

From: [REDACTED]  
Sent: 14 May 2021 19:15  
To: [REDACTED]  
Cc: [REDACTED]; Rapid Response Unit; [REDACTED]  
Subject: Agenda for Ministerial Call - Monday

[REDACTED] and [REDACTED]

You (and [REDACTED] and [REDACTED]) should have in your calendars an invite for a pre-meet at 1000 and then the ministerial call at 1100 on Monday. Both Cab Secs and both Ministers have accepted the meeting. They have a copy of the report and we have trailed the matrix with the intention to circulate and discuss at the 1100 meeting. Here is the agenda for 1100:

Agenda

1. Introduction (5 mins)
2. GFG Alliance update (10 mins)
3. Key Findings of Report (20 mins)
4. Analysis of Scottish Enterprise Loan (10 mins)
5. Next Steps and Scenario Matrix (25 mins)
6. AOB (5 mins)

It will be likely that [REDACTED] will do the intro and then I understand that [REDACTED] you will cover the GFG update in [REDACTED] absence as part of the readiness work you are doing. Mr Ewing has already responded that he wants to speak about the [REDACTED] So, we will want to pick up handling of this on Monday as we are keen to avoid not spending the allotted time on the report and next steps. Item 3 is you [REDACTED] so will hopefully be seamless and then [REDACTED] will cover the SE loan (they got a two pager from [REDACTED] and [REDACTED] on this today as well). We can then discuss on Monday how to handle item 5 with the latest version of the matrix.

[REDACTED] – I haven't provided the Cab Secs and Ministers the [REDACTED] im sure they will remember the main features.

Hope that helps for framing Monday

Have a good weekend

[REDACTED] | [REDACTED] | The Scottish Government  
St Andrew's House | Regent Road | Edinburgh | EH1 3DG | T: 0131 24[REDACTED]  
| M: [REDACTED]

**Cabinet Secretary for Economy, Fair Work and Culture**  
**Cabinet Secretary for Rural Economy and Tourism**  
**Minister for Business, Fair Work and Skills**  
**Minister for Trade, Innovation and Public Finance**

## **LIBERTY STEEL DALZELL – CONTINGENCY OPTIONS**

### **Purpose**

1. To provide a summary and update of the work that has been undertaken to explore the contingency options for Liberty Steel Dalzell Limited (LSDL) in an insolvency event and to consider the options for the business to continue operating.

### **Priority**

2. Urgent. Cabinet Secretaries and Ministers are scheduled to meet with officials and advisers on Monday 17 May to discuss the Deloitte report and provide initial feedback.

### **Background**

3. Ministers have been clear on the strategic importance of LSDL and the significant economic benefit it brings in terms of jobs, the supply chain and the future safeguarding of Scotland's steel industry.

4. In October 2015, Tata Steel mothballed a number of sites including Dalzell in Motherwell and Clydebridge in Cambuslang, which at the time had combined employment of 270.

5. In April 2016, Liberty House Group (part of GFG Alliance (GFG)) purchased the Dalzell and Clydebridge steel plants from Tata Steel and committed to exploring investment opportunities at both sites. Dalzell re-opened in September 2016.

6. As part of the transaction from Longs Steel UK Limited (Tata Steel entity), Scottish Ministers assumed "all past present and future liabilities and obligations (including all liabilities relating to the environment and hazardous materials) in respect of both or any of the Properties" of both Longs Steel and Tata Steel. These properties were then sold to Liberty House Group on the same terms.

Scottish Enterprise provided Liberty Steel Dalzell with a £7 million working capital loan in March 2017 and a £1.97 million grant towards Training and Disadvantaged Workers in November 2016[REDACTED]

7. Ministers will be aware that in March 2021, Greensill Capital (UK) Limited was placed into administration. Greensill Capital was principal financier to the GFG Alliance, its largest client and owners of the Alvalde Lochaber Aluminium Smelter and LSDL.

[REDACTED]  
[REDACTED]  
[REDACTED]

**[REDACTED]**  
**RRU Stand-Up and Report**

8. In April, the Rapid Response Unit (RRU) brought together leads from Scottish Enterprise, Finance, Subsidy Control (formally State Aid), Legal, OCEA and Economic policy teams and have co-ordinated actions and activities across a range of workstreams.

9. Our commercial advisors (Deloitte) were commissioned shortly after to undertake due diligence and develop the contingency options in the event of an insolvency and for continued trading of the businesses. This work was undertaken with the support **[REDACTED]**.

10. As part of the report's development, the Managing Director of LSDL has made himself and the company available throughout the process in order to support its outputs.

**Findings from report**

11. An executive summary of the report and key considerations is provided in Annex A and main points and initial steps are below.

**[REDACTED]**  
**Handling and Immediate Next Steps**

12. Following receipt of the report from our advisors and its recommendations the RRU has discussed these with both sets of advisers, Scottish Enterprise and the teams across Scottish Government.

13. As stated in the report, there are a number of critical next steps at this point and also in the medium term for Scottish Government, Scottish Enterprise and LSDL.

**[REDACTED]**  
**Further Areas for Discussion**

The Cabinet Secretary for Economy, Fair Work and Culture requested that officials consider the potential of **[REDACTED]**Our advisers have worked with Finance and SGLD on an initial analysis which is set out in Annex B. **[REDACTED]**Our advisers have further developed a scenario matrix across **[REDACTED]**The matrix will be continually developed with advisers as more information is made available such as through an **[REDACTED]**The matrix will be circulated and discussed at the Ministerial call on Monday 17 May.**[REDACTED]**

14. **[REDACTED]**

15. **[REDACTED]**Our proposed next steps are as follows:

**[REDACTED]**Discuss further with Cabinet Secretaries and Ministers the findings of the report and take forward feedback to**[REDACTED]**Work with Scottish Enterprise on putting in a place **[REDACTED]**For officials and our advisers to engage with LSDL management further on the development on their **[REDACTED]**

## **Conclusion and recommendations**

- That Ministers note the above and report ahead of the meeting on 17 May

**[REDACTED]**

Rapid Response Division  
14 May 2021

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
First Minister			X		X
Deputy First Minister and Cabinet Secretary for Education and Skills			X		X

DG Economy  
 Reuben Aitken  
 Mary McAllan  
**[REDACTED]**  
**[REDACTED]**  
**[REDACTED]**  
 Kate Higgins  
 Cornilius Chikwama  
**[REDACTED]**

**ANNEX A – SUMMARY AND KEY CONSIDERATIONS OF REPORT**

**[REDACTED]Risk/Benefit:**

<b>Risks</b>	<b>Benefits</b>
[REDACTED]	[REDACTED]

**ANNEX C – REPORT (ATTACHED SEPARATELY)**

**From:** [REDACTED]  
**Sent:** 28 May 2021 18:21  
**To:** Minister for Business, Trade, Tourism & Enterprise  
**Cc:** First Minister; Deputy First Minister and Cabinet Secretary for Covid Recovery; DG Economy; Aitken R (Reuben); McAllan M (Mary); [REDACTED]; Beattie C (Caroline); [REDACTED]Chikwama C (Cornilius);[REDACTED]; Rapid Response Unit; McAllister C (Colin); McCaig C (Callum)  
**Subject:** OFFICIAL SENSITIVE: COMMERCIAL - LIBERTY STEEL DALZELL - UPDATE TO MINISTERS - 28 May 21  
**Attachments:** ADMIN - RRU - 003 - Ministerial Contingency meeting with Advisors - Meeting Minutes - 17 May 2021.doc

## **Minister for Business, Trade, Tourism and Enterprise**

PO, I would grateful if you can please share the following update on Liberty Steel Dalzell with Mr McKee.

### **LIBERTY STEEL DALZELL – LATEST SITUATION – 28 MAY 2021**

**Purpose: For awareness and to outline an update about this case and current activities being undertaken by officials**

#### **Commercial sensitivity**

[REDACTED]Officials last updated Ministers on the 17 May where we advised that [REDACTED]Officials have continued to have regular engagement with LSDL management; the business, due to the [REDACTED]  
**Liberty Steel UK and the GFG Alliance**

- At the last Ministerial update on the 17<sup>th</sup> May, Officials had advised that the GFG Alliance [REDACTED]
- Following the announcement on the 14 May of a Senior Fraud Office investigation into the GFG Alliance [REDACTED]
- The Bank of England Governor Andrew Bailey advised Treasury Committee this week that The Bank of England in 2019 had concerns around Wyelands Bank (part of the GFG Alliance) with "connected lending in the context of the ultimate beneficial owner who is Sanjeev Gupta". Initial concerns were raised about lending to related parties in late 2018-early 2019 and the Prudential Regulatory Authority (PRA) of the Bank of England began investigating Wyelands. In October 2019, further allegations came to light concerning the loan book. That prompted the PRA to launch a second phase of its investigation. The Bank through PRA notified the National Crime Agency in late 2019 and again in February 2020 in relation to Wyelands, and further set out its concerns to the Serious Fraud Office in early 2020.
- The SFO and NCA investigations are now in the public domain and are expected to [REDACTED]

- On Monday (24 May) the business announced that following what they have described as “constructive meetings” held at the weekend in Dubai, their newly formed Restructuring and Transformation Committee is in advanced discussions with Credit Suisse Asset Management (CS) to reach a formal standstill agreement on their Primary Metals Australia business while full refinancing is completed. **[REDACTED]**
- The press release further stated that both parties also made significant progress in agreeing a framework to resolve GFG Alliance’s remaining exposure with CS. This work includes identifying a solution which will allow GFG Alliance to complete the restructuring and refinancing of their UK steel operations.
- However as part of this restructuring the UK steel assets, the business has taken the decision to start a selling process of their aerospace and special alloys steel business at Stocksbridge, this include Stocksbridge's mill at Brinsworth, and Performance Steels at West Bromwich.

