

Notes for meeting to address the staff and the operatives

- I don't think it's a secret or a surprise as to why we are all here today with the number of rumours out there
 - I think everyone is aware that we have been facing cash flow problems for many months now primarily due to a small number of problem contracts although there are other issues in the business that have led to today
 - I knew that the cash flow problems would intensify in January and February as these are the quiet months for the Company in terms of collecting revenue from customers so I contact Scottish Enterprise on 9 November 2018 for support in the form of a loan to the Company. Not a grant of a handout, a loan
 - We have been working with Scottish Enterprise for three months now. From the outset they said to provide a loan to the Company would be challenge however I felt the challenge was worthwhile to save 450 jobs. We have provided Scottish Enterprise with everything they have asked for, including a turnaround plan, two-year business plan, and a strategic review as well as attending regular meetings in Dundee and in Glasgow. They said they would give us a firm answer on our request for a loan last week however they came back asking for a further three weeks to appoint a firm to carry out more work on the information we had provided. We advised them that we could not continue to trade and needed an answer by close of play on Tuesday. On Wednesday they contacted me to say that they were unable to support the Company
 - On Tuesday at 7:30 we had £893k in the Bank to pay creditors and wages, within an hour, Santander withdrew £800k reducing our overdraft facility with no prior warning. The Bank previously stated that they did not want to be associated with the demise of the Company as it was bad publicity however reducing our facility has forced us into the position we find ourselves in today. Again this morning Santander withdrew a further £100k out of the account
 - The salaries were paid early last week as we were nervous about the Bank's attitude and the wages were paid a day early this week. We put the payment run for the wages through on Tuesday using the same hours as claimed the previous week as again we were nervous about the Bank honouring the payment. The Bank contacted us questioning why the payment run was being processed and threaten to stop the payment. I contacted Santander and stated that if they wanted the support of the Board to protect the Bank's position they had to let the payment go through. Thankfully the wages were paid
-

close of play on Tuesday. On Wednesday they contacted me to say that they were unable to support the Company

- On Tuesday at 7:30 we had £893k in the Bank to pay creditors and wages, within an hour, Santander withdrew £800k reducing our overdraft facility with no prior warning. The Bank previously stated that they did not want to be associated with the demise of the Company as it was bad publicity however reducing our facility has forced us into the position we find ourselves in today. Again this morning Santander withdrew a further £100k out of the account
- The salaries were paid early last week as we were nervous about the Bank's attitude and the wages were paid a day early this week. We put the payment run for the wages through on Tuesday using the same hours as claimed the previous week as again we were nervous about the Bank honouring the payment. The Bank contacted us questioning why the payment run was being processed and threaten to stop the payment. I contacted Santander and stated that if they wanted the support of the Board to protect the Bank's position they had to let the payment go through. Thankfully the wages were paid
- All of the non-family Directors and the majority, but not all of the family Directors offered to invest their own personal money into the business and at the same time take salary cuts to maintain the support of the Bank
- Our two main creditors (Wolseley and Edmundson) have shown tremendous support to the Company and the support from customers has been overwhelming
- It may sound like I am trying to shrug responsibly for what has happened and I can assure you that this is not the case I am simply telling you the truth.
- I have come under personal attack from one half of the McGill family in the last 24 hours for events leading up to today and I guess they are entitled to their opinion however if they think that they can walk away with clean hands they are deluded, they have played their part in events leading up to today.
- The Board are deeply saddened by these events and the effect it will have on all of our livelihoods and those of our families however I can assure you that we have worked tirelessly to find a solution but sadly the Bank has taken matters out of our hands and given us no alternative other than to appoint an Administrator

s38(1)(b)

Sent: 19 December 2018 13:44

s38(1)(b)

Subject: s36(2) Phase 1&2 Summary

Follow Up Flag: Follow up

Flag Status: Flagged

s38(1)(b)

s36(2)

Phase 1 and 2 Summary

Further to our call this morning regarding our reports prepared under phases 1 and 2 of s36(2) I have set out below a summary note as requested.

- The Phase 1 report which focussed on the short term cash flow forecast highlighted there is a funding requirement to address a creditor backlog and 'regularise' the Company's cash position. The funding need was estimated to be in the range of £0.5 million (base) to £1.7 million (sensitised). The range is predominately driven by non-payment of two disputed contracts, totalling £1.30 million. It is becoming increasingly more likely that a substantial portion of these disputed sums will not be received.
- The Company's budget, which we reviewed in Phase 2,

s33(1)(b)

•

s33(1)(b)

•

s33(1)(b)

I hope the above summary is helpful. Should you wish to discuss any aspect of this further, please do not hesitate to contact me.

Kind regards

s38(1)(b)

This email has been sent by and on behalf of one or more of KPMG LLP, KPMG Audit plc, KPMG Resource Centre Private Limited or a company under the control of KPMG LLP, including KPMG United Kingdom plc and KPMG UK Limited (together, "KPMG"). This email, and any attachments, is confidential and may be privileged or otherwise protected from disclosure. It is intended solely for the stated addressee(s) and access to it by any other person is unauthorised. If you are not the intended recipient, you must not disclose, copy, circulate or in any other way use or rely on the information contained herein. If you have received this email in error, please inform us immediately and delete all copies of it. Any communications made with KPMG may be monitored and a record may be kept of any communication. Any opinion or advice contained herein is subject to the terms and conditions set out in your KPMG LLP client engagement letter.

A list of members of KPMG LLP is open for inspection at KPMG's registered office.

KPMG LLP (registered no. OC301540) is a limited liability partnership registered in England and Wales. Each of KPMG Audit plc (registered no. 03110745), KPMG United Kingdom plc (registered no. 03513178) and KPMG UK Limited (registered no. 03580549) are companies registered in England and Wales. Each entity's registered office is at 15 Canada Square, London, E14 5GL.

For full details of our professional regulation please refer to <https://www.kpmg.com/uk/en/about/aboutkpmg/pages/regulatory-information.aspx>.

To understand how we respect and protect your personal data, please see our online privacy policy at www.kpmg.co.uk/privacy. To opt-out of marketing communications from KPMG in the UK, please email KPMGunsubscribe@kpmg.co.uk

s38(1)(b)

Sent: 20 November 2018 14:33

s38(1)(b)

Subject: RE: Meeting tomorrow / first draft scope

s38(1)(b)

It was good to meet earlier. We will amend scope per request below and will get the engagement letter /fee proposal to you shortly.

For completeness I should note that we cannot start our work until we have finalised our conflict checks and signed the engagement letter. I will email s38(1)(b) just now re the outstanding information.

Speak soon

Kind regards

s38(1)(b)

s38(1)(b)

Sent: 20 November 2018 13:41

s38(1)(b)

Subject: [EXTERNAL] RE: Meeting tomorrow / first draft scope

s38(1)(b)

Further to your attached email, and our discussions this morning, we are comfortable with the draft scope of work that you have outlined. Just for sake of clarity, we would like outputs of Phase 1 to highlight potential high level options/scenarios - i.e. we need to know the position and possible options/ solutions?.

Can you proceed to submit a quote for this work, based upon your scope and the above comments

Many thanks

s38(1)(b)

Sent: 19 November 2018 17:09

s38(1)(b)

Subject: Meeting tomorrow / first draft scope

s38(1)(b)

Thank you again for the opportunity to work with you and the Company.

Our conflict checks are underway and the initial checks suggest no issues. We are progressing the checks but to finalise them we will need certain information from the Company. My colleague s38(1)(b) will be in touch tomorrow to advise what else we require.

I attach a very quick first draft scope of works below. The scope can be refined after we meet the Company tomorrow but is hopefully helpful as a starting point to allow you to consider what else you would like added or to suggest any amendments.

The scope will be included in a formal engagement letter that will need to be signed once the conflict checks are complete and before we start our work. It is no problem to have the initial background meeting tomorrow to help us understand more about the position.

Once the scope is agreed, I will consider the costs involved and send the fee proposal to you. As you know, we will aim to keep this at an appropriate level and ensure it fits with your expectations.

I look forward to meeting with you tomorrow.

Kind regards

s38(1)(b)

Draft scope

Phase 1

Short term cash flow forecast

s33(1)(b)

Creditor position

s33(1)(b)

HMRC

- Set out the up to date position regarding HMRC arrears and the present position regarding HMRC action.
- If required, assist the Company with its discussions with HMRC (confirm how the Company want us to interact with Henderson Loggie on this point).

Stakeholder management

KPMG will assist the Company in its management of relationships with its stakeholders and their advisers.

In particular we will:

- provide management with an understanding of the approach typically adopted by funding providers (Santander and the ABL lenders) given the Company's current circumstances, in particular highlighting their likely concerns and requirements; and
- speak with funding providers and other stakeholders or their advisers as requested by the Company.

Phase 2

Financial Projection

s33(1)(b)

Options assessment

- In light of the review of the STCF and the financial projection, together with information obtained

s33(1)(b)

This email has been sent by and on behalf of one or more of KPMG LLP, KPMG Audit plc, KPMG Resource Centre Private Limited or a company under the control of KPMG LLP, including KPMG United Kingdom plc and KPMG UK Limited (together, "KPMG"). This email, and any attachments, is confidential and may be privileged or otherwise protected from disclosure. It is intended solely for the stated addressee(s) and access to it by any other person is unauthorised. If you are not the intended recipient, you must not disclose, copy, circulate or in any other way use or rely on the information contained herein. If you have received this email in error, please inform us immediately and delete all copies of it. Any communications made with KPMG may be monitored and a record may be kept of any communication. Any opinion or advice contained herein is subject to the terms and conditions set out in your KPMG LLP client engagement letter.

A list of members of KPMG LLP is open for inspection at KPMG's registered office.

KPMG LLP (registered no. OC301540) is a limited liability partnership registered in England and Wales. Each of KPMG Audit plc (registered no. 03110745), KPMG United Kingdom plc (registered no. 03513178) and KPMG UK Limited (registered no. 03580549) are companies registered in England and Wales. Each entity's registered office is at 15 Canada Square, London, E14 5GL.

For full details of our professional regulation please refer to <https://www.kpmg.com/uk/en/about/aboutkpmg/pages/regulatory-information.aspx>.

To understand how we respect and protect your personal data, please see our online privacy policy at www.kpmg.co.uk/privacy. To opt-out of marketing communications from KPMG in the UK, please email KPMGUnsubscribe@kpmg.co.uk

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ

Tel: +44(0)141 204 1111

Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are

s38(1)(b)

Sent: 18 December 2018 10:55

s38(1)(b)

Subject: FW: s36(2) - Phase 2 report

Attachments: Withheld under section 33(1)(b)

s38(1)(b)

s36(2) – Phase 2 report

I am pleased to attach a copy of our s36(2) Phase 2 report. As you know, we have been liaising with the Company over the last two days to agree the factual accuracy of the report. This has now been completed and we appreciate the time taken by s38(1)(b) to assist given all the other work they have on the go.

Once you have had an opportunity to consider the content of our report, please let me know if there is any further information which you require or if you would like to discuss anything.

In the meantime, I shall be catching up with s38(1)(b) to ascertain how matters are progressing on the actions / initiatives they are working on.

Kind regards

s38(1)(b)

This email has been sent by and on behalf of one or more of KPMG LLP, KPMG Audit plc, KPMG Resource Centre Private Limited or a company under the control of KPMG LLP, including KPMG United Kingdom plc and KPMG UK Limited (together, "KPMG"). This email, and any attachments, is confidential and may be privileged or otherwise protected from disclosure. It is intended solely for the stated addressee(s) and access to it by any other person is unauthorised. If you are not the intended recipient, you must not disclose, copy, circulate or in any other way use or rely on the information contained herein. If you have received this email in error, please inform us immediately and delete all copies of it. Any communications made with KPMG may be monitored and a record may be kept of any communication. Any opinion or advice contained herein is subject to the terms and conditions set out in your KPMG LLP client engagement letter.

A list of members of KPMG LLP is open for inspection at KPMG's registered office.

KPMG LLP (registered no. OC301540) is a limited liability partnership registered in England and Wales. Each of KPMG Audit plc (registered no. 03110745), KPMG United Kingdom plc (registered no. 03513178) and KPMG UK Limited (registered no. 03580549) are companies registered in England and Wales. Each entity's registered office is at 15 Canada Square, London, E14 5GL.

For full details of our professional regulation please refer to <https://www.kpmg.com/uk/en/about/aboutkpmg/pages/regulatory-information.aspx>.

s38(1)(b)

Sent: 24 January 2019 17:55

s38(1)(b)

Subject: RE: McGill & Co Ltd, Dundee/Santander

s38(1)(b)

We would require a formal credit approval and would seek this once a term sheet had been agreed and signed between the parties. We can move quickly and could reach a decision in 3 business days

Look forward to speaking to you tomorrow. I'm only available in the morning or after 4pm in the afternoon



s38(1)(b)

s38(1)(b)

Sent: 24 January 2019 17:41

s38(1)(b)

Subject: #External Sender# RE: McGill & Co Ltd, Dundee/Santander

s38(1)(b)

Thanks for that response.

I understand your points raised in point 1, and we will seek to clarify that in a bit more detail to allow you to understand

Your response on Point 2 is welcome. Do you require to obtain formal approval for this, and if so what timelines are you working to provide such a confirmation.

I will give you a call tomorrow to discuss in a bit more detail.

Many thanks

s38(1)(b)

s38(1)(b)

Sent: 24 January 2019 17:32

s38(1)(b)

Subject: RE: McGill & Co Ltd, Dundee/Santander

s38(1)(b) thankyou for your email and in response to your points

1. Its challenging to answer this question as the bank would need to understand
 - a)How long the Company can trade within existing facilities/What the weekly funding requirement is
 - b)Your approval process/timeline as I assume there is time built into this period to document a facility post a formal credit approval
 - c) Your diligence requirements? We are assuming these are limited in nature given the rationale for funding
 - d) To what extent you could commit funds to bridge to the loan funding
2. Subject to formal credit approvals I am confident we would extend facilities for 12 months. A condition precedent for this extension would be receipt by the Company of £2m from SE and being satisfied with the terms of your lending



s38(1)(b)

s38(1)(b)

Sent: 24 January 2019 11:10

s38(1)(b)

Subject: #External Sender# McGill & Co Ltd, Dundee/Santander

s38(1)(b)

I was wondering what availability you would have later today for a discussion around McGills.

As you aware from our discussions on Monday, Scottish Enterprise are currently assessing a request for loan funds of up to £2m from the company and hope to provide an indicative response later this week. A key element of our deliberations sits around the ongoing commitment that would be available from Santander. We are aware from those discussion of the bank short term position, that whilst you can maintain the current facility at current levels for a period, you are unable to extend any additional facility to the company.

