

## **OFFER OF GRANT FOR THE CLYDE AND HEBRIDES FERRY SERVICES**

The Scottish Ministers hereby offer to give to Calmac Ferries Limited, incorporated in Scotland (Company No SC302282) and having its registered office at Ferry Terminal, Gourock, PA19 1QP (the “**Grantee**”) a grant, payable with effect from 1 October 2025 and throughout the Grant Period, in respect of the provision of the Services (the “**Project**”) and subject to the following terms and conditions:

### **1. DEFINITIONS AND INTERPRETATION**

- 1.1 In these Conditions, the words and expressions set out in SCHEDULE PART 4 shall have the meanings ascribed to them in that Schedule.
- 1.2 In these Conditions unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders.
- 1.3 The headings in these Conditions are for convenience only and shall not be read as forming part of the Conditions or taken into account in their interpretation.
- 1.4 Except as otherwise provided in these Conditions, any reference to a Condition, paragraph, subparagraph or schedule shall be a reference to a Condition, paragraph, subparagraph or schedule of these Conditions. The schedules are intended to be contractual in nature. They form part of these Conditions and should be construed accordingly.
- 1.5 These Conditions shall not be varied except by an instrument in writing signed by both parties.
- 1.6 These Conditions shall be read together with the Grant Agreement and in the event of any conflict between their terms the Scottish Ministers shall determine the order of precedence.

### **2. PURPOSES OF THE GRANT**

- 2.1 The Grant is made to enable the Grantee to carry out the Project.
- 2.2 The Grant shall only be used for the purposes of the Project and for no other purpose whatsoever.
- 2.3 No part of the Grant shall be used to fund any activity or material which is party political in intention, use, or presentation or appears to be designed to affect support for a political party.
- 2.4 The main objectives of the Grant are set out in the Grant Agreement.
- 2.5 The KPIs are set out in Appendix 1 of Schedule Part 11 (*Performance Review and Reporting*) of the Grant Agreement and performance against them shall be monitored in accordance with the Grant Agreement.
- 2.6 The eligible costs for which the Grant can be claimed are:
  - 2.6.1 The provision of the Services pursuant to and in accordance with the Grant Agreement.
- 2.7 The eligible costs exclude any Value Added Tax (VAT) reclaimable by the Grantee

### **3. PAYMENT OF GRANT**

- 3.1 The Grant shall be paid by the Scottish Ministers to the Grantee in accordance with the terms of Part 2 of SCHEDULE PART 1.
- 3.2 The Grantee shall, following the end of each Financial Year in respect of which the Grant has been paid, submit to the Scottish Ministers a statement of compliance with the Conditions of the Grant using the form of words provided in SCHEDULE PART 3. The statement shall be signed by the Grantee’s Chief Executive and submitted together with the finance and efficiency

information required pursuant to paragraph 5 of Schedule Part 11 Part B (*Performance Review and Reporting – Monitoring Procedures*) to the Grant Agreement.

- 3.3 In the event that the amount of the Grant (or any instalment thereof) paid by the Scottish Ministers to the Grantee at any point in time is found to exceed the amount of the expenses reasonably and properly incurred or required by the Grantee in connection with the Project, the Grantee shall repay to the Scottish Ministers the amount of such excess within fourteen (14) days of receiving a written demand for it from or on behalf of the Scottish Ministers, provided that said surplus if not repaid as aforesaid may be deducted (in whole or in part) by the Scottish Ministers from any subsequent monthly instalment of Grant.
- 3.4 The Scottish Ministers shall not be bound to pay to the Grantee, and the Grantee shall have no claim against the Scottish Ministers in respect of, any instalment of the Grant which has not been claimed by the Grantee by 31 March of the applicable Financial Year as set out in SCHEDULE PART 1, unless otherwise agreed in writing by the Scottish Ministers.
- 3.5 There shall be no employment relationship between the Scottish Government and any grant-funded staff.

