



T: 0300 244 4000
E: scottish.ministers@gov.scot

Frazer Coupland, Chair
Lochaber Chamber of Commerce
15 High Street
Fort William
PH33 6DH

Email: [REDACTED]

19 July 2021

Dear Frazer,

I wanted to thank you for giving me the opportunity to speak to your guests at last month's virtual meeting with members of Lochaber Chamber of Commerce.

Over the past year, the Chambers of Commerce network has been an invaluable source of expertise and advice. You have helped government to understand the needs of businesses and helped businesses to understand and adapt to new rules and restrictions.

A number of action points arose as a result of the meeting and I would like to take the opportunity to let you know how these have progressed.

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

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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 \(www.gov.scot\)](http://www.gov.scot)

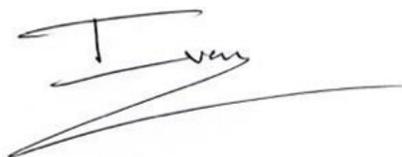
Rural postal access (highlighting weekend access) for PCR testing

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.

I look forward to our continuing partnership with the Chambers and working with business at every turn. We know that your insights and experience will be vital, in helping us to chart the right course out of lockdown.



IVAN MCKEE

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St Andrew's House, Regent Road, Edinburgh EH1 3DG
www.gov.scot



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From: [REDACTED] on behalf of Minister for Business, Trade, Tourism & Enterprise
Sent: 19 July 2021 10:56
To: [REDACTED] Minister for Business, Trade, Tourism & Enterprise
Cc: Rapid Response Unit; [REDACTED]
Subject: RE: Draft note of meeting with Mr McKee for clearance - Lochaber and LSDL - 7 July 2021
Attachments: ADMIN - RRU - 003 - Meeting with Mr McKee - 7 July 2021.docx

Hi [REDACTED],

Thank you for sending this on – Mr McKee is content.

Many thanks,

[REDACTED]
[REDACTED]
Minister for Business, Trade, Tourism & Enterprise
The Scottish Government
Edinburgh
Email: MinisterBTTE@gov.scot

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From: [REDACTED]@gov.scot>
Sent: 14 July 2021 09:40
To: Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>
Cc: Rapid Response Unit <RRU@gov.scot>; [REDACTED]@gov.scot[REDACTED]@gov.scot>
Subject: Draft note of meeting with Mr McKee for clearance - Lochaber and LSDL - 7 July 2021

Morning [REDACTED],

Please find attached a draft note from last week's virtual meeting between the Minister, Advisers and officials from Lochaber and LSDL.

I would be grateful for the Ministers clearance before this is circulated further around those who attended the meeting.

Many thanks,

[REDACTED]

[REDACTED] | [REDACTED] | The Scottish Government

T: 0131 24[REDACTED] | M: [REDACTED]

**Ministerial Call – GFG
07 July 2021**

Ivan McKee, Minister for Business, Trade, Tourism and Enterprise	Callum McCaig, Special Adviser (first 20 minutes)	Liz Ditchburn, DG Economy
[REDACTED], SG Finance	[REDACTED], SG Finance	[REDACTED], SGLD
[REDACTED], Deputy Director, Manufacturing and Industries	Reuben Aitken, Director of Directorate For Covid Business Resilience And Support	[REDACTED], Subsidy Control
[REDACTED], Rapid Response Division	[REDACTED], Rapid Response Division	[REDACTED], Rapid Response Division
[REDACTED], Rapid Response Division	[REDACTED], Rapid Response Division	[REDACTED], Rapid Response Division
[REDACTED], Rapid Response Division	[REDACTED], Strategic Industrial Projects	[REDACTED], Strategic Industrial Projects
[REDACTED], Strategic Industrial Projects	[REDACTED], Subsidy Control	[REDACTED] Strategic Industrial Projects
[REDACTED], Teneo	[REDACTED], Deloitte	[REDACTED], [REDACTED]
[REDACTED], [REDACTED]	[REDACTED], Deloitte	[REDACTED], Deloitte

Agenda

1. Introduction
2. Liberty Steel Dalzell update
3. GFG group update
4. Deloitte Report
5. Ministerial meeting with Trade Unions / local Elected Members
6. Potential future meeting with Mr Sanjeev Gupta

Item 1 - Introduction

[REDACTED] opened the meeting, ran through the agenda items and it was agreed that a discussion on potential Ministerial meeting with Mr Gupta would be discussed first (see Item 3)

Item 2 - Liberty Steel Dalzell (LSDL) Update

[REDACTED] provided an update that officials and advisers continue to engage with LSDL who continue to fulfil orders [REDACTED]

[REDACTED]

[REDACTED] also updated that we have agreed the scope of work with A=advisers on [REDACTED]

The Minister asked about the benefits for GFG Alliance of the [REDACTED] and also if there was any impact on the plant with the steel safeguards. [REDACTED] and [REDACTED] fed back that the Group had not set out the rationale for the [REDACTED]. [REDACTED] also fed back that LSDL are not adversely affected by the steel safeguards at this point.

Item 3 - GFG group issues

Officials asked Mr McKee whether Ministers should have a meeting with Sanjeev Gupta following his offer to Mr McKee in recent correspondence. It was noted these ministerial meetings were very helpful in the past to hear of GFG's position from Sanjeev himself. It was agreed any meeting would take place after the PPA payment which is due on 16th July.[REDACTED]

Jay Hambro, Chief Investment Officer for GFG Alliance, has announced he will no longer be involved in refinancing discussions or other matters surrounding GFG's activities in Scotland. [REDACTED] is likely to be new contact and officials will meet with him and will update Ministers in due course. [REDACTED] was the architect of the billet plant in Lochaber.

Item 4 - Deloitte Report

Colleagues from Deloitte took the group through their contingency planning report on Lochaber.[REDACTED]

There continues to be significant press on [REDACTED]The press have commented on Greensill having too many loans in GFG. Officials will continue to monitor closely.

[REDACTED]

Mr McKee expressed the best outcome would be to keep the smelter open [REDACTED]

Item 5 - Ministerial meeting with Trade Unions / local Elected Members

The handling of a meeting between Trade Unions and Elected Members was discussed. Mr McKee indicated that he would take SpAds advice on the timing and attendees for this meeting

It was agreed that Mr McKee would likely meet Trade Union on 27 July with a meeting with both Elected Members and Trade Unions on 3 August.

Meeting closed at 15:30

Actions:

- Officials to provide further advice for Ministers on setting up a meeting with Sanjeev Gupta which will also cover optimum timings and purpose.
- Officials to provide a note on the engagement with trade unions and MSPs which will include the invite list to be agreed
- Officials to provide a note to Mr McKee on the personnel changes at GFG.

From: [REDACTED] on behalf of Minister for Business, Trade, Tourism & Enterprise
Sent: 03 August 2021 08:43
To: [REDACTED] Minister for Business, Trade, Tourism & Enterprise
Cc: Rapid Response Unit; [REDACTED]
Subject: RE: For Clearance - Note of Meeting with GFG TU Reps - 27 July 2021
Attachments: ADMIN - RRU - 003 - Meeting with Mr McKee - 7 July 2021.docx

Hi [REDACTED]

Apologies for the delay in getting back to you, Mr McKee is content.

Many thanks,

[REDACTED]
Minister for Business, Trade, Tourism & Enterprise
The Scottish Government
Edinburgh
Email: MinisterBTTE@gov.scot

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From: [REDACTED]@gov.scot>
Sent: 28 July 2021 12:14
To: Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>
Cc: Rapid Response Unit <RRU@gov.scot>; [REDACTED]@gov.scot>
Subject: For Clearance - Note of Meeting with GFG TU Reps - 27 July 2021

Hi [REDACTED],

Grateful if the attached note could be checked and cleared by the Minister as soon as practical.

This note will be included in the briefing pack ahead for the meeting with Elected Members next week which is due with MPO no later than Friday.

Thanks,

[REDACTED]

[REDACTED] | [REDACTED] | The Scottish Government
T: 0131 2 [REDACTED] | M: [REDACTED]

Please find attached briefing for next week's meeting with GFG Trades Unions on 27 July at 12:45-13:45.

Please note, I will send up updated biographies (Annex C) on Monday.

If you require any further information please let us know.

Regards

[REDACTED]

[REDACTED] | [REDACTED] | The Scottish Government

T: 0131 2[REDACTED] | M: [REDACTED]

From: [REDACTED]
Sent: 03 August 2021 08:54
To: McCaig C (Callum); DG Economy; Aitken R (Reuben);
[REDACTED]
Cc: Rapid Response Unit
Subject: RRU Meeting Note - Mr McKee meeting with Trade Unions - 27 July 2021
Attachments: Ministerial Call with GFG Trades Unions - Note of Meeting - 27 July 2021.docx

Dear colleague,

Apologies for the late distribution, for your information, please see attached a meeting note which Mr McKee has had sight of and cleared following the meeting that he had with GFG Trade Unions on Tuesday 27 July.

Thanks,

[REDACTED]

[REDACTED] | [REDACTED]- Rapid Response Unit | The Scottish Government
T: 0131 2[REDACTED] | M: [REDACTED]

**Ministerial Call with GFG Trades Unions
27 July 2021**

Ivan McKee, Minister for Business, Trade, Tourism and Enterprise	[REDACTED], RRU	[REDACTED], DED
[REDACTED], DED	[REDACTED], RRU	[REDACTED], RRU
David Moxham, STUC	Alasdair McDiarmid, Community TU	Alun Davies, Community TU
Angela Carrigan, Community TU	Siobhan McCready, Unite	John McCartney, GMB

Mr McKee welcomed attendees to the meeting and expressed his desire to continue the strong engagement with the Trade Unions. He confirmed that Scottish Government (SG) continued to monitor the situation at Liberty Steel Dalzell and Alvanca at Lochaber closely and would value the perspectives from the Unions. [REDACTED] Mr Moxham reiterated the positive engagement to date with SG and welcomed the Minister's desire for continued engagement.

