

**From:** [Redacted]

**Sent:** 25 April 2018 19:09

**To:** First Minister **Cc:** Cabinet Secretary for Finance and the Constitution; Minister for Transport and the Islands; Deputy First Minister and Cabinet Secretary for Education and Skills; Cabinet Secretary for Economy, Jobs and Fair Work; Cabinet Secretary for the Rural Economy and Connectivity; Lord Advocate; Permanent Secretary; Evans L (Leslie); DG Economy; Brannen R (Roy); [Redacted] (TRANS); [Redacted] McAllan M (Mary); Rollison R (Richard); [Redacted] Beattie C (Caroline); [Redacted] McLaughlin AC (Ainslie); [Redacted] Chief Financial Officer; [Redacted] Lloyd E (Elizabeth); McCaig C (Callum); Maxwell S (Stewart) (Special Adviser); [Redacted]

**Subject:** RE: FMEL - Contingency Options Update - Call with CBC [25.04.18]

PS/First Minister

PS/Cabinet Secretary for Finance and the Constitution

1. Officials spoke to [Redacted-51] of CBC at 17:40 this evening to follow up on the Cabinet Secretary's phone call with Jim McColl yesterday.
2. Scott advised that there had been [Redacted-52]. He noted that Gerry Marshall, MD, had spoken to the unions as well as staff, outlining that they were taking measures in accordance with the complexity of the build – this was part of FMEL's original handling plan and, to date, it seems to have been effective. The Directors are considering whether to do a Q&A session with staff to understand and address any residual concerns. [Redacted-53] noted that CMAL had also been advised but there had been no feedback. Officials will be keeping closely appraised of any developments.
3. Officials noted that in line with the discussion between the Cabinet Secretary and Mr McColl, and in parallel with the contract discussions with CMAL, it would be important to work together on contingency options for the long term future of the business. [Redacted-54] noted he had spoken with Jim McColl about engaging with contingency options and agreed a meeting with key members of FMEL / CBC would be a sensible next step, therefore they would make themselves available for detailed discussions. For this initial call, there was no discussion on the specific options of [Redacted-55].
4. We agreed to meet with appropriate representatives of FMEL and CBC to discuss contingency options in more detail over the next couple of days. Officials will provide an update following that meeting.

Many thanks,

[Redacted]

**From:** [Redacted]

**Sent:** 26 April 2018 20:14

**To:** First Minister; Cabinet Secretary for Finance and the Constitution

**Cc:** Minister for Transport and the Islands; Deputy First Minister and Cabinet Secretary for Education and Skills; Cabinet Secretary for Economy, Jobs and Fair Work; Cabinet Secretary for the Rural Economy and Connectivity; Lord Advocate; Permanent Secretary; Evans L (Leslie); DG Economy; Brannen R (Roy); [Redacted] (TRANS); [Redacted] McAllan M (Mary); Rollison R (Richard); [Redacted] Beattie C (Caroline); [Redacted] McLaughlin AC (Ainslie); [Redacted]; Chief Financial Officer; [Redacted] Lloyd E (Elizabeth); McCaig C (Callum); Maxwell S (Stewart) (Special Adviser); [Redacted]

**Subject:** RE: FMEL - Contingency Options Update - Meeting with FMEL and CBC [26.04.18]

PS/First Minister

PS/Cabinet Secretary for Finance and the Constitution

1. Officials met with FMEL and CBC representatives today to discuss contingency options for the business. FMEL had their board meeting today and Gerry Marshall brought along the pack from that meeting, walking officials through key opportunities for the business in upcoming months. From this it is evident that FMEL are tendering for a considerable amount of work and they expressed that they are confident of winning some of those tenders in the near future.
2. Officials then began to discuss contingency options. Officials sought clarity on the financial situation at FMEL and asked the Directors what their contingency options were in the event of no progress on the contract price dispute. **Gerry Marshall [Redacted-56].**
3. As part of this discussion [Redacted-57] of CBC again raised the prospect of [Redacted-58]. Officials sought to draw a distinction between medium to long term business proposals, which can be considered in due course, and short term measures to protect the core objectives of the Scottish Government. Officials reiterated that these core objectives are:
  - a. To protect the jobs and the local economy in Port Glasgow and Inverclyde
  - b. To deliver 801 and 802
  - c. To deliver a value for money and legally compliant solution for the public purse
4. Officials outlined the intent to try and find a commercial solution to the yard's financial difficulty but also briefly mentioned [Redacted-59]. FMEL and CBC were open to further discussions on these options and Gerry Marshall noted: "We will consider and work with you on every single opportunity".
5. To continue these productive discussions officials have arranged to meet with FMEL and CBC for a four hour workshop on Monday morning. A further update will be provided following that meeting and officials will keep Ministers informed of any other developments.