On that basis we are seeking Santander's view on two particular points:

1. Should SE indicate that we are supportive of the proposal, would the bank be able to provide any temporary extended facility for a period of 3/4 weeks and to what level, in order to support the company whilst this process is concluded? I understand that you require to better understand what any agreement in principal

would look like. Effectively, it would have the support of senior executives, but will require to be formally approved through our credit approval process, once we have clarity on the outputs of possible further diligence on the turnaround plan, and assessment of potential terms and conditions for any such loan. This may require a number of weeks to conclude and release funds.

2. On the assumption that SE do provide a loan by end Feb 2019, would the bank maintain the current facility for a period of up to 12 months, to allow the company to implement the required turnaround actions?

s38(1)(b)

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street

38(1)(b)

From: 38(1)(b)
Sent: 19 November 2018 08:58
To: 38(1)(b)
Cc:
Subject: RE: Scottish Enterprise Meeting 16 November

Hi 38(1)(b)

No I can't prioritise this at the moment, remember I have s33(1)(b) of VAT to pay too, I have asked 38(1)(b) to seek payment terms over 3 months.

Regards

38(1)(b)

From: 38(1)(b)
Sent: 19 November 2018 08:56
To:
Cc: 38(1)(b)
Subject: RE: Scottish Enterprise Meeting 16 November

Hi 38(1)(b)

I am out of the office at this moment but will give you a call later. Can you confirm if the business is able to meet this demand at this time

Thanks

38(1)(b)

Sent from my Windows Phone

From: 38(1)(b)
Sent: 19/11/2018 08:48
To:
Cc:
Subject: RE: Scottish Enterprise Meeting 16 November

Morning 38(1)(b)

Please find attached letter received on Friday whilst 38(1)(b) and I were in Glasgow, from HMRC regarding unpaid corporation tax of s33(1)(b) this is exactly the sort of HMCR behaviour I was talking about with 38(1)(b) on Friday – straight for the jugular with no previous letters, phone calls – just straight to the threat of a winding up order. I am personally sick of this attitude from HMRC these days.

I appreciate there is maybe nothing you can do to help here so I am also sending this letter to our advisors
38(1)(b) in the hope they can do something about it.

38(1)(b)

Regards

38(1)(b)

From: 38(1)(b)
Sent: 16 November 2018 16:48
To:
Cc: 38(1)(b)
Subject: RE: Scottish Enterprise Meeting 16 November

38(1)(b)

Thanks – let me give you a call on Monday morning and we can start the ball rolling.

38(1)(b)

From: 38(1)(b)
Sent: 16 November 2018 16:45
To: 38(1)(b)
Cc: 38(1)(b)
Subject: Re: Scottish Enterprise Meeting 16 November

38(1)(b)

38(1)(b) and I talked about the content of the meeting on the train and due to the seriousness of the situation and the number of livelihoods at stake we would like to proceed with the piece of work offered by SE as this is clearly the first hurdle to overcome.

I look forward to hearing from you.

38(1)(b)

On 16 Nov 2018, at 16:28, 38(1)(b) wrote:

38(1)(b)

Many thanks for taking the time to meet with us today, and my apologies that I was unable to be there in person.

Clearly the news from both 38(1)(b) and 38(1)(b) this week has been disappointing from the businesses perspective, however, I thought that I would reiterate that Scottish Enterprise remain keen to help the business find a solution to the current situation. We do have a lot of experience of working with companies in similar situations; and our experience has shown that having the ability to demonstrate to, and influence key parties involved in trying to identify a solution, is a key part of that process. Finding a solution to this current situation will involve all the key stakeholders, including current

fundings, all shareholders and any other funding providers that may be identified. By carrying out the piece of work with accountants that we have suggested, it will allow all parties to clearly identify, and quantify the scale of the situation, and also allow differing scenarios to be explored that would assist the business, and its funders, in implementing potential turnaround strategies.

As indicated, SE would be prepared to meet the cost of this independent review of the business. The outputs of this work will be required by any potential funder, and as discussed at the meeting, our experience shows that having this independent piece of work done in advance will speed up the process of securing any new funding solution. Additionally, should it transpire that there is an ask of Scottish Enterprise to be involved in any such funding solution, it is a piece of work that we would require to be undertaken in any event. Additionally Scottish Enterprise would offer to work alongside the business in developing, supporting and implementing any longer term turnaround plan on an operational level.

Whilst I apologise that we may have gone over some old ground from our meeting on Tuesday, it has certainly been beneficial to SE in more fully understanding the scale and urgency of the issue, and we hope that you also found the meeting and our offer of support to be beneficial.

I look forward to talking again following your Board meeting on Tuesday, however, if you have any queries in the interim, please do not hesitate to contact me.

Many thanks

38(1)(b)

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

38(1)(b)

From:
Sent: 01 February 2019 09:14
To:
Cc:

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 31 January 2019

Sensitivity: Confidential

Follow Up Flag: Follow up
Flag Status: Flagged

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Thanks^{38(1)(b)}

Mr Hepburn has noted, and has commented that we need to be ready to go today. An update to elected representatives should be prepared. Also need to set up a call with any administrator appointed for as soon as we can (won't be possible today, so Monday maybe?)

Has the timeline (akin to that prepared for Kaia) been pulled together yet?

Grateful for advice asap

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 31 January 2019 15:53
To: 38(1)(b)
Cc: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Update - 31 January 2019
Sensitivity: Confidential

38(1)(b)

SE spoke with 38(1)(b) this morning, and he confirmed that all weekly operative staff were paid in full up to today, and that all monthly staff were paid in full as of last Friday, covering the period up to end of January. As such the company has confirmed to SE that all staff have been paid up to today's date (31 January). SE also asked 38(1)(b) whether local representatives would be informed but he had not given this matter any thought.

The Minister will want to note that the "sister company" referred to in the email he received last night from 38(1)(b) is McGill Homes (Scotland) Ltd, a subsidiary of McGill & Co incorporated in July 2018 and set up as an SPV (special-purpose vehicle) as a trading entity to secure specific development funding, with contracts fulfilled via McGill & Co, the parent company. SE understands that McGill Homes (Scotland) Ltd had successfully undertaken a number of small developments and had secured SHIP (strategic housing investment plan) funding for others but was unable to match this with its own funding.

McGill's turnover last year was £44 million and this may be what 38(1)(b) was referring to in his email. It is SE's understanding that McGill does not have affordable homes orders totalling £44 million, but around £2 million.

Mr Hepburn had also asked if he should speak with 38(1)(b) again. It is SE's opinion that any call would need to have a specific purpose and at this stage is not necessary. 38(1)(b) is spending the day in discussions with lawyers and KMPG and it is unlikely that he will be available today.

38(1)(b)

From:

38(1)(b)

38(1)(b)

Sent: 30 January 2019 16:42

To:

38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 30 January 2019

Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted, and has commented that we ask for an assurance that all staff will be paid what they are owed up to the point of administration.

And can we establish if and when McGills will be letting local representatives know about this.

Also, should the Minister be speaking with 38(1)(b) again?

Grateful for advice

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

38(1)(b)

Sent: 30 January 2019 15:24

To:

38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Update - 30 January 2019

Sensitivity: Confidential

Minister for Business, Fair Work and Skills

MCGILL & CO – UPDATE – 30 JANUARY 2019

- SE has confirmed to 38(1)(b) at McGill, that SE is unable to provide the required £2 million loan, indicating both the timescales required for diligence and the difficult business case based on an initial appraisal.
- 38(1)(b) acknowledged the position and said that it was his intention to inform the McGill Board and then proceed with the instruction of Administration proceedings.
- 38(1)(b) informed SE that Santander had this week further reduced McGill's borrowing facility.
- In addition, Scottish Government colleagues have been advised today that HMRC has written to McGill to advise that, while its seven day period for submitting a payment proposal does not expire until tomorrow (31 January), no proposals have been received to date and HMRC will now therefore continue legal actions. A letter has been emailed to the company from HMRC today and a hard copy has been sent by first class post.
- SE understands the likely timescale would suggest that confirmation of administration would be **Friday 1 February (date tbc)**.
- 38(1)(b) assured SE that it was his intention to ensure that staff are informed at the earliest opportunity.
- A salary run for weekly paid staff (around 350) had been instructed this week and company believes this would be paid. SE believes monthly paid staff have been paid up until 25 January.
- SE outlined the offer of PACE, SE and other partner support and SE will make contact with the administrator as soon as one is appointed. PACE is standing ready to offer support

38(1)(b)

38(1)(b)

From: 38(1)(b)
38(1)(b)
Sent: 30 January 2019 11:50
To: 38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 30 January 2019
Sensitivity: Confidential

Hello 38(1)(b)

Mr Hepburn is content with the key points outlined below and has noted PACE is standing ready.

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

From: 38(1)(b)
Sent: 30 January 2019 10:00
To: 38(1)(b)

38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 30 January 2019

Sensitivity: Confidential

Many thanks 38(1)(b)

38(1)(b) - confirm that PACE is standing ready.

Kind regards.

38(1)(b)

From: 38(1)(b)

Sent: 30 January 2019 09:50

To: 38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 30 January 2019

Sensitivity: Confidential

38(1)(b)

I thought it would be helpful to quickly confirm the key points from my telephone discussion with Mr Hepburn this morning, in which he noted the update 38(1)(b) provided yesterday and asked:

- That **SE** should as part of providing feedback today to the company on the loan proposal, highlight the tension between the 1 February date specified by the company and the longer period required for due diligence;
- For confirmation that PACE are primed to respond 38(1)(b) to advise); and
- For preparation of a detailed timeline, and that he be kept informed of developments (38(1)(b) for action).

Please let me know if I have missed or misrepresented anything substantive.

38(1)(b)

www.scottishbusinesspledge.scot



#SCOTLANDISNOW



From: 38(1)(b)
Sent: 29 January 2019 17:25
To: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Update - 29 January 2019

Sensitivity: Confidential

Minister for Business, Fair Work and Skills

MCGILL & CO – UPDATE – 29 JANUARY 2019

Request for Loan from SE

- Following the update on 25 January, SE wrote to McGill & Co to outline SE's position regarding McGill's request for a £2 million loan from SE.
- SE outlined that the case for a loan remained difficult based on the circumstances, but would proceed to undertake due diligence to assess the case.
- SE confirmed that this did not represent an offer of funding nor a guarantee that such funding would be provided and the company would have to consider its options.
- ^{38(1)(b)} **at McGill responded that the company would struggle to trade beyond 1 February without the required cash injection this week.**
- The company also confirmed it had received a 7-day demand from HMRC for unpaid debts. The company had written to HMRC requesting a moratorium on the debt until a decision is taken on the loan.
- SE discussed with KPMG the scope and time required for diligence. KPMG indicated that diligence would take approximately three weeks and expressed doubt as to whether this could provide the required comfort to recommend support.
- As previously indicated, SE believes this proposition is very high risk and it is difficult to recommend support based on the assessment of the case to date

^{33(1)(b)}

- ^{33(1)(b)} contacted McGill & Co on Friday to offer a settlement based on a "quick and sensible valuation" against which ^{33(1)(b)} would reimburse McGill immediately.
- ^{38(1)(b)} of McGill & Co has indicated that, although a specific figure was not mentioned, it would be considerably less than the amount McGill is seeking.
- McGill & Co rejected this offer, preferring to work through the process of substantiating its costs via documentary evidence.

Next Steps

- Given the situation regarding the deteriorating position within the company and the immediate requirement for funding, **SE intends to confirm to the company tomorrow morning (30 January) that it is unable to provide the loan.**
- Based on the confirmation of the position, SE believes the company is likely to appoint administrators tomorrow and inform the workforce. SE will confirm when the decision is communicated tomorrow.
- SE has informed partners of the emerging situation and stands ready to support the workforce should the company move towards administration tomorrow.

Media Lines

You have already cleared media lines and these are included below.

Lines to take - In the event of queries and before the company has initiated administration proceedings

Business Minister Jamie Hepburn:

“I am concerned to hear about the situation at McGill & Co.

“I have spoken with the McGill’s Managing Director and offered the full support of the Scottish Government.

“My officials at Scottish Enterprise have been in contact with the management at McGill & Co and have been offering support to the company.

“Scottish Enterprise will continue to work closely with all partners to explore and exhaust all possible options to try and find the best possible outcome.”

Lines to Take – only to be used in the event of administration being formally confirmed in the public domain

“I was very disappointed to learn about the situation at McGill & Co in Dundee and at its operations in Glasgow and Edinburgh.

“Scottish Enterprise engaged closely with the company in recent months and has worked with it to try and find a solution to its difficulties.

“I had spoken with McGill’s Managing Director and offered the full support of the Scottish Government and Scottish Enterprise. Unfortunately, McGill’s trading situation changed rapidly which meant a positive outcome solution for the company was not possible.

“Our Partnership Action for Continuing Employment (PACE) team has been alerted and stands ready to offer its full support to the workforce.”

If pressed on SG support for the construction sector

“The Scottish Government is fully supportive of and engaged with our construction sector. This is reflected in our current Infrastructure Investment Plan and in our latest six-monthly project pipeline which highlights that major infrastructure projects totalling £4 billion are estimated to be in construction across Scotland during the remainder of the current financial year.

“We also established the Construction Scotland Innovation Centre, in October 2014, to provide Scotland’s construction businesses with a ‘one-stop shop’ for accessing a team of academic experts and public support to help advance their businesses.”

If pressed on SG support for Dundee

“We have committed £150 million to the City Region Deal, which also includes investment from UKG and regional partners. Dundee will see Scottish Government investment via the Deal in Dundee Airport, CyberQuarter and the Tayside Biomedical Cluster. Each of these seeks to deliver valuable new jobs into the city and the wider region.

“Dundee will also play a central role, working with its regional partners, in shaping and delivering two regional programmes that sit within the deal – a £20m Skills programme and a £37m Tourism and Culture programme.

“The £10m industrial investment in the City Region, announced on 7 January, will focus on regional delivery mechanisms for NMIS and associated work to raise manufacturing

productivity. It will be tailored to meet the existing and future needs of manufacturing businesses across the region, including Dundee. It forms part of our additional £50m investment in the region.

“In addition, we believe there are decommissioning opportunities for a number of locations in Scotland, Dundee and the wider Tay region. As part of our commitment to the Tay Cities Region Deal, we will also work with Dundeecon and the regional economic development partners to build the regional supply chain.

If pressed on McGill & Co’s dispute with

33(1)(b)

“This is a matter for the companies involved and it would not be appropriate to comment on this.

“The Minister for Business, Fair Work and Skills spoke separately to both the Managing Director of McGill & Co and the Chief Executive of 33(1)(b) and, while he stressed that it was not his place to intervene in their discussions, he encouraged both parties to come to a timely settlement.”