Mr McDiarmid provided an overview of the national picture following the collapse of Greensill. He indicated that there is regular engagement between the Unions and GFG, and [REDACTED] Mr McDiarmid [REDACTED] Mr McDiarmid [REDACTED] The business was fully cooperating and once complete the Unions would welcome a further discussion with the Scottish Government on the findings [REDACTED] Mr McDiarmid [REDACTED] reflected upon meetings with the UK Business Secretary that reiterated UKG's position that [REDACTED] [REDACTED] Mr Davies provided an overview on Liberty Steel highlighting [REDACTED] He also noted the impending closure of the Furlough scheme which would add further pressures to the business. [REDACTED] Ms Carrigan reiterated this position and noted particularly the impacts of continuous negative media stories on the workforce.

- Ms McCready painted a different picture of the situation at Lochaber in which workforce morale remains high and there continued to be strong demand for products. [REDACTED] Mr McKee welcomed the updates from attendees and recognised much of the challenges shared. He confirmed that SG would continue to lobby UKG to ensure that Furlough remained in existence for as long as it was necessary and asked [REDACTED] if he were to speak with Mr Gupta – what key messages would the Unions want delivered?

[REDACTED] Mr McDiarmid responded that:

[REDACTED] Mr Davies [REDACTED] Mr McKee reiterated SG's desire to support the workers [REDACTED] SG would continue to monitor the situation closely and explore all possible options. [REDACTED] Mr Moxham recognised the challenges of intervention and highlighted support provided through the National Transition Training Fund (NTTF) for workforce training in the Aviation sector that could potentially supplement the Furlough scheme.

Mr McDiarmid thanked the Minister for the useful discussion and reiterated the need to remove politics from the meeting next week with elected members and ensure focus remains upon the workforce and highly skilled jobs.

[REDACTED]Mr McKee echoed this focus and closed the meeting.

From: [REDACTED]
Sent: 16 August 2021 13:57
To: Minister for Business, Trade, Tourism & Enterprise
Cc: Rapid Response Unit
Subject: For Clearance - Note of Meeting with Elected Members and Trade Unions - 3 August 2021
Attachments: A34268031.docx

Hi [REDACTED],

Grateful if the attached summary note from the meeting between the Minister and Elected Members regarding GFG could be checked and cleared by the Minister.

Thanks,

[REDACTED]

[REDACTED] | [REDACTED] | The Scottish Government
T: 0131 24[REDACTED] | M: [REDACTED]

Ivan McKee Ministerial Meeting with Elected Members and Trade Unions 3 August 2021 MPs/MSPs

Margaret Ferrier MP (Rutherglen and Hamilton, Independent)
Marion Fellows MP (Motherwell and Wishaw, SNP)
Ariane Burgess MSP (Regional, Scottish Greens)
Jamie Halcro-Johnston MSP (Regional, Scottish Conservatives)
Clare Haughey MSP (Constituency, SNP)
Edward Mountain MSP (Regional, Scottish Conservatives)
Rhoda Grant MSP (Regional, Scottish Labour)
Graham Simpson MSP (Regional, Scottish Conservatives)
Monica Lennon MSP (Regional, Scottish Labour)
Clare Adamson MSP (Constituency, SNP)
Emma Roddick MSP (Regional, SNP)
Paul Sweeney MSP (Regional, Scottish Labour)

Union Representatives:

Alun Davies – Community TU
Angela Carrigan – Community TU
Dave Moxham - STUC
Marc Jackson - Unite

Officials:

[REDACTED]

[REDACTED]

[REDACTED]

Leanne Dobson

Trade Unions

- Coordination and supportive role from Unions plus strong engagement between Scottish Government and Union Officials to date.
- [REDACTED] At LSDL, good order book although [REDACTED] Furlough has been utilised.
- At Lochaber, aluminium price and demand remain strong. Currently performing well although considerable amount of investment still required.
- Tribute to highly skilled workforce at both sites.
- Businesses are interlinked across the Group so challenges may arise.

Elected Members Main Points/Questions

- Worrying time for local communities and workforce.
- What SG support could be made available to help business.
- Are there are nationalisation plans, and standalone entities that are independent from the group.
- Any proposal to meet with Mr Gupta.
- Update on recent business plan changes for Lochaber.
- Water supply infrastructure at Lochaber, what inspections have taken place.
- When is refinancing and likely to be complete

- A perception of lack of UKG involvement, what more can be done to involve them.
- What contingencies have been done on protecting assets and alternative infrastructure options such as Electric Arc Furnace and Mini Mills.
- Jahama Estate and issues around access rights for community events.
- Update on housing development in Fort William which is on hold.

Key Points from Minister

- Reiterated sensitive commercial nature of what is an ongoing situation.
- Continue to inform members on GFG Group, specifically in relation to Scottish plants.
- Reiterated willingness to work in partnership with UKG, with officials meeting UKG official and membership on UKG Steel Council.
- Officials continue to engage with the businesses and union representatives at both Lochaber and Dalzell.
- Both sites continue to operate **[REDACTED]**
- Group are focussed and continue to secure Global Finance although planning for all eventualities are underway.
- Scottish Government continue to explore everything in our power to support Scotland's steel and aluminium sectors and their highly-skilled workers.
- No plans for nationalisation but keen to look at all options available to support the plants, jobs and protect the assets.
- Multi-layer complexities which are being worked through with advisors and contingency planning.
- In principal content to meet with Mr Gupta to understand his intentions, what he can do to move the companies forward and what working capital he can provide.
- Need to understand current liabilities and intercompany relationships alongside constraints in relation to Subsidy Control obligations as well as being cognisant of the SFO investigation.
- Lochaber is fully operational and understand that there are no major capital expenditure required at present.
- Understand that if the furlough scheme does not continue then this will have the potential to increase cash flow issues within the businesses.
- SG hold a series of securities over the assets at Lochaber and therefore required to give consent for a sales process.
- Will take away the Jahama Estate access issue and come back to the member.
- Reiterated complexities and risk involved and ask that any onward communication members should bear in mind sensitive nature on ongoing discussion that are happening at various levels

From: [REDACTED] <[REDACTED]@stuc.org.uk>
Sent: 16 November 2021 12:00
To: [REDACTED]
Cc: Rapid Response Unit
Subject: RE: GFG Local Members Meeting with Trade Unions

Thanks [REDACTED]

Have a good week

[REDACTED]

From: [REDACTED]@gov.scot <[REDACTED]@gov.scot>
Sent: 16 November 2021 11:59
To: [REDACTED] <[REDACTED].org.uk>
Cc: RRU@gov.scot
Subject: RE: GFG Local Members Meeting with Trade Unions

Hi [REDACTED]

Hope you are doing good thank you the update I will amend our records accordingly, if there's anything else you need just get in touch with the team here we are always happy to help.

[REDACTED]

[REDACTED]

[REDACTED] – Rapid Response Unit

Strategic Commercial Interventions Division

Scottish Government

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Rapid Response Unit RRU@gov.scot

From: [REDACTED] [REDACTED]org.uk>
Sent: 16 November 2021 11:56
To: [REDACTED] <[REDACTED]@gov.scot>
Subject: RE: GFG Local Members Meeting with Trade Unions

Morning [REDACTED]

Many thanks for sending the of attendees for the 3rd August meeting. I had submitted the appropriate information on the lobbying register, the lobbying team have since been in touch to advise that Emma Roddick MSP has informed them that she did not attend the meeting.

I thought you should be aware of this incase anyone else requests this information.

Regards

[REDACTED]

From: [REDACTED]@gov.scot <[REDACTED]@gov.scot> **On Behalf Of** RRU@gov.scot

Sent: 11 November 2021 08:32

To: [REDACTED]@stuc.org.uk>; RRU@gov.scot

Cc: [REDACTED]@stuc.org.uk>; [REDACTED]@gov.scot; [REDACTED]@gov.scot;

[REDACTED]@gov.scot

Subject: RE: GFG Local Members Meeting with Trade Unions

Good Morning [REDACTED]

Hope you are doing ok. Here is the list of the MP's and MSP's who attended the meeting on 3 August 2021. Hope this helps, I know you will have been busy and I've had a bit of time talking with [REDACTED] when we get a chance. I'll get something more formal in the diary for a catch up between officials and TU's and also arrange a further follow up Ministerial meeting as I think we all find these useful.

Margaret Ferrier MP (Rutherglen and Hamilton, Independent)

Marion Fellows MP (Motherwell and Wishaw, SNP)

Ariane Burgess MSP (Regional, Scottish Greens)

Jamie Halcro-Johnston MSP (Regional, Scottish Conservatives)

Clare Haughey MSP (Constituency, SNP)

Edward Mountain MSP (Regional, Scottish Conservatives)

Rhoda Grant MSP (Regional, Scottish Labour)

Graham Simpson MSP (Regional, Scottish Conservatives)

Monica Lennon MSP (Regional, Scottish Labour)

Clare Adamson MSP (Constituency, SNP)

Emma Roddick MSP (Regional, SNP)

Paul Sweeney MSP (Regional, Scottish Labour)

Regards

[REDACTED]

[REDACTED]

[REDACTED] – Rapid Response Unit

Strategic Commercial Interventions Division

Scottish Government

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Rapid Response Unit RRU@gov.scot

From[REDACTED] <[REDACTED]@stuc.org.uk>
Sent: 10 November 2021 17:07
To: Rapid Response Unit <RRU@gov.scot>
Cc: [REDACTED] <[REDACTED]@stuc.org.uk>
Subject: FW: GFG Local Members Meeting with Trade Unions
Importance: High

Dear RRU,
Could you assist as [REDACTED] is on leave. Many thanks, [REDACTED].