Our advisors view and shared by officials, **[REDACTED]Contingency Planning Work**

- **[REDACTED]**Following completion of the initial contingency planning work by our commercial advisors, SG officials (including SE colleagues ) have re-contracted with them to progress the next stage of our contingency planning in relation to Liberty Steel Dalzell.
- Initially this will be carrying out a review of the business plan(s) and assessment of the scenarios provided by the business.
- Officials and our advisors had an initial meeting with LSDL management on Thursday 20 May to introduce the business plan, and our advisors had a follow up meeting on Monday 24 May to discuss the workings of their forecasts in more detail **[REDACTED]**Further to the meeting on Monday our advisors have made a series of information requests, this will allow them to move their focus from what has been submitted which is a **[REDACTED]**Whilst these have not been received to date we are conscious that the business is continuing to manage a challenging situation with operating **[REDACTED]**We will therefore follow up with the LSDL management early next week to encourage them in providing the necessary information to Deloitte to allow our work to continue.**[REDACTED]**It is intended that our Advisors will have completed their initial business plan review by 21 June, however this will be dependent upon when they receive their outstanding information requests.**[REDACTED]**Scottish Enterprise (SE) continue to progress their valuation work in relation to their **[REDACTED]**Officials also met with SDS on 20 May to discuss the skills retention plan which is making good progress and we will update Ministers once it is concluded.  
**[REDACTED]**Officials have continued to regularly engage with BEIS colleagues however to date our interactions with BEIS have **[REDACTED]**who are continuing to interact with us alongside our advisers.**[REDACTED]**On 25 May, the Secretary of State (Kwasi Kwarteng), gave evidence at the House of Commons committee inquiry on Liberty Steel. At the session, he reiterated the message that the Liberty Steel plants were “good assets” and that a key issue was the “financial engineering” by GFG which had placed considerable pressure

on the businesses. The Secretary of State confirmed that the Government was considering all options and nationalisation was the least likely option.

## Next Steps

- Officials with our advisors and Scottish Enterprise colleagues are continuing to progress the next steps of our contingency planning including the review of the business plans and will provide advice to Ministers once this has been completed. [REDACTED] Officials are continuing their regular engagement with management at LSDL both on the contingency planning [REDACTED], alongside regular dialogue with our colleagues at BEIS.
- Officials have agreed to a request from the business to meet with one of the new independent board directors, Jeff Kabel (Chief Transformation Officer), for him to set out how Liberty steel UK refinancing efforts are progressing and be the key, strategic, contact for the business with their significant relationships in the UK going forward, including with Ministers and senior officials in Government
- At this stage with the continuing advanced discussions between the GFG Alliance's newly formed Restructuring and Transformation Committee and Credit Suisse Asset Management (CS) and the various court hearings (winding up petitions) now not being scheduled to be heard until end of June our Advisors view is that [REDACTED] Officials will factor in these events into the work in order to provide Ministers as much time as possible to consider advice before any [REDACTED] A commitment was provided by the Cabinet Secretary (Ms Hyslop), in response to an urgent question from Monica Lennon, that a briefing to elected members on Liberty Steel would be provided. Officials will consider with SpAds the timing of this and provide further advice to the Ministers.

[REDACTED]

[REDACTED] | [REDACTED] | **The Scottish Government**

5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU | T: 0141 24[REDACTED] | M: [REDACTED]

I am working from home, contactable by email, on my mobile and by MS Teams

**From:** [REDACTED]  
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**To:** Minister for Business, Trade, Tourism & Enterprise  
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[REDACTED]

[REDACTED] | [REDACTED] | **The Scottish Government**

5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU | T: 0141 24 [REDACTED] | M: [REDACTED]

I am working from home, contactable by email, on my mobile and by MS Teams

**Ministerial Call – Liberty Steel Dalzell/GFG  
17 May 2021**

Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism	Liz Ditchburn, DG Economy	[REDACTED], Senior Finance Business Partner, Finance Directorate
Fiona Hyslop, Cabinet Secretary for Economy, Fair Work and Culture	Reuben Aitken, Director of Directorate For Covid Business Resilience And Support	[REDACTED], Senior Solicitor, Legal Directorate
Ivan McKee, Minister for Trade, Innovation and Public Finance	[REDACTED], Deputy Head of Division, Finance Directorate	[REDACTED], Rapid Response Unit
Jamie Hepburn Minister for Business, Fair Work and Skills	[REDACTED], Deputy Director, Rapid Response Division	[REDACTED], Rapid Response Unit
[REDACTED], Deloitte	[REDACTED], Deloitte	[REDACTED], Deloitte
[REDACTED], [REDACTED]	[REDACTED], [REDACTED]	[REDACTED], [REDACTED]
[REDACTED], [REDACTED]		

**Agenda**

1. Introduction (5 mins)
2. GFG Alliance update (10 mins)
3. Key Findings of Report (20 mins)
4. Analysis of Scottish Enterprise Loan (10 mins)
5. Next Steps and Scenario Matrix (25 mins)
6. AOB (5 mins)

**Item 1 – Introduction**

[REDACTED] provided an update on the contingency options work for Liberty Steel Dalzell Limited and set out that this was an opportunity to discuss the findings of the report and the next steps. Also, to set out that we would provide an update following the Cabinet Secretary’s (Ms Hyslop) request to investigate the merits of [REDACTED]

The meeting would also cover the current Serious Fraud Office investigation that was announced on 14/05 and the wider GFG Alliance refinancing position. Ministers also received an update on the [REDACTED] which are ongoing at present. [REDACTED].

**Item 2 – GFG Alliance Update**

[REDACTED] provided an update on the current position of GFG alliance and the SFO announcement [REDACTED]

The Cabinet Secretary (Mr Ewing) asked how long an investigation may take. [REDACTED] [REDACTED] fed back that it is not usually a quick process and he is aware of ones that are still ongoing after several years.

The Cabinet Secretary (Mr Ewing) asked about the impact of the investigation and is it likely to bring about a [REDACTED]. [REDACTED] [REDACTED] [REDACTED] added that it is an investigation [REDACTED]

### **Item 3 – Key Findings of Report**

[REDACTED] and [REDACTED] then moved onto the report and the main findings. There was an overview on [REDACTED]

A key next step, as stated in the report, is the need for a business plan which is being developed at present. [REDACTED]The Cabinet Secretary (Mr Ewing) asked how important is the Clydebridge site to the LSDL operations.[REDACTED]The Cabinet Secretary (Mr Ewing) reiterated that [REDACTED]

The Cabinet Secretary (Mr Ewing) enquired about the [REDACTED]

### **Item 4 - Analysis of Scottish Enterprise Loan**

[REDACTED] provided an overview to the work on the [REDACTED]An assessment of the benefits and areas to consider were then set out and that, at this point, officials' advice is that it would not be advisable.

The Cabinet Secretary (Ms Hyslop) fed back that this was a good piece of work, agreed with the current approach and that [REDACTED]

### **Item 5 - Next Steps and Scenario Matrix**

[REDACTED] gave an overview of the matrix and set out the work to date on the main scenarios. This is still a work in progress and an essential component is having a [REDACTED]The Minister (Mr McKee) asked about the different scenarios [REDACTED]

The Cabinet Secretary (Mr Ewing) asked for officials to be ready to support the workforce through a skills plan if required. Also he was keen to understand when SG is going to see the business plan. [REDACTED] fed back that Deloitte are due to meet LSDL later in the week to discuss the business plan. [REDACTED] also stated that officials are working with SDS to develop the plan and that officials are continuing to engage with BEIS.

**Actions:**

1. Discuss business plan with LSDL to support the next stage of the work
2. Provide handling advice for Ministers on engagement around the **[REDACTED]** and if they could support the process
3. Provide an update to Ministers on the Skills plan
4. Provide further advice on the timing and content on engagement with local members and unions
5. Develop a narrative on the creation of a taskforce for consideration

**From:** [REDACTED]  
**Sent:** 09 June 2021 16:16  
**To:** Minister for Business, Trade, Tourism & Enterprise;  
Ivan.McKee.msp@parliament.scot  
**Cc:** [REDACTED]; McCaig C (Callum); [REDACTED] DG Economy;  
[REDACTED] Rapid Response Unit  
**Subject:** RE: 11:15 - 12:00 - GFG Meeting  
**Attachments:** OFFICIAL SENSITIVE: COMMERCIAL - LOCHABER GUARANTEE -  
UPDATE TO MINISTERS - 04 June 21; GFG refinancing call  
8.6.21.pdf; OFFICIAL SENSITIVE: COMMERCIAL - LIBERTY STEEL  
DALZELL - UPDATE TO MINISTERS - 28 May 21; DRAFT short term  
cash flow review wc 7.6.21.pdf; Lavender Project SG update 09-06-  
21.pptx

### **Minister for Business, Trade, Tourism & Enterprise**

Please see below a draft agenda for the meeting tomorrow morning at 1115. Your office has issued the diary invite for MS Teams separately.