#### **4. INSPECTION AND INFORMATION**

- 4.1 The Grantee shall keep the Scottish Ministers fully informed of the progress of the Project in accordance with the Grant Agreement. Details to be provided shall include actual operating costs, revenue and expenditure to date compared with profiled operating costs, revenue and expenditure and any change to estimated operating costs, revenue and expenditure for the Financial Year and/or the Project as a whole, the reasons for any such changes and progress in achieving objectives/outcomes.
- 4.2 The Grantee shall, on expiry or earlier termination of the Grant Agreement, submit a report to the Scottish Ministers summarising the outcomes and performance of the Project. Such a report shall include such statistical and other information relating to the impact of the Project as shall be required by the Scottish Ministers and shall be submitted together with the information required pursuant to paragraph 4.1 of Schedule Part 11 Part B (*Performance Review and Reporting – Monitoring Procedures*) to the Grant Agreement.
- 4.3 The Grantee shall also provide any other information that the Scottish Ministers may reasonably require to satisfy themselves that the Project is consistent with these Conditions. The Grantee shall provide the Scottish Ministers with prompt access to any information they reasonably require to ensure compliance with these Conditions.
- 4.4 The provisions of clause 24 (*Audit, Expenditure and Accountability*) of the Grant Agreement shall apply in respect of retention of books of record and account.
- 4.5 In the event of the Grantee becoming aware of or suspecting any irregular or fraudulent activity that may have any impact on the Project or on the use of the Grant, or any part of it, the Grantee shall immediately notify the Scottish Ministers of such activity and provide such other information as the Scottish Ministers may reasonably require in relation to the impact on the Project and the use of the Grant.

#### **5. FAIR WORK FIRST CONDITIONALITY**

- 5.1 The Grantee shall pay at least the real Living Wage to all staff aged 16 and over (including apprentices) who are directly employed by the Grantee and work in Scotland. Furthermore, the Grantee shall ensure that any UK-based workers aged 16 and over (including apprentices) who

are directly engaged in delivering the grant-funded activity are also paid at least the real Living Wage, including, where applicable, sub-contractors and agency staff.

- 5.2 The Grantee shall demonstrate that all workers employed within their organisation have access to effective workers' voice channel(s), including agency workers.
- 5.3 The Grantee shall provide any and all information reasonably required by the Scottish Ministers to satisfy themselves that the Fair Work First obligations herein, namely, to pay at least the real Living Wage and providing access to effective workers' voice channels, are being complied with. Guidance is available to support the Grantee in meeting and evidencing these conditions.

## **6. CONFIDENTIALITY AND DATA PROTECTION**

- 6.1 The Grantee will respect the confidentiality of any commercially sensitive information that they have access to as a result of the Project.
- 6.2 Reference shall be made to the Grant Agreement, which sets out more detailed requirements in respect of the Project.
- 6.3 To comply with section 31(3) of the Public Services Reform (Scotland) Act 2010, the Scottish Ministers publish an annual statement of all payments over twenty-five thousand pounds (£25,000). In addition, in line with openness and transparency, the Scottish Government publishes a monthly report of all payments over twenty-five thousand pounds (£25,000). The Grantee should note that where a payment is made in excess of twenty-five thousand pounds (£25,000) there will be disclosure (in the form of the name of the payee, the date of the payment, the subject matter and the amount of grant) in both the monthly report and the annual Public Services Reform (Scotland) Act 2010 statement.

## **7. DISPOSAL OF ASSETS**

- 7.1 The Grantee shall not, without prior written consent of the Scottish Ministers, dispose of any asset funded, in part or in whole, with Grant funds during the lifetime of the asset. During that period the Scottish Ministers shall be entitled to the proceeds of the disposal – or the relevant proportion of the proceeds based on the percentage of grant funding used in connection with the acquisition or improvement of the asset against the whole proceeds. The Scottish Ministers shall also be entitled to the relevant proportion of any proceeds resulting from any provision included as a condition of sale. Such proceeds shall be recovered through a deduction in future payments of Grant that fall due.

## **8. PUBLICITY**

- 8.1 The Grantee shall, unless directed otherwise by the Scottish Ministers, acknowledge in all publicity material relating to the Project the contribution of the Scottish Ministers to its costs. The Scottish Ministers may require to approve the form of such acknowledgement prior to its first publication.

## **9. INTELLECTUAL PROPERTY RIGHTS**

- 9.1 Reference shall be made to the Grant Agreement.

## **10. DEFAULT AND RECOVERY ETC. OF GRANT**

- 10.1 In addition to their rights under clauses 27 (*Events of Default*), clause 28 (*Cure*) and clause 29 (*Termination*) of the Grant Agreement, the Scottish Ministers may re-assess, vary, make a

deduction from, withhold, or require immediate repayment of the Grant or any part of it in the event that:

- 10.1.1 the Grantee commits a Default;
  - 10.1.2 the Scottish Ministers consider that any change or departure from the purposes for which the Grant was awarded warrants an alteration in the amount of the Grant;
  - 10.1.3 the Grantee fails to carry out the Project;
  - 10.1.4 in the Scottish Ministers' opinion, the progress on the Project is not satisfactory;
  - 10.1.5 in the Scottish Ministers' opinion, the future of the Project is in jeopardy;
  - 10.1.6 in the Scottish Ministers' opinion, the Grant is likely to bring the reputation of the Scottish Ministers into disrepute;
  - 10.1.7 any of the circumstances or events listed in clause 27.1.2 to clause 27.1.10 (inclusive) of the Grant Agreement occur; and/or
  - 10.1.8 if Scottish Ministers issue a Cure Notice in accordance with clause 28 (*Cure*) of the Grant Agreement.
- 10.2 In addition to their rights under clause 13 (*Subsidy Determinations: Recovery Of Grant*) of the Grant Agreement, if the Grant (or any part or condition thereof) does not comply with applicable Subsidy Control obligations, Scottish Ministers may require immediate repayment of the Grant or any part of it on such basis as may be determined from time to time in accordance with law.
- 10.3 In the event that the Grantee becomes bound to pay any sum to the Scottish Ministers in terms of Condition 10.1, the Grantee shall pay the Scottish Ministers the appropriate sum within fourteen (14) days of a written demand for it being given by or on behalf of the Scottish Ministers to the Grantee. If the Scottish Ministers issue a Cure Notice pursuant to clause 28 (*Cure*) of the Grant Agreement, the Scottish Ministers may but shall not be required to postpone the exercise of their rights to recover any sum from the Grantee in terms of this Condition 10 for such period as they see fit. In the event of the Grantee failing to remedy the breach within the period specified, the Grantee shall be bound to pay the sum to the Scottish Ministers in accordance with the foregoing provisions.
- 10.4 Any failure, omission or delay by the Scottish Ministers in exercising any right or remedy to which they are entitled by virtue of Conditions 10.1 to 10.3 shall not be construed as a waiver of such right or remedy.

## **11. ASSIGNATION**

- 11.1 The Grantee shall not be entitled to assign, sub-contract or otherwise transfer its rights or obligations under these Conditions without the prior written consent of the Scottish Ministers.
- 11.2 The provisions of clause 25 (*Assignment and Sub-Contracting*) of the Grant Agreement shall apply mutatis mutandis to these Conditions.

## **12. TERMINATION**

- 12.1 These Conditions shall terminate automatically on the termination or expiry of the Grant Agreement.

**13. CORRUPT GIFTS AND PAYMENTS OF COMMISSION**

- 13.1 The Grantee shall ensure that its employees shall not breach the terms of the Bribery Act 2010 in relation to this or any other grant. The Grantee shall ensure that adequate controls are in place to prevent bribery.

**14. CONTINUATION OF CONDITIONS**

- 14.1 These Conditions, except for Condition 7, shall continue to apply for a period of 5 years after the end of the Financial Year in which the final instalment of the Grant was paid.
- 14.2 Condition 7 shall continue to apply until the end of the period referred to in that Condition.

**15. COMPLIANCE WITH THE LAW**

- 15.1 The Grantee shall ensure that in relation to the Project, they and anyone acting on their behalf shall comply with all relevant laws for the time being in force in Scotland and elsewhere as applicable.

**16. GOVERNING LAW**

- 16.1 This contract is governed by the Laws of Scotland. Clause 26 (*Dispute Resolution Procedure*) of the Grant Agreement shall apply in respect of any disputes or disagreements arising between the parties in connection with these Conditions and/or the Project.
- 16.2 If you wish to accept the offer of this Grant on the whole terms and conditions as set out in the letter and annexed Schedules and the Grant Agreement, you should sign and date both copies of the Grant Acceptance below and return one copy of the offer of Grant and Schedules to me at Ferries Directorate, Transport Scotland, 177 Bothwell St, Glasgow G2 7ER. You should retain the second copy of the offer of Grant and Schedules for your own records.

Yours sincerely

.....

.....

Date: .....

## GRANT ACCEPTANCE

On behalf of Calmac Ferries Limited, incorporated in Scotland (Company No SC302282) and having its registered office at Ferry Terminal, Gourock, PA19 1QP I accept the foregoing offer of Grant by the Scottish Ministers dated 23 September 2025 on the whole terms and conditions as set out in the letter and annexed Schedules. I confirm that Calmac Ferries Limited is solvent. I confirm that I hold the relevant signing authority.

Signed: .....

Print Name: .....

Position in Organisation of Person Signing: .....

Date: .....

Place of Signing: .....

Signed: .....

Witness Name: .....

Address: .....

Date: .....

Place of Signing: .....

**SCHEDULE PART 1**  
**PART 1: THE PROJECT**

The Project shall consist of the Services (as defined in the Grant Agreement).