From: [REDACTED]
Sent: 10 November 2021 10:30
To: [REDACTED]@gov.scot
Cc: [REDACTED] <[REDACTED]@stuc.org.uk>
Subject: GFG Local Members Meeting with Trade Unions

Hi [REDACTED],
I am updating our Lobbying Register and have a query regarding the meeting on 3rd August 2021 with Mr McKee and other MSPs. We did not take a note of MSPs present and need to report this on the register. Do you have a list of MSPs that attended?
Many thanks,
[REDACTED]

[REDACTED]
[REDACTED]

M: [REDACTED] | E: [REDACTED]@stuc.org.uk

Scottish Trades Union Congress, Glasgow

Scottish Trades Union Congress,
8 Landressy Street, Bridgeton, Glasgow G40 1BP
Tel: 0141 337 8100 Website: <http://www.stuc.org.uk/>

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Scottish Trades Union Congress,
8 Landressy Street, Bridgeton, Glasgow G40 1BP
Tel: 0141 337 8100 Website: <http://www.stuc.org.uk/>

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Scottish Trades Union Congress,
8 Landressy Street, Bridgeton, Glasgow G40 1BP
Tel: 0141 337 8100 Website: <http://www.stuc.org.uk/>

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From: [REDACTED] on behalf of Minister for Business, Trade, Tourism & Enterprise
Sent: 29 July 2021 16:00
To: [REDACTED]; Minister for Business, Trade, Tourism & Enterprise
Cc: Rapid Response Unit; [REDACTED]
Subject: RE: Invite to Elected Members for Lochaber / LSDL Meeting

Hi [REDACTED],

Mr McKee is content with the text so I'll get that issued this afternoon. Mr McKee would also like briefing session in advance given the questions that came up at the Union, I'll need to sort out the diary to accommodate but will most likely go in for Monday.

Thanks
[REDACTED]

[REDACTED][REDACTED] | [REDACTED]
Minister for Business, Trade, Tourism and Enterprise – Ivan McKee
Telephone: [REDACTED]

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From: [REDACTED] <[REDACTED]@gov.scot>
Sent: 28 July 2021 17:51
To: Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>
Cc: Rapid Response Unit <RRU@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>
Subject: Invite to Elected Members for Lochaber / LSDL Meeting

Hi [REDACTED],

Ahead of the meeting on Tuesday, can the following text be issued to Elected Members who have an interest in Alvanne Lochaber Aluminium Smelter and Liberty Steel Dalzell Steelworks, email addresses as below. We agreed with [REDACTED] that it would be best if the meeting invite to Elected Members also comes from MPO.

Dear Elected Representative,

I would like to invite you to a meeting with local elected members, (MSP's and MP's) alongside Union Representatives, to provide you with an update in relation to collapse of Greensill Capital as GFG Alliance main funder and its impact on two main GFG Alliance sites in Scotland, the Alvanca Lochaber Aluminium Smelter and Liberty Steel Dalzell Steelworks.

The meeting will be held virtually on MS Teams on Tuesday 3 August from 16:00 - 17:00. A link will be circulated from my Private Office in due course.

Members will be aware of the commercial sensitivities surrounding both businesses and the information that I will share. I will provide an in confidence update on the ongoing situation alongside Scottish Government's contingency planning work and there will be an opportunity for members to ask questions.

[REDACTED]

Clyde bridge, South Lanarkshire

Clare Haughey MSP - **Clare.Haughey.msp@parliament.scot**
Pam Duncan-Glancy MSP - **Pam.Duncan-Glancy.msp@parliament.scot**
Sandesh Gulhane MSP - **Sandesh.Gulhane.msp@parliament.scot**
Patrick Harvie MSP - **Patrick.Harvie.msp@parliament.scot**
Pauline McNeil MSP - **Pauline.McNeill.msp@parliament.scot**
Anas Sarwar MSP - **Anas.Sarwar.msp@parliament.scot**
Paul Sweeney MSP - **Paul.Sweeney.msp@parliament.scot**
Annie Wells MSP - **Paul.Sweeney.msp@parliament.scot**
Margaret Ferrier MP - **margaret.ferrier.mp@parliament.uk**

Liberty Steel Dalzell, North Lanarkshire

Clare Adamson MSP - **Clare.Adamson.msp@parliament.scot**
Mark Griffin MSP - **Mark.Griffin.msp@parliament.scot**
Monica Lennon MSP - **Monica.Lennon.msp@parliament.scot**
Meghan Gallacher MSP - **Meghan.Gallacher.msp@parliament.scot**
Stephen Kerr MSP - **Stephen.Kerr.msp@parliament.scot**
Gillian Mackay MSP - **Gillian.Mackay.msp@parliament.scot**
Richard Leonard MSP - **Richard.Leonard.msp@parliament.scot**
Graham Simpson MSP - **Graham.Simpson.msp@parliament.scot**
Marion Fellows MP - **marion.fellows.mp@parliament.uk**

Lochaber Aluminium Smelter

Kate Forbes MSP - **Kate.Forbes.msp@parliament.scot**
Donald Cameron MSP - **Donald.Cameron.msp@parliament.scot**
Rhoda Grant MSP - **Rhoda.Grant.msp@parliament.scot**
Edward Mountain MSP - **Edward.Mountain.msp@parliament.scot**
Jamie Halcro Johnston MSP - **Jamie.HalcroJohnston.msp@parliament.scot**
Ariane Burgess MSP - **Ariane.Burgess.msp@parliament.scot**
Emma Roddick MSP - **Emma.Roddick.msp@parliament.scot**
Ian Blackford MP - **ian.blackford.mp@parliament.uk**

Other

Willie Rennie MSP - Willie.Rennie.msp@parliament.scot

I will send the meeting invite out to the Union Reps who will also be joining the meeting.

Grateful if this can be issued to the Elected Members as soon as practical.

Happy to discuss.

Thanks,

[REDACTED]

[REDACTED] | [REDACTED] - Rapid Response Unit | The Scottish Government
T: 0131 24[REDACTED] | M: [REDACTED]

MINISTERIAL ENGAGEMENT BRIEFING: IVAN McKEE

Engagement title	GFG Alliance - Local members meeting	
Engagement timings	Tuesday, 3 August 2021 – 16:30-17:30	
Venue and full address	<p>Microsoft Teams meeting Join on your computer or mobile app Click here to join the meeting</p> <p>Or call in (audio only) [REDACTED] Phone Conference ID: [REDACTED]</p>	
Background/Purpose	For the Minister to provide an update to Members on the current status of the Liberty Steel Dalzell and the Alvanca Lochaber Aluminium Smelter in Scotland.	
Relevance to national outcomes	<ul style="list-style-type: none"> • Have a globally competitive, entrepreneurial, inclusive and sustainable economy. • Have thriving and innovative businesses, with quality jobs and fair work for everyone. 	
Meeting attendees	See Annex A	
Supplementary information/ Sensitivities	Scottish Ministers commercial/legal advice in relation to Liberty Steel Dalzell and Lochaber Guarantee contingency planning should not be shared at this meeting due to commercial sensitivities/legal privilege.	
Official support and mobile number	[REDACTED] [REDACTED]	
Contents	Annex A: Invited Elected Members Annex B: Speaking Points Annex C: Q&A Annex D: GFG Alliance lines to take Annex E: Read out of TU Meeting Annex F: Parliamentary Activity Annex G: GVA and jobs Annex H: Sensitivities Annex I: Letter from Perm Sec to PAPLS Annex J: James Busche's proposal (emailed separately) Annex K: Biographies	

ANNEX A – Invited elected members

Accepted	
Declined	
Tentative	
No Response	

MSP's with constituency link to Liberty Steel Motherwell Works
Clare Adamson (Constituency, SNP)
Mark Griffin (Regional, Scottish Labour)
Monica Lennon (Regional, Scottish Labour – has asked PQs)
Meghan Gallacher (Regional, Scottish Conservatives)
Stephen Kerr (Regional, Scottish Conservatives)
Gillian Mackay (Regional, Scottish Green)
Richard Leonard (Regional, Scottish Labour)
Graham Simpson (Regional, Scottish Conservative)
MP with constituency link to Liberty Steel Motherwell Works
Marion Fellows (Motherwell and Wishaw MP, SNP)
MSP's with constituency link to Liberty Steel Clydebridge Works
Clare Haughey (Constituency, SNP)
Pam Duncan-Glancy (Regional, Scottish Labour)
Sandesh Gulhane (Regional, Scottish Conservatives)
Patrick Harvie (Regional, Scottish Green)
Pauline McNeil (Regional, Scottish Labour)
Anas Sarwar (Regional, Scottish Labour)
Paul Sweeney (Regional, Scottish Labour)
Annie Wells (Regional, Scottish Conservatives)
MP with constituency link to Liberty Steel Clydebridge Works
Margaret Ferrier - Independent
MSP's with constituency link to Lochaber Aluminium Smelter
Kate Forbes (Constituency, SNP – recused from GFG work)
Donald Cameron (Regional, Scottish Conservative)
Rhoda Grant (Regional, Scottish Labour – has asked PQs/MiCase)
Edward Mountain (Regional, Scottish Conservative – asked questions after Mr Ewing's statement)
Jamie Halcro Johnston (Regional, Scottish Conservative – asked questions at FMQs)
Ariane Burgess (Regional, Scottish Green)
Emma Roddick (Regional, SNP)
Douglas Ross (Regional Scottish Conservatives)
MP with constituency link to Lochaber Aluminium Smelter
Ian Blackford (Ross, Skye and Lochaber MP, SNP)
Willie Rennie MSP (Lib Dems) – Asked several PQ's on the Subject in recent months