1. Intro [REDACTED]
2. GFG combined update (Deloitte)
3. Lochaber update ([REDACTED])
  - Questions/clarifications
4. Dalzell update ([REDACTED])
  - Questions/clarifications
5. Next steps ([REDACTED])

I have also attached the following:

- Lochaber slide deck for the call prepared by Deloitte;
- Deloitte note of refinancing discussions with the GFG Alliance;
- Short term cash flow summary prepared by Deloitte;
- Lochaber update note from 04 June;
- Dalzell update note from 28 May.

Many thanks

[REDACTED]

[REDACTED] | [REDACTED] | Strategic Industrial Projects | Manufacturing and Industries Division |  
Directorate for Economic Development | Scottish Government | 0141 24[REDACTED] | [REDACTED]

-----Original Appointment-----

**From:** Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>

**Sent:** 08 June 2021 12:27

**To:** Minister for Business, Trade, Tourism & Enterprise; [REDACTED] McCaig C (Callum); [REDACTED];  
Ivan.McKee.msp@parliament.scot

**Subject:** 11:15 - 12:00 - GFG Meeting

**When:** 10 June 2021 11:15-12:00 (UTC+00:00) Dublin, Edinburgh, Lisbon, London.

**Where:** Teams

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## Microsoft Teams meeting

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**Lavender's short term cashflow forecast**

As of week commencing 31 May 2021

2 June 2021

# Lavender 13 week forecast cashflow commencing 31 May 2021

## Overview

This short document provides a commentary for the Scottish Ministers on the 13-week cashflow forecast sent by Lavender for the period from 31 May for the combined cash position of HydroCo and SmelterCo. Deloitte has not provided any diligence or assurance services on the cashflows provided and explanations of the forecasts and any movements below have been provided by Lavender.

## Key commentary

- [Redacted]

## Overall cash movements

- [Redacted] end of the 3-month period (week ending 29 August) is forecast to be £5.5m.
- [Redacted]
- [Redacted]
- [Redacted]

## Receipts

- [Redacted]
- [Redacted]
- [Redacted]

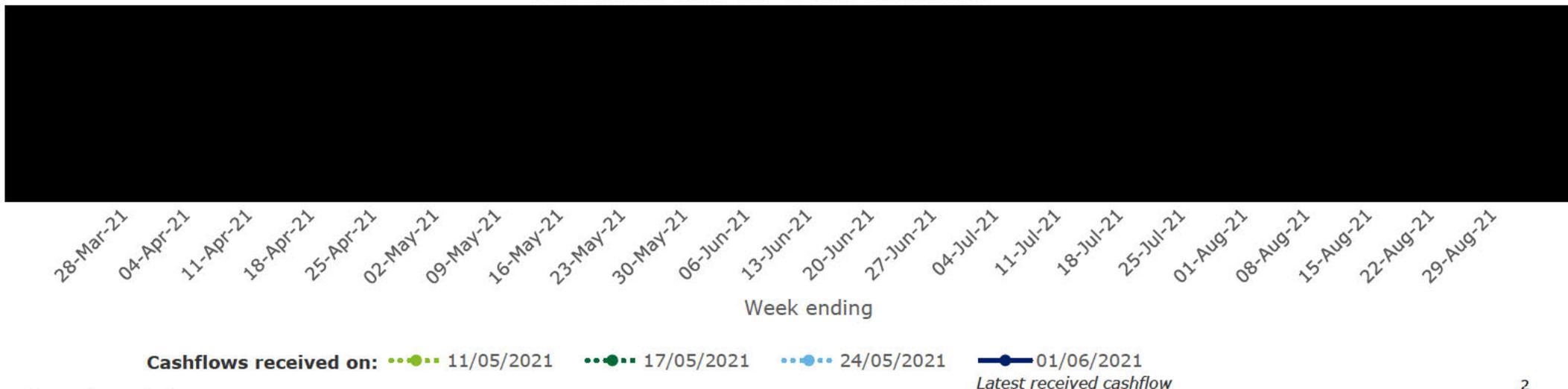
## Payments

- [Redacted]

## The latest four 13-week cashflows graph

- The graph below shows movements in the cashflow forecast over time. The grey area represents historical periods.
- There is no [Redacted]

## The latest four 13-week cashflows



# Lavender 13 week forecast cashflow commencing 31 May 2021

Received 1/6/21															
Week ending	Week ending														
	23-May-21	30-May-21	06-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21	04-Jul-21	11-Jul-21	18-Jul-21	25-Jul-21	01-Aug-21	08-Aug-21	15-Aug-21	22-Aug-21	29-Aug-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance															
Trade receipts															
Other receipts															
Total receipts															
Raw Materials (alumina and anodes)															
Other supplier payments															
ABA VAT															
Simec VAT															
Rent and rates															
Insurances															
Other payments															
Scottish Govt															
Payroll															
Pension and other payroll deductions															
PAYE															
Recharges - Group admin															
Total Payments															
Closing balance															

Change in CF forecast 24/5/21 - 1/6/21															
Week ending	Week ending														
	23-May-21	30-May-21	06-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21	04-Jul-21	11-Jul-21	18-Jul-21	25-Jul-21	01-Aug-21	08-Aug-21	15-Aug-21	22-Aug-21	29-Aug-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance															
Trade receipts															
Other receipts															
Total receipts															
Raw Materials (alumina and anodes)															
Other supplier payments															
ABA VAT															
Simec VAT															
Rent and rates															
Insurances															
Other payments															
Scottish Govt															
Payroll															
Pension and other payroll deductions															
PAYE															
Recharges - Group admin															
Total Payments															
Closing balance															

Source: Lavender's management



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## Minutes

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**Meeting:** GFG Alliance refinancing conference call

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**Held on:** 1 June 2021

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**Location:** Virtual – conference call

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**Present:** GFG Alliance: [REDACTED], [REDACTED], [REDACTED]  
PJT: [REDACTED] [REDACTED]  
Deloitte: [REDACTED], [REDACTED], [REDACTED]  
Not present: [REDACTED]

---

Description	Action by:	Due Date:
1: [REDACTED] to inform [REDACTED] on the identity of the Minister in charge of Lavander situation when SG decides on this.	[REDACTED]	When announced

---

We met GFG and PJT for our weekly update on GFG’s refinancing. This week there were no updates of particular significance from the previous week.

- [REDACTED]
- [REDACTED]
  - [REDACTED]

- [REDACTED]
- [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]

- [REDACTED]
- [REDACTED]
  - There is no immediate need for further [REDACTED]

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[Redacted]

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

[Redacted]

- [Redacted]

Previous week's actions

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Description	Action by:	Due Date:	Current Status:
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[Redacted]	[Redacted]	[Redacted]	[Redacted]
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## **PRESS RELEASE**

FOR IMMEDIATE RELEASE

**24 May 2021**

### **LIBERTY Steel Group advances Australia and UK refinancing and restructuring**

LIBERTY Steel Group (LIBERTY) announces that following very constructive and productive meetings at the weekend in Dubai, Sanjeev Gupta and his newly-formed Restructuring and Transformation Committee are in advanced discussions with Credit Suisse Asset Management (CS) to reach a formal standstill agreement on its LIBERTY Primary Metals Australia business while refinancing is completed that will repay CS out in full.

Both parties also made significant progress in agreeing a framework to resolve GFG Alliance's remaining exposure with CS.

This work includes identifying a positive solution which will allow LIBERTY to complete the restructuring and refinancing of its UK operations, protecting thousands of jobs and supporting the fulfilment of its vision to be a leader in the decarbonisation of the UK steel industry.

As part of this restructuring LIBERTY will look to sell its aerospace and special alloys steel business in Stocksbridge, which while being a unique, high quality business servicing marquee customers in aerospace, auto and other highly engineered applications, is not core to the GREENSTEEL vision of LIBERTY.

This sale will allow LIBERTY to focus on developing its Rotherham plant including its electric arc furnaces into a competitive 2 million tonnes recycled GREENSTEEL plant, one of the largest in Europe. The plant will make use of some of the millions of tons of steel scrap currently exported by the UK to make more of the quality steel needed in the UK, which is currently being imported.

LIBERTY has also already commenced the formal sale process of LIBERTY Aluminium Technologies and LIBERTY Pressing Solutions, working collaboratively with the main customers of these plants to find a sustainable home for these quality businesses, which are also non-core to LIBERTY's vision of decarbonised GREENSTEEL.

A formal sale process for Stocksbridge and its downstream plants, the narrow strip mill at Brinsworth and Performance Steels at West Bromwich will be launched shortly.

GFG's advisers Alvarez & Marsal will run both processes.