Many thanks,

[Redacted]

**From:** Rollison R (Richard)

**Sent:** Monday, 9 April 2018 22:31

**To:** [Redacted] Lloyd E (Elizabeth); [Redacted] (TRANS); First Minister; [Redacted] Deputy First Minister and Cabinet Secretary for Education and Skills; Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work; Minister for Transport and the Islands; Brannen R (Roy); DG Economy; Evans L (Leslie); Permanent Secretary; McCaig C (Callum); Maxwell S (Stewart) (Special Adviser); [Redacted]

McLaughlin AC (Ainslie); [Redacted]

Beattie C (Caroline); [Redacted]

DG Economy; First Minister

**Subject:** FMEL update - 9 April 2018

PS/ First Minister

PS/ Deputy First Minister

Copy: As e-mail

1. As you are aware, FMEL and CMAL are meeting from 9.30 tomorrow morning to discuss if and how they might find a way, short of the courts, to resolve the contract price dispute in respect of 801 and 802. Liz Ditchburn and Roy Brannen will be at the meeting.
2. The meeting, and FMEL's provision of the report to support their claim, is a direct result of the First Minister's telephone discussion with Jim McColl and official's discussions with CMAL last week where it was made clear to both parties that they need to engage directly with each other at a senior level to seek to resolve the contract price dispute.
3. As outlined in [Redacted] update earlier today, [Redacted-60].
4. Whatever the outcome and in parallel with any action FMEL may choose to make in respect of their claim, we are keen to get in to a discussion with FMEL about the viability of the business and to be on the front foot in working with all parties to secure a future for the yard and the delivery of the 801 and 802. Our work with PwC has identified a number of potential options for the business as follows:

[Redacted-61]

#### Issues to consider

- [Redacted-62]
- [Redacted-63]
- [Redacted-64]
- [Redacted-65]
- [Redacted-66]

[Redacted-67]

- [Redacted-68]
- [Redacted-69]
- [Redacted-70]
- [Redacted-71]
- [Redacted-72]
- [Redacted-73]
- [Redacted-74]
- [Redacted-75]

[Redacted-76]

- [Redacted-77]
- [Redacted-78]
- [Redacted-79]
- [Redacted-80]

5. The starting point for all these

options is that the 801 and 802 will be completed at Port Glasgow by the existing workforce, [Redacted-81].

6. None of the options are straightforward and all have significant financial implications for the Scottish Government.

### Discussions following tomorrow's FMEL/CMAL meeting

7 We expect that Mr McColl will wish to speak with the Deputy First Minister shortly after the meeting. If he is unhappy with the outcome of the meeting it will be important for the DFM to set out again what FM has already communicated – [Redacted-82]

8. There are a range of possible outcomes from tomorrow's meeting. In a worst case scenario the Directors of FMEL, [Redacted-83]. This may result in [Redacted-84] Our work with PwC can help mitigate this risk and it is critical that we are able to discuss the options with the Directors of FMEL [Redacted-85]. Indeed, knowing that the Scottish Government is prepared to work with them to secure the continuation of the yard in some shape or form should give the FMEL Directors some comfort that they are acting in the best interests of the company [Redacted-86]

9. Irrespective of the outcome of tomorrow's meeting, SG officials and our advisors (PWC) stand ready to meet with FMEL at the earliest opportunity, probably Wednesday morning, to provide that reassurance and discuss the various options.

10. Officials will update FM and DFM shortly after tomorrow morning's meeting between CMAL and FMEL has concluded.

Richard Rollison  
Deputy Director  
Innovation, Industries and Investment Division  
Directorate for Economic Development  
Scottish Government

[Redacted]

**From:** Rollison R (Richard)

**Sent:** Friday, 13 April 2018 16:01

**To:** Deputy First Minister and Cabinet Secretary for Education and Skills; DG Economy; Lloyd E (Elizabeth); [Redacted] (TRANS); First Minister; [Redacted]

Deputy First Minister and Cabinet Secretary for Education and Skills; Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work; Minister for Transport and the Islands; Brannen R (Roy); Evans L (Leslie); Permanent Secretary; McCaig C (Callum); Maxwell S (Stewart) (Special Adviser); [Redacted]

McLaughlin AC (Ainslie); [Redacted] Beattie C (Caroline); [Redacted]

First Minister

**Subject:** Re: FMEL update - 9 April 2018 - request for meeting w/b 15 April to discuss PWC options work.

[Redacted]

(would have phoned but on train)

Following discussions with DFM and Ministers earlier this week we have been working with PWC to put further detail on the potential options, especially the idea of [Redacted-87], for securing the long term viability of the shipyard and jobs and delivery of the 801 and 802.