ANNEX B – SPEAKING POINTS

- In March, the then Cabinet Secretary for the Rural Economy made a statement to Parliament regarding the administration of Greensill Capital UK Limited and its implications for businesses in Scotland, in particular the Gupta family group of companies known as the GFG Alliance.
- This was followed up with a session for elected members in April and although I wasn't in attendance at this meeting it was confirmed by members that it was a valuable session for sharing information amongst Scottish Government, Unions and elected members.
- Following the election in May, the then Cabinet Secretary for the Economy, Fair Work and Culture answered a question on Greensill Capital in Parliament and reiterated the Scottish Government's intention to keep members informed of progress.
- This call has been arranged to ensure Members are kept informed of the situation and to hear the latest from the union representatives from the GFG Alliance's Scottish operations at the Dalzell steelworks and the Lochaber aluminium smelter.
- I am sure you will all join me in welcoming [Angela, Ross, Alun, Mark and David] who join us from the Trades Unions representing the GFG Alliance workforce in Scotland, Community, Unite and the STUC.
- Thank you for taking the time to join us here today and I will hand over to you shortly to provide an overview from site level.
- Everyone here today will I hope recognise the sensitivity of the subject matter and appreciate the sensitive commercial nature of what is an ongoing situation. There has and continues to be significant media coverage and speculation with regards to the activity of the GFG Alliance.
- I would like to remind all of us around this virtual table that our focus has and must continue to be on the businesses and the high skilled workers they support, and would ask that you consider what you may say publically as this could have unintended consequences on the businesses and wider Group.
- You will of course recognise that, following the election, there has been considerable changes in both the individuals and portfolios of Cabinet Secretaries and Ministers. I had been involved in this activity with the previous Cabinet Secretaries and have now taken over responsibility for this area supported by the Deputy First Minister.
- My officials continue to engage with the businesses and union representatives at both Lochaber and Dalzell, and I understand that the businesses have continued to operate, supported by high metal prices in the market but there remains considerable anxiety within the workforces due to the wider Group position.

- The Group continues in its effort to secure global refinancing. Whilst we hope that this will resolve the situation and secure the long term future of the businesses here in Scotland, we must and we are planning for all eventualities, supported by our commercial and legal advisors. We will continue to monitor the situation very closely.
- We in this Government will continue to explore everything in our power to support Scotland's steel and aluminium sectors and their highly-skilled workers.
- Let me assure you that our actions will always be motivated by the desire to protect and create jobs and to protect strategic industrial assets and foundational sectors on which additional supply chains and jobs rely.
- I will be happy to take any questions at the end, but for now I will hand over to the trade union representatives to provide us with an overview from both the Lochaber and Dalzell sites.

CONTINGENCY MEASURES

Are the Scottish Government prepared to step in and provide further financial support to GFG Alliance?

- At the current time, given the financial uncertainty of the businesses, it would be unlikely to be able to offer financial support to a company in difficulty as this would have Subsidy Control issues.
- We continue to monitor the situation at the GFG Alliance very closely as they continue their efforts to secure refinancing but we continue to undertake contingency planning so that SG are prepared for all eventual outcomes. Given the sensitive commercial nature of the situation it would be inappropriate to provide any further details on this contingency activity.
- Members will also be aware that there is an ongoing SFO investigation and we cannot comment on a live investigation. Any request for public sector support would have to be on the same basis as a market economic investor and in the current circumstances **[REDACTED]**

When would the Scottish Government be prepared to step in?

- We continue to monitor the situation at both Scottish plants closely working with the local management team who have been trying their best in very difficult circumstances.
- We will not rule out any legitimate and sustainable means of supporting the continued steel and aluminium production in Scotland, safeguarding the livelihoods of the communities serving the plants.

What support could you offer to the workforce?

- Currently the business is making use of the furlough scheme, and we are continuing to express to UK Government that there is justification in some areas for this to continue. We are exploring options with Skills Development Scotland where training support could be made available for the workforce in certain circumstances, again this has Subsidy Control issues if it is seen as supporting an economic entity, however we will continue to pursue any option that could help the individual workers by means of training support.

Are there plans to meet with Sanjeev Gupta?

- I have already written to Mr Gupta with regards to **[REDACTED]** within the Scottish businesses. My officials continue to engage with the business at site and Group level. I am quite prepared to have further discussions to ensure the steel/aluminium industry and jobs in Scotland are protected.

What engagement have the Scottish Government had with UKG on the future of the Steel Industry?

- I am a member of the UK Steel Council, chaired by the Secretary of State for Business, Energy and Industrial Strategy, Kwasi Kwarteng.
- I recently attended my first meeting of the UK Steel Council since taking up responsibility for the steel sector (on 21 July 2021).
- At that meeting I expressed support for the idea of developing a coherent strategy for the sector, which would support the move to decarbonisation and competitiveness of the sector as a whole.
- There is a real appetite developing to take forward the sector in light of our net zero ambitions.
- These are large-scale ambitions that need large-scale solutions. As well as seeking out innovative production methods we will need innovative solutions in terms of partnerships across the private sector to build the necessary support.
- All this should also support the retention and expansion of domestic production capabilities.
- SG officials have regular meetings with BEIS counterparts around GFG Alliance, and more broadly as a whole, there is regular engagement on the future of UK Steel at official level.
- In May, the then Cabinet Secretary for Economy and Fair Work had a meeting with the Secretary of State for Business, Energy and Industrial Strategy, Kwasi Kwarteng regarding the steel supply chain. The current Cabinet Secretary for Finance and Economy met in July and welcomed future engagement with the Secretary of State across their respective portfolios.

LIBERTY STEEL LOAN

What was the Government's role in supporting the GFG Alliance in purchasing Dalzell and Clydebridge steel works?

- The Scottish Government and Scottish Enterprise supported Liberty's acquisition of the Dalzell and Clydebridge steel works.
- Scottish Enterprise provided support through a £7 million commercial loan to Liberty Steel and the business has successfully re-entered the heavy steel plate market and now employs 140 people.
- This is an entirely separate arrangement to the one for Lochaber.

LIBERTY STEEL LOAN

[REDACTED][REDACTED][REDACTED][REDACTED][REDACTED] STATE AID/ SUBSIDY CONTROL

The Lochaber guarantee provide illegal state aid?

- These suggestions are wrong. The guarantee is compliant with EU state aid rules and was approved by the Scottish Parliament's Finance and Constitution Committee, which has cross party representation, following appropriate due diligence.

[REDACTED][REDACTED]GUARANTEE PURPOSE - LOCHABER

Why did the Scottish Government offer the Guarantee and hasn't it failed to achieve its objectives?

- The aim of Scottish Ministers was to secure the long-term future of the Lochaber smelter, to enable the development of other industrial opportunities on site and thereby promote sustainable economic growth in the region.
- Since the guarantee was put in place 40 new jobs have been created taking total GFG employment at Lochaber to 200 currently.

GUARANTEE EXPOSURE

What is the Scottish Government's exposure under the Guarantee?

- As Mr Ewing said in his statement to Parliament, the annual amounts guaranteed by the Scottish Government are published in the Scottish Government's Consolidated Accounts and vary between 14 and 32 million pounds over the 25-year life of the guarantee.
- We shared full detail of the guarantee with the Finance Committee in November 2016 when they approved the guarantee.
- The guarantee allowed the aluminium smelter to remain open and for GFG to develop a business plan for the production of new downstream aluminium products. The business, despite difficulties, continue to make progress with their plans.

[Not in Public Domain]: The original gross undiscounted revenues guaranteed were £586m over 25 years (from 2016). [REDACTED]

Will the Government have to buy power from the hydro-electrical power station if GFG default?

- The Scottish Government guarantee provides for timely payment of fixed amounts of income due quarterly under a power purchase agreement between the smelter and Simec Lochaber Hydropower Ltd.
- The Lochaber guarantee does not require the Scottish Government to buy electricity.

[REDACTED]

Does the Scottish Government have to pay the outstanding power purchase consideration in respect of the 25 year contract without receiving any power in return?

- In a scenario where the smelter ceases production of aluminium and Liberty Aluminium Lochaber Limited does not pay for the contracted power, the Scottish Government would have recourse to seek repayment from the GFG Alliance under parent company guarantees and other securities.
- Absent enforcement of the securities which the Scottish Government has, there would be no obligation to take power as the obligation is purely a financial one.

DUE DILIGENCE

What due diligence was carried out on the guarantee?

- The Scottish Government supported by its legal and commercial advisors carried out appropriate due diligence of the guarantee prior to its approval, including the value of its security with respect to the extent of the guarantee.

NATIONALISATION

Does the Scottish Government have any plan to nationalise these assets?

- Whilst there are no plans to nationalise these plants, I'm sure that members would agree that the steel and aluminium sectors in Scotland are of strategic importance. Whilst we would hope that the company can refinance and continuing to support the Scottish workforce, we will continue to monitor the situation very closely and explore all options to support these important sectors.
- We fully recognise the importance of these high skilled jobs and their role in the local communities which they support.

SECURITIES

What securities have the Scottish Government for the guarantee?

- The Scottish Government has taken a series of securities over assets of the GFG Alliance at Lochaber and by way of guarantees from other Group companies to protect its position in the event that it is required to make any payment under the Scottish Government guarantee.
- Should the Scottish Government require to make any payment, it is thereafter able to recover the full amount of any such payment from other members of the Liberty / Simec Groups (including Simec Lochaber Hydro 2 Limited) by virtue of a series of cross-guarantees.
- The Scottish Government has security over the smelter, the power station and land holdings in support of such guarantees.
- This means that in such a scenario, the Scottish Government would be able to sell these assets to recover any amounts it had required to pay.
- In the interest of value for the tax payers, a series of securities over the assets of the GFG Alliance at Lochaber have been taken. **[REDACTED]**

SECURITIES

What is the value of the Scottish Government's security?

