

Meeting to discuss issues re Fergusons yard

Tuesday 23 April 2019 10-11:30 7W01, Buchanan House, Glasgow

Attendees

Chris Wilcock Transport Scotland
[Redacted] Transport Scotland

Roddy McKellar PwC
Marcus Cheng PwC

[Redacted] SG Economic Development
[Redacted] SG economic Development

[Redacted] MacRoberts (by phone)

[Redacted] CBC
[Redacted] CBC
Gerry Marshall FMEL

General Discussion

General Discussion

CBC advised that a decision on redundancies will take place on Friday 26 April.

They suggested that temporary workers will be let go immediately but the entire workforce will be advised at the same time. They stressed the seriousness and difficulty of the situation from the interest of both the impacts on individuals and the business.

Redundancies would be in all areas of the yard including office based staff.

The CBC view was that an intermediary body should be appointed to complete mediation of the CPI Claim and CMAL should be removed from the picture entirely.

Their suggestion would be that reassignment/novation of the contract does not breach any procurement laws and because they are claiming "damages" this would not be added to the value of the contract. This point would be important given the quantum of the claim and projected future costs to complete provided would appear to be in excess of 50% which is the maximum that could be permitted under relevant procurement rules.

[Redacted]

FMEL summarised their view that past issues would be classified as Damages/contract variation and future issues by unforeseen circumstances.

In order to prevent redundancies taking place on Friday FMEL Directors would need to be of the opinion that there was a “reasonable prospect” that Ministers could offer comfort that the current situation would be resolved.

PWC queried the requirement and timing around any amendments to the loan conditions or other variations that may be needed in the approach proposed by FMEL –particular around any repayment of the loan to SG at the point the CPI claim was settled (as set out in the current loan agreement).

PWC also noted that there were some small elements around the financial position (e.g. in relation to suppliers) that it would be helpful to pick up separately.

SG officials also queried whether FMEL would be in a position to respond to the request for information following the final loan drawdown. FMEL indicated that they would endeavour to get this later this week.

It was also stressed that SG officials and Ministers were aware of the challenging timescales and seriousness of the decision faced by the company in these difficult circumstances and are committed to working towards a solution.

Actions

| No. | Item | Who |
|------------|--|--|
| 1 | CBC were to provide copies of the claim to MacRoberts so that Procurement issues could be further clarified. | CBC (post meeting note this was completed 23/4 pm) |
| 2. | PWC to engage directly with FMEL on any outstanding issues. | PWC/FMEL |