We met with PWC yesterday for a few hours to go through their draft report and are expecting a final report later today. We'll forward that on asap.

Given the range and complexity of issues it would be helpful to meet and/or telecon with DFM, and if possible Mr Mackay and Mr Yousaf, early next week. Given there is another FMEL/CMAL meeting on Monday afternoon I suggest the meeting is on Tuesday or later.

**Can you put this in train please?** Participants would probably be me, Liz Ditchburn, Roy Brannen, [Redacted], [Redacted], 1 or 2 pwc folk and Stewart Maxwell and Callum McCaig

Richard Rollison  
Deputy Director  
Innovation, Industries and Investment Division  
Directorate for Economic Development  
Scottish Government

[Redacted]

**From:** [Redacted] (TRANS)

**Sent:** 05 April 2018 14:19

**To:** First Minister [Redacted]

Deputy First Minister and Cabinet Secretary for Education and Skills Cabinet Secretary for Finance and the Constitution Cabinet Secretary for Economy, Jobs and Fair Work Minister for Transport and the Islands Brannen R (Roy) DG Economy Evans L (Leslie) Permanent Secretary McCaig C (Callum) Maxwell S (Stewart) (Special Adviser) Lloyd E (Elizabeth) Rollison R (Richard) [Redacted] McLaughlin AC (Ainslie) [Redacted] Beattie C (Caroline) [Redacted]

**Subject:** RE: FMEL update

PS/First Minister

1. Further to my email below, this is to confirm that the FMEL/CMAL meeting will take place at Victoria Quay on the morning of Tuesday 10 April. Attendees will include Jim McColl and Erik Ostergaard with members of their respective teams. Liz Ditchburn and Roy Brannen will attend as observers.

2. Separately, there was an action from FM's discussion with officials on Tuesday, to obtain some details of CMAL's contingency plans for the vessels in the event that [Redacted-88]. Kevin Hobbs, CMAL CEO, has provided the attached summary.

John

**From:** [Redacted] **On Behalf Of** First Minister

**Sent:** 03 April 2018 11:09

**To:** Rollison R (Richard); Deputy First Minister and Cabinet Secretary for Education and Skills; Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work; Minister for Transport and the Islands; Brannen R (Roy); DG Economy; Evans L (Leslie); Permanent Secretary; McCaig C (Callum); Maxwell S (Stewart) (Special Adviser); Lloyd E (Elizabeth); [Redacted] McLaughlin AC (Ainslie); [Redacted] Beattie C (Caroline)

**Cc:** First Minister

**Subject:** Additional briefing ahead of FM call with Jim McColl today

Richard

Ahead of the proposed call with First Minister and Jim McColl this afternoon, could you please provide;

- a brief summary, with a broad timeline, of the flexibilities/support already provided to FMEL. Including SG loan, [Redacted-89]

Grateful if this could be with us by 13:00 today.

Thanks

[Redacted]

Deputy Private Secretary

Private Office to the First Minister

5th Floor| St Andrew's House | Regent Road | Edinburgh | EH1 3DG | T: 0131 [Redacted]

<< OLE Object: Picture (Device Independent Bitmap) >>

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**From:** Rollison R (Richard)

**Sent:** 03 April 2018 13:20

**To:** First Minister; Deputy First Minister and Cabinet Secretary for Education and Skills; Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work; Minister for Transport and the Islands; Brannen R (Roy); DG Economy; Evans L (Leslie); Permanent Secretary; McCaig C (Callum); Maxwell S (Stewart) (Special Adviser); Lloyd E (Elizabeth); [Redacted] McLaughlin AC (Ainslie); [Redacted] Beattie C (Caroline); [Redacted] Nicholls J (John) (TRANS); [Redacted]

**Subject:** RE: Additional briefing ahead of FM call with Jim McColl today

[Redacted]

**Info requested now attached**

<< File: FMEL INFO FOR FM - 3 APRIL 2018.docx >>

Richard Rollison  
Deputy Director  
Innovation, Industries and Investment Division  
Directorate for Economic Developemnt  
Scottish Government

T: 0131 [Redacted]

<< OLE Object: Picture (Device Independent Bitmap) >>

**From:** [Redacted] **On Behalf Of** First Minister

**Sent:** 03 April 2018 13:36

**To:** Rollison R (Richard); First Minister; Deputy First Minister and Cabinet Secretary for Education and Skills; Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work; Minister for Transport and the Islands; Brannen R (Roy); DG Economy; Evans L (Leslie); Permanent Secretary; McCaig C (Callum); Maxwell S (Stewart) (Special Adviser); Lloyd E (Elizabeth); [Redacted] McLaughlin AC (Ainslie); [Redacted] Beattie C (Caroline); [Redacted] [REDACTED] (TRANS); [Redacted]

**Subject:** RE: Additional briefing ahead of FM call with Jim McColl today

Thanks Richard

So we have any update on discussions with CMAL?