38(1)(b)

From:

38(1)(b)

38(1)(b)

Sent: 25 January 2019 16:14

To:

38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 25 January 2019

Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted

38(1)(b)

From: 38(1)(b)
Sent: 25 January 2019 15:10
To: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Update - 25 January 2019
Sensitivity: Confidential

Minister for Business, Fair Work and Skills

MCGILL & CO, DUNDEE – UPDATE – 25 JANUARY 2019

McGill/ 33(1)(b)

- Following the call with 38(1)(b) on the 23rd, a meeting took place as planned between 33(1)(b) and McGill.
- SE has been advised by 38(1)(b) who advised that no further payment was agreed at this meeting, due to a considerable amount of outstanding information required from McGill's. McGill has agreed to get back to 33(1)(b) next week.
- 38(1)(b) has asked his Regional MD to speak with 38(1)(b) and determine whether McGill is truly able to provide the documentary evidence 33(1)(b) has requested and, if not, it would agree to 33(1)(b) providing an estimate of incurred costs which, if agreed by McGill, 33(1)(b) could release as a cash payment immediately thus negating the time and effort to source the documentation.
- SE is awaiting the company's view in this matter.
- The potential for an agreement and release of payment soon would be beneficial in terms of McGill's cash flow

McGill 33(1)(b)

- SE has been informed by 38(1)(b) that a pre-judication settlement has been agreed by both parties for a sum of £243,000 with indicative payment in the next seven days. This is a welcome development that will assist the company position.

HMRC

- SG has relayed to HMRC the "ask for flexibility" and a payment plan to assist the company at this time.
- The company remains in dialogue with HMRC regarding arrears/due payments, it has made an offer of an initial substantive payment next week.

- No “time to pay” proposal has yet been put forward by the company to HMRC for remaining debt, although HMRC remains approachable and will seriously consider any firm proposals.
- The level of arrears could potentially increase further (tbc) and there remains a risk that legal actions might require to be commenced by HMRC.
- The outstanding debt to HMRC cannot be settled using other public funds.

Request for SE Loan Funding

- As previously indicated, McGill has requested £2 million loan funding from SE in addition to its existing £3.47 million facility with Santander.
- McGill supplied SE with a turnaround plan on Friday 18 January which has been initially reviewed by SE officials.
- As previously indicated, this proposition is very high risk in terms of the ask of the public sector when no other funder is willing to provide funds.
- SE is therefore having to assess the case based on being asked to be the sole new funder, with a view to providing an indicative position by Friday 25 January.
- SE will confirm today with the company that it will consider the request and proceed to undertake independent diligence.
- Given the extremely high risk nature of the plan, SE requires time to complete independent diligence on the commercial and economic case. However, SE requires comfort that the company can continue to trade until that process is complete alongside confirmation of continued support by Santander in the interim and clarification of the HMRC position.
- SE is discussing the diligence required with potential suppliers. KPMG has already highlighted numerous issues, therefore diligence is an absolute requirement.
- SE is unable to confirm a loan until this diligence and approval process is complete.
- SE will communicate the position to McGill today to assist the company in considering its position. The Directors will then need to consider all options and their responsibilities as Directors.
- **SE has spoken to the company and confirmed the position. The company has informed SE that it does not have sufficient funds to trade through next week, without a deferral of creditor/HMRC payments or significant new funds.**
- **SE/BBU will update you by telephone this afternoon.**

Dundee Courier

- 33(1)(b) was approached by the Dundee Courier on Thursday 24 January about a possible dispute with McGill. 33(1)(b) did not provide a comment.
- BBU is in discussion with Communications Economy about a response should it be approached.

38(1)(b)

From: 38(1)(b)

Sent: 25 January 2019 14:23

To: 38(1)(b)

Cc: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Note of Call with 38(1)(b) - 23 January
2019

Sensitivity: Confidential

Minister for Business, Fair work and Skills

**MCGILL & CO – CALL WITH
2019**

38(1)(b)

– 23 JANUARY

Present

Jamie Hepburn – Minister for Business, Fair Work & Skills

38(1)(b)

Mr Hepburn asked 38(1)(b) to outline the current position with regard to payment to McGill.

38(1)(b) said that the process of checking evidence provided by McGill was proving challenging so had introduced face-to-face meetings to share information more quickly. He understood that McGill had engaged the services of Centre, a company specialising in cross-validation which would hopefully also help.

Mr Hepburn asked if 33(1)(b) has any thoughts on what action it would take if McGill could not substantiate all of its claims.

38(1)(b) said that if there were a gap, 33(1)(b) would inform him. He saw the meeting between the companies on Thursday 24 January as being pivotal as they would finally have an idea of what documentation McGill had and this would determine whether he needed to step in at this point. He would ask the regional MD to update SE following the meeting. 38(1)(b) reiterated that 33(1)(b) had some work lined up for which McGill may be considered.

38(1)(b)

From: 38(1)(b)
Sent: 23 January 2019 11:19
To:

38(1)(b)

38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Call with 38(1)(b) - 23 January 2019
Sensitivity: Confidential

Please find an attached briefing for this call.

38(1)(b)

From: 38(1)(b)
38(1)(b)
Sent: 22 January 2019 09:20
To: 38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,
DUNDEE – RISK TO approx. 450 JOBS - Update - 21 January 2019
Sensitivity: Confidential

Thanks38(1)(b)

Mr Hepburn has noted

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 21 January 2019 16:11
To: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Update - 21 January 2019
Sensitivity: Confidential

Minister for Business, Fair Work and Skills

MCGILL & CO – UPDATE – 21 JANUARY 2019

- 33(1)(b) provided a further authorisation for payment to McGill & Co on Friday 18 January of £51,715.
- 33(1)(b) still feels there are a number of items for which McGill needs to provide substantiation and that McGill is clear on what these are.
- A further meeting has been arranged for today (21 January) to continue the process. If McGill can provide 33(1)(b) with the required information it will release funds as soon as possible.

- 33(1)(b) remains of the opinion that 33(1)(b) is stretching the process.
- SE is of the opinion that McGill may lack the necessary information 33(1)(b) require to substantiate its claims.
- McGill supplied SE with information on its turnaround plan on Friday evening. SE is now in the process of reviewing this in advance of the meeting with Santander. SE will be attending between Santander and the company tomorrow (22 January).
- 38(1)(b) has confirmed that he can participate in a call after 5pm tomorrow (22 January). You have indicated that 6.30pm would be more suitable. SE will check with 38(1)(b) 38(1)(b)

From: 38(1)(b)
Sent: 21 January 2019 15:56
To:

38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Note of Telephone Call with 38(1)(b) - 18 January 2019
Sensitivity: Confidential

Minister for Business, Fair Work and Skills

MCGILL & CO – NOTE OF TELEPHONE CALL WITH 38(1)(b) – 18 JANUARY 2019

Present

Jamie Hepburn MSP – Minister for Business, Fair Work & Skills

38(1)(b)

Mr Hepburn welcomed 38(1)(b) to the call and asked him if he could provide an update on and developments since the call on Monday 14 January.

38(1)(b) said that McGill was experiencing cash flow and creditor pressure and had been speaking with SE. Without financial support, the company would have to call in administrators on Friday 25 January.

Mr Hepburn asked whether the company had enough funds to pay its staff.

38(1)(b) said that, while there was not enough cash at the moment, he would ensure that there would be sufficient funds week commencing 21 January. If the planned meeting with Santander did not go well on Tuesday 22 January, an early payment run for staff would be put through.

Mr Hepburn asked about the situation with 33(1)(b) and whether 33(1)(b) had a sense of McGill's situation. He also asked whether, if 33(1)(b) were to pay McGill in full, that would keep the company going.

38(1)(b) said that progress had been slow but that it was expecting further funds on Friday. He had told 33(1)(b) in September or October that its actions were putting the company at risk but, as far as he was aware, 33(1)(b) was not aware that McGill may need to cease trading. McGill had paid all its supply chain companies related to the contract and was bearing the full costs of its involvement with the 33(1)(b) project itself. He also said that payment in full from 33(1)(b) would only be enough to keep the company going for another month but that it would reduce McGill's ask of SE.

Mr Hepburn offered to make another call to 38(1)(b) and 38(1)(b) accepted this offer. Mr Hepburn asked about any other funds being owed to McGill.

38(1)(b) said that no other large sums of money were due.

Mr Hepburn mentioned the need to prepare PACE for engagement to offer assistance to the workforce. He also asked that 38(1)(b) contact him if necessary.

38(1)(b)

From: 33(1)(b), 38(1)(b)
38(1)(b)
Sent: 18 January 2019 11:06
To: 38(1)(b)

38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 17 JANUARY 2019
Sensitivity: Confidential

Thanks 38(1)(b) ,

Please see conference details below. Mr Hepburn will also need official support on the call

38(1)(b)

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 18 January 2019 11:03
To: 38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,

Sensitivity: Confidential

38(1)(b)

I have spoken with 38(1)(b) this morning, and he has confirmed that he would be available to take a call from Mr Hepburn at 13:30.

Can you provide details of call in.

38(1)(b)

From: 38(1)(b)
Sent: 18 January 2019 10:36
To: 38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,
DUNDEE – RISK TO approx. 450 JOBS - Update - 17 JANUARY 2019

Sensitivity: Confidential

Hi all,

Thanks for the note. Mr Hepburn would like an urgent call with 38(1)(b) . Can we possible get something arranged today? Mr Hepburn is available at 1330?

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

From: 38(1)(b)
Sent: 18 January 2019 10:20
To:

38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 17 JANUARY 2019
Sensitivity: Confidential

38(1)(b) we discussed last night.

I'm adding 38(1)(b) and 38(1)(b) in readiness for any engagement with public sector customers of McGill – although I do not recommend any specific action at this time.

A review of public sector spend with McGill shows a dip in business in 2015, with a subsequent recovery and growth.

2014/15 - £9.75m
2015/16 - £5.55m
2016/17 - £9.75m
2017/18 - £12.44m

Over 90% of spending in 16/17 and 17/18 comes from four Local Authorities

City of Edinburgh – 62%
Perth and Kinross – 13%
Angus – 11%
Dundee City – 4%
33(1)(b) spend almost halved in 2017/18, however the
reduction was taken up by 33(1)(b) and 33(1)(b)

McGill's appear to have a significant number of public contracts that were still active in December 2018. (at least from an administrative perspective – i.e. Contract close date is in the future). However the majority of these appear to be frameworks with no guarantee of future revenues.

Again, 33(1)(b) and 33(1)(b) appear to be the most significant users. There are no currently active contracts noted with 33(1)(b) or 33(1)(b)

At this point, given the options being indicated to SE regarding either administration or business planning, and the view of McGill management that public sector payment is not a current issue, it would not be appropriate for us to contact contracting authorities specifically. However it is worth considering 33(1)(b) alongside 33(1)(b) should that position change.

Regards

38(1)(b)

From: 38(1)(b)
Sent: 17 January 2019 17:32
To: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Update - 17 JANUARY 2019
Sensitivity: Confidential

Minister for Business, Fair Work and Skills

MCGILL & CO - UPDATE – 17 JANUARY 2019

Current Position

- 38(1)(b) at McGill & Co called SE during the company's meeting with KPMG.
- McGill indicated to SE it was considering only two options:
 1. Whether to place the business in administration immediately
 2. Progress with its business planning exercise in the hope that it can provide SE with a proposal on which it is comfortable providing finance.
- 38(1)(b) indicated that the business and turnaround plan will not be available until Friday night (18 January) or early Monday (21 January) for SE to begin to review. This will indicate the proposed funding requirement, turnaround steps and business plan for a two year minimum period
- The company requested if SE can turn around a funding assessment by Friday 25 January. **Given the situation, SE is drafting a considered written response this afternoon.**
- **SE understands that it is the company's intention to pay weekly staff this week and monthly salaries next week.**

SE Consideration

- At this stage, SE is not yet clear on the quantum of support being asked, but is assuming it is around £2 million.
- While SE can consider the case, it would not be feasible to conclude a proper assessment of funding at this level within one week as requested.
- In order for SE to undertake this assessment, it requires to be satisfied as to the viability of the company's turnaround plan, and on the ability of the business to implement the changes required to deliver a viable business.
- SE recommended at its meeting with the company on Monday 14 January that it should be considering all other options in line with its responsibilities, including the potential for an accelerated sale. SE have not had confirmation about the board's thoughts on this as an alternative option
- SE will highlight that, while it anticipates being able to undertake an early initial assessment, satisfying terms of conditionality in the event of any agreement in principle is likely to take an additional period of time beyond its initial assessment prior to any funds being released.
- A key aspect of SE's assessment will be an understanding of the position being adopted by Santander. SE has now been invited by the company to a meeting with the Santander Restructuring team on 22 January.
- While SE's assessment will cover all the usual trading and commercial risks, it would highlight at this stage that it is particularly concerned at the overall level of debt that the business would require to service in the event of new borrowing being put in place.
- Additionally, SE remains concerned as to the structural issues within the business that need to be addressed, and in particular the misalignment of interests between the management team and shareholders and the ability to implement the changes required
- SE remains of the opinion that the case for public sector funding remains very high-risk and would require additional potential management and structural changes to resolve issues within the business

Other Debtors

- SE has previously been advised of a list of debtors by McGill. This does contain public sector customers including: 33(1)(b)
- McGill management has indicated that these were not an issue in relation to its present situation and normally pay when followed up.

HMRC

- McGill is in dialogue with HMRC as it has been encouraged to do so.
- HMRC is awaiting revised figures from the company on how it would pay off its anticipated debt.

- The company is planning to provide this information by 23 January.

Office Bases

- SE has previously been informed that the company has signed a lease for a premises in Livingston and it was its intention to consolidate and close both the Edinburgh and Glasgow offices to cut costs. Its current locations are:
 - McGill & Co Ltd Harrison Rd, Dundee DD2 3SN
 - McGill & Co Ltd 117 Barfillan Dr, Glasgow G52 1BD
 - McGill Electrical 39 Turnhouse Rd, Ingliston, Edinburgh EH12 0AE

Next Steps

- SE is **preparing to issue an outline response to the company** outlining the points above. Noting that SE cannot be directive as to the course of action for the McGill Board to take.
- SE will request McGill's consent to speak to Santander along with the company to understand its intentions on Tuesday 22 January.
- SE has alerted local PACE colleagues also to consider preparation, particularly around the high number of apprentices (70 according to SDS records).
- If you are content to speak with 38(1)(b) tomorrow, SE will contact him to arrange a call.

38(1)(b)

From:

38(1)(b)

38(1)(b)

Sent: 17 January 2019 13:57

To:

38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 16 JANUARY 2019

Sensitivity: Confidential

Thanks 38(1)(b) ,

Mr Hepburn has noted and has asked if we can we confirm specific locations at each site please (address and postcode).

The Minister has commented that this requires another direct discussion with company. They gave an undertaking that payroll will be met this month. This looks more ominous. Did they confirm the commitment they made when SE were on the call earlier?