**Further information from:**

<b>Andrew Mitchell</b> Head of Communications - UK GFG Alliance		
<b>Patrick Toyne-Sewell</b> Head of Communications – Europe		

**Note to the editors:**

*LIBERTY Steel Group, part of the [GFG Alliance](#) and a leading GREENSTEEL producer, is a global integrated steel business bringing together assets across the steel supply chain, from production of liquid steel from raw and recycled materials through to high value precision engineered steels. With a total rolling capacity of 20 million tonnes, 200+ manufacturing locations globally across 10 countries and employing more than 30,000 people, LIBERTY Steel's furnaces, mills, services centres and distribution sites across the UK, continental Europe, Australia, the United States and China serve demanding sectors such as construction, energy, aerospace, automotive, and infrastructure. LIBERTY Steel is a leader in sustainable industry with a mission to become Carbon Neutral by 2030 (CN30).*

[www.libertysteelgroup.com](http://www.libertysteelgroup.com)

**From:** [REDACTED]  
**Sent:** 04 June 2021 16:59  
**To:** Minister for Business, Trade, Tourism & Enterprise  
**Cc:** First Minister; Deputy First Minister and Cabinet Secretary for Covid Recovery; Permanent Secretary; Chief Financial Officer; Lord Advocate; DG Economy; Aitken R (Reuben); McAllan M (Mary); [REDACTED]; Beattie C (Caroline); [REDACTED]; Spads Admin; Rapid Response Unit; McAllister C (Colin); McCaig C (Callum); [REDACTED]  
**Subject:** OFFICIAL SENSITIVE: COMMERCIAL - LOCHABER GUARANTEE - UPDATE TO MINISTERS - 04 June 21  
**Attachments:** DRAFT short term cash flow review wc 31.5.21.pdf; GFG refinancing call 1.6.21.pdf; LIBERTY Steel Group advances Australia and UK refinancing and restructuring\_Press release FINAL.pdf

## **Minister for Business, Trade, Tourism and Enterprise**

PO, I would be grateful if you can please share the following update on the GFG Alliance / Lochaber guarantee with Mr McKee.

### **GFG ALLIANCE - LOCHABER GUARANTEE**

**Purpose: For awareness and to update Ministers on the current situation regarding the GFG Alliance / Lochaber guarantee, and the work officials and advisors are currently undertaking.**

#### **Latest position**

Officials and external advisors remain in regular contact with the GFG Alliance to monitor business performance and understand their current position whilst they look at refinancing options.

#### **Business performance**

- The underlying businesses at Lochaber remain in good shape with a strong order book and aluminium prices at a 10 year high leading management to consider increasing production at the smelter. The hydro also continues to perform well.
- The most recent weekly cashflow provided by the business highlights the following:
- [REDACTED] Further details on the cashflow can be found in the attachment provided by Deloitte.

#### **New Board appointments**

- GFG have made four new specialist board director appointments in the response to the collapse of Greensill. The new appointments will join the Liberty Board with immediate effect and form a new Restructuring & Transformation Committee (RTC) which will be led by an independent Chief Restructuring Officer (CRO) and include an independent Chief Transformation Officer (CTO), a Chief Governance Officer (CGO) and a newly

appointed Chief Financial Officer (CFO). The RTC will be supported by Liberty management and report to the full GFG Alliance Board.

- The RTC will be given full autonomy to restructure Liberty UK's operations to focus on core profitable units, and either fix or look at the option of selling underperforming units. The RTC will support stakeholder engagement and work with the wider GFG Board and adviser panel – comprising PJT Partners, Alvarez & Marsal and Norton Rose Fulbright – to negotiate an amicable solution with Greensill's administrators and others which protects value and provides the best outcome for all stakeholders.

#### **[REDACTED]**

**[REDACTED]** Officials have been informed by GFG that they are in advanced discussions with **[REDACTED]** A press release on 24 May (attached) regarding the refinancing and actions in the UK and Australia was reviewed and approved **[REDACTED]** Both parties also made significant progress in agreeing a framework to **[REDACTED]**

Refinancing discussions

GFG's Australian business is continuing refinancing dialogue with a club of creditors including **[REDACTED]** Further details on the weekly discussions between our advisors (Deloitte) and GFG senior leadership on **[REDACTED]**

Serious Fraud Office (SFO) Investigation

- The SFO announced an investigation into the GFG Alliance (SFO confirms investigation into Gupta Family Group Alliance - Serious Fraud Office).

Our commercial advisors have indicated that these investigations can take a number of months or even years to conclude but that the immediate impact of this **[REDACTED]**

Parliamentary activity

- Ms Hyslop responded to an urgent question from Monica Lennon regarding the Greensill Capital administration on 18 May. She asked what action the Scottish Government is taking to mitigate the risk to jobs, vital industries and public finance in Scotland.
- Ms Hyslop's answer referenced Mr Ewing's statement to parliament on 24 March and pointed to the Scottish Government's continued priority to support Scotland's steel and aluminium sectors, and highlighted the work of the Ministerial Task Group throughout the election period.
- When questioned on public ownership of Lochaber and Dalzell, Ms Hyslop said public ownership was not currently the plan for the Scottish Government.
- Willie Rennie has also submitted a series of written PQs on the GFG Alliance that have now been answered.
- **[REDACTED]** Mr Ewing reiterated Scottish Ministers' support of GFG's investment plans for Lochaber but that **[REDACTED]** would need to be considered in light of **[REDACTED]** Mr Ewing explained that Scottish Ministers remained of the view that it is **[REDACTED]** GFG have not provided suitable detail or comfort in **[REDACTED]**. It is likely GFG will wish to discuss further with Ministers in due course however officials will first aim to cover off this matter with the business at the upcoming Guarantee Management

Meeting (GMM) on 23 June, before providing an update and more formal advice to Ministers.

**[REDACTED]**

### **Next steps**

Deloitte are in week 4 of an initial 6 week project plan and by the end of this period expect to produce an update report to Ministers setting out progress to date with a focus on options and the [REDACTED]. [REDACTED] work on the [REDACTED] will feed into this report which will then be shared with Ministers with an accompanying submission from officials.

Should Ministers wish to meet with external advisors ahead of this report being received to discuss any of these matters officials would be happy to arrange this.

### **Attachments**

The attached documents give a fuller picture of the financial position at Group and Hydro/Smelter level:

1. Weekly refinancing discussions between Deloitte and GFG senior leadership and advisors;
2. Weekly cashflow report compiled by Deloitte in conjunction with the GFG Finance Director;
3. GFG press release on refinancing and restructuring 24 May.

Many thanks

**[REDACTED]**

**[REDACTED]**

[REDACTED], Strategic Industrial Projects  
Manufacturing and Industries Division

Directorate for Economic Development  
Scottish Government, 3<sup>rd</sup> Floor, Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU

 [REDACTED]

 0141 2[REDACTED]

 [\[REDACTED\]@gov.scot](mailto:[REDACTED]@gov.scot)

## Minutes

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**Meeting:** GFG Alliance refinancing conference call

---

**Held on:** 8 June 2021

---

**Location:** Virtual – conference call

---

**Present:** GFG Alliance: [REDACTED], [REDACTED]

PJT: [REDACTED], [REDACTED]

Deloitte: [REDACTED], [REDACTED], [REDACTED]

Not present: [REDACTED], [REDACTED]

---

Description	Action by:	Due Date:
1: [REDACTED] [REDACTED]	[REDACTED]	When available

---

We met GFG and PJT for our weekly update on GFG’s refinancing. This week there were no updates of particular significance from the previous week.

- [REDACTED]
- [REDACTED]
  - [REDACTED]
  - [REDACTED]
  - [REDACTED]

- [REDACTED]
- [REDACTED]
  - [REDACTED]

[Redacted]

- [Redacted]
- [Redacted]

Australian refinancing

- [Redacted]
  - [Redacted]
  - [Redacted]
  - [Redacted]

Eastern Europe (Delta) refinancing

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

France situation

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

UK situation

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

Outstanding actions

Description	Action by:	Due Date:	Current Status:
[REDACTED]	[REDACTED]	18/05/2021	[REDACTED]
2: [REDACTED] to inform [REDACTED] on the identity of the Minister in charge of Lavender situation when SG decides on this.	[REDACTED]	When announced	When announced.



**Lavender's short term cashflow forecast**

As of week commencing 7 June 2021

9 June 2021

# Lavender 13 week forecast cashflow commencing 7 June 2021

## Overview

This short document provides a commentary for the Scottish Ministers on the 13-week cashflow forecast sent by Lavender for the period from 7 June for the combined cash position of HydroCo and SmelterCo. Deloitte has not performed any diligence or assurance activities on the cashflows provided. Explanations of the forecasts and any movements below have been provided by Lavender.

