Leonard
Public Audit Committee Convenor
Email: publicaudit.committee@parliament.scot

Our ref:
A55620835

and

Date:
03 March 2026

Edward Mountain
Net Zero, Energy and Transport Committee Convenor
Email: netzero.committee@parliament.scot

Dear Sirs,

ARDROSSAN HARBOUR PORT PURCHASE – PURCHASE BY CALEDONIAN MARITIME ASSETS LIMITED (CMAL) ON BEHALF OF SCOTTISH MINISTERS FROM ARDROSSAN HARBOUR COMPANY LIMITED - WRITTEN AUTHORITY

I enclose for information a copy of a letter that I have today sent to the Auditor General for Scotland in connection with the above matter.

The letter has annexed to it a copy of written authority that I received from the Scottish Ministers on 27 February 2026 in relation to the funding, authorisation and direction of CMAL to complete the purchase of Ardrossan Harbour. A copy of my request for written authority is also annexed to the letter.

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Stephen Boyle
Auditor General
4th Floor
102 West Port
Edinburgh
EH3 9DN

Our ref:
A55620840

Date:
03 March 2026

Dear Auditor General

ARDROSSAN HARBOUR PORT PURCHASE – PURCHASE BY CALEDONIAN MARITIME ASSETS LIMITED (CMAL) ON BEHALF OF THE SCOTTISH MINISTERS FROM ARDROSSAN HARBOUR COMPANY LIMITED - WRITTEN AUTHORITY

I enclose a copy of a letter from the Cabinet Secretary for Transport dated 27 February 2026 in relation to the funding, authorisation and direction of CMAL to complete the purchase of Ardrossan Harbour.

The letter is in response to an Accountable Officer Assessment that I recently provided to Ministers regarding that matter. The letter provides written authority under section 15(8) of the Public Finance and Accountability (Scotland) Act 2000 from the Scottish Ministers to enable me to fund, authorise and direct CMAL to complete the purchase transaction. I also attach a copy of my letter to Ministers requesting written authority.

I am sending a copy of this letter and the associated request to the Scottish Parliament; Public Audit Committee (PAC) and the Net Zero, Energy and Transport Committee (NZET) for information.

The formal signing of the Business Purchase Agreements between CMAL and Peel Ports Group is expected to take place later this month (March 2026).

Alison Irvine

WRITTEN AUTHORITY – RESPONSE FROM CABINET SECRETARY FOR TRANSPORT

Alison,

Thank you for your submission of 25 February 2026 regarding the purchase of Ardrossan Harbour and the request for written authority to progress and complete the transaction through Caledonian Maritime Assets Limited (CMAL). I note work undertaken by CMAL and Transport Scotland on the costs, benefits and risks associated with purchase, with the intention to redevelop the Harbour for the long term benefit of the primary services to Arran.

The Scottish Government is committed to developing the harbour at Ardrossan and securing its long term future. I have carefully considered the submissions provided and am satisfied with the process that has been carried out with the support of internal and external advisors. I acknowledge your conclusion around the narrow value for money case for the purchase of the harbour, any associated costs incurred by CMAL and the immediate and/or remedial works required following transfer of ownership. In making a decision around the way forward, I am guided by a wider set of considerations relating to the policy objectives set out by Scottish Ministers and the impact that any decision might have on people, communities and national resilience.

Scottish Ministers have been clear that our island communities deserve to be supported by reliable and resilient infrastructure as well as the delivery and deployment of two new, energy efficient vessels with the capacity and reliability required to support vibrant island economies. I note that further work on the future redevelopment plans for Ardrossan will be progressed and presented to Ministers for consideration and approval in the months following the purchase and that there remains risks around costs and delivery.

This letter provides you with the necessary written authority, under section 15(8)(a) of the Public Finance and Accountability (Scotland) Act 2000, to proceed with the purchase of Ardrossan Harbour by CMAL on behalf of Scottish Ministers based on the current cost proposal, including any costs incurred by CMAL acting on behalf of Scottish Ministers, and any immediate and/or remedial works required following transfer of ownership.

In doing so, I ask you as Accountable Officer to ensure that Transport Scotland and CMAL do everything possible to maximise operational efficiency and ensure that there is a tight control on costs. I would expect CMAL to provide a detailed scrutiny of the costs, the expenditure incurred and any costs related to required works to Ministers.

I consider purchase of Ardrossan Harbour is the best possible solution moving towards a sustainable future for this important ferry route.



Fiona Hyslop
Cabinet Secretary for Transport

WRITTEN AUTHORITY – REQUEST TO CABINET SECRETARY FOR TRANSPORT

Chief Executive's Office

Alison Irvine

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Cabinet Secretary for Transport

Your ref:

Our ref:

Ard/A54261521

Date: 25 Feb 2026

Dear Ms Hyslop

Ardrossan Harbour Port Purchase

Ardrossan is the primary mainland port for services to the Isle of Arran (Brodick). It supports one of the busiest routes in the Clyde and Hebrides Ferry Service (CHFS) network, carrying over 657,500 passengers and 180,500 cars per annum (2024 data). This route accounts for nearly 15% of total CHFS carryings.