[Redacted]

Deputy Private Secretary

Private Office to the First Minister

5th Floor| St Andrew's House | Regent Road | Edinburgh | EH1 3DG | T: 0131 [Redacted]

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**From:** [Redacted]

**Sent:** 03 April 2018 13:53

**To:** First Minister; Deputy First Minister and Cabinet Secretary for Education and Skills; Cabinet Secretary for Finance and the Constitution; Cabinet Secretary for Economy, Jobs and Fair Work; Minister for Transport and the Islands; Brannen R (Roy); DG Economy; Evans L (Leslie); Permanent Secretary; McCaig C (Callum); Maxwell S (Stewart) (Special Adviser); Lloyd E (Elizabeth); Rollison R (Richard); [Redacted] McLaughlin AC (Ainslie); [Redacted]; Beattie C (Caroline); [Redacted] [REDACTED] (TRANS)

**Subject:** RE: Additional briefing ahead of FM call with Jim McColl today

First Minister

Following on from this morning's telecon with Ministers I provide an update on our most recent engagement with CMAL.

Roy followed up and spoke to Kevin Hobbs, CEO CMAL and talked him through the Contract issues. Kevin agreed with the 3 proposals we put to him, namely;

- [Redacted-90] A session to take place early next week (this should not be communicated to FMEL).
- [Redacted-91]. A summary to be provided later today with further details to follow.
- [Redacted-92].

Agreement on the last of these points was on the basis of full early disclosure from FMEL of their [Redacted-93] and all associated reports in as much detail as possible to be passed to CMAL to allow them time to review ahead of the meeting.

Following that Mr Yousaf had a further telecon with Erik Ostergaard and discussed the same issues. Again Erik confirmed to the Minister, CMAL's willingness and agreement to engage in all 3 strands of activity as highlighted above.

Thanks

[Redacted]  
Transport Scotland

**From:** [Redacted] **On Behalf Of** First Minister

**Sent:** 03 April 2018 16:53

**To:** [Redacted] First Minister Deputy First Minister and Cabinet Secretary for Education and Skills  
Cabinet Secretary for Finance and the Constitution Cabinet Secretary for Economy, Jobs and Fair  
Work Minister for Transport and the Islands Brannen R (Roy) DG Economy Evans L (Leslie)  
Permanent Secretary McCaig C (Callum) Maxwell S (Stewart) (Special Adviser) Lloyd E (Elizabeth)  
Rollison R (Richard) [Redacted] McLaughlin AC (Ainslie) [Redacted]) Beattie C (Caroline) [Redacted]  
[Redacted] (TRANS)

**Subject:** RE: Additional briefing ahead of FM call with Jim McColl today

All

Please find attached a read out of First Minister's call with Jim McColl.

Kind regards

[Redacted]

Deputy Private Secretary

Private Office to the First Minister

5th Floor| St Andrew's House | Regent Road | Edinburgh | EH1 3DG | T: 0131 [Redacted]

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**From:** [Redacted] (TRANS)

**Sent:** 04 April 2018 12:36

**To:** First Minister [Redacted] Deputy First Minister and Cabinet Secretary for Education and Skills  
Cabinet Secretary for Finance and the Constitution Cabinet Secretary for Economy, Jobs and Fair  
Work Minister for Transport and the Islands Brannen R (Roy) DG Economy Evans L (Leslie)  
Permanent Secretary McCaig C (Callum) Maxwell S (Stewart) (Special Adviser) Lloyd E (Elizabeth)  
Rollison R (Richard) [Redacted] McLaughlin AC (Ainslie) [Redacted] Beattie C (Caroline) [Redacted]

**Subject:** FMEL update

PS/First Minister

1. This note provides a brief update on developments since the FM's call with Jim McColl yesterday.
2. As requested by the FM, [Redacted-94].
3. We have further discussed with the CMAL Chair and CEO the arrangements for the meeting with FMEL. CMAL require some time to consider the [Redacted-95]. In addition, the key CMAL personnel are on leave or otherwise unavailable to meet FMEL until Tuesday 10 April. This will be later than Jim McColl's preferred dates as indicated to FM (Friday or Monday). We will now liaise with Jim McColl and FMEL to set up the meeting for Tuesday.
4. [Redacted-96]. However, we are doing some preparatory work on identification of potential [Redacted-97] to assist with dispute resolution in the event that the parties can agree on a way forward.
5. Separately, we have agreed with CMAL that [Redacted-98].
6. We will provide a further update once the FMEL/CMAL meeting has been confirmed.

John