Grateful for advice

Thanks

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 16 January 2019 19:56
To: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Update - 16 JANUARY 2019
Sensitivity: Confidential

OFFICIAL-SENSITIVE: COMMERCIAL

Minister for Business, Fair work and Skills

MCGILL & CO LTD, DUNDEE – UPDATE – 16 JANUARY 2019

- SE has been advised by McGill & Co that one of its key suppliers, 33(1)(b) will not release goods to service customer sites, and another key supplier, 33(1)(b) will also take similar action on Friday 18 January.
- SE have been informed that the company is in HMRC arrears from December. SE has contacted McGill and advised it to speak with its HMRC case officer to resolve this issue.
- The action by suppliers will significantly impact on McGill's service to its customers.
- **McGill's 38(1)(b) has advised SE that he is seeking advice regarding all potential options.**
- **McGill has contacted KPMG for advice and a meeting is scheduled for tomorrow (17 January).** SE will seek an update following the meeting.
- **The company has 440 employees (337 in Dundee, 73 in Edinburgh and 30 in Glasgow) of which 90 are apprentices.**
- There is a **high risk of administration.**

McGill Meeting with 33(1)(b) – 16 January 2019

- Following its meeting with 33(1)(b) on 16 January, McGill has written to 33(1)(b) expecting a payment to be authorised on the variation account on Friday 18 January.
- There remains a disagreement between McGill's claim for the overspend on labour of around £240,000. McGill has indicated its intention to appoint a third party to present a formal claim on or before Friday 15 February 2019.
- **SE is of the opinion that there may be a mismatch between the evidence expected by 33(1)(b) and that available from McGill and this may ultimately be the gap between both parties that requires resolution.**

SE Meeting with McGill – Monday 14 January 2019

- McGill confirmed that other sources of new funding had now been exhausted.
- Santander had agreed not to withdraw or extend its facilities but the Restructuring Team within the bank had been alerted.
- McGill indicated that the end of January will be a critical point in respect of cash pressure relating to salary costs and a VAT payment due of £0.5 million.
- **SE asked if McGill had sought legal advice but it had not yet done so. McGill confirmed it was aware of its responsibilities.**
- SE offered potential assistance and discussion around the production of a business plan and indicated that it would seek to assess the case for support as soon as possible when all required information was received.
- SE/KPMG indicated to McGill that it should consider the accelerated sale route in parallel to the SE ask.
- KPMG also advised the company to seek legal advice regarding its responsibilities as directors.
- **McGill confirmed no other options such as sale/new equity were actively being pursued, although had been discussed.**

Regards,

38(1)(b)

From: 38(1)(b)
Sent: 15 January 2019 16:51
To: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO 450 JOBS - NOTE OF CALL WITH 38(1)(b) - 14 JANUARY
2019

Sensitivity: Confidential

Minister for Business, Fair Work and Skills

**TELEPHONE CALL WITH
JANUARY 2019**

38(1)(b)

MCGILL & CO – 14

Present

Jamie Hepburn – Minister for Business, Fair Work and Skills

38(1)(b)

Mr Hepburn thanked 38(1)(b) for making the time for the call and asked him provide an outline of the current position with McGill & Co.

38(1)(b) said that McGill had been trading with 33(1)(b) for around 13 years and had enjoyed an excellent relationship with the company. With regard to the work McGill was undertaking for 33(1)(b) on the 33(1)(b), in order to complete the project, which was running 23 weeks behind, by September 33(1)(b) needed the support of all its contractors or face £9 million in penalties. McGill provided what it could, including employing agency staff and putting extra staff on the project, at one point having 80 people working seven days a week. McGill had concerns about the costs it was incurring and 33(1)(b) considered bringing in other contractors to help complete the job on time.

Mr Hepburn mentioned his call with 33(1)(b) on 9 January and of 33(1)(b) intention to hold a meeting on 10 January.

38(1)(b) believed that the meeting on 10 January was driven by Mr Hepburn's interest. 33(1)(b) was looking for very detailed documentation and was paying McGill in £100,000 tranches. 38(1)(b) believed approximately £600,000 remained outstanding. The sums are not disputed but 33(1)(b) says it requires more evidence to enable payment. Both parties are to meet again on 16 January. 38(1)(b) was not confident of an agreement being reached. 33(1)(b) also referenced the dispute with 33(1)(b) which was going to adjudication with a decision due by 25 February. He said that the company was currently unable to meet all its debts to the end of

January and had a £600,000 VAT bill to pay. It was managing its creditors very carefully and had a tight supply chain that was supportive of the business.

Mr Hepburn asked about sources of external finance and asked if the workforce was aware of the situation.

33(1)(b) said that the bank was supportive and had extended its facility to the company and would support McGill until the end of February. He confirmed that there has been no formal communication with the workforce (**approx. 440**). 38(1)(b) said that staff salaries will be met at the end of the month.

Mr Hepburn encouraged 38(1)(b) to remain in close contact with SE and to update SE following its meeting with 33(1)(b) on 16 January. He also asked that, if there were any threat to staff's jobs to let SE/Scottish Government know as soon as possible.

38(1)(b)

From: 38(1)(b)
Sent: 14 January 2019 12:26

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO 450 JOBS - CALL WITH 38(1)(b)
38(1)(b) 14 JANUARY 2019
Sensitivity: Confidential

Please see an attached briefing for this afternoon's call.

38(1)(b)

From: 38(1)(b)
Sent: 11 January 2019 12:14
To:

38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO 450 JOBS - NOTE OF CALL WITH 33(1)(b), 38(1)(b) - 9
JANUARY 2019

Sensitivity: Confidential

Minister for Business, Fair Work and Skills

NOTE OF TELEPHONE CALL WITH 38(1)(b) **– 9**
JANUARY 2019

Present

Jamie Hepburn MSP, Minister for Business, Fair Work and Skills

38(1)(b)

Mr Hepburn opened the call by thanking 38(1)(b) for his time and recognising that the issue between McGill and 33(1)(b) was a matter between the two companies but that he was seeking to gain a better understanding of it.

38(1)(b) provided some background on the issue saying that it was a natural process and that 33(1)(b) was not an adjudication driven business. He recognised that McGill had performed well in the work related to 33(1)(b), particularly when it had to accelerate its work to complete the job. 33(1)(b) was now talking to McGill about possible future projects. The gap of around £500,000 made up of 11 items, two of which, labour costs and labour and plant costs made up the bulk of the amount. 33(1)(b) has asked McGill to provide substantiation for the amounts claimed and has issued a document detailing its requirements. 33(1)(b) and McGills are meeting on Thursday to identify any gaps. He was hopeful that these could be addressed by the end of this week or early next week with payment following as soon as possible.

Mr Hepburn thanked 38(1)(b) for the update and requested that 33(1)(b) keep SE fully informed.

38(1)(b) requested a meeting with **Mr Hepburn** when he is next in Scotland.

38(1)(b)

From: 38(1)(b)
Sent: 08 January 2019 13:16

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO 450 JOBS - CALL WITH 38(1)(b) - 8 JANUARY 2019
Sensitivity: Confidential

Please see an attached briefing for today's call at 3.30pm.

38(1)(b)

From: 38(1)(b)
38(1)(b)
Sent: 08 January 2019 09:15

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,
DUNDEE – RISK TO 450 JOBS - UPDATE FOLLOWING DISCUSSION WITH 33(1)(b) -
7 JANUARY 2019
Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted, and has commented that as things are moving in a positive direction, a call isn't crucial, but if the CEO is available, the Minister would be happy to have a quick chat

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 07 January 2019 17:25
To: 38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS - UPDATE FOLLOWING DISCUSSION WITH 38(1)(b) -
7 JANUARY 2019
Sensitivity: Confidential

Copying in 38(1)(b) who has fallen off copy list again.

38(1)(b)

From: 38(1)(b)
Date: Monday, 07 Jan 2019, 4:27 pm
To: 38(1)(b)

38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK
TO 450 JOBS - UPDATE FOLLOWING DISCUSSION WITH 33(1)(b) - 7 JANUARY 2019

Minister for Business, Fair Work and Skills

**McGILL & CO – UPDATE FOLLOWING DISCUSSION WITH
JANUARY 2019**

33(1)(b)

– 7

SE spoke with 38(1)(b) this afternoon. Below are the main points from the call:

- McGill & Co's final account with 33(1)(b) was **£6,247,002 based on early settlement** (the sum originally requested was £6,471,215). Of this **£5,688,146 has been paid and £558,856 is outstanding**.
- A team from 33(1)(b) met with McGill & Co before Christmas to discuss the outstanding amount and it has been mutually agreed that adjudication or formal proceedings are not required and that the outstanding amount will be paid to McGill & Co once 33(1)(b) receives detailed substantiation from McGill.
- McGill has been asked to provide back-up evidence for 11 outstanding items (with two of particular significance - *additional labour cost of £151,503* and **extra over labour and plant costs of £290,496**) by **Friday 11 January**.
- In line with 33(1)(b) best practice, once evidence for the remaining costs are received, it will pay any outstanding monies immediately.
- SE has emphasised to 38(1)(b) that there is ministerial interest in resolving this matter and 38(1)(b) has agreed to encourage a round table meeting between 33(1)(b) and McGill & Co, that will hopefully take place this week, where the issue will be discussed.
- SE has asked McGill to contact 33(1)(b) and progress the provision of further evidence as a matter of urgency
- 38(1)(b) has availability for a call tomorrow at 3.30pm. However, it may be that you would prefer to have the call next week after the meeting with McGill has taken place.
- 38(1)(b) would be happy to update you verbally and can be reached on 38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 07 January 2019 12:31
To:

38(1)(b)

38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO 450 JOBS - UPDATE - 7 JANUARY 2019

Sensitivity: Confidential

38(1)(b)

- SE has now made contact with 38(1)(b) on behalf of McGill & Co.
- 38(1)(b) has requested a briefing from 33(1)(b) Scottish Regional Management Team which he will receive today.
- 33(1)(b) will respond to SE today or tomorrow following this briefing and we will update you when SE receives a response.
- SE indicated that Ministers are monitoring the situation and this may have accelerated the action.
- McGill is meeting with KPMG today to discuss the current financial situation and the work that KPMG has done with the company to date.

38(1)(b)

From: 38(1)(b)
Sent: 21 December 2018 16:58

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,
DUNDEE – RISK TO 450 JOBS - UPDATE - 20 DECEMBER 2018

Sensitivity: Confidential

38(1)(b)

Briefing note on the situation attached. SE will try again on Monday to contact 33(1)(b)

33(1)(b), 38(1)(b)

38(1)(b)

From:

38(1)(b)

Sent: 21 December 2018 15:18

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,
DUNDEE – RISK TO 450 JOBS - UPDATE - 20 DECEMBER 2018

Sensitivity: Confidential

Hi 38(1)(b)

No problem. Will need to be 10am on the 3rd. The minister isn't available at any other time

Thanks

38(1)(b)

From:

38(1)(b)

Sent: 21 Dec 2018 14:53

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD;
DUNDEE – RISK TO 450 JOBS - UPDATE - 20 DECEMBER 2018

38(1)(b)

It appears that the office is closed now so it doesn't look like it will be possible to arrange something today or Monday. SE will try to arrange something for 3 of 4 January. Would that be possible from your side? In any case, we'll send a briefing up by close today.

38(1)(b)

From: 38(1)(b)
Sent: 21 December 2018 14:12

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS - UPDATE - 20 DECEMBER 2018
Sensitivity: Confidential

Hi38(1)(b)

Mr Hepburn is happy to do this. Would this need to be today? If so the minister will need a full briefing asap

Thanks

From: 38(1)(b)
Sent: 21 Dec 2018 14:01

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD; DUNDEE – RISK TO 450 JOBS - UPDATE - 20 DECEMBER 2018

38(1)(b)

SE has spoken with the company this morning and has requested that Mr Hepburn speak with the CEO of 33(1)(b) . Would this be possible to arrange?

38(1)(b)

From:

38(1)(b)

38(1)(b)

Sent: 20 December 2018 12:25

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS - UPDATE - 20 DECEMBER 2018

Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted, and has asked that we make sure the offer of ministerial assistance is reiterated and if the company wants to avail themselves of that, they just need to request it.

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 20 December 2018 10:54
To: 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO 450 JOBS - UPDATE - 20 DECEMBER 2018
Sensitivity: Confidential

Minister for Business, Fair Work and Skills

McGILL & CO LTD – UPDATE – 20 DECEMBER 2018

Current Position

- Scottish Enterprise remains in contact with McGill on a daily basis.
- The company is pursuing three additional sources of debt funding from three specific providers. There remain ongoing matters to resolve around personal guarantees by shareholders but the company remains hopeful of one or more offers of additional debt funding. The company will inform SE of any funding offers secured this week.
- SE understands the company will be able to meet its payroll and creditor obligations this week. However the situation remains difficult with ongoing creditor pressures and **there remains a high likelihood of potential creditor action at any time.**
- With regard to the position with its debtors, 33(1)(b) as previously mentioned, is going to adjudication and the company remains in dialogue with 33(1)(b). **The company has confirmed that it is in ongoing discussions and has not requested Ministerial intervention at this time.**
- KPMG has concluded an analysis of the short term and future budget of the company and concluded an additional funding need of between £0.5 million and £2.7 million depending on assumptions and sensitivities.
- KPMG advises that it would be beneficial for the company to source equity from existing or new shareholders in addition to debt. As it stands, the company may require in excess of £5 million in debt from all sources which is a highly leveraged position relative to earnings of the company.
- The potential for a sale has also been proposed as an option to the shareholders, but SE understands that shareholders do not want to pursue this in preference to the additional debt being discussed.
- Whilst SE had been asked to consider a bridging loan to allow McGill time to find new sources of funding, SE's view is that this may not be sufficient to resolve the situation and the option for new equity and/or sale should also be considered.

- SE has requested some further information from the company around clarity on discussions with potential funders and details on a potential turnaround plan to reduce the level of funding required. SE has also offered continued assistance in producing this if required.

Next Steps

- SE has requested the required detail in order for it to consider the potential case for public sector funding support. However it is clear that any support provided would be significantly high risk.
- SE has also requested that the management and shareholders consider all options in addition to sourcing increased debt at this stage.

38(1)(b)

From:

38(1)(b)

38(1)(b)

Sent: 09 December 2018 19:06

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS - MEETING WITH SE - 7 DECEMBER 2018

Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

From: 38(1)(b)
Sent: 07 December 2018 16:14

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS - MEETING WITH SE - 7 DECEMBER 2018
Sensitivity: Confidential

OFFICIAL-SENSITIVE: COMMERCIAL

Minister for Business, Fair work and Skills

McGILL & CO LTD - MEETING WITH SCOTTISH ENTERPRISE – 7 DECEMBER 2018

- SE met with McGill & Co 38(1)(b) today (7 December 2018) to discuss the first phase of SE funded work undertaken by KPMG to review McGill's short-term cash position.
- This review has concluded that McGill & Co will have a **short-term funding requirement of around £0.5 million in February 2019**. However, this is subject to the company managing **creditor arrears of around £2 million** in the interim.
- The situation remains severe in terms of cash flow and McGill & Co is actively seeking to manage its creditors, including HMRC as well as possible.
- In relation to its two significant debtors, McGill & Co is **not currently seeking ministerial intervention** while discussions are progressing.
- The 33(1)(b) amounts owed are going to adjudication and McGill & Co is hoping for an agreed settlement prior to that.
- McGill & Co has now received a further payment from 33(1)(b) and a meeting is planned for next week, following which, McGill & Co is hopeful that further funds may be released.
- However, should no further payments be received from 33(1)(b) McGill & Co's funding requirement will be brought forward to January and the **total funding requirement will rise to £1.64 million in mid-February**. There also remains creditor pressure in the coming weeks.
- McGill & Co has requested short-term funding from SE to alleviate the shortage of working capital. At this stage, however, there remain a number of operational and structural issues that need to be considered by McGill & Co, in particular the potential for additional shareholder

equity in preference to debt, consideration of other funding offers being pursued and options to reduce costs and increase sustainability going forward.