## Key commentary

- [Redacted]

## Overall cash movements

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

## Receipts

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

## Payments

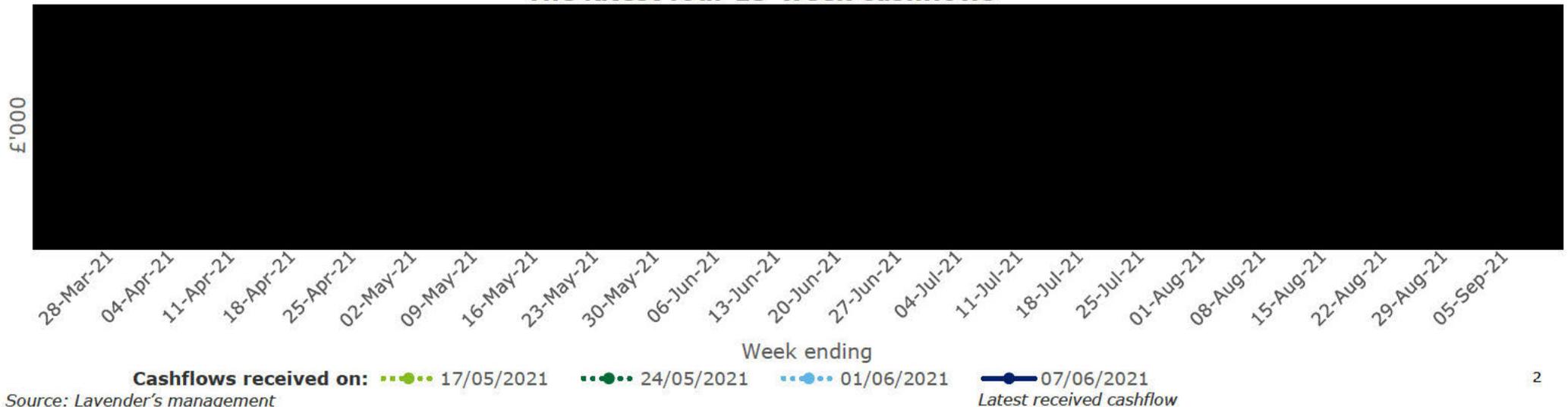
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

## The latest four 13-week cashflows graph

- The graph below shows movements in the cashflow forecast over time. The grey area represents historical periods.

- [Redacted] a

The latest four 13-week cashflows



# Lavender 13 week forecast cashflow commencing 7 June 2021

Received 7/6/21

	Week ending														
	30-May-21	06-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21	04-Jul-21	11-Jul-21	18-Jul-21	25-Jul-21	01-Aug-21	08-Aug-21	15-Aug-21	22-Aug-21	29-Aug-21	05-Sep-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance															
Trade receipts															
Other receipts															
Total receipts															
Raw Materials (alumina and anodes)															
Other supplier payments															
ABA VAT															
Simec VAT															
Rent and rates															
Insurances															
Other payments															
Scottish Govt															
Payroll															
Pension and other payroll deductions															
PAYE															
Recharges - Group admin															
Total Payments															
Closing balance															

	Week ending														
	30-May-21	06-Jun-21	13-Jun-21	20-Jun-21	27-Jun-21	04-Jul-21	11-Jul-21	18-Jul-21	25-Jul-21	01-Aug-21	08-Aug-21	15-Aug-21	22-Aug-21	29-Aug-21	05-Sep-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balance															
Trade receipts															
Other receipts															
Total receipts															
Raw Materials (alumina and anodes)															
Other supplier payments															
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Insurances															
Other payments															
Scottish Govt															
Payroll															
Pension and other payroll deductions															
PAYE															
Recharges - Group admin															
Total Payments															
Closing balance															

Source: Lavender's management



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**From:** [REDACTED]  
**Sent:** 17 June 2021 18:53  
**To:** [REDACTED]  
**Cc:** Rapid Response Unit  
**Subject:** RE: Draft Agenda for Next Wednesday

Thanks [REDACTED]

Is it ok if we take out the highlighted one as I think that will be spill out into the different cases and soak up time. I agree that it would be good to cover the intro parts as background to give them that summary

Anyone else have views?

Thanks

**[REDACTED] | [REDACTED] | The Scottish Government**  
St Andrew's House | Regent Road | Edinburgh | EH1 3DG | T: 0131 24[REDACTED] |  
M: [REDACTED]

**From:** [REDACTED]@gov.scot>  
**Sent:** 17 June 2021 12:05  
**To:** [REDACTED]@gov.scot>; [REDACTED]@gov.scot[REDACTED]@gov.scot[REDACTED]@gov.scot>; [REDACTED]@gov.scot>  
**Cc:** Rapid Response Unit <[RRU@gov.scot](mailto:RRU@gov.scot)>  
**Subject:** RE: Draft Agenda for Next Wednesday

[REDACTED]

Here's my suggestion

[REDACTED]

1. Introduction – [REDACTED]
  - Situation since Greensill collapse [REDACTED]
  - GFG's economic footprint and SG exposure – [REDACTED]
  - Contingency planning, Ministers' involvement and key stakeholders
2. Liberty Steel
  - Case update and RRU management [REDACTED]
  - Teneo report [REDACTED]
  - Next steps [REDACTED]
3. Lochaber (Liberty and SIMEC)
  - Case update [REDACTED]

- Deloitte report [REDACTED]
- Next steps [REDACTED]

**From**[REDACTED]@gov.scot>

**Sent:** 16 June 2021 18:09

**To:** [REDACTED]@gov.scot>; [REDACTED]@gov.scot[REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>

**Cc:** Rapid Response Unit <[RRU@gov.scot](mailto:RRU@gov.scot)>

**Subject:** Draft Agenda for Next Wednesday

Hi all

Just getting something in the system to start the conversation about the agenda for next Wednesday. We originally had the hour which would cover intros, GFG update (which would allow DFM to raise any initial questions) and the report on Dalzell. In order to cover Lochaber as well [REDACTED] and I have got 15 mins added at the end. Initial suggestion for agenda:

- Intro on case and RRU management [REDACTED] (5 mins)
- Intro on Lochaber case [REDACTED]t (5 mins)
- GFG Summary position & Questions [REDACTED] (15 mins)
- Teneo Report Discussion [REDACTED] (25 mins)
- Lochaber Update [REDACTED] (20 mins)
- Next Steps & AOB [REDACTED] (5 Mins)

Any initial thoughts on this?

Thanks

**[REDACTED] | [REDACTED] | The Scottish Government**

St Andrew's House | Regent Road | Edinburgh | EH1 3DG | T: 0131 2[REDACTED] |

**M: [REDACTED]**

From: [REDACTED]@gov.scot> On Behalf Of Minister for Business, Trade, Tourism & Enterprise

Sent: 19 July 2021 10:22

To: [REDACTED]@gov.scot>; Minister for Business, Trade, Tourism & Enterprise

<MinisterBTTE@gov.scot>; [REDACTED]@gov.scot>

Cc: Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>; Minister for Just Transition,

Employment & Fair Work <MinisterJTEFW@gov.scot>; Minister for Public Finance, Planning &

Community Wealth <MinisterPFPCW@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>;

[REDACTED]@gov.scot>; Spads Admin <Spads\_Admin@gov.scot>; Dobson L (Leanne)

<Leanne.Dobson@gov.scot>; McCaig C (Callum) <Callum.Mccaig@gov.scot>;

[REDACTED]@gov.scot>; Aitken R (Reuben) <Reuben.Aitken@gov.scot>; Economy Covid-19 Hub

<BESTCovidHub@gov.scot>; Communications Finance & Economy

<CommunicationsFinance&Economy@gov.scot>; Economy COVID-19 Hub Communications

<economycovid-19hubcommunications@gov.scot>; [REDACTED]@gov.scot>; Business Engagement

<businessengagement@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>;

[REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>;

[REDACTED]@gov.scot>; [REDACTED]@gov.scot>; DG Economy <DGEconomy@gov.scot>

**Subject:** RE: (Ministerial Briefing 2021) - IM - Lochaber Chamber of Commerce - 29 June 2021

Hi all,

Thank you for sending this on [REDACTED], Mr McKee was content with the response.

Please see final response attached for your information.

Many thanks,

[REDACTED]

Deputy Private Secretary

Minister for Business, Trade, Tourism & Enterprise

The Scottish Government

Edinburgh

Email: [MinisterBTTE@gov.scot](mailto:MinisterBTTE@gov.scot)

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From: [REDACTED]@gov.scot>

Sent: 12 July 2021 17:59

To: Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>;

[REDACTED]@gov.scot>

Cc: Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>; Minister for Just Transition, Employment & Fair Work <MinisterJTEFW@gov.scot>; Minister for Public Finance, Planning & Community Wealth <MinisterPFPCW@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; Spads Admin <Spads\_Admin@gov.scot>; Dobson L (Leanne) <Leanne.Dobson@gov.scot>; McCaig C (Callum) <Callum.Mccaig@gov.scot>; [REDACTED]@gov.scot>; Aitken R (Reuben) <Reuben.Aitken@gov.scot>; Economy Covid-19 Hub <BESTCovidHub@gov.scot>; Communications Finance & Economy <CommunicationsFinance&Economy@gov.scot>; Economy COVID-19 Hub Communications <economycovid-19hubcommunications@gov.scot>; [REDACTED]@gov.scot>; Business Engagement <businessengagement@gov.scot> [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; DG Economy <DGEconomy@gov.scot>  
**Subject:** RE: (Ministerial Briefing 2021) - IM - Lochaber Chamber of Commerce - 29 June 2021

Hi [REDACTED],

Please see attached. If you require any amendments please just let me know.