- For reasons of commercial confidentiality, we cannot disclose the Government's estimate of the value of its security and other protections.
- The business has recorded a valuation in its published audited accounts.

[IF PUSHED]

- Online records available at Companies House show a valuation of £373 million for the Lochaber assets as at 30 November 2019 in the company's balance sheet.

TRANSPARENCY

Why are you being secretive about the Guarantee?

- We have been open about the guarantee – firstly, by seeking Parliament's prior approval via the Finance Committee.
- The Finance and Constitution Committee received detailed written advice on the proposed guarantee and had the opportunity to discuss it with me and senior officials before granting approval.
- We also have shared detailed information with Audit Scotland and publish the annual exposure range in the Consolidated Accounts.
- Other details such the total exposure and underlying energy price are commercially confidential.
- We recently updated the Finance Committee with GFG's business plans and that correspondence is publicly available.

GUARANTEE FEE

Does the business pay the Government a fee in relation to this guarantee?

- Yes, the guarantee was priced independently by external advisors who had access to a wide variety of commercial benchmarks and sources of relevant information.
- The premiums are referenced in the Scottish Government's Consolidated Accounts.
- The total discounted value of the fee premiums is £18.7m as stated in the Consolidated Accounts.

MONITORING

How does the Scottish Government monitor this guarantee?

- As with all such arrangements, routine financial monitoring for our transactions with the GFG Alliance is well-established.
- This involves regular scrutiny by officials and third-party advisers of financial statements, management accounts, cash flows and sales forecasts of the Scottish business and their parent entities.

- Officials meet with the local managers of the Scottish businesses and their senior Group colleagues on a regular basis to review business performance, monitor any conditions and covenants in the agreements and to monitor risks.
- The Government's financial monitoring arrangements are themselves subject to external scrutiny and audit.

PLANNED LOCHABER INVESTMENT

What is the status of the Lochaber project?

- The GFG Alliance previously revised their business plan due to falling automotive demand.
- The current plan is for a £94 million investment in downstream manufacturing activities to secure the smelter complex as a GREEN ALUMINIUM hub.
- The core of the new investment plan is an £82m investment in a new aluminium recycling and casting facility.
- This will double aluminium production on site from 40,000 tonnes to 80,000 tonnes per annum and create additional employment.
- Whilst the Group's immediate focus is upon the global refinancing we understand that they remain committed to their investment activity for Lochaber

What is the status of the Milestone Payments?

- These project milestone payments are inter-company transfers within the GFG Alliance related to the planned investments of the business at the Lochaber smelter site **[details released in FOI]**

[REDACTED]
[REDACTED]

How much money is SG spending on consultancy in support of the Lochaber Situation?

- The administration of Greensill Capital UK has impacted a range of businesses across the UK, including those operated by the GFG Alliance in Scotland.
- Scottish and UK Ministers are monitoring the situation closely and the Scottish Government has initiated routine contingency planning with input from specialist advisers such as Deloitte to protect its interests.
- Deloitte has been retained as advisers on matters relating to the Lochaber guarantee since 2017.
- Based on information available via Public Contracts Scotland about the value of the contract between SG and Deloitte, The Scotsman reported on 7 July 2021 that SG is spending 'more than £2,000 per day to a major consultancy firm as part of "contingency planning"' and that the total value of the contract, which runs until the end of February 2022, is worth £405,600.

What support did SG provide to Bidders in 2016?

- In 2016 Scottish Ministers sought Parliament's permission through the Finance and Constitution Committee to provide a guarantee of the smelter's power purchases. The Committee reviewed and approved the contingent liability.
- Our support, which was offered to any bidder with plans for long term industrial operations of the Lochaber businesses, prevented the breakup of the assets and closure of the smelter. This protected hundreds of skilled jobs.
- This was recently (June 2021) questioned in a media query from the Daily Mail which suggested that Iceland Energy Group was not offered support. In our response, it was confirmed that the sales process and selection of the eventual purchaser was led by the vendor, Rio-Tinto Alcan, and that the SG's support was made on an even-handed basis to all short-listed bidders.

GFG STEEL BACKGROUND

- In 2015 the UK steel sector was struggling in response to a shift in market conditions with cheap imports, particularly from China, a strong pound and high electricity costs, with a series of job losses across the UK.
- In September 2015, SSI announced the mothballing of its Redcar plant, with the loss of 1,700 jobs; and Tata Steel's Long Products Europe business announcing proposals to stop production of steel plate on 20 October 2015.
- **This included a decision to mothball Tata's two Scottish plants at Dalzell (Motherwell) and Clydebridge (Cambuslang), which at the time had combined employment of 270.**

Officials are in regular contact with the Scottish sites at Dalzell and Lochaber.

We are in regular dialogue with Liberty Steel Local Management team at Dalzell.

[REDACTED][REDACTED]

Our action in supporting GFG's steel and smelter operations shows our continued commitment to these sectors in Scotland.

- The Lanarkshire steelworks closed in 2015 and the Fort William smelter was poised for closure before our interventions in 2016.
- We helped Liberty Steel reopen Dalzell and direct job numbers have recovered from almost zero in 2015 to around 140 now.
- Whilst there are no plans to nationalise these plants, the steel and aluminium sectors in Scotland are of strategic importance. Whilst we would hope that the company can refinance and continuing to support the Scottish workforce, we will continue to monitor the situation very closely and explore all options to support these important sectors.
- We fully recognise the importance of these high skilled jobs and their role in the local communities which they support.

The GFG Alliance supported continued Steel production and manufacturing in Scotland through the purchase of Dalzell and Clydebridge steel works.

- The Scottish Government and Scottish Enterprise supported Liberty's acquisition of the Dalzell and Clydebridge steel works.
- Scottish Enterprise provided support through a £7 million commercial loan to Liberty Steel and the business has successfully re-entered the heavy steel plate market and now employs 140 people.
- This is an entirely separate arrangement to the one for Lochaber Smelter.
- The discussions regarding refinancing remains a highly sensitive commercial matter for the GFG Alliance and we need to be careful not to prejudice or undermine that ongoing process.

We will continue to engage with the employer, trade unions and public agencies to support the skills retention and development of the workforce.

- Previously when the Dalzell plant was mothballed training provision supported a small number of essential workforce to be retrained.
- Skills Development Scotland and SG officials are exploring options to support retention, if required.
- We have engaged with the STUC, the Steel Union Community TU and Unite throughout this current period.

[REDACTED][REDACTED][REDACTED]

- **[REDACTED][REDACTED]**As a multinational company, there are many financial strands to the business. Our concern is with the jobs and the employment this business creates in Scotland.

Auditor General Report on SG intervention to private companies

- The Permanent Secretary informed the audit committee how the Scottish Government would approach these delicate situations and the advice from the AG report has been implemented in our consideration of the situation at Dalzell and Lochaber.

We are unable to comment on a live investigation by the Serious Fraud Office.

- The Scottish Government's priority is to support Scotland's strategically important steel and aluminium sectors and the highly-skilled jobs they provide.
- We are closely monitoring this complex situation and will keep MSP's informed of developments.
- The GFG Alliance has reported in the media that refinancing discussions are progressing in spite of the SFO investigation.
- The sale of certain non-core businesses is part of the GFG Alliance's restructuring and refinancing of its UK operations and does not impact any of the Scottish sites.

Annex E: Read out of TU Meeting

Ministerial Call with GFG Trades Unions 27 July 2021

Ivan McKee, Minister for Business, Trade, Tourism and Enterprise	[REDACTED], RRU	[REDACTED], DED
[REDACTED], DED	[REDACTED], RRU	[REDACTED], RRU
David Moxham, STUC	Alasdair McDiarmid, Community TU	Alun Davies, Community TU
Angela Carrigan, Community TU	Siobhan McCready, Unite	John McCartney, GMB

Mr McKee welcomed attendees to the meeting and expressed his desire to continue the strong engagement with the Trade Unions. He confirmed that Scottish Government (SG) continued to monitor the situation at Liberty Steel Dalzell and Alvanca at Lochaber closely and would value the perspectives from the Unions. [REDACTED] Mr Moxham reiterated the positive engagement to date with SG and welcomed the Minister's desire for continued engagement. [REDACTED] [REDACTED] Mr McDiarmid provided an overview of the national picture following the collapse of Greensill. He indicated that there is regular engagement between the Unions and GFG, and [REDACTED] Mr McDiarmid [REDACTED] [REDACTED] Mr McDiarmid [REDACTED] The business was fully cooperating and once complete the Unions would welcome a further discussion with the Scottish Government on the findings

- [REDACTED] Mr McDiarmid reflected upon meetings with the UK Business Secretary that reiterated UKG's position that [REDACTED] [REDACTED] [REDACTED] Mr Davies provided an overview on Liberty Steel highlighting [REDACTED] He also noted the impending closure of the Furlough scheme which would add further pressures to the business. [REDACTED] [REDACTED] Ms Carrigan reiterated this position and noted particularly the impacts of continuous negative media stories on the workforce. [REDACTED] [REDACTED] Ms McCready painted a different picture of the situation at Lochaber in which workforce morale remains high and there continued to be strong demand for products. [REDACTED] [REDACTED] Mr McKee welcomed the updates from attendees and recognised much of the challenges shared. He confirmed that SG would continue to lobby UKG to ensure that Furlough remained in existence for as long as it was necessary and asked [REDACTED] [REDACTED] [REDACTED] If he were to speak with Mr Gupta – what key messages would the Unions want delivered?