FINAL - SIGNED ON 23/09/25

**SCHEDULE PART 1**  
**PART 2: PAYMENT OF GRANT**

1. The Grant shall be payable by the Scottish Ministers to the Grantee monthly in line with the anticipated amounts set out in the Annual Budget and on receipt of the associated monitoring information set out in Condition 4.1 of the Offer of Grant.
2. The total Grant shall be payable over the Grant Period.
3. The Grantee shall provide a monthly profile of operating costs, revenue and expenditure before the start of each Financial Year via the Annual Budget. Any change to the profiled amounts or to the overall costs of the Project shall be notified to the Scottish Ministers at the earliest opportunity via the various reports required pursuant to Schedule Part 11 (*Performance Review and Reporting*) of the Grant Agreement and in line with guidance and instruction set out in the annual Budget Allocation and Monitoring Letter.
4. Each payment shall be for an amount equal to the estimated amount of the Grant required to meet the reasonable and proper costs and expenses of the Grantee in connection with the Project until the next payment is made.
5. The Scottish Ministers may require explanatory or supplementary material from time to time before or after any payment.
6. On receipt of the Annual Budget (and any required documentation and information), the Scottish Ministers shall determine the amount of expenditure which they consider the Grantee shall reasonably and properly incur in connection with the Project for the relevant Financial Year. The determination shall be based on the information provided by the Grantee in accordance with inter alia this Schedule and the Grant Agreement. The Scottish Ministers shall use their best endeavours (but shall be under no obligation or duty) to pay the amount determined to the Grantee on the first day of each calendar month, commencing on the Commencement Date.
7. In order to facilitate the accrual of expenditure of the Grant for the Financial Year the Grantee shall, where appropriate, advise the Scottish Ministers in writing by no later than the tenth working day of April the amount of the Grant actually expended up to and including 31 March.



**SCHEDULE PART 2**  
**NOT USED**

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**SCHEDULE PART 3**  
**STATEMENT OF COMPLIANCE WITH CONDITIONS OF GRANT**

**CLYDE AND HEBRIDIES FERRY SERVICES**

This is to confirm that the grant claimed by Calmac Ferries Limited in relation to the above Project during the Financial Year ended [XX] was properly due and was used for its intended purpose(s) in accordance with the terms and conditions of the Grant. This statement is supported by the records of Calmac Ferries Limited.

Signed: .....

Name in block capitals: .....

Position: .....

Date: Click here to enter a date .....

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## SCHEDULE PART 4

### DEFINITIONS

**“Annual Budget”** means the annual budget which is to be prepared by the Grantee in respect of each Financial Year not later than 30 June of each immediately preceding year.

**“Budget Allocation and Monitoring Letter”** means the letter that Scottish Ministers will issue to the Grantee each Financial Year, throughout the Grant Period, confirming the budget and Grant allocated to the Grantee and associated monitoring and reporting arrangements.

**“Conditions”** means these grant conditions.

**“Default”** means (in all cases by either party, its employees, agents or representatives):

- (a) any breach of the obligations of either party under these Conditions (including, but not limited to, any breach of any undertaking or warranty given under or in terms of these Conditions)
- (b) any failure to perform or the negligent performance of any obligation under these Conditions
- (c) any breach of any legislation
- (d) any negligence or negligent or fraudulent misstatement or misappropriation of Grant, or
- (e) any other default.

**“Event of Default”** has the meaning given to it in the Grant Agreement.

**“Financial Year”** has the meaning given to it in the Grant Agreement.

**“Grant”** means the grant offered by the Scottish Ministers to the Grantee in connection with the Services, as that grant may be varied from time to time in accordance with these Conditions and/or the Grant Agreement.

**“Grant Agreement”** means the agreement entered into by the Grantee and the Scottish Ministers of even date herewith.

**“Grant Period”** has the meaning given to it in the Grant Agreement.

**“Grantee”** means the person, organisation or body to which the Grant will be payable as specified in these Conditions. Where two or more persons, organisations or bodies are the Grantee, references to the “Grantee” are to those persons, organisations or bodies collectively and their obligations under these Conditions are undertaken jointly and severally.

**“Intellectual Property Rights”** means all copyright, patent, trademark, design right, database right and any other right in the nature of intellectual property whether or not registered, in any materials or works in whatever form (including but not limited to any materials stored in or made available by means of an information technology system and the computer software relating thereto) which are created, produced or generated as part of the Project by or on behalf of the Grantee.

**“Project”** means the purpose for which the Grant has been awarded as described in the Offer of Grant.

**“Payment”** means each of the payments specified in SCHEDULE PART 1 hereto.

**“real Living Wage”** means the hourly rate known as the ‘real Living Wage’ as calculated by the Resolution Foundation and overseen by the Living Wage Commission, adjusted annually to reflect the cost of living.

**“Services”** has the meaning given to it in the Grant Agreement.

**“Subsidy Control”** means the United Kingdom’s subsidy control regime, as set out in, without limitation, the Subsidy Control Act 2022 and any other applicable law, statutory guidance, code of practice, judgment of a relevant court of law and international commitments on subsidy control arising from, amongst others, World Trade Organisation Membership and international treaties and agreements to which the United Kingdom is a party, as amended or modified from time to time.

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