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**From:** [REDACTED] on behalf of Cabinet Secretary for Finance and the Constitution  
**Sent:** 06 June 2018 20:49  
**To:** [REDACTED] Cabinet Secretary for Finance and the Constitution  
**Cc:** Minister for Transport and the Islands; Permanent Secretary; DG Economy; McLaughlin AC (Ainslie); Chief Financial Officer; Brannen R (Roy); McAllan M (Mary); Rollison R (Richard); Rhatigan D (Dermot); [REDACTED]; [REDACTED] Maxwell S (Stewart) (Special Adviser); McCaig C (Callum); Nicholls J (John) (TRANS); McLaughlin AC (Ainslie); Lloyd E (Elizabeth); First Minister  
**Subject:** RE: CMAL Procurement Review - release to CMAL - 22 May 2018

[REDACTED]

Just for completeness, below is the final minute of the meeting for the official record.

Thanks

### **Phone call with Jim McColl – 24 May 2018**

- DM noted that the report commissioned by CMAL from Dr James MacGregor had been sent to FMEL and SG. He noted from JM's initial email comments that JM was not happy with the report but that these issues would need to be taken up with CMAL.
- In DM's view the findings of the report did not point towards a negotiated resolution of the contract price dispute. However that was a matter between Fmel and Cmal.
- DM was also informed by an SG Procurement "pulse check" which raised no material concerns. Although DM believed there to be no further grounds for SG to pursue this further it was still open to FMEL to consider other options including court proceedings if they felt that was appropriate. DM said his focus was on contingency planning and commercial agreement.
- JM repeated the points made in his email and made clear that this wasn't the end of the dispute though he was reluctant to take it to court.
- JM was very critical of the CMAL board which he considered was not acting in the interests of SG as sole shareholder and looking at the wider economic and social picture. In his view CMAL should be sitting down with FMEL to work out a compromise. JM considered that CMAL were too narrowly focused on "winning" the contractual dispute. JM argued that a normal commercial board would understand that it would be more cost effective to reach a compromise agreement with the shipyard than to allow it to go out of business.
- DM understood JM views about CMAL but felt it inappropriate to give a view. DM had engaged as best he could with CMAL. DM reiterated SG's objectives around vessel delivery, jobs and the future of the shipyard. For that reason he wanted to focus on contingencies.
- JM confirmed that he was pleased with the ongoing engagement between FMEL and SG on a commercial agreement. DM and JM agreed that this was close to completion. DM noted it would need substantial SG investment and also investment from the partner.
- DM concluded that the commercial agreement should be the focus of energies from this point, noting that the contractual dispute was between CMAL and FMEL. JM indicated agreement.

**Private Secretary to Derek Mackay MSP, Cabinet Secretary for Finance and the Constitution  
The Scottish Government**

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