[REDACTED] Mr McDiarmid responded that:

[REDACTED] [REDACTED] [REDACTED] [REDACTED] Mr Davies

[REDACTED] [REDACTED] Mr McKee reiterated SG's desire to support the workers

[REDACTED] SG would continue to monitor the situation closely and explore all

possible options. **[REDACTED]** Mr Moxham recognised the challenges of intervention and highlighted support provided through the National Transition Training Fund (NTTF) for workforce training in the Aviation sector that could potentially supplement the Furlough scheme.

[REDACTED] Mr McDiarmid thanked the Minister for the useful discussion and reiterated the need to remove politics from the meeting next week with elected members and ensure focus remains upon the workforce and highly skilled jobs.

[REDACTED] Mr McKee echoed this focus and closed the meeting.

PARLIAMENTARY ACTIVITY

Parliamentary Questions

Question	MSP	Date
To ask the Scottish Government what its response is to reports that Kinlochleven hydro-electric power station has been leased to London-based infrastructure investor, Equitix, and what securities are in place, in light of its financial guarantee and support for GFG Alliance	Monica Lennon (Central Scotland) (Lab)	11/6
<p>Answer - The Kinlochleven hydro-electric power station was built specifically to power the Kinlochleven Aluminium Smelter. Since the smelter closed in 2000 all the electrical power produced at Kinlochleven has been exported to the national grid and no power is dispatched to the Fort William smelter directly. The Kinlochleven power station has no connection to the Scottish Government's Lochaber guarantee and the Kinlochleven power generation assets are not included within the Government's Lochaber security package.</p>		
To ask the Scottish Government, further to the letter of 11 February 2021 from the Cabinet Secretary for the Rural Economy to the Finance and Constitution Committee, whether it will provide an update on the progress since that date of (a) Project Silver, (b) Project Corpach and (c) Project Loch; how many additional jobs it anticipates each will create, and how this compares to the original business plan.	Willie Rennie (North East Fife) (Lib Dems)	25/5
<p>Answer - The GFG Alliance continues to invest in and progress its expansion plans for its Fort Williams operations and has published details on the ALVANCE Aluminium website https://alvancealuminiumgroup.com/news/expansion-plans-fort-william/.</p> <p>The GFG Alliance's new investment plans still require to go through the formal planning approval process with the Highland Council. Depending planning approvals, the business has indicated that the new integrated business plan and associated developments will secure the long-term future of the Fort William aluminium smelter, safeguarding 200 direct local jobs and creating 70 new direct high quality roles.</p>		
To ask the Scottish Government what due diligence it undertook prior to agreeing (a) the initial Lochaber Contingent Liability with the GFG Alliance and (b) the revised business plan.	Willie Rennie (North East Fife) (Lib Dems)	24/5
<p>Answer - The Scottish Government supported by its external legal and commercial advisors carried out appropriate due diligence in relation to GFG plans. The Lochaber contingent liability was approved by the Finance and Constitution Committee, which had cross party representation, in November 2016.</p>		

<p>To ask the Scottish Government whether the milestone payment scheduled for March 2021 was delivered by the GRG Alliance to the Scottish Government-controlled project account, as reported to the Finance and Constitution Committee by the Cabinet Secretary for the Rural Economy in a letter of 11 February 2021; how much the payment was scheduled to be worth, and whether this was met in full.</p>	<p>Willie Rennie (North East Fife) (Lib Dems)</p>	<p>24/5</p>
<p>Answer - Milestone payments are inter-company payments related to planned investment at the Lochaber smelter and are not payments due to the Scottish Government. No payments due from GFG Alliance companies to the Scottish Government are outstanding. For reasons of commercial confidentiality, we do not publish details of compliance with commercial contractual terms although such information may be shared in confidence with the Finance and Constitution Committee where appropriate.</p>		
<p>To ask the Scottish Government To ask the Scottish Government whether it will immediately conduct a review of its agreements, documentation and contacts with the GFG Alliance in light of reports that the Serious Fraud Office has initiated an investigation into the GFG Alliance.</p>	<p>Willie Rennie (North East Fife) (Lib Dems)</p>	<p>24/5</p>
<p>Answer – The Scottish Government is aware of the Serious Fraud Office investigation but does not comment on matters which are subject to a live criminal investigation.</p>		
<p>To ask the Scottish Government what (a) discussions and (b) correspondence it has had with (i) Sanjeev Gupta, (ii) the Liberty Group and, (iii) the GFG Alliance in each of the last two years.</p>	<p>Monica Lennon (Central Scotland) (Lab)</p>	<p>09/03</p>
<p>Answer - The Scottish Government is in regular contact with the GFG Alliance both at the Lochaber and Dalzell sites, as well as at Group level, mostly via officials. The Cabinet Secretary for Rural Economy and Tourism chairs the Lochaber Delivery Group meeting which last met on 23 February 2021.</p>		
<p>To ask the Scottish Government what its maximum potential financial exposure is under guarantees and other contractual arrangements relating to the aluminium smelter in Fort William.</p>	<p>Dean Lockhart (Mid Scotland and Fife) (Con)</p>	<p>10/03</p>
<p>Answer - The Scottish Government publishes details of its financial assets and liabilities in the annual Consolidated Accounts. The annual revenues guaranteed under the Lochaber guarantee vary between £14 million and £32 million over the life of the contract. Further details of the guarantee exposure were shared with the Finance and Constitution Committee in confidence when it approved the guarantee in November 2016 but are not published for reasons of commercial confidentiality.</p>		

To ask the Scottish Government, in light of its commitment to buy electricity from the Fort William smelter and associated hydro-electric facilities if there is a failure of the smelter business, at what price per kilowatt-hour (KWh) the guarantee is fixed.	Alexander Burnett (Aberdeenshire West) (Con)	11/03
Answer - The Scottish Government guarantee provides for timely payment of fixed amounts of income due quarterly under a power purchase agreement between the smelter and Simec Lochaber Hydropower Limited. The Lochaber guarantee does not require the Scottish Government to buy electricity.		
To ask the Scottish Government whether the financial guarantee to companies within the GFG Group was referred to the EU for approval on state aid grounds, and what the reasons are for its position on this matter.	Monica Lennon (Central Scotland) (Lab)	11/03
Answer - The guarantee is compliant with EU state aid rules and did not require EU approval.		
To ask the Scottish Government whether it will provide an update on the implications of the administration of Greensill Capital UK as a provider of supply chain finance to key businesses in Scotland.	Clare Adamson (Motherwell and Wishaw) (SNP)	11/03
PQ WITHDRAWN		
To ask the Scottish Government, what powers it has to ensure that the community in East Lochaber and Laggan can acquire the land on the site of the former Alcan Estate and the Smelter, which is owned by the GFG Alliance.	Rhoda Grant (Highlands and Islands) (Lab)	11/03
Answer - The Scottish Government's Community Land Team has provided detailed advice and guidance to the East Lochaber and Laggan Community Trust (ELLCT) regarding a possible community right to buy application over the land asset owned by the GFG Alliance. However the possible acquisition of private land by another party remains a matter of business between those two parties.		

Questions following parliamentary statement, 24 March

Have we independently verified the health of the Scottish businesses?	Murdo Fraser (Mid Scotland and Fife) (Con)
What is the Overall financial risk to public funds?	Murdo Fraser (Mid Scotland and Fife) (Con)
What action is Scottish Government taking to mitigate risks to jobs, businesses and public finances?	Monica Lennon (Central Scotland) (Lab)
What action is Scottish Government taking to protect jobs and vital industries in the longer term?	Monica Lennon (Central Scotland) (Lab)
What happened to the creation of 2000 jobs promised in 2016, will we ever see these jobs? What discussions are being had with Mr Gupta in this regard?	Willie Rennie (North East Fife) (LD)

What is the current status of expansion plans for the smelter?	John Finnie (Highlands and Islands) (Green)
What does the steel sector mean to Scotland's economy and Scotland's future?	Clare Adamson (Motherwell and Wishaw) (SNP)
Has the Scottish Government reviewed the updated business plan for the Fort William facility and is it credible?	Jamie Halcro Johnston (Highlands and Islands) (Con)
Can Scottish Government ensure the GFG Alliance makes good on the commitment to transfer some of the vast Alcan estate to community ownership?	Rhoda Grant (Highlands and Islands) (Lab)
Is £32 million the maximum guarantee that we would be liable for in any one year, or does it accumulate in some way so that there is a higher liability?	John Mason (Glasgow Shettleston) (SNP)
What due diligence did SG do on the generating infrastructure of the plant? Did it accept just the due diligence that was undertaken by Mr Gupta?	Edward Mountain (Highlands and Islands) (Con)
Does the steel industry have a long-term future in Scotland, that it will be a prosperous one and that the workers' jobs will be there not just for them but, hopefully, for future generations?	Kenneth Gibson (Cunninghame North) (SNP)
Will the smelter continue to be an active ingredient in Scotland's industrial strategy?	David Stewart (Highlands and Islands) (Lab)
What can we do right now to try to maintain the jobs and reassure worried workers and their families?	Bob Doris (Glasgow Maryhill and Springburn) (SNP)

Question S6W-00171: Willie Rennie, Date Lodged: 24/05/2021

To ask the Scottish Government, further to the letter of 11 February 2021 from the Cabinet Secretary for the Rural Economy to the Finance and Constitution Committee, whether it will provide an update on the progress since that date of (a) Project Silver, (b) Project Corpach and (c) Project Loch; how many additional jobs it anticipates each will create, and how this compares to the original business plan.

Answered by Ivan McKee (02/06/2021):

The GFG Alliance continues to invest in and progress its expansion plans for its Fort Williams operations and has published details on the ALVANCE Aluminium website <https://alvancealuminiumgroup.com/news/expansion-plans-fort-william/>. The GFG Alliance's new investment plans still require to go through the formal planning approval process with the Highland Council. Depending planning approvals, the business has indicated that the new integrated business plan and associated developments will secure the long-term future of the Fort William aluminium smelter, safeguarding 200 direct local jobs and creating 70 new direct high quality roles.