Kind regards,

[REDACTED] | [REDACTED]

| COVID Business Resilience and Support Directorate | Scottish Government | 3rd Floor

| 5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU

email: [REDACTED]@gov.scot

[www.scottishbusinesspledge.scot](http://www.scottishbusinesspledge.scot)

Twitter: @scotgoveconomy #ScotBizPledge



**From:** [REDACTED]@gov.scot> **On Behalf Of** Minister for Business, Trade, Tourism & Enterprise

**Sent:** 12 July 2021 12:58

To: [REDACTED]@gov.scot>; Minister for Business, Trade, Tourism & Enterprise

<MinisterBTTE@gov.scot>

Cc: Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>; Minister for Just Transition, Employment & Fair Work <MinisterJTEFW@gov.scot>; Minister for Public Finance, Planning & Community Wealth <MinisterPFPCW@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; Spads Admin <Spads\_Admin@gov.scot>; Dobson L (Leanne) <Leanne.Dobson@gov.scot>; McCaig C (Callum) <Callum.Mccaig@gov.scot>; [REDACTED]@gov.scot>; Aitken R (Reuben) <Reuben.Aitken@gov.scot>; Economy Covid-19 Hub <BESTCovidHub@gov.scot>; Communications Finance & Economy <CommunicationsFinance&Economy@gov.scot>; Economy COVID-19 Hub Communications <economycovid-19hubcommunications@gov.scot>; [REDACTED]@gov.scot>; Business Engagement <businessengagement@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; [REDACTED]@gov.scot>; DG Economy <DGEconomy@gov.scot>  
**Subject:** RE: (Ministerial Briefing 2021) - IM - Lochaber Chamber of Commerce - 29 June 2021

Hi [REDACTED],

Mr McKee has said he thinks it would be best if this was formatted into a letter from him, which thanks them for the session, and then addresses these specific points.

Many thanks,

[REDACTED]

Deputy Private Secretary  
Minister for Business, Trade, Tourism & Enterprise  
The Scottish Government  
Edinburgh  
Email: [MinisterBTTE@gov.scot](mailto:MinisterBTTE@gov.scot)

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**From:** [REDACTED] <[\[REDACTED\]@gov.scot](mailto:[REDACTED]@gov.scot)>

**Sent:** 08 July 2021 15:54

**To:** Minister for Business, Trade, Tourism & Enterprise <[MinisterBTTE@gov.scot](mailto:MinisterBTTE@gov.scot)>

**Cc:** Cabinet Secretary for Finance and Economy <[CabSecFE@gov.scot](mailto:CabSecFE@gov.scot)>; Minister for Just Transition, Employment & Fair Work <[MinisterJTEFW@gov.scot](mailto:MinisterJTEFW@gov.scot)>; Minister for Public Finance, Planning & Community Wealth <[MinisterPFPCW@gov.scot](mailto:MinisterPFPCW@gov.scot)>; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; Spads Admin <[Spads\\_Admin@gov.scot](mailto:Spads_Admin@gov.scot)>; Dobson L (Leanne) <[Leanne.Dobson@gov.scot](mailto:Leanne.Dobson@gov.scot)>; McCaig C (Callum) <[Callum.Mccaig@gov.scot](mailto:Callum.Mccaig@gov.scot)>; [REDACTED]@gov.scot; Aitken R (Reuben) <[Reuben.Aitken@gov.scot](mailto:Reuben.Aitken@gov.scot)>; Economy Covid-19 Hub <[BESTCovidHub@gov.scot](mailto:BESTCovidHub@gov.scot)>; Communications Finance & Economy <[CommunicationsFinance&Economy@gov.scot](mailto:CommunicationsFinance&Economy@gov.scot)>; Economy COVID-19 Hub Communications <[economycovid-19hubcommunications@gov.scot](mailto:economycovid-19hubcommunications@gov.scot)>; [REDACTED]@gov.scot; Business Engagement <[businessengagement@gov.scot](mailto:businessengagement@gov.scot)>; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; DG Economy <[DGEconomy@gov.scot](mailto:DGEconomy@gov.scot)>

**Subject:** RE: (Ministerial Briefing 2021) - IM - Lochaber Chamber of Commerce - 29 June 2021

Good Afternoon PO,

Please see below response to action points. Grateful if the Minister could advise he is content, and if he would like the response to be formatted into a letter to be signed and issued by him, or if he is happy for officials to provide the advice. If there is anything else the Minister would like to cover, happy to make sure its included.

**Advice on housing**

We recognise that good quality, affordable housing is essential to help attract and retain people in Scotland's remote and rural communities and that building affordable housing in rural areas presents different challenges than urban areas. We work closely with a wide range of rural partners and aim to resolve challenges where this is possible.

Scotland's first long-term housing strategy Housing to 2040 includes an ambition to deliver a further 100,000 affordable homes up to 2032, with at least 70% of these for social rent, once the current 50,000 affordable homes target has been delivered. We will deliver 50,000 of these homes by 2026-27 and a further 50,000 homes by the end of 2031-32. We will invest £3.5 billion in housing in this Parliamentary term, £3.44 billion of which will deliver more social and affordable homes in urban and rural areas across Scotland.

Highland Council has a 2021-22 resource planning assumption of £53.8 M to support the delivery of affordable housing across Highland. Fort William currently has 2 major schemes, Blar Mhor Phase 1 (117) and Upper Achintore Phase 1 (82) as well as several town centre regeneration schemes. The outlying areas have projects in Mallaig, Arisaig, Strontian and Spean Bridge. In total these developments will provide over 325 new homes to the Lochaber area and include a range of tenures – affordable rent, mid-market rent and low cost home ownership options. In addition to the mainstream Affordable Housing Supply Programme, communities will also be supported by the continuation of the Rural and Islands Housing Fund backed by up to £30 million of investment in this parliament period. The Rural and Island Housing Fund provides an additional funding route for those not able to access traditional affordable housing funding. Lochaber and in particular the Island of Rum, with completed houses, has benefitted from this fund.

Scottish Government will give local authorities powers to manage the numbers of second homes where they see this as a problem in their area. More information can be found at the link below:

[Short-term lets: regulation information - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2020/09/Short-term lets: regulation information - gov.scot)

### **Rural postal access (highlighting weekend access) for PCR testing**

Anyone on the Scottish mainland can find the location and opening times of their closest priority post box using this link [Services near you | Royal Mail Group Ltd](#). If they cannot get to a priority post box, or if the priority post box is not open when they need to return the test, they can book a courier by calling 119 who will collect the test directly from their home.

Anyone on a Scottish Island can find out information about local testing routes by using [NHS Inform](#).

The main symptomatic programme of testing in Scotland is operated by the UK Government's Department for Health and Social Care on a 4 nations basis. This programme includes Regional Testing Sites, Local Testing Sites, and Mobile Testing Units, and samples are processed in the UK-wide Lighthouse Laboratory Network.

DHSC aim to communicate all test results within 48 hours, however if after 6 days has elapsed since you took your test, you should call 119 in the first instance.

Thanks

[REDACTED] | [REDACTED]

[COVID Business Resilience and Support Directorate | Scottish Government | 3rd Floor | 5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU

Tel: 0131 24[REDACTED] (extension [REDACTED]) | Mob: [REDACTED] |

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[www.scottishbusinesspledge.scot](http://www.scottishbusinesspledge.scot)

Twitter: @scotgoveconomy #ScotBizPledge

**From:** [REDACTED]

**Sent:** 01 July 2021 10:24

**To:** Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>

**Cc:** Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>; Minister for Just Transition, Employment & Fair Work <MinisterJTEFW@gov.scot>; Minister for Public Finance, Planning & Community Wealth <MinisterPFPCW@gov.scot>; [REDACTED]@gov.scot; [REDACTED]

<[REDACTED]@gov.scot>; [REDACTED]@gov.scot; [REDACTED]@gov.scot; Spads Admin

<Spads\_Admin@gov.scot>; Dobson L (Leanne) <Leanne.Dobson@gov.scot>; McCaig C (Callum)

<Callum.Mccaig@gov.scot>; [REDACTED]@gov.scot; Aitken R (Reuben)

<Reuben.Aitken@gov.scot>; Economy Covid-19 Hub <BESTCovidHub@gov.scot>; Communications

Finance & Economy <CommunicationsFinance&Economy@gov.scot>; Economy COVID-19 Hub

Communications <economy-covid-19hubcommunications@gov.scot>; [REDACTED]@gov.scot;

Business Engagement <businessengagement@gov.scot>; [REDACTED]@gov.scot;

[REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot;

[REDACTED]@gov.scot; [REDACTED]@gov.scot; DG Economy <DGEconomy@gov.scot>

**Subject:** RE: (Ministerial Briefing 2021) - IM - Lochaber Chamber of Commerce - 29 June 2021

Good Morning PO,

Please see below readout of the Minister's virtual roundtable meeting with members of Lochaber Chamber of Commerce.

**Rural housing shortage:** members highlighted the overall urgency and issue of housing shortages for staff and for job opportunities. Specific areas mentioned included accommodation for students and staff at West Highland college during term time. Tourism is welcome in the area, however there needs to be a balance between properties used for commercial purposes and accommodation for local people. This is causing reactive growth with an additional lack of inward investment.

**Bed & Breakfast sector:** Noted the sector is one of the hardest hit in Scotland, and has been unable to access certain business support funding streams. Many businesses will not survive the winter with lack of support, especially given many are small businesses and cannot rely on banks.