Next Steps

- SE has asked McGill & Co to continue to pursue the options as recommended by KPMG, which include clarification of existing shareholder intentions and active pursuit of additional funding currently already being explored by the company.
- SE has asked that KPMG continues to assess the longer term sustainability of the business and possible turnaround options beyond the short-term. This will take place next week. Additional support from KPMG will also be provided to the company to assess and plan its cash management over the coming weeks.
- SE will also consider additional support for a fund raising process if and when that is considered by McGill & Co.
- SE will continue to liaise and monitor the position with McGill & Co and keep you updated.

38(1)(b)

From:

38(1)(b)

Sent: 06 December 2018 16:39

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS - UPDATE - 5 DECEMBER 2018

Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted, and would like to know ASAP if a request for assistance in interaction with
33(1)(b) and 33(1)(b) is made by McGill & Co

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 05 December 2018 17:05

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS - UPDATE - 5 DECEMBER 2018

Sensitivity: Confidential

Minister for Business, Fair Work and Skills

MCGILL & CO, DUNDEE – UPDATE – 5 DECEMBER 2018

Purpose

1. To **confidentially** update you on the **trading difficulties being experienced by McGill & Co Ltd in Dundee and the potential risk to 450 jobs in early 2019.**

Priority

2. **Immediate - The company is actively seeking to resolve the current cash flow issues relating to major contracts. The timing of any potential job losses would be in early 2019.**

Background - The company has specifically requested that the situation remains confidential

3. The cash flow issues being faced by the company are around two large contracts relating to work completed on behalf of major contractors and that have not yet been paid. These are:

- 33(1)(b)
- 33(1)(b)

4. McGill & Co has advised that the 33(1)(b) sums totalling £0.4 million are being disputed and may go to adjudication.

5. The work undertaken for 33(1)(b) took place over the summer and was due to be completed in September. The 33(1)(b) contract was running significantly late and McGill and other contractors were asked to increase

manpower to complete the work on schedule in order for 33(1)(b) to avoid significant penalties. McGill indicates it provided the required manpower to complete the job and the job was completed as required – albeit at extra cost. McGill claims that 33(1)(b) is delaying payment by challenging and scrutinising job related paperwork in relation to the amounts claimed.

6. McGill & Co believes it is owed a total of £673,000 dating back to October 2018. 33(1)(b) 33(1)(b) has agreed to pay £83,000 this week with the remaining amount to be reviewed over the coming weeks as 33(1)(b) undertakes diligence and reviews the claim in detail. It is unclear what the total amount released will be and when that will happen.

7. While McGill & Co management appears to hold supporting evidence to pursue recovery of both the disputed amounts from 33(1)(b) and 33(1)(b), there is a concern over the timescale or recovery and the quantum that can be collected.

Current Position

8. SE has supported McGill & Co by commissioning KPMG to work with the company to review its short term cash flow position. KPMG has advised that McGill & Co could manage its cashflow into early February 2019, provided there is no slippage in debtor receipts. KPMG has identified a funding requirement of £1 million to £2 million to normalise the position, pending any turnaround plan being implemented. As a result of the decision by the bank not to increase its level of support, any slippage in receipts from debtors may accelerate potential insolvency. SE is in discussions alongside KPMG with the company around potential funding options that can be pursued.

9. The company has previously indicated that it was pursuing discussions with 33(1)(b) 33(1)(b) and was hopeful of a better resolution than it is currently being indicated before the end of this week. If a positive outcome is not achieved, McGill & Co has requested help from the Scottish Government and SE to influence this matter.

10. SE will continue discussions with the company to assess the options and preparations of a turnaround plan, however the short term cash flow position remains a concern alongside the overall viability of the business. SE will meet again with the company on Friday 7 December to discuss options for the business.

Recommendation

11. That you note this update. BBU will update you following SE's meeting with the company on 7 December.

38(1)(b)

From: 38(1)(b)
Sent: 15 November 2018 17:02

38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,
DUNDEE – RISK TO 450 JOBS

Sensitivity: Confidential

38(1)(b)

I understand from SE that McGill & Co is currently actively managing its major contracts and has not requested external intervention on this matter at this stage. SE is meeting with the company tomorrow and will have a better understanding of the negotiations between companies after this. SE also understands that McGill is due to meet with 33(1)(b) tomorrow.

38(1)(b)

From:

38(1)(b)

Sent: 15 November 2018 14:19

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,
DUNDEE – RISK TO 450 JOBS

Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted and has asked what might be the possibilities of intervening with 33(1)(b) and 33(1)(b) on the issue of monies owed to McGill and Co?

Grateful for advice

33(1)(b), 38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 15 November 2018 09:37

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS
Importance: High
Sensitivity: Confidential

OFFICIAL-SENSITIVE: COMMERCIAL

Cabinet Secretary for Finance, Economy and Fair Work
Minister for Business, Fair Work and Skills

ADVANCE NOTICE - CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE– RISK TO 450 JOBS

Purpose

1. To **confidentially** advise you of **trading difficulties with McGill & Co Ltd, Dundee and the potential risk to 450 jobs.**

Priority

2. **Immediate – staff are not aware of this development and none of this information is in the public domain.** The company remains solvent and is actively seeking to resolve the current cash flow issues relating to major contracts. The timing of any potential job losses is mid December 2018 or early into 2019.

Background -

3. McGill & Co Ltd are a long established Dundee headquartered business (Scotland Top 500 company), with over 30 years' experience with depots also in Edinburgh & Glasgow. They are a specialist building services contractor serving clients in the residential, commercial and industrial sectors as well as homeowners. Their main activity is in the construction industry, principally undertaking a wide range of mechanical and electrical contracting work. They directly employ 350 weekly operative staff – mostly tradesmen (including 90 apprentices), and a further 100 salaried staff. Many of the 450 staff are long standing employees. It is understood that there are no contractors involved.

Issues

4. The business is facing cash flow issues, and from an industry malaise around late and disputed payments, with 2 particular large contracts causing significant issue. The 2 major contracts relate to work completed on behalf of major contractors and not yet been paid; 33(1)(b)

33(1)(b)

33(1)(b)

his issue is being actively managed by the company.

5. Personal financial commitment from existing shareholders and directors does not appear forthcoming. Santander, the current bankers, have provided facilities to the maximum level and further funding has been declined. The company has spoken to other banks, but none are willing to assist at present, due their view of the construction sector.

Current Position

6 As a result of the decision by the bank not to increase their level of support, and in the absence of a material improvement in the cash position in the short term (i.e. next 4 weeks), redundancies of approximately 100 staff are anticipated.

7. If the situation is not resolved in the longer term, the business anticipate running out of cash by end of January, albeit in practical terms, creditor pressures may potentially accelerate insolvency issues. The consequences of an insolvency event would be the loss of all 450 jobs.

8. Operationally, the business advised that it has taken steps to fully review and reduce overheads and taken strategic decisions in the type of business undertaken and locations, however this will take time to be reflected in the underlying financial performance.

SE Engagement

9. The business is not account managed and there has been no SE engagement with the business historically.

10. The company contacted SE on 9 November to discuss options for help. Initial discussions took place on the 9th November and a meeting was held with the company on Tuesday 13th November, with follow-up phone calls on the 14th November to clarify the situation.

11. SE will continue discussions with the company to assess the owners intentions and offer support for preparation of a turnaround plans and options should this be required by the owners.
In discussions with the company, they specifically requested that the situation remains confidential.

Next Steps

12. SE are meeting with the company tomorrow (15/11) and have requested a follow-up meeting with the management team, shareholders and Santander to discuss options for the business.

13. SE will look at options for wider SE involvement including possible financial health-check and turnaround options support.

14 SE will seek clarity on the breakdown of the workforce between the three locations - Dundee, Edinburgh and Glasgow.

Recommendation

15. That you confidentially note the situation at McGill & Co Ltd, Dundee. BBU will keep you updated on this matter once the company have provided more information and outlined their immediate plans and remedial actions.

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil. Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

38(1)(b)

From: 38(1)(b)
Sent: 01 February 2019 14:05
To:
Cc: 38(1)(b)
Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE –
Note to elected Representatives - 1 February 2019

Sensitivity: Confidential

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Thanks 38(1)(b)

Mr Hepburn is content – please let me know when these are to issue

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 01 February 2019 13:27
To: 38(1)(b)
38(1)(b)
Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE –
Note to elected Representatives - 1 February 2019
Sensitivity: Confidential

38(1)(b)

As discussed. Please see below a draft note to elected representatives and a list of contacts (I've supplied for Dundee, Edinburgh and Glasgow). Grateful if you could let me know if Mr Hepburn is content and I'll send a final version to the full copy list. For info I've supplied a breakdown of numbers in each area.

	Weekly Operatives	Apprentices	Monthly Staff	Total
Dundee	181	63	93	337
Edinburgh	49	12	12	73
Glasgow	20	0	10	30
TOTAL	250	75	115	440

38(1)(b)

You will be aware that McGill & Co, headquartered in Dundee and with offices in Edinburgh and Glasgow has entered administration today.

I was very disappointed to hear of this development and the impact that it will have on the staff at the company, their families and the local areas.

I spoke with McGill's Managing Director on a number of occasions and offered the full support of the Scottish Government and Scottish Enterprise. Scottish Enterprise had been working closely with the company in recent months to try and find a positive solution. Unfortunately, McGill's trading situation was such that a positive outcome for the company was not possible.

Our Partnership Action for Continuing Employment (PACE) team stands ready to offer its full support to the workforce. In addition, Scottish Enterprise will work with the administrators to offer any support they can to help achieve a favourable outcome.

I am being kept fully updated by officials and will keep you informed as appropriate.

	Dundee	Edinburgh	Glasgow
Constituency MSP	Joe FitzPatrick 38(1)(b)	Alex Cole-Hamilton 38(1)(b)	Hurley Hurley
List MSPs	Bill Bowman	Jeremy Balfour 38(1)(b)	Paterson Paterson
	Peter Chapman	Miles Briggs	Jamieson Jamieson
	Liam Kerr	Kezia Dugdale 38(1)(b)	Johnston Johnston
	Lewis Macdonald	Neil Findlay 38(1)(b)	Pauline Pauline
	Jenny Marra 38(1)(b)	Alison Johnstone 38(1)(b)	Ana Ana
	Tom Mason 38(1)(b)	Gordon Lindhurst 38(1)(b)	Adam Adam
	Mike Rumbles	Andy Wightman 38(1)(b)	Ann Ann
MP	Chris Law 38(1)(b)	Christine Jardine 38(1)(b)	Chris chris
Council Leader	Cllr John Alexander	Cllr Adam McVey 38(1)(b)	Cllr sus

Council Chief Executive	David Martin 38(1)(b)	Andrew Kerr 38(1)(b)	Ann ann
--	--------------------------	-------------------------	----------------------------

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil. Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 01 February 2019 15:21
To: 38(1)(b) 38(1)(b)
Subject: Courier Again

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

38(1)(b)
38(1)(b)

Confirmation of administration in the courier. Can we find out the position from KPMG so we can get the updates moving?

38(1)
38(1)(b)

https://www.thecourier.co.uk/fp/news/local/dundee/820868/breaking-news-hundreds-of-jobs-to-be-lost-as-dundee-based-firm-mcgill-enters-administration/?utm_source=dlvr.it&utm_medium=twitter

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)
38(1)(b)

From: 38(1)(b)
Sent: 01 February 2019 11:10
To: 38(1)(b) 38(1)(b)
Subject: RE: McGill Timeline
Attachments: McGill Timeline.docx se update.docx

38(1)(b) some additions

From: 38(1)(b) 38(1)(b)
Sent: 01 February 2019 10:54
38(1)(b) 38(1)(b)
Subject: McGill Timeline

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

All

Please see the attached timeline that the minister has requested. Grateful if you can let me know if you're content.

38(1)(b)
38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)
38(1)(b)

From: 38(1)(b)
Sent: 04 February 2019 08:51
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today
Attachments: McGillCo Ltd- SCANCE - 5 February 2019 sc.doc

38(1)(b)
38(1)(b)

See amendments

I suggest we stick with 429 as this was the number confirmed by the Administrator. The 440 was provided by the company previously but not as reliable. PACE and SE have asked the Administrator for revised breakdown – hopefully today.

From: 38(1)(b) 38(1)(b)
Sent: 04 February 2019 08:09
38(1)(b) 38(1)(b)
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

38(1)(b)
38(1)(b) Many thanks.

38(1)(b)
38(1)(b) – I have amended accordingly – see highlighted sections. Grateful if you could confirm you are content and insert the date when McGill asked for the loan in December. Also, the figures we have are different from the figures that KPMG put out on Friday. Can you please confirm which are correct?

As a heads up - it is likely there will be a topical PQ on McGills tomorrow so will be drafting supplementaries for this today. We will share later today. In the responses we will need to be reiterate the interventions via SG and SE.

Happy to discuss,

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 04 February 2019 07:47
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

Morning 38(1)(b)
38(1)(b)

38(1)(b) will advise later. Reading through we obviously need to pick up on the employee number discrepancy.

I also picked up on the wording :

McGill & Co requested loan funding of £2 million from SE in December but only provided a business plan on 18 January 2019 As the company said they required the loan by 1 February it was impossible for SE to agree in the absence of time for appropriate due diligence.

My understanding is that the company reworked their cashflows and asked SE for a minimum of £1m by 1 February. Probably being picky but 38(1)(b) will amend if he deems necessary.

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)

Sent: 04 February 2019 07:26

38(1)(b)

38(1)(b)

Subject: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

Importance: High

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Good morning all,

We have been requested to draft a SCANCE note for Mr Mackay for Cabinet tomorrow.

38(1)(b) 38(1)(b) - This is a factual one pager with a speaking note that Mr Mackay will use to update Cabinet. Is everything accurate from your perspective?

38(1)(b) 38(1)(b) – I wasn't sure if we can add in a line to say that PACE was at the briefing on Friday – grateful if you could review accordingly.

38(1)(b) – Are you content with the comment on HMRC

Grateful if everyone could review and confirm you are content by 10am today.

Much appreciated

38(1)(b)

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil. Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.