Question ref. S6W-00172: Willie Rennie, Date lodged: 24/05/2021

To ask the Scottish Government whether the milestone payment scheduled for March 2021 was delivered by the GRG Alliance to the Scottish Government-controlled project account, as reported to the Finance and Constitution Committee by the Cabinet Secretary for the Rural Economy in a letter of 11 February 2021; how much the payment was scheduled to be worth, and whether this was met in full.

Answered by Ivan McKee (02/06/2021):

Milestone payments are inter-company payments related to planned investment at the Lochaber smelter and are not payments due to the Scottish Government. No payments due from GFG Alliance companies to the Scottish Government are outstanding. For reasons of commercial confidentiality, we do not publish details of compliance with commercial contractual terms although such information may be shared in confidence with the Finance and Constitution Committee where appropriate.

Question S6W-00173: Willie Rennie, Date Lodged: 24/05/2021

To ask the Scottish Government what due diligence it undertook prior to agreeing (a) the initial Lochaber Contingent Liability with the GFG Alliance and (b) the revised business plan.

Answered by Ivan McKee (02/06/2021):

The Scottish Government supported by its external legal and commercial advisors carried out appropriate due diligence in relation to GFG plans. The Lochaber contingent liability was approved by the Finance and Constitution Committee, which had cross party representation, in November 2016.

Question ref. S6W-00174: Willie Rennie, Date lodged: 24/05/2021

To ask the Scottish Government whether it will immediately conduct a review of its agreements, documentation and contacts with the GFG Alliance in light of reports that the Serious Fraud Office has initiated an investigation into the GFG Alliance.

Answered by Ivan McKee (02/06/2021)

The Scottish Government is aware of the Serious Fraud Office investigation but does not comment on matters which are subject to a live criminal investigation.

GVA AND JOBS

Lochaber Aluminium smelter

- Fort William smelter employs **200 people** and is the UK's only aluminium smelter.
- Our support for GFG's Lochaber acquisition **safeguarded 160 jobs** and supported the creation of **40 new jobs**.
- **[REDACTED][REDACTED][REDACTED]**While GFG's original investment plan for Fort William was impacted by the sharp fall in UK automotive output, the business has brought forward **new investment plans totalling £94 million**.
- The core of the new investment plan is an **£82m** investment in a new aluminium recycling and casting facility.
- This will double aluminium production on site from **40,000 tonnes to 80,000 tonnes** per annum and create additional employment.

Liberty Steel Dalzell Steelworks

- There are **now 140 employees** currently work at the Dalzell rolling mill.

[REDACTED][REDACTED]

SENSITIVITIES

Topic	Do Say	Don't Say
[REDACTED][REDACTED]	[REDACTED][REDACTED]	[REDACTED][REDACTED]
[REDACTED]	[REDACTED][REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED][REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED][REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED][REDACTED][REDACTED]

[REDACTED]

Annex I: Letter from Perm Sec to PAPLS Committee

Permanent Secretary
Leslie Evans



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 4000
E: PermanentSecretay@gov.scot

Jenny Marra MSP
Convenor Public Audit and
Post-Legislative Scrutiny Committee

By email: papls.committee@parliament.scot

Dear Ms Marra

The 2019/20 audit of the Scottish Government Consolidated Accounts

Thank you for your letter of 27 January following the Committee's session with the Auditor General in relation to his report.

I am pleased to respond on the specific issues raised and will also take the opportunity to provide information on some related aspects as covered in the evidence session.

Financial Support for private companies

I welcome the recognition of both the Committee and the Auditor General of the work that we have already undertaken to strengthen our approach to providing support to private companies, namely the development of a set of high level principles for all types of intervention in private companies, improved procedural guidance to accountable officers, and relevant updates to the Scottish Public Finance Manual (SPFM).

I accept and acknowledge that there are lessons to be learned from our recent experience of financial interventions in private companies and that there is a need to apply this learning to our existing approach in the spirit of continuous improvement.

One of the important lessons we have learned is the need to consolidate expertise and transfer knowledge between teams who are leading these interventions. A recent improvement has been bringing together responsibility for management of the Scottish Government's on-going interests in Ferguson Marine (Port Glasgow) and Burntisland Fabrications Ltd (BiFab) into a single team, building on their existing commercial finance capacity and enabling the sharing of knowledge and expertise.

In addition to this structural change, the Committee will be aware of recommendation 4 of the Advisory Group for Economic Recovery (AGER) that the Scottish Government should build its professional capability to manage its ownership stakes in private businesses.

In response to AGER recommendation 4, work is underway to investigate the capability and capacity required across all phases of a transaction - response, advice and shareholding. This includes consideration of lessons learned from taking public ownership stakes in Prestwick Airport, BiFab and Ferguson Marine and other interventions in strategic industries such as steel making and aluminium production that may not involve ownership but look to support complex commercial transactions.

In considering our approach we differentiate between three categories of intervention. First, where the Scottish Government is supporting proactive investment for growth via targeted schemes; second, where the Scottish Government provides reactive support to threatened company failure, for example business support provided in response to Covid-19; and third, policy driven interventions where the Scottish Government is intervening to support a business that is critical to our economy and where all other solely commercial options to sustain it have been exhausted.

In respect of supporting proactive investment the financial capacity, risk tolerance and expected outcomes are set out in the 2021-22 Budget, the missions led approach of the Scottish National Investment Bank and the approach of our Enterprise Agencies through specific projects and programmes. This represents the vast majority of Scottish Government investment.

In terms of policy-driven intervention in companies at financial risk, the Committee will be aware of the Scottish Government's position on ensuring that businesses critical to achieving our industrial policy are supported, outlined in our Economic Action Plan 2019/20. It is important to note that these investments are unusual, limited in number and, due to the nature of these transactions, decisions have necessarily been taken on a case by case basis.

Where a business faces difficulties that cannot be addressed by a market response, and the business is critical to our economy, or is a long term strategic asset, we consider options for support in adherence with the Scottish Public Finance Manual and our high level principles encompassing all types of intervention in private companies. For congruence we will consolidate these principles into the Scottish Public Finance Manual. Individual cases are considered on their merits, including their contribution to the wider National Performance Framework, and support is only offered following detailed due diligence. Should financial support be offered, this must meet the tests for State aid/subsidy control and any other legal requirement and is on the same basis as a commercial investor. That includes details such as the amount of the investment, the expected return and the duration over which the lending takes place. All of the interventions made to date have followed the guidance in the Scottish Public Finance Manual.

In support of providing greater clarity, these transactions are reported to Audit Scotland and published in the Scottish Government's annual accounts, where possible, with suitable supporting narrative and Ministers keep Parliament and relevant Committees informed at an appropriate juncture.

The Scottish Government remains committed to financial transparency as part of our Open Government Action Plan, however this needs to be balanced against the need for commercial confidentiality in order to protect both Scottish Government and our counterparty's interests and to ensure that the Scottish Government can operate as a credible party to any future transactions. I have noted the Auditor General's evidence to the Committee and lead policy officials will shortly be writing to invite him to meet to discuss what further improvements may be possible in this area.

Whole public sector accounts

We appreciate the Committee's continuing interest in the development of a further set of consolidated accounts with wider coverage of the devolved public sector in Scotland. The commitment to producing this remains and in a form that will be accessible and add value. I would agree with the Committee's specific observation that transparency over public finances is needed now more than ever so I have comfort that the financial information which will be aggregated into a further consolidated set of statements is already available in the published accounts of the relevant bodies.

Finance colleagues and I are also disappointed that the pressures of pandemic response and the necessary prioritisation of the statutory accounts and audit processes in respect of the 2019-20 financial year have impacted on the capacity to make the progress that was planned.

The evidence of the Auditor General and the Audit Scotland team recognised that this is a complex task, that work had been done and progress made. I attach a short note at Annex A covering some of this (this also provides some information in respect of the accounting boundary which was mentioned at the evidence session). We would welcome further engagement with Audit Scotland on the proposed format and in respect of the audit assurance.

The current context unfortunately means that Finance capacity challenges do continue in the short term. Finance colleagues are working with Audit Scotland currently to consider the scheduling of the 2020-21 financial year accounts and audit processes; the timing of which will have a bearing on our ability to progress this work fully.

It is not therefore possible at this stage to set out a timescale for the production of the further public sector accounts with confidence but this will be a key element of the forward planning work with Audit Scotland. In doing so we are keen to explore the scope for this to be a product that develops over time.

Performance reporting

We remain committed to improving our reporting on the Scottish Government's own performance and on its contribution to progress towards the National Outcomes in the National Performance Framework (NPF). As noted by the Auditor General, the performance report has evolved in this direction over the last couple of years and we recognise the need to pick up the pace with these planned improvements.

The incremental changes we have introduced in the budget process (inc. Equality and Fairer Scotland Budget Statement) over the last years to better link the information on spend with the national outcomes puts us in a better place to articulate performance reporting in the 2021-22 Consolidated Accounts and describe how funding delivers outcomes across a broad range of government activity.

For the 2020-21 Consolidated Accounts, we will provide performance analysis from each portfolio, highlighting key activities and programmes and any particular successes or noteworthy challenges, as suggested by Audit Scotland.

Yours sincerely

LESLIE EVANS
Permanent Secretary to the Scottish Government

Willie Rennie's contact to Mr McKee on 13 July 2021 re. [REDACTED] proposal

Emailed Separately to Private Office

BIOGRAPHIES

UNION OFFICIALS



David Moxham, Deputy General Secretary at Scottish Trade Union Congress

Dave joined the STUC in 2004 as a Research Assistant, became an Assistant Secretary and was latterly appointed Deputy General Secretary in 2009. Dave was formerly a Councillor with Glasgow City Council. Dave has policy responsibility for devolution and constitutional matters, public services, a range of sectoral economic issues and priority campaigns such as tackling precarious work. He also leads on civil justice and courts reform.