The port is owned by Ardrossan Harbour Company Ltd (AHCL), which is a subsidiary of the Peel Ports Group. The Ardrossan Harbour improvement project was initiated to deliver marine and landside infrastructure improvement works to enable MV Glen Sannox and MV Glen Rosa to operate on the route to improve services and support future sustainability of the island and mainland communities. The infrastructure at Ardrossan is not currently capable of accommodating these vessels due to their larger size and deeper draught (required due to the higher vehicle carrying capacity of the vessels) compared to the existing vessels.

Following extensive engagement over a number of years the previous proposal of a three funding partner approach to redevelopment of the port by Peel Ports Group, North Ayrshire Council, and Transport Scotland is deemed undeliverable due to a lack of agreement between the parties on commercial requirements and financial risks. In order to try and unlock investment in Ardrossan, Ministers instructed Caledonian Maritime Assets Ltd (CMAL), in their role as the Scottish Government's ferry and ports asset owner, to explore the potential purchase of the harbour from Peel Ports Group, through commercial negotiations.

Exchanges have now reached conclusion, where a deal has been set out via draft Heads of Terms and Business Purchase agreements.

Scottish Ministers have re-iterated a commitment to developing Ardrossan harbour, where purchasing the harbour would be of benefit to Ministers' financial interests, as well as island and mainland communities alike.

In line with the requirements of the Scottish Public Finance Manual (SPFM), which follow on from the requirements of the Public Finance and Accountability (Scotland) Act 2000 ('PFA

Act'), due diligence has been undertaken by Transport Scotland on the proposed funding arrangements and the estimated cost of the purchase of the harbour and assets. Given the importance of a full and thorough assessment to support any approval of public expenditure, this due diligence process has been supported throughout by external commercial advisors by CMAL and by Transport Scotland. Transport Scotland and its advisers have not carried out due diligence on the transactional documentation as it is being negotiated on Ministers' behalf by CMAL and its advisers. You are aware that CMAL have expressed some concerns about the extent of due diligence they have been able to undertake, for example in relation to the condition of the assets. CMAL are however able to proceed with the transaction at this time if authorised and directed to do so by Ministers as shareholder.

As Transport Scotland Accountable Officer, having considered the evidence I confirm that the initial purchase of Ardrossan Harbour meets the Accountable Officer standards set out within Scottish Public Finance Manual around Propriety, Regularity and Feasibility. However, there are significant uncertainties including due to a lack of information on the state of the asset, the level of risks which may arise as a result, and the scope of the future upgrading of the port required to ensure it is as resilient as possible. I am therefore unable to provide assurance that the Value for Money standard has been fully met at the point of purchase of the asset. There also remains an overall risk in relation to the affordability of the redevelopment works within future Transport Scotland budgets.

I am therefore required under section 15(8)(a) of the PFA Act to obtain written authority from the Scottish Ministers should you wish me to proceed with the completion of the purchase by funding CMAL and authorising and directing them to proceed.

While I am bound by the requirements of the PFA Act in relation to the financial judgements, policy decisions on a project of this scale and complexity with significant risks relating to future year budgets are the responsibility of Ministers. There are entirely legitimate and important factors that Ministers can take into account when arriving at a decision on the purchase. These include the potential positive impact of that decision on the benefits and costs of running services to Arran and across the wider Clyde area. The policy objectives of supporting island communities and improving the resilience of Scotland's ferry services. The timetable benefits and efficiencies for North Ayrshire Council functions of retaining the port to Arran at Ardrossan in the same council area. There may also be wider economic benefits previously indicated by studies such as the Fraser of Allander report for North Ayrshire Council and related articles published in February and March 2025. In addition, Ministers may also wish to consider how the harbour remaining within ownership of a private company compares against the Scottish Government's aim to bring more ports and harbours into public ownership. The transfer of ownership of Ardrossan to CMAL on behalf of Scottish Ministers is an important step in the realisation of that policy aim.

It should be noted that the potential short to medium term capital costs for upgrading Troon could be significantly lower than buying and upgrading Ardrossan. However, these lower capital costs are balanced by a longer sail route, higher annual operating costs (fuel, crew, bus links etc.), and a lower level of service for communities. These elements have been factored in to the BCR comparisons to date but other benefits, such as the conservancy cap and the wider economic benefits of more frequent services from Ardrossan cannot be fully monetised. The business case review work for the major works at Ardrossan will remain ongoing should the purchase proceed and will be presented to Ministers when complete.

I therefore request written authority (pursuant to section 15(8)(a) of the PFA Act) to enable me to implement actions to conclude the purchase of the port through CMAL and to progress the next stage of design development for future redevelopment works. I would, of course,

continue to be conscious of the need to scrutinise any and all expenditure related to the purchase to ensure that we maintain a robust approach to financial monitoring so that Ministers are fully sighted on progress, and actual costs incurred by CMAL acting on Ministers' behalf as part of the commercial negotiations.

I would propose to retain any external advisors where required during this period to ensure that, where necessary, associated costs and payment processes from Transport Scotland to CMAL, and CMAL to Peel Ports Group are completed to a high standard. In line with the PFA Act, the SPFM, and Cabinet procedures, this letter has been copied to the First Minister and the Deputy First Minister. A copy of this request and of the Written Authority will be shared as soon as possible with the Auditor General for Scotland and with the Clerk of the Public Audit Committee.

If written authority to proceed with the purchase of Ardrossan is issued, a shareholder direction in the form of a Special Resolution is required to be issued to the CMAL Board to conclude the relevant transactions. I also request Ministers' approval for that direction to CMAL to be given.

Yours sincerely

ALISON IRVINE