For more information please visit <http://www.symanteccloud.com>

38(1)(b)
38(1)(b)

From: 38(1)(b)
Sent: 04 February 2019 08:53
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Not a problem – just revising now and will recirculate the final version

From: 38(1)(b)
Sent: 04 February 2019 08:52
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

Sorry emails crossed.

From: 38(1)(b)
Sent: 04 February 2019 08:44
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

38(1)(b)
38(1)(b)

Slightly revised version with 38(1)(b) updated line on HMRC. Please use this version.

Many thanks

38(1)(b)
38(1)(b)

From: 38(1)(b)
Sent: 04 February 2019 08:09
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

38(1)(b) Many thanks.

38(1)(b) – I have amended accordingly – see highlighted sections. Grateful if you could confirm you are content and insert the date when McGill asked for the loan in December. Also, the figures we have are different from the figures that KPMG put out on Friday. Can you please confirm which are correct?

As a heads up - it is likely there will be a topical PQ on McGills tomorrow so will be drafting supplementaries for this today. We will share later today. In the responses we will need to be reiterate the interventions via SG and SE.

Happy to discuss,

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 04 February 2019 07:47
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

Morning 38(1)(b)

38(1)(b) will advise later. Reading through we obviously need to pick up on the employee number discrepancy.

I also picked up on the wording :

McGill & Co requested loan funding of £2 million from SE in December but only provided a business plan on 18 January 2019 As the company said they required the loan by 1 February it was impossible for SE to agree in the absence of time for appropriate due diligence.

My understanding is that the company reworked their cashflows and asked SE for a minimum of £1m by 1 February. Probably being picky but 38(1)(b) will amend if he deems necessary.

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 04 February 2019 07:26
38(1)(b) 38(1)(b)
Cc: 38(1)(b) 38(1)(b)
Subject: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today
Importance: High

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Good morning all,

We have been requested to draft a SCANCE note for Mr Mackay for Cabinet tomorrow.

38(1)(b) 38(1)(b) - This is a factual one pager with a speaking note that Mr Mackay will use to update Cabinet. Is everything accurate from your perspective?

38(1)(b)
38(1)(b)

– I wasn't sure if we can add in a line to say that PACE was at the briefing on Friday – grateful if you could review accordingly.

38(1)(b)

– Are you content with the comment on HMRC

Grateful if everyone could review and confirm you are content by 10am today.

Much appreciated

38(1)(b)

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil. Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

38(1)(b) 38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 04 February 2019 09:20
To: 38(1)(b) 38(1)(b)
Cc:
Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today
Attachments: McGillCo Ltd- SCANCE - 5 February 2019.doc

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hi 38(1)(b) 38(1)(b)

Please see PACE line inserted.

Many thanks.

38(1)(b) 38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 04 February 2019 09:04

38(1)(b) 38(1)(b)

Subject: RE: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today

All,

Final version as it stands.

38(1)(b) 38(1)(b) – are you content with the PACE lines?

Thanks

38(1)(b) 38(1)(b)

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)

Sent: 04 February 2019 07:26

38(1)(b) 38(1)(b)

Subject: URGENT - McGill&Co Ltd- SCANCE - 5 February 2019- deadline 10am today
Importance: High

Good morning all,

We have been requested to draft a SCANCE note for Mr Mackay for Cabinet tomorrow.

38(1)(b) - This is a factual one pager with a speaking note that Mr Mackay will use to update Cabinet. Is everything accurate from your perspective?

38(1)(b) – I wasn't sure if we can add in a line to say that PACE was at the briefing on Friday – grateful if you could review accordingly.

38(1)(b) – Are you content with the comment on HMRC

Grateful if everyone could review and confirm you are content by 10am today.

Much appreciated

38(1)(b)

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadachd a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 04 February 2019 12:03
To: 38(1)(b) 38(1)(b)
Subject: Draft Note of Call

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

38(1)(b)
38(1)(b)

Draft note for comment.

38(1)(b)
38(1)(b)

MCGILL & CO – NOTE OF CALL WITH 38(1)(b) 38(1)(b) – 4 FEBRUARY 2019

Participants

Jamie Hepburn MSP – Minister for Business, Fair Work and Skills

38(1)(b)

38(1)(b)

Mr Hepburn asked 38(1)(b) 38(1)(b) for an update from his perspective on the administrative process at McGill and asked for his thoughts on the possibility of any continuation of the business.

38(1)(b) 38(1)(b) said that the Minister would appreciate that this is very early in the process but there were no plans to continue the business as a going concern. Focus was currently on exploring markets and identifying any interested parties that could get parts of the business operating. KPMG had already received several notifications of interest but this varied from assets to parts of the business. It was difficult to say at this point what the level, if any, of re-employment of staff could be. At present, 55 staff had been retained to assist in collating information around the business. This was broken down as 45 in Dundee and five each in Glasgow and Edinburgh.

Mr Hepburn enquired as to whether all staff had been paid. He also acknowledged that a PACE event was to be held in Dundee on 7 February and suggested that similar support be made available to affected employees in Edinburgh and Glasgow.

38(1)(b) 38(1)(b) understood that a wages run had happened last week and that weekly paid and monthly paid staff had been paid until 31 January. As wages were normally paid in arrears, staff may be due a week's salary but KPMG would need to look into this. He stressed that the process was still in early stages and there was much to be done before any substantive comment could be made on next steps.

Mr Hepburn He encouraged KPMG to continue to work with SE who can offer advice to help prospective buyers.

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b) 38(1)(b)

From:

38(1)(b) 38(1)(b)

Sent:

04 February 2019 18:02

To:

38(1)(b)

Cc:

38(1)(b)

Subject:

RE: MC GILL & CO LTD, DUNDEE - PACE EVENT 7 FEBRUARY UPDATE

Attachments:

PACE McGill Feb 2019 Letter v3.docx; Document1 (003).docx

Importance:

High

Sensitivity:

Confidential

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hi 38(1)(b) 38(1)(b)

As promised earlier, please find attached a list of participants to date in Thursday's PACE event, along with the invitation letter we are asking KPMG to issue.

However this is work in progress and the list will change over the next few days, with some organisations perhaps dropping off and new ones hopefully coming on board.

I've asked SDS colleagues to check regarding 33(1)(b) 33(1)(b) as discussed on the call with 38(1)(b) 38(1)(b) as I can't see either on the attached list.

There will be a vacancy list which all attendees will receive on the day and this will be circulated to all employees.

Dundee was chosen as the venue for the event as this is where the main office of McGill & Co is situated.

However, we have now received from KPMG post code data for employees which SDS colleagues are currently analysing. We will also then ensure that support is available to those employees who are Glasgow and Edinburgh based.

I've asked SDS PACE colleagues to keep us updated with all developments over the next couple of days.

SDS colleagues have prepared a news release and Communications colleagues will be sending up a suggested quote for Mr Hepburn.

I'm not sure whether Mr Hepburn may wish to share the attached information with 38(1)(b) 38(1)(b)

I hope this is helpful for now anyway and very grateful if you could advise Mr Hepburn.

Many thanks.

38(1)(b)

38(1)(b)

From:

38(1)(b)

38(1)(b)

38(1)(b)

Sent: 01 February 2019 17:45

38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Note to Elected Representatives - 1 February 2019

Sensitivity: Confidential

Thanks

38(1)(b)

Mr Hepburn has cleared and I have now issued

Thanks

38(1)(b)

38(1)(b)

38(1)(b)

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 05 February 2019 13:00
To: 38(1)(b)
Subject: RE: McGill's Dividend

Difficult one. It is a matter for the company as to what levels of dividends are paid in relation to the retained reserves within the company.

However it was picked up in SE's assessment of the overall funding position of the company

I would not comment on salaries as I have no confirmation of how many this covered exactly and whether excessive

38(1)(b)

From: 38(1)(b)
Sent: 05 February 2019 12:51
To: 38(1)(b)
Subject: RE: McGill's Dividend

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

What can we say about this? It's a matter for the company?

From: 38(1)(b)
Sent: 05 February 2019 12:50
To: 38(1)(b)
Subject: RE: McGill's Dividend

From McGill Accounts – public domain. Not sure but we believe these continued this year also

Year	Turnover	PBT	Director Remuneration	Dividends
2017	42M	772	515	128
2016	62M	250	843	199
2015	33M	495	688	380
2014	36M	903	684	402
2013	39M	1035	583	239
				£1.35M

From: 38(1)(b)
Sent: 05 February 2019 12:38
To: 38(1)(b)
Subject: McGill's Dividend

38(1)(b)

On the call with Minister and MSPs. They've mentioned McGill directors getting dividend payments. Do you know anything about this?

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 06 February 2019 15:24
To: 38(1)(b)
Cc: 38(1)(b)
Subject: FW: McGill
Attachments: Draft letter - Minister to 33(1)(b)

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

38(1)(b)
38(1)(b)

Please see attached response from Minister to 33(1)(b) 33(1)(b) re the below email. Are you content with this?

Thanks

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 06 February 2019 15:13
To: 38(1)(b)
Cc: 38(1)(b)
Subject: FW: McGill

38(1)(b) 38(1)(b) Thanks. I have added in a line referring to previous engagement with them.

38(1)(b) 38(1)(b) – Do you have anything to add?

Grateful if you can share with 38(1)(b) 38(1)(b) to ensure they are content.

Many thanks again for picking this up.

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 06 February 2019 14:43
To: 38(1)(b) 38(1)(b)
Subject: RE: McGill

38(1)(b)
38(1)(b)

To see draft response.

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 06 February 2019 13:43
To: 38(1)(b) 38(1)(b)

Subject: FW: McGill
Importance: High

38(1)(b) has suggested that we do this as a letter for Mr Hepburn's signature

38(1)(b)

From: 38(1)(b) 38(1)(b)

38(1)(b)

Sent: 06 February 2019 12:08

38(1)(b) 38(1)(b)

Subject: FW: McGill
Importance: High

Hi all,

Please see below – Mr Hepburn has asked for officials to pick this up. If a response (from officials to 38(1)(b)) is considered, then we would need to emphasise that nothing we have said has attributed or apportioned blame to any party and they will need to consider how they respond to any concerns they have. Not saying definitively they should respond but can we suggest this would, in the Minister's view be preferable to his doing so. Grateful if you can consider and come back to me.

Thanks

38(1)(b)

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b) 38(1)(b)

Sent: 05 February 2019 13:35

To: 38(1)(b) 38(1)(b)

Subject: McGill
Importance: High

Dear Minister

I wanted to contact you personally following the very sad news that McGill & Co went into administration last week. As you are aware through our recent conversations, 33(1)(b) 38(1)(b) and others were in an ongoing dialogue with McGill & Co to support a successful resolution for their business which was being

overseen by Scottish Enterprise on behalf of the Scottish Government. As such, we are deeply saddened by the new and the loss of jobs this has entailed.

We have been made aware that there are recent allegations regarding the responsibility of 33(1)(b) 33(1)(b) in the company's demise which are wholly inaccurate and do not reflect the true situation. We will be addressing any reported inaccuracies in time, but are currently refraining from doing so out of respect for all those involved and those who have lost their jobs.

I understand you will be answering a question in the Chamber on McGill later today and I am personally on hand to support any enquiries you may have on this matter and can be contacted directly by you or your office.

With regards

38(1)(b) 38(1)(b)

38(1)(b)

38(1)(b)

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit: <http://www.claranet.co.uk>

This email has been scanned by the Symantec Email Security.cloud service. For more information please visit <http://www.symanteccloud.com>

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadachd a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)

From: 38(1)(b)
Sent: 20 November 2018 12:07
To: 38(1)(b)
Subject: HMRC
Attachments: SKMBT_C364e18112012060.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Hi 38(1)(b)

Just following up our discussions this morning, I have posted a hard copy of the letter you signed to HMRC.

In terms of process, can I ask you email HMRC direct and tell that you have approach SE to assist and that you are keen for HMRC to engage with Scottish Enterprise/Scottish Government to facilitate the current situation.

Can you confirm to them that a hard copy has been emailed to them – and attach a copy of the attached PDF. Can you copy me in also.

Contact point is 38(1)(b)

Many thanks

38(1)(b)

38(1)(b) 38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 22 January 2019 15:44
To: 38(1)(b) 38(1)(b)
Subject: RE: McGill & Co 33(1)(b)

Sensitivity: Private

38(1)(b)
38(1)(b)

Mr Hepburn's office says he can only do 11.30 tomorrow. Nothing on Thursday and she isn't aware yet of his availability on Friday. I'll go back with these times and see if something can be worked out.

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 22 January 2019 15:42
To: 38(1)(b) 38(1)(b)
Subject: FW: McGill & Co 33(1)(b)
Sensitivity: Private

See below

From: 38(1)(b) 38(1)(b)
Sent: 22 January 2019 15:36
To: 38(1)(b) 38(1)(b)
Cc: 38(1)(b) 38(1)(b)
Subject: RE: McGill & Co 38(1)(b)
Sensitivity: Private

Dear 38(1)(b) 38(1)(b)

My sincere apologies that I have not replied sooner. I have tried to call your office but could not connect with you.

38(1)(b) 38(1)(b) is available tomorrow from 12.30pm to 1pm or after 4.30pm. On Thursday 38(1)(b) 38(1)(b) would be available after 4.30pm. I do hope one of these time will be convenient for the Minster.

I look forward to hearing from you.

Kind regards

38(1)(b) 38(1)(b)

38(1)(b)

38(1)(b)

38(1)(b)

38(1)(b)

Please consider the environment before printing this email

From: 38(1)(b) 38(1)(b)

Sent: 21 January 2019 13:23

To: 38(1)(b)

Cc: 38(1)(b)

Subject: RE: McGill & Co 33(1)(b)

Sensitivity: Private

Afternoon 38(1)(b)

Thanks for the update.

Hopefully there can be a positive outcome from the meeting today. I have a concern that there may be a mismatch in written evidence between both parties but hopefully that can be assessed tomorrow.

With regards to a follow-up call with the Minister tomorrow – would 6.30pm be Ok?

If not, 38(1)(b) can you let me know 38(1)(b) availability on Wednesday?

Best Regards

38(1)(b)
38(1)(b)

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)

Sent: 20 January 2019 16:06

To: 38(1)(b), 33(1)(b) 38(1)(b), 33(1)(b)

Cc: 38(1)(b)

Subject: RE: McGill & Co 33(1)(b)

Sensitivity: Private

Good afternoon 38(1)(b)

As requested, please find herein an update on the current status of the McGill account as at Friday:

The 33(1)(b) team met with McGill's on Wednesday 16th January to progress their Final Account. This included a joint re-measurement of various drawings relative to variations being claimed in addition to a review and/or agreement of other variations. The result of the meeting is 33(1)(b) are happy to certify a further 33(1)(b) which will be paid to McGill's asap.

There are still a number of items that McGill's require to provide substantiation for and their representatives are clear what those items are and there is therefore a further meeting arranged for Monday 21st January to continue this process towards a swift conclusion.