Ross Clark, President, Community Union

Ross Clark was confirmed as president at Community's National Executive Council in February 2020 after serving as Vice President for two years. He is one of the longest standing steel members within Community, having become a member on his first day at the Dalzell Steelworks. He is a branch secretary within Liberty Steel at Dalzell having previously served as a health & safety rep for his branch. He has been on the NEC since 2015.



Alun Davies, National Organiser, Community Union

Alun is National Organiser for British Steel and Liberty Steel and he also looks after a diverse range of branches in Wales. Alun hails from a Welsh steel family and started his career at what was the British Steel Corporation in Llanwern. He became a full-time officer of the union in 2014.



Mark Jackson, Regional Officer for Inverness and the Highlands, Unite the Union

Mark is a multi-skilled production line worker with 31 years' experience in a multi-national, Blue Chip, LEAN manufacturing environment. Mark was elected to the European Works Council and was on the bureau for Michelin PLC.

Angela Carrigan, Branch Chair Dalzell Steel Works. Member Community TU

Angela has worked as a Technologist at Dalzell for 14 years.

Her main responsibility is to ensure that the steel produced meets the customers' requirements while also adhering to the strict Steel Grade Standards which includes providing technical advice when bidding for contracts.

Update on GFG Alliance Ministerial call with advisors - 10 JUNE 2021

Attendees:

Ivan McKee, Minister for Business, Trade, Tourism and Enterprise

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

Liz Ditchburn, SG
[REDACTED], SG
[REDACTED], SG
Callum McCaig, Special Advisor

Summary of discussion from call:

Mr McKee confirmed that he will have Ministerial responsibility for the GFG Alliance, supported by the Deputy First Minister, who will provide Cabinet level oversight.

An overview on progress since the last Ministerial update was provided, highlighting that both Dalzell and Lochaber projects are currently well resourced by SG, however it was recognised that the businesses were entering critical stages and as such this would be kept under review including where necessary the requirement for a taskforce.

Deloitte provided an update on refinancing efforts globally and at a UK level. Deloitte highlighted the appointment of a global restructuring board, the [REDACTED] in the UK steel businesses and the connection between Lochaber and the GFG aluminium businesses in France and Belgium that [REDACTED]

There was discussion around the need for clarity on [REDACTED], following the receipt of contradictory information from the business and [REDACTED]. It was suggested that Mr McKee write to BEIS to seek clarity on the situation.

Deloitte provided details of impending events that could potentially trigger an insolvency and/or enforcement event including the [REDACTED] of [REDACTED], the proposed hearing date of [REDACTED], the [REDACTED] payment to [REDACTED], and the [REDACTED]. There continues to be no indication that a [REDACTED] will take place.

Deloitte provided an update on the contingency planning work that has been undertaken and noted that a report on this activity is due to be provided to SG on 18th June. Deloitte highlighted the work ongoing to investigate the potential issue in relation to [REDACTED] which could [REDACTED] received. Mr McKee indicated his initial preference for a solution that saw SG [REDACTED]. A number of potential new options for SG's [REDACTED] were raised and will be considered. It was recognised that the progression through a comprehensive options analysis that takes account of numerous factors in line with Government objectives

was underway Mr McKee indicates his desire to view the [REDACTED] across the respective options.

The next quarterly Guarantee Management Meeting (GMM) with the business is scheduled for 23rd June. It is understood that the business will seek to request a [REDACTED]. Officials and advisors advised that SG's position on this should not change which Mr McKee was in agreement with.

Officials provided an update on the situation at Dalzell, confirming the company are in the position to [REDACTED]. A report on contingency planning covering an assessment of the business plan and a number of scenarios provided by the business is due to be provided to SG by 21st June. The initial indications are that the business will continue to be [REDACTED] and requires [REDACTED].

Mr McKee highlighted the priority is to find a route through that can save the jobs.

It was agreed that a session on the strategic context on steel would be arranged soon with Mr McKee.

Mr McKee confirmed he was happy for the next update meeting to be with the Deputy First Minister, and then every second week going forward, unless there is anything urgent to discuss.

There was discussion around the potential for upcoming ministerial engagements with elected members following the previous Cabinet Secretary, Ms Hyslop's update to Parliament in May. Mr McKee indicated his preference to refrain from engagements until there was greater clarity on the future position, and that any communication with elected officials takes place when there is something to say. It was agreed that officials and special advisors should discuss and provide further advice to the Minister.

ACTION – Officials to draft a letter from Mr McKee to BEIS seeking clarification on the [REDACTED]

ACTION – Officials to brief Callum McCaig on advice regarding [REDACTED].

ACTION – Deloitte to provide SG with [REDACTED].

ACTION – Officials to explore the potential for a [REDACTED]

ACTION – Officials to explore whether [REDACTED] could [REDACTED].

ACTION – Officials to provide Mr McKee a note on [REDACTED] and GFG request to [REDACTED].

ACTION – Officials to speak with special advisors around ministerial engagements.

**Ministerial Call – GFG
23 June 2021**

Ivan McKee, Minister for Business, Trade, Tourism and Enterprise	Liz Ditchburn, DG Economy	[REDACTED], Senior Finance Business Partner, Finance Directorate
[REDACTED], Deputy Director, Manufacturing and Industries	Reuben Aitken, Director of Directorate For Covid Business Resilience And Support	[REDACTED], Subsidy Control
[REDACTED], Rapid Response Division	[REDACTED], Strategic Industrial Projects	[REDACTED], Rapid Response Division
[REDACTED], Rapid Response Division	[REDACTED], Deputy Director, Rapid Response Division	[REDACTED], Rapid Response Division
[REDACTED], Communications	[REDACTED], Rapid Response Division	[REDACTED], Rapid Response Division
[REDACTED], Strategic Industrial Projects	[REDACTED], Strategic Industrial Projects	[REDACTED], Subsidy Control
[REDACTED], Teneo	[REDACTED], Teneo	[REDACTED], Deloitte
[REDACTED], [REDACTED]	[REDACTED], [REDACTED]	[REDACTED], [REDACTED]

Agenda

1. Introduction
 - o Situation since Greensill Capital collapse
 - o GFG's economic footprint and SG exposure
2. Liberty Steel
3. Lochaber

Item 1 – Introduction

The Minister provided a summary of the earlier discussion with DFM. The main conclusion was that we needed to establish what the position is both for Scotland and the wider context of the viability of the steel sector in the UK. For the assets owned by GFG Alliance, Ministers are keen to understand what the potential options are to [REDACTED].

[REDACTED] provided an update on the discussions that advisors have had to date with senior officials of GFG Alliance and their advisors. It is evident that there is limited activity on the [REDACTED]. This is likely to be in part to do with the [REDACTED]. Further points were made on:

- Funding requirements will arise [REDACTED] the plants are working at [REDACTED] so this adds to the lack of [REDACTED].
- Updated on the issue at Liberty Aluminium Technologies, there is no known [REDACTED] between the Scottish assets [REDACTED].

- From discussions it is clear that Jay Hambro (CIO –GFG Alliance) is not [REDACTED] and that this is being considered centrally.

[REDACTED] provided the positive news that the business expects next month's Power Purchase Agreement payment (PPA) to be made [REDACTED].

[REDACTED] [REDACTED] [REDACTED] also stated SG, through advisors and officials have also [REDACTED] .

Item 2 – Liberty Steel Dalzell

[REDACTED] provided an update on fresh news about intercompany transactions. GFG Alliance currently owe [REDACTED] (related to the [REDACTED]) and there has been agreement centrally for steel to be supplied at [REDACTED] from LSDL alongside [REDACTED] [REDACTED]. [REDACTED].

Scottish Enterprise as a primary creditor are owed [REDACTED] [REDACTED]. [REDACTED] [REDACTED], but would want to discuss with SM's before taking any further actions. They are discussing with their legal advisers and plan to issue a letter about this arrangement to [REDACTED].

[REDACTED] provided an overview of the Teneo report on the business plan. The key point is [REDACTED]. [REDACTED]. [REDACTED].

There was general discussion on what other factors then could play out, [REDACTED]. [REDACTED] are rumoured to be interested and this is something that will need explored further.

The Minister asked about how many jobs were affected and it was confirmed that 148 jobs at the current position. [REDACTED].

[REDACTED] added that just now getting the [REDACTED]. The Minister acknowledged this and would need to see what the route through for that option would be.

[REDACTED] agreed with [REDACTED] on this point and if the plant has a [REDACTED]. [REDACTED]

[REDACTED] provided an update on SE's work around [REDACTED] - SE are getting [REDACTED] and also valuation of [REDACTED] site, it is however likely to be considerably [REDACTED].

On the specific issue with the deal with [REDACTED] [REDACTED] stated we should be ready to consider adding to SE's letter with one from the Minister if it is deemed helpful to do so, officials will advise if this is required once response to SE's letter is better understood. Discussion about whether appropriate to speak with [REDACTED] – officials will advise but [REDACTED].

Minister – suggested we watch this space, and ensure we provide regular update on any potential actions that need to take place.

Item 3 - Lochaber

There was a discussion on **[REDACTED]** timescale which could be between 12-18 months and further updates will be provided on this.

[REDACTED] updated on the wider situation and another possible event **[REDACTED]**. In these situations SG might have to invoke their measures. It is possible that you could get an **[REDACTED]**.

Actions

- Minister requested information to confirm SE next steps and also if a conversation with **[REDACTED]** was possible as part of the current contract negotiations.
- Lochaber **[REDACTED]** – more information on how would we get to that solution and narrative around that
- Ministers to be kept up to date if there's any change to the expected payment of the PPA