**Testing:** Members raised the concern around logistics of posting PCR tests with post offices closed over weekends. Businesses have faced up to 6 days with staff isolation before a confirmed result has been confirmed. With a high percentage of

staff in isolation at this point, there is also needs to be appropriate business support in these cases.

**Weddings:** noted that major events hosting large crowds like football matches, however guests attending weddings re unable to dance. This has led to cancelled and delayed bookings. Members raised the possibility of lateral flow tests for guests.

**Actions:**

- I have followed up with PO regarding the correspondence from a member requesting a meeting to discuss the B&B sector, PO advised a response will be issued asap.
- Officials have committed to providing advice to the issues around housing.
- Officials have committed to providing advice on issue of rural postal access (highlighting weekend access) for PCR testing with relevant health and delivery colleagues.
- I will collate a response on these action points for the Minister to consider issuing to the chamber.

If the Minister requires anything further, please let me know

Thanks

[REDACTED] | [REDACTED]

[COVID Business Resilience and Support Directorate | Scottish Government | 3rd Floor | 5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU

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**From:** [REDACTED]

**Sent:** 28 June 2021 14:41

To: Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>

Cc: Cabinet Secretary for Finance and Economy <CabSecFE@gov.scot>; Minister for Just Transition, Employment & Fair Work <MinisterJTEFW@gov.scot>; Minister for Public Finance, Planning & Community Wealth <MinisterPFPCW@gov.scot>; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; Spads Admin <Spads\_Admin@gov.scot>; Dobson L (Leanne) <Leanne.Dobson@gov.scot>; McCaig C (Callum) <Callum.Mccaig@gov.scot>; [REDACTED]@gov.scot; Aitken R (Reuben) <Reuben.Aitken@gov.scot>; Economy Covid-19 Hub <BESTCovidHub@gov.scot>; Communications Finance & Economy <CommunicationsFinance&Economy@gov.scot>; Economy COVID-19 Hub Communications <economycovid-19hubcommunications@gov.scot>; [REDACTED]@gov.scot; Business Engagement <businessengagement@gov.scot>; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; [REDACTED]@gov.scot; DG Economy <DGEconomy@gov.scot>

Subject: (Ministerial Briefing 2021) - IM - Lochaber Chamber of Commerce - 29 June 2021

<https://erdm.scotland.gov.uk:8443/documents/A33727720/details>

Good Afternoon,

Apologies for the delay. Please find attached briefing for Mr McKee's virtual roundtable with Lochaber Chamber of Commerce on Tuesday 29 June, 13:30 – 14:30.

If there is anything further the Minister requires, please let me know

Thanks

[REDACTED] | [REDACTED]

**[COVID Business Resilience and Support Directorate | Scottish Government | 3rd Floor |**  
5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU

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<b>What</b>	Virtual Roundtable Meeting with Lochaber Chamber of Commerce
<b>Where</b>	Join Zoom Meeting [REDACTED] Meeting ID: [REDACTED] Passcode: [REDACTED]
<b>When</b>	Tuesday 29 June 2021, 13:30-14:30
<b>Key Message(s)</b>	<ul style="list-style-type: none"> <li>• The First Minister’s statement last Tuesday sets out a clear path to COVID restrictions being removed. Once all over 40’s have been double vaccinated and assuming that other COVID harms have been alleviated we expect formal restrictions to be removed from 9 August.</li> <li>• We are planning ahead assuming that we continue to suppress the virus and hope this will give businesses the clarity they need to prepare for reopening.</li> <li>• We have listened to businesses and their priorities and have reflected these as far as we can in our timetable and plans for business support.</li> <li>• Recognise the challenges of recent increase in cases in some areas and the concern that presents for progression down the levels.</li> <li>• Keen to discuss the opportunities for working in partnership to address particular challenges – and opportunities – together.</li> </ul>
<b>Who</b>	<b>Frazer Coupland</b> , Chair, Lochaber Chamber of Commerce and their members
<b>Why</b>	You accepted an invite to attend a virtual roundtable meeting with Lochaber Chamber members
<b>Supporting official</b>	[REDACTED], Strategic Business Engagement, T: [REDACTED]
<b>Briefing contents</b>	<b>Annex A:</b> Summary, Agenda, Themes and Suggested lines <b>Annex B:</b> Background and Biographies <b>Annex C:</b> detailed Member Question and suggested answer

## **SUMMARY, AGENDA, AND SUGGESTED LINES TO TAKE**

### **SUMMARY**

This is the first in a series of roundtable engagements you have requested to undertake with the chambers network. You previously visited Lochaber Chamber on 31 July 2019, at the Smelter in Fort William, as part of a wider programme of engagement.

Lochaber Chamber have indicated their members would like to discuss the economic impact on the tourism industry and B&Bs (please see Annex C), guidance for tourism and hospitality, employment opportunities, skills gap and housing shortages for purchase and rent locally.

### **AGENDA**

**13:30 – 13:35** Frazer Coupland (Chair) will introduce the Minister

**13:35 – 13:45** Minister to make informal opening remarks

**13:45 – 14:25** Roundtable discussion with members

**14:25 – 14:30** Frazer Coupland to close meeting

### **LINES YOU MAY WISH TO USE IN OPENING**

- I am delighted to be able to speak with you all today.
- I am keen to hear your experiences and challenges over the course of the pandemic, and discuss how we can work together towards sustainable economic recovery – what practical things can we do that will make a real difference.
- Recognise that the restrictions are incredibly difficult and mean many sacrifices have been made, with small businesses, hospitality, tourism and events hardest hit by restrictions.
- On 19 July we expect all of Scotland to move to level 0. Also on this date it is expected that physical distancing will be removed outdoors and reduced to 1m indoors, subject to confirmation closer to the time
- The First Minister's update last Tuesday (22 June) sets out a clear path to COVID restrictions being removed. Once all over 40's have been double vaccinated and assuming that other COVID harms have been alleviated we expect formal restrictions to be removed from 9 August.
- There are baseline measures that we would like to keep in place and this includes the continued encouragement of businesses to consider home working, based on their business needs and in collaboration with their staff as they are already doing.
- In the first six months of this parliament we will deliver a new 10 year National Strategy for Economic Transformation, setting out the steps we will take to deliver a green economic recovery and support new, good, green jobs, businesses and industries for the future.

## **LINES YOU MAY TO TAKE DURING THE DISCUSSION**

### **TOURISM**

- We are beginning to see some positive signs of consumer confidence returning to the domestic tourism market and look forward to this continuing over the coming months
- We recognise that conditions are challenging, and that bookings are slow. The situation is highly variable by location and accommodation type.
- The pandemic has had a significant impact on the sector, and that's why we have provided substantial support to tourism businesses.
- We have extended 100% NDR relief for all retail, leisure and hospitality premises for all of 2021-22 – this is more generous than the equivalent rates reliefs available in other UK nations.
- We announced a further £25 million in March, to implement the Phase 1 recommendations of the Scottish Tourism Recovery Taskforce.
- This will support domestic and international marketing to rebuild visitor demand, destination marketing support, leadership and skills training, development of a net zero pathway for tourism, and social tourism and days out vouchers.
- Development of phase 2 recommendations (years 2 through 5) is underway by the Scottish Tourism Emergency Response Group and proposals will be shared with Government in June.
- We recognise the serious and immediate recruitment issues being experienced by the sector and are providing £100k to support a recruitment marketing campaign, working with key sector organisations in the public and private sector, to address this.

### **TOURISM ACCOMMODATION**

- From 19 July (indicatively depending on the necessary conditions on vaccination and harm reduction being met) – different households will be permitted to share a bedroom - although this will obviously be dependent upon capacity and appropriate bed spaces within rooms and the level zero socialising rules on households and guidance.
- When we move beyond level 0 and therefore out of the levels framework, almost all COVID restrictions will be removed for businesses and individuals. This will mean that all businesses can reopen and can operate without restrictions on physical distancing. For example this will also mean that weddings can take place with dancing and singing and mingling as before the pandemic.
- Last Tuesday the FM stated that we would be retaining some baseline measures to mitigate ongoing risks of transmission, while also supportive of sectors choosing to retain other measures over and above these, where they think necessary.
- We will be undertaking a short period of engagement at the beginning of July to get stakeholders thoughts and to discuss the challenges and opportunities with the baseline measures. This information will be used as part of the evidence for a 4 harms approach to determining the balance or measures. We will then work with stakeholders to develop effective and clear guidance on the baseline measures by the end of July.

## **HOSPITALITY BUSINESSES**

- The key issues for operators is the cumulative effect of all of these aspects of government's covid response – arguing businesses cannot trade viably with shorter trading hours, restriction on alcohol (at level 3), reduced capacities, increased operating costs to comply with regulations (higher staff costs etc.) and the ever growing burden of debt that the sector is now saddled with – and added to that now the growing problem of staff shortages
- The sector calls for ongoing support from government (SG and UK), financial (VAT, Business Rates etc.) and other (sustainability initiatives and access to labour market)
- All of these ongoing and evolving issues are communicated to the sector via a combination of sector guidance, regular engagement at official and Ministerial level with trade bodies, and correspondence

## **EMPLOYABILITY OPPORTUNITIES**

### **No One Left Behind**

- No One Left Behind is our strategy for placing people at the centre of employability service design and delivery.
- Local Employability Partnerships, taking a place based approach, identify local requirements and make informed, evidence-based decisions, flexing to meet individual and emerging labour market needs.
- We will work with employers to ensure that those already facing barriers to the labour market – including disabled and minority ethnic people and women - are supported to be part of the recovery.