The hope was that the McGill team would provide further substantiation to allow 33(1)(b) to pay a larger 'on account' payment, however this is not yet possible as we are still awaiting details on the two largest

outstanding items relating to labour and plant. The team have made a commitment that as soon as items are validated, payments will be released by return.

Our hope is that McGill's will arrive at tomorrow's meeting with the necessary documentation to allow the 33(1)(b) team to agree and conclude this account although the suggestion from the McGill's team is that they may need a bit more time to do this.

In respect of a further call with Mr Hepburn this week, I am unfortunately not available on Monday but could host a telecon after 5pm on Tuesday if this suits the parties. If not, I will ask my assistant 38(1)(b) to liaise with your office to find a suitable time.

38(1)(b)

38(1)(b)

 Please consider the environment before printing this email

From: 38(1)(b) 38(1)(b)

Sent: 18 January 2019 15:02

To: 38(1)(b)

Cc: 38(1)(b)

Subject: RE: McGill & Co 33(1)(b)

Sensitivity: Private

Good afternoon 38(1)(b)

Following the meeting on Wednesday I had an call with the company and a call was arranged today between 38(1)(b) at McGill and Mr Hepburn today.

I understand from the company that they are hoping for a payment instruction today, but the amount is yet to be clarified.

Mr Hepburn has asked if you would be available for a call and has offered Monday between 2-4 if your diary would allow.

Can you let me know your availability or suggest any other time on Monday if that's possible? Any clarity of the latest view from 33(1)(b) perspective would be helpful.

Best Regards

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 15 January 2019 16:38
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: McGill & Co 33(1)(b)
Sensitivity: Private

Good afternoon 38(1)(b) and thanks for the update also.

I met the company yesterday and was appraised of the situation also so very timely.

I am hopeful the meeting tomorrow resolves the situation significantly in order for the matter to be resolved quickly.

I assume we will both get an update post the meeting and we can see where we go from there.

Thanks again for your intervention

Best Regards

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 14 January 2019 16:55
To: 38(1)(b) 38(1)(b)
Cc: 38(1)(b)
Subject: McGill & Co 33(1)(b)
Sensitivity: Private

Good afternoon 38(1)(b)

Please see below the current update on progress with 38(1)(b) and the team at McGill's. I will continue to monitor and ensure this is closed out in an effective and mutually agreeable fashion.

33(1)(b) met with McGill's on Thursday 10th January 2019 to clarify what the required actions are for both parties to close out the account. The meeting was positive and 33(1)(b) verified at the end of the meeting that everyone understood what their actions were.

Our technical and commercial teams have arranged to meet McGill's on Wednesday 16th January (at McGill's offices) to complete a joint measurement exercise to review and agree variation claims.

Post this meeting, it has been agreed that both parties will aim to conclude their respective actions by Friday 18th January 2019 where possible. McGill's reconfirmed that the claim they are producing to substantiate 33(1)(b) of currently unsubstantiated cost recovery will be submitted to

33(1)(b) by mid-February 2019. The intent is to settle the rest of the outstanding account prior to this date.

Hope this update is helpful and provides further assurance on our continued efforts to help McGill's current situation.

Best Regards

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 08 January 2019 16:01
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: Confidential: McGill & Co 33(1)(b)

Hi 38(1)(b)
38(1)(b)

Many apologies for today. I appreciate you giving up your time. Hopefully it can proceed tomorrow at 3pm as agreed.

Just to confirm – same telephone and conference number for the call tomorrow.

I will be out of the office but will dial in – but just in case I have copied in 38(1)(b) 38(1)(b) 38(1)(b) who you could contact if there is any unforeseen issue arising tomorrow.

Regards

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 08 January 2019 15:43
To: 38(1)(b) 38(1)(b)
Subject: RE: Confidential: McGill & Co 33(1)(b)
Sensitivity: Private

Apologies – still waiting for Minister

38(1)(b)

38(1)(b)

38(1)(b)

38(1)(b)

Have you signed up yet? Find out more about benefits for your business on the [Scottish Business](#)

[Pledge website](#)



From: 38(1)(b) 38(1)(b)

Sent: 08 January 2019 14:14

To: 38(1)(b) 38(1)(b)

Subject: RE: Confidential: McGill & Co 33(1)(b)

Sensitivity: Private

Dear 38(1)(b)

Thank you for confirming the call details.

Kind regards

38(1)(b)
38(1)(b)

38(1)(b)

38(1)(b)

Please consider the environment before printing this email

From: 38(1)(b) 38(1)(b)

Sent: 08 January 2019 13:13

To: 38(1)(b) 38(1)(b)

Cc: 38(1)(b)

Subject: RE: Confidential: McGill & Co 33(1)(b)

Sensitivity: Private

Thanks you 38(1)(b)

Please see the required call details for 3.30pm

UK Local Call Dial-In Number: 38(1)(b) 38(1)(b)

Regards

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)

Sent: 08 January 2019 12:18

To: 38(1)(b)

Cc: 38(1)(b)

Subject: Re: Confidential: McGill & Co 33(1)(b) 33(1)(b)

Sensitivity: Private

Excellent - will make myself available for 3.30pm

38(1)(b)

38(1)(b)

On 8 Jan 2019, at 11:30, 38(1)(b) 38(1)(b) wrote:

Hi 38(1)(b) 38(1)(b)

I have been in touch with Mr Hepburn's office. Mr Hepburn has noted that as things are moving in a positive direction and although a call isn't crucial, as you are both available the Minister would be happy to have a quick chat at 3.30pm.

I will send through a conference link shortly.

Best Regards

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 08 January 2019 08:51
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: Confidential: McGill & Co 33(1)(b) 33(1)(b)
Sensitivity: Private

Many thanks for the update 38(1)(b) That is extremely helpful.

I will contact you as soon as I hear from the Minister's office to confirm if the call is still going ahead.

Best Regards

36(2)

36(2)

From: 38(1)(b) 38(1)(b)
Sent: 07 January 2019 19:56
To:
Cc:
Subject: Confidential: McGill & Co 33(1)(b) 33(1)(b)
Sensitivity: Private

Good evening 38(1)(b)
I can confirm that my team have now spoken with 38(1)(b) and a meeting has been arranged for Thursday to discuss the outstanding items.

To ensure maximum output from this meeting, the team will issue a requirements document to 38(1)(b) by cob tomorrow detailing what information is required to substantiate each item of the outstanding balance.

The output from this meeting should be an ability to quickly agree the way forward and settle the account.

Best Regards

38(1)(b)

38(1)(b)

38(1)(b)

38(1)(b)

On 7 Jan 2019, at 15:12,

38(1)(b)

38(1)(b)

wrote:

Thanks 38(1)(b) for the conversation.

The outcome of which I will encourage the company to contact the 33(1)(b) team ASAP to understand what needs to be provided to resolve matters and your will likewise alert your team similarly. Hopefully progress can be made this week.

I will revert back to the Minister's office with regards to arranging a possible conference call tomorrow at 3.30pm if that is still suitable.

I will confirm with you as soon as I have confirmation of the Minister's availability.

Best Regards

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)

Sent: 07 January 2019 14:29

To: 38(1)(b) 38(1)(b)

Cc:

Subject: Re: Confidential: McGill & Co 33(1)(b)

Sensitivity: Private

Dear 38(1)(b)

2.45 is fine.

Please let me have the best number to contact you on.

Rgds

38(1)(b)

38(1)(b)

38(1)(b)

38(1)(b)

On 7 Jan 2019, at 13:52, 38(1)(b) 38(1)(b)
38(1)(b) 38(1)(b) wrote:

Thanks 38(1)(b) for the information and your personal involvement.

Would you be available for a quick chat on this afternoon. Say 2.45- 3.00pm?

Many Thanks

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 07 January 2019 12:36
38(1)(b) 38(1)(b)
Subject: Re: Confidential: McGill & Co/ 38(1)(b)
Sensitivity: Private

Dear 38(1)(b) 38(1)(b)

A very good afternoon and Happy New Year.

As 38(1)(b) noted below, I have now undertaken a review with my team into the current situation regarding McGill and Co's final

account on the 33(1)(b) project and summarise below:

a) McGill & Co - final account settlement proposal (as per 38(1)(b) 38(1)(b) email 21/11/18) - 33(1)(b)

b) Paid to Date from 33(1)(b) - 33(1)(b)

C) Outstanding amount to be substantiated (a-b) -

33(1)(b)

My team have met with McGill's five times prior to Xmas to discuss the outstanding amount and we have mutually agreed that adjudication or formal proceedings does not need to take place and that all monies owed will be paid once detailed substantiation is received.

To this end, whilst there are 11 outstanding items that still need to be evidenced, the two which form the majority of the outstanding amount are:

1. Additional Labour Cost - 33(1)(b) and

2. Extra Over Labour and Plant Costs - 33(1)(b)

and it has been agreed that McGill and Co will provide the back-up evidence for these items by Friday 11th January.

My team are clear that in-line with 33(1)(b) values and best practice, once the remaining costs are evidenced, we will pay any outstanding monies immediately and to this end, I would urge 38(1)(b) and the team at McGill to provide this information asap.

To provide the fullest picture on McGill's cashflow pressures, I assume that you are also aware the 33(1)(b) are currently in dispute with McGill's for a similar amount and this unfortunately has been sent to adjudication which will take a substantial period of time to resolve and they are also owed over 33(1)(b) by another third party.

Rest assured that we will continue to proactively work with 38(1)(b) and the McGill team to resolve this issue asap and once done, their final payment will be made.

I am available to discuss or clarify any of these points today until 4.30pm or tomorrow at a time that suits.

My best regards

38(1)(b)
38(1)(b)

From: 38(1)(b)
Sent: 05 January 2019 14:19
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: Confidential: McGill & Co 33(1)(b)

Dear 38(1)(b)

Thank you for your email.

For your information, I have copied in 33(1)(b) 38(1)(b) in on your email and my response. As 38(1)(b) 38(1)(b) is ultimately responsible for the operational performance of our business.

I understand from 38(1)(b) that he has requested a full briefing from our Scotland Regional Management Team that has the responsibility along with the Project Team for the 33(1)(b) 33(1)(b) project. The briefing is due to take place on Monday.

Subsequent to receiving this briefing, he would be happy to discuss the detail with you and our agreed approach to the situation with McGill & Co either late Monday or Tuesday. His 33(1)(b) 33(1)(b) will be in contact to arrange a mutually convenient time for a telephone call.

I will be abroad from 07/01/19 – 18/01/19 but will keep in close contact with 38(1)(b) to keep apprised of this situation.

Kind regards and best wishes,

38(1)(b)
38(1)(b)

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)

38(1)(b) 38(1)(b)

Sent: 04 January 2019 16:59

To: 38(1)(b) 38(1)(b)

Subject: Confidential: McGill & Co 33(1)(b)

Importance: High

Sensitivity: Private

Dear 38(1)(b)

Thanks you for your linked in message. Apologies for contacting you via linked in and I appreciate you taking the time out of your busy schedule to reply.

I am contacting you regarding a 33(1)(b) sub-contractor McGill & Co (based in Dundee) who has contacted Scottish Enterprise. As part of our discussions, they have raised an ongoing payment dispute with 33(1)(b) in relation to a specific project 33(1)(b)

33(1)(b) The company is ongoing dialogue with your Glasgow office on this matter, however the matter remains unresolved, which is now causing significant financial pressures for McGill & Co.

Whilst I understand that this is a commercial matter between customer and supplier, and not one that Scottish Enterprise can heavily influence, I am raising this with you on behalf of McGill, mainly as a result of the time and process taken to resolve and the resulting difficulties being faced by the company.

My ask is for your intervention to seek to help resolve this as a matter of urgency next week and to help clarify any payment that can be released to the company.

Such is the seriousness of the situation that we have also had to alert the Scottish Government and Mr Jamie Hepburn, Minister for Business, Fair Work and Skills, who is now taking an interest in the case and would like to understand the situation further, given the potential risk to jobs that may arise. Mr Hepburn has offered a conversation with you to clarify matters.

I would be happy to arrange a telephone call at a suitable time on Monday or Tuesday if that can be arranged – I shall be available most of Monday.

Many thanks for your response and I look forward to hearing from you.

Best Regards

38(1)(b)

38(1)(b)

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at
<http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at
<http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised

recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:

<http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:

<http://www.claranet.co.uk>

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this

confidentiality and to advise the sender immediately of any error in transmission.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit: <http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit: <http://www.claranet.co.uk>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive

anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish->

enterprise.com/help/privacy-notice

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit: <http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit: <http://www.claranet.co.uk>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ

Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit:
<http://www.claranet.co.uk>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.

For more information please visit <http://www.symanteccloud.com>

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadachd a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO 450 JOBS - UPDATE - 20 DECEMBER 2018

Sensitivity: Confidential

Minister for Business, Fair Work and Skills

McGILL & CO LTD – UPDATE – 20 DECEMBER 2018

Current Position

- Scottish Enterprise remains in contact with McGill on a daily basis.
- The company is pursuing three additional sources of debt funding from three specific providers. There remain ongoing matters to resolve around personal guarantees by shareholders but the company remains hopeful of one or more offers of additional debt funding. The company will inform SE of any funding offers secured this week.
- SE understands the company will be able to meet its payroll and creditor obligations this week. However the situation remains difficult with ongoing creditor pressures and **there remains a high likelihood of potential creditor action at any time.**
- With regard to the position with its debtors, 38(1)(b) as previously mentioned, is going to adjudication and the company remains in dialogue with 38(1)(b). **The company has confirmed that it is in ongoing discussions and has not requested Ministerial intervention at this time.**
- KPMG has concluded an analysis of the short term and future budget of the company and concluded an additional funding need of between £0.5 million and £2.7 million depending on assumptions and sensitivities.
- KPMG advises that it would be beneficial for the company to source equity from existing or new shareholders in addition to debt. As it stands, the company may require in excess of £5 million in debt from all sources which is a highly leveraged position relative to earnings of the company.
- The potential for a sale has also been proposed as an option to the shareholders, but SE understands that shareholders do not want to pursue this in preference to the additional debt being discussed.
- Whilst SE had been asked to consider a bridging loan to allow McGill time to find new sources of funding, SE's view is that this may not be sufficient to resolve the situation and the option for new equity and/or sale should also be considered.
- SE has requested some further information from the company around clarity on discussions with potential funders and details on a potential turnaround plan to reduce the level of funding required. SE has also offered continued assistance in producing this if required.

Next Steps

- SE has requested the required detail in order for it to consider the potential case for public sector funding support. However it is clear that any support provided would be significantly high risk.
- SE has also requested that the management and shareholders consider all options in addition to sourcing increased debt at this stage.

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO 450 JOBS - MEETING WITH SE - 7 DECEMBER 2018
Sensitivity: Confidential

OFFICIAL-SENSITIVE: COMMERCIAL

Minister for Business, Fair work and Skills

McGILL & CO LTD - MEETING WITH SCOTTISH ENTERPRISE – 7 DECEMBER 2018

- SE met with McGill & Co ^{38(1)(b)} and shareholders ^{38(1)(b)} today (7 December 2018) to discuss the first phase of SE funded work undertaken by KPMG to review McGill's short-term cash position.
- This review has concluded that McGill & Co will have a **short-term funding requirement of around £0.5 million in February 2019**. However, this is subject to the company managing **creditor arrears of around £2 million** in the interim.
- The situation remains severe in terms of cash flow and McGill & Co is actively seeking to manage its creditors, including HMRC as well as possible.
- In relation to its two significant debtors, McGill & Co is **not currently seeking ministerial intervention** while discussions are progressing.
- The ^{s33(1)(b)} amounts owed are going to adjudication and McGill & Co is hoping for an agreed settlement prior to that.
- McGill & Co has now received a further payment from ^{s33(1)(b)} and a meeting is planned for next week, following which, McGill & Co is hopeful that further funds may be released.
- However, should no further payments be received from ^{s33(1)(b)} McGill & Co's funding requirement will be brought forward to January and the **total funding requirement will rise to £1.64 million in mid-February**. There also remains creditor pressure in the coming weeks.
- McGill & Co has requested short-term funding from SE to alleviate the shortage of working capital. At this stage, however, there remain a number of operational and structural issues that need to be considered by McGill & Co, in particular the potential for additional shareholder equity in preference to debt, consideration of other funding offers being pursued and options to reduce costs and increase sustainability going forward.

Next Steps

- SE has asked McGill & Co to continue to pursue the options as recommended by KPMG, which include clarification of existing shareholder intentions and active pursuit of additional funding currently already being explored by the company.
- SE has asked that KPMG continues to assess the longer term sustainability of the business and possible turnaround options beyond the short-term. This will take place next week. Additional support from KPMG will also be provided to the company to assess and plan its cash management over the coming weeks.

- SE will also consider additional support for a fund raising process if and when that is considered by McGill & Co.
- SE will continue to liaise and monitor the position with McGill & Co and keep you updated.

38(1)(b)

From: 38(1)(b) **On Behalf Of** Minister for Business, Fair Work and Skills
Sent: 06 December 2018 16:39
To: 38(1)(b) ; Minister for Business, Fair Work and Skills
 <MinisterBFWS@gov.scot>
Cc: First Minister <firstminister@gov.scot>; Cabinet Secretary for Finance, Economy and Fair Work
 <CabSecFEFW@gov.scot>; Minister for Trade, Investment and Innovation <MinisterTII@gov.scot>; DG
 Economy <DGEconomy@gov.scot>; 38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,
 DUNDEE – RISK TO 450 JOBS - UPDATE - 5 DECEMBER 2018

Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted, and would like to know ASAP if a request for assistance in interaction with
 s33(1)(b) and s33(1)(b) is made by McGill & Co

Thanks

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

Scottish Ministers, Special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

From: 38(1)(b)
Sent: 05 December 2018 17:05
To: Minister for Business, Fair Work and Skills <MinisterBFWS@gov.scot>
Cc: First Minister <firstminister@gov.scot>; Cabinet Secretary for Finance, Economy and Fair Work <CabSecFEFW@gov.scot>; Minister for Trade, Investment and Innovation <MinisterTII@gov.scot>; DG Economy <DGEconomy@gov.scot>; 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS - UPDATE - 5 DECEMBER 2018
Sensitivity: Confidential

Minister for Business, Fair Work and Skills

MCGILL & CO, DUNDEE – UPDATE – 5 DECEMBER 2018

Purpose

1. To **confidentially** update you on the **trading difficulties** being experienced by McGill & Co Ltd in Dundee and the **potential risk to 450 jobs** in early 2019.

Priority

2. **Immediate - The company is actively seeking to resolve the current cash flow issues relating to major contracts. The timing of any potential job losses would be in early 2019.**

Background - The company has specifically requested that the situation remains confidential

3. The cash flow issues being faced by the company are around two large contracts relating to work completed on behalf of major contractors and that have not yet been paid. These are:

- to the 33(1)(b)
- s33(1)(b) lating t 33(1)(b)

4. McGill & Co has advised that the s33(1)(b) sums totalling £0.4 million are being disputed and may go to adjudication.

5. The work undertaken for s33(1)(b) in relation to 33(1)(b) took place over the summer and was due to be completed in September. The contract was running significantly late and McGill and other contractors were asked to increase manpower to complete the work on schedule in order for s33(1)(b) to avoid significant penalties. McGill indicates it provided the required manpower to complete the job and the job was completed as required – albeit at extra cost. McGill claims that s33(1)(b) is delaying payment by challenging and scrutinising job related paperwork in relation to the amounts claimed.

6. McGill & Co believes it is owed a total of £673,000 dating back to October 2018. s33(1)(b) has agreed to pay £83,000 this week with the remaining amount to be reviewed over the coming weeks as s33(1)(b) undertakes diligence and reviews the claim in detail. It is unclear what the total amount released will be and when that will happen.

7. While McGill & Co management appears to hold supporting evidence to pursue recovery of both the disputed amounts from s33(1)(b) there is a concern over the timescale or recovery and the quantum that can be collected.

Current Position

8. SE has supported McGill & Co by commissioning KPMG to work with the company to review its short term cash flow position. KPMG has advised that McGill & Co could manage its cashflow into early February 2019, provided there is no slippage in debtor receipts. KPMG has identified a funding requirement of £1 million to £2 million to normalise the position, pending any turnaround plan being implemented. As a result of the decision by the bank not to increase its level of support, any slippage in receipts from debtors may accelerate potential insolvency. SE is in discussions alongside KPMG with the company around potential funding options that can be pursued.

9. The company has previously indicated that it was pursuing discussions with 38(1)(b) and was hopeful of a better resolution than it is currently being indicated before the end of this week. If a positive outcome is not achieved, McGill & Co has requested help from the Scottish Government and SE to influence this matter.

10. SE will continue discussions with the company to assess the options and preparations of a turnaround plan, however the short term cash flow position remains a concern alongside the overall viability of the business. SE will meet again with the company on Friday 7 December to discuss options for the business.

Recommendation

11. That you note this update. BBU will update you following SE's meeting with the company on 7 December.

38(1)(b)

From: 38(1)(b)
Sent: 15 November 2018 17:02
To: Minister for Business, Fair Work and Skills <MinisterBFWS@gov.scot>; Cabinet Secretary for Finance, Economy and Fair Work <CabSecFEFW@gov.scot>
Cc: First Minister <firstminister@gov.scot>; Minister for Trade, Investment and Innovation <MinisterTII@gov.scot>; DG Economy <DGEconomy@gov.scot>; 38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS

Sensitivity: Confidential

38(1)(b)

I understand from SE that McGill & Co is currently actively managing its major contracts and has not requested external intervention on this matter at this stage. SE is meeting with the company tomorrow and will have a better understanding of the negotiations between companies after this. SE also understands that McGill is due to meet with s33(1)(b) tomorrow.

38(1)(b)

From 38(1)(b) **On Behalf Of** Minister for Business, Fair Work and Skills
Sent: 15 November 2018 14:19
To: 38(1)(b); Cabinet Secretary for Finance, Economy and Fair Work
<CabSecFEFW@gov.scot>; Minister for Business, Fair Work and Skills <MinisterBFWS@gov.scot>
Cc: First Minister <firstminister@gov.scot>; Minister for Trade, Investment and Innovation
<MinisterTII@gov.scot>; DG Economy <DGEconomy@gov.scot>; 38(1)(b)

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS
Sensitivity: Confidential

Thanks 38(1)(b)

Mr Hepburn has noted and has asked what might be the possibilities of intervening with 38(1)(b)
38(1)(b) on the issue of monies owed to McGill and Co?

Grateful for advice

38(1)(b)

All e-mails and attachments sent by a Ministerial Private Office to any other official on behalf of a Minister relating to a decision, request or comment made by a Minister, or a note of a Ministerial meeting, must be filed appropriately by the recipient. Private Offices do not keep official records of such e-mails or attachments.

From: 38(1)(b)

Sent: 15 November 2018 09:37

To: Cabinet Secretary for Finance, Economy and Fair Work <CabSecFEFW@gov.scot>; Minister for Business, Fair Work and Skills <MinisterBFWs@gov.scot>

Cc: First Minister <firstminister@gov.scot>; Minister for Trade, Investment and Innovation <MinisterTII@gov.scot>; DG Economy <DGEconomy@gov.scot>; 38(1)(b)

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO 450 JOBS

Importance: High

Sensitivity: Confidential

OFFICIAL-SENSITIVE: COMMERCIAL

Cabinet Secretary for Finance, Economy and Fair Work
Minister for Business, Fair Work and Skills

ADVANCE NOTICE - CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE– RISK TO 450 JOBS

Purpose

1. To **confidentially** advise you of **trading difficulties with McGill & Co Ltd, Dundee and the potential risk to 450 jobs.**

Priority

2. **Immediate – staff are not aware of this development and none of this information is in the public domain.** The company remains solvent and is actively seeking to resolve the current cash flow issues relating to major contracts. The timing of any potential job losses is mid December 2018 or early into 2019.

Background -

3. McGill & Co Ltd are a long established Dundee headquartered business (Scotland Top 500 company), with over 30 years' experience with depots also in Edinburgh & Glasgow. They are a specialist building services contractor serving clients in the residential, commercial and industrial sectors as well as homeowners. Their main activity is in the construction industry, principally undertaking a wide range of mechanical and electrical contracting work. They directly employ 350 weekly operative staff – mostly tradesmen (including 90 apprentices), and a further 100 salaried staff. Many of the 450 staff are long standing employees. It is understood that there are no contractors involved.

Issues

4. The business is facing cash flow issues, and from an industry malaise around late and disputed payments, with 2 particular large contracts causing significant issue. The 2 major contracts relate to work completed on behalf of major contractors and not yet been paid; (1)

33(1)(b)

33(1)(b)

. This issue is being actively managed by the company.

5. Personal financial commitment from existing shareholders and directors does not appear forthcoming. Santander, the current bankers, have provided facilities to the maximum level and further funding has been declined. The company has spoken to other banks, but none are willing to assist at present, due their view of the construction sector.

Current Position

6 As a result of the decision by the bank not to increase their level of support, and in the absence of a material improvement in the cash position in the short term (i.e. next 4 weeks), redundancies of approximately 100 staff are anticipated.

7. If the situation is not resolved in the longer term, the business anticipate running out of cash by end of January, albeit in practical terms, creditor pressures may potentially accelerate insolvency issues. The consequences of an insolvency event would be the loss of all 450 jobs.

8. Operationally, the business advised that it has taken steps to fully review and reduce overheads and taken strategic decisions in the type of business undertaken and locations, however this will take time to be reflected in the underlying financial performance.

SE Engagement

9. The business is not account managed and there has been no SE engagement with the business historically.

10. The company contacted SE on 9 November to discuss options for help. Initial discussions took place on the 9th November and a meeting was held with the company on Tuesday 13th November, with follow-up phone calls on the 14th November to clarify the situation.

11. SE will continue discussions with the company to assess the owners intentions and offer support for preparation of a turnaround plans and options should this be required by the owners. **In discussions with the company, they specifically requested that the situation remains confidential.**

Next Steps

12. SE are meeting with the company tomorrow (15/11) and have requested a follow-up meeting with the management team, shareholders and Santander to discuss options for the business.

13. SE will look at options for wider SE involvement including possible financial health-check and turnaround options support.

14 SE will seek clarity on the breakdown of the workforce between the three locations - Dundee, Edinburgh and Glasgow.

Recommendation

15. **That you confidentially note the situation at McGill & Co Ltd, Dundee. BBU will keep you updated on this matter once the company have provided more information and outlined their immediate plans and remedial actions.**

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 23 January 2019 16:01
To: 38(1)(b) 38(1)(b)
Subject: FW: McGill Call

Thanks. I was going to keep this to a tight copy list – Minister, my team, you, 38(1)(b) 38(1)(b) Anyone else from your side?

38(1)(b)
38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 23 January 2019 15:58
To: 38(1)(b) 38(1)(b)
Subject: RE: McGill Call

Some tweaks below

From: 38(1)(b) 38(1)(b)
Sent: 23 January 2019 15:42
To: 38(1)(b) 38(1)(b)
Subject: McGill Call

38(1)(b)
38(1)(b)

As discussed, reply to the minister below:

I spoke with SE about whether the likelihood of McGill being offered further work by 38(1)(b) 38(1)(b) would affect SE's decision making with regard to providing support. SE said that, while this was helpful from the perspective of considering the future viability and trading position of the business, the immediate requirement is to resolve the short term risk affecting the company in the absence of any other funder and option pursued by the company. To that end, the speed of settlement from 38(1)(b) 38(1)(b) this week or next week) would be a significant contributory factor.

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadachd a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 14:04
To: 38(1)(b)
Subject: RE: Call

Thanks 38(1)(b)

Not at the moment. I am speaking to 38(1)(b) later today and will see what see recommends.

I will produce a briefing tomorrow to update on events this week regarding 33(1)(b) HMRC etc. Some good news is that they have settled 33(1)(b). However the challenge is still the ask of SE.

Will speak tomorrow morning

38(1)(b)
38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 14:00
To: 38(1)(b)
Subject: Call

38(1)(b)
38(1)(b)

Do want a call with the minister this week? I can see if I can set one up (a call about something else at 3.30 tomorrow has just fallen through).

38(1)(b)
38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadachd a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 12:03
To: 38(1)(b)
Subject: RE: HMRC position

Hi 38(1)(b)

Just to confirm our conversation just now, we have spoken to 38(1)(b) at HMRC Debt Management Team again this morning and updated him on where we are. We confirmed that the outstanding PAYE/NI of s33(1)(b) would be paid next week from contract receipts and that we would be running the December VAT return tomorrow which will then allow us to speak to him again on Monday to agree a payment plan for that. He did say that whilst a payment plan could be agreed, it would need to be relatively short term and also that a payment plan for the March 19 return was unlikely to be acceptable to them.

If you need any further clarification please let me know.

Kind regards

38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 11:30
To: 38(1)(b)
Subject: HMRC position

38(1)(b)

Further to 38(1)(b) mail below, part of our assessment is that we require to understand the current position around HMRC.

Can you clarify the current position, and details of sums due imminently, along with any agreement that you may have agreed with HMRC around these and future payments.

Many thanks

38(1)(b)

From:
Sent: 23 January 2019 16:16
To:
Cc: 38(1)(b)
Subject: Follow-up

38(1)(b)

I participated on a call today with 38(1)(b) and the Minister Hepburn today. 38(1)(b) reiterated the willingness to resolve matters but again pointed to the evidence available to substantiate claims.

He was aware of the meeting tomorrow and the intention to appoint a third party s33(1)(b) to assist in this and he viewed that as positive step that could assist. He was also aware of the amount agreed Monday.

There was a suggestion that obviously if we got to a point of an impasse around this then there may be a need for 38(1)(b) to look more closely at a potential solution. I think if you