### **Fair Start Scotland (FSS)**

- Fair Start Scotland was designed to help people in their journey towards and into sustainable and fair work. Targeting support for people who have traditionally faced significant challenges to obtaining work. This includes disabled people, people out of work due to ill health, long term unemployed people and those from minority ethnic groups.
- We will provide funding of £27 million for our devolved employment service, Fair Start Scotland, part of a two-year extension of the service, from which we expect to see support up to 29,000 people.

## **SKILLS GAP**

- It is too early to accurately predict what the medium and long-term impact and associated economic impacts will be on migration to Scotland, or what changes will occur to broader global migration patterns.
- We will support stakeholders including agencies and local authorities to encourage intra Scotland migration to meet skills gaps, address the west to east challenge, support migrants who have made Scotland their home and encourage Scottish young people to stay in Scotland.
- Following the debate on the impact of Brexit on Skills on the 16th June, the issues raised have been highlighted further and the sectors most impacted include the Hospitality industry.
- We are working on a **Talent Attraction and Retention Service for Scotland** that will build on the Moving to Scotland resource to encourage and support people from the rest of the UK to relocate to Scotland. This will be aimed at attracting and retaining

the necessary skills to meet the identified shortages and longer term skills gaps identified.

- A number of the projects in the **National Transition Training Fund** announced on 16th June include support to address skills gaps. For example, £1.195m will support the implementation of the Scottish Tourism Recovery plan, while investment totalling up to £1.17m will seek to support more people to either enter careers in Adult Social Care or progress in their roles in this sector.
- Colleges and Universities across Scotland continue to work with local and regional partners to ensure that post-school education has relevance to the economies/labour market they serve.

### **HOUSING SHORTAGES FOR PURCHASE AND RENT LOCALLY**

- Scotland's first long-term housing strategy "Housing to 2040" includes an ambition to deliver a further 100,000 affordable homes up to 2032, with at least 70% of these for social rent, once the current 50,000 affordable homes target has been delivered. We will deliver 50,000 of these homes by 2026-27 and a further 50,000 homes by the end of 2031-32.
- We will invest £3.5 billion in housing in this Parliamentary term, £3.44 billion of which will deliver more social and affordable homes in urban and rural areas across Scotland.
- Highland Council has a 2021-22 resource planning assumption of £53.8 M to support the delivery of affordable housing across Highland. Fort William currently has 2 major schemes, Blar Mhor Phase 1 (117) and Upper Achintore Phase 1 (82) as well as several town centre regeneration schemes. The outlying areas have projects in Mallaig, Arisaig, Strontian and Spean Bridge. In total these developments will provide over 325 new homes to the Lochaber area and include a range of tenures – affordable rent, mid-market rent and low cost home ownership options.
- We recognise that good quality, affordable housing is essential to help attract and retain people in Scotland's remote and rural communities and that building affordable housing in rural areas presents different challenges that urban areas. We work closely with a wide range of rural partners and aim to resolve challenges where this is possible.
- In addition to the mainstream Affordable Housing Supply Programme, communities will also be supported by the continuation of the Rural and Islands Housing Fund backed by up to £30 million of investment in this parliament period. The Rural and Island Housing Fund provides an additional funding route for those not able to access traditional affordable housing funding. Lochaber and in particular the Island of Rum, with completed houses, has benefitted from this fund.
- Scottish Government will give local authorities powers to manage the numbers of second homes where they see this as a problem in their area, and Housing to 2040 includes a commitment to establish a new additional fund for local authorities to apply to in order to bring empty homes back into residential use.

Contact: **[REDACTED]**, Strategic Business Engagement, Tel: **[REDACTED]**

## BACKGROUND BIOGRAPHY AND ATTENDEES



Frazer Coupland has been CEO of Lochaber Chamber of Commerce since February 2019. He has been a key player in Lochaber's business community for many years as one of the founding directors in 2005 of the popular 'No Fuss' outdoor events company, which runs biking and running events all over Scotland.

### Business Attendees:

**Frazer Coupland** - CEO, Lochaber Chamber

**Steve Ham** – Lochaber Chamber Director

**Johnny Bell** - Twin Deer Law, Director of Lochaber Chamber of Commerce

**Jamie Moan** - BSW

**Stewart McMaster** - BSW Timber

**Nigel Patterson** – West Highland College UHI

**Chris O'Brien** – CEO, Nevis Range Resort (Director of Lochaber Chamber)

**Matthew Jackson** – The Sonas Collection hotel group & Chair of Developing the Young Workforce West Highland

**Lydia Rohmer** – Principal, West Highland College UHI

**Andy Rogers** – Business Development Manager, BSW Timber

**Lucy Conway** – Isle of Eigg Trust

**Sarah Kennedy** – Nevis Accountancy (Director of Lochaber Chamber)

**Alasdair Ferguson** – Managing Director, Ferguson Transport & Shipping

**Sine Davis** – West Highland Hotel, Mallaig (Chair of 'Road to the Isles' marketing group)

**Laurence Young** – Woodlands Glencoe

**Alex O'Brien** – Royal Bank of Scotland

**Peter Moss** – Huntingtower Lodge B&B (submitted question)

**Andy Knight** – TSL Contractors

**Harriet Eadie** – Chair, Discover Glencoe Marketing group

**Jennifer Grant** – Marketing, Discover Glencoe Marketing group

### Recent Ministerial engagements with Lochaber Chamber of Commerce:

- **9 March 2021: Minister for Business, Fair Work and Skills** participated in a virtual roundtable meeting with Lochaber Chamber of Commerce
- **30 September 2020: Minister for Business, Fair Work and Skills** participated in a virtual roundtable meeting with Lochaber Chamber of Commerce
- **11 June 2020: Cabinet Secretary for Rural Economy and Tourism** participated in a virtual roundtable with Lochaber Chamber of Commerce
- **7 April 2020: Cabinet Secretary for Rural Economy and Tourism** participated in a virtual roundtable with Lochaber Chamber of Commerce

**MEMBER QUESTION PROVIDED IN ADVANCE WITH SUGGESTED ANSWER**

**Question from Peter Moss OBE, Guest House owner in Fort William and Secretary of the Scottish Guest House and B&B Alliance.**

Scottish Guest Houses and Bed & Breakfasts make up the highest proportion of businesses in the tourist accommodation sector. Most of these are micro businesses and family owned and run. They also provide a significant customer base for restaurants, cafes and attractions in their locations. Despite being the 'backbone' of the accommodation sector, most of these businesses owners feel let down by the Scottish Government. Many have very poor booking figures for 2021 (We have a following of just under 2000 owners, many of whom report figures of less than 20% occupancy for May and June). This despite the Scottish Government telling us that our sector would recover quicker than most in the hospitality sector. The fact that our sector was excluded from the January 'Top Up Grant' and the 'Restricted Business Grants' between October and December last year have left many in dire financial straits with personal savings spent, Bounce Back Loans due. Some will not survive through the forthcoming winter. It appears that our sector is not fully understood by the Scottish Government and does not have the same level of representation that the larger businesses have through Trade Organisations. In May, we asked for a meeting with the Minister in order to brief him about our concerns and, despite him meeting with the larger Trade Organisations, we have not heard back from him. **Will the Minister agree to meet with sector representatives as a matter of urgency so that he may be apprised of the situation that we find ourselves in and understand our concerns?**

**LINES FOR ANSWER**

- We fully recognise and value the contribution of B&Bs and Guesthouses to Scotland's accommodation sector.
- Self-catering, B&B and Guest houses were not in scope for the retail, hospitality and leisure top up grants announced on 11 January as these top ups were focused on supporting restaurants, pubs, bars, licensed sports and social clubs and hotels because these businesses tend to have more employees and higher fixed costs. However they were eligible for Strategic Framework Business payments.
- We have provided a range of support in recent months. In addition to the support provided through the Strategic Framework Business Fund Support, B&Bs and Guesthouses have been eligible for restart grants. Hospitality and leisure businesses in receipt of the Fund were eligible for grants of up to £19,500 (depending on rateable value). Those properties with a rateable value of £15,000 or under received £9,000. Properties with a rateable value of between £15,001 and £51,000 were awarded £13,000 and those with a rateable value of £51,001 or over received £19,500.
- This is in addition to a range of tailored support including the Small Accommodation Providers who Pay Council Tax Fund (SAP-CT) and the bespoke £3 million B&B Hardship Fund. Equivalent support has not been made available in the rest of the UK. Taking into account non-domestic rates relief and the April restart grants, more funding has been allocated to business support than the consequential currently available from the UK Government for these activities.
- YOU are due to meet with ASSC on 6 July and is keen to meet with other stakeholders including the SGHBBA. You also attended the STA council last week when issues facing B&Bs and Guest Houses were discussed in detail. We have regular dialogue with the STA, and STERG and will continue to review areas that may need further

support on an ongoing basis as we progress through the levels framework, in particular to those sectors which are subject to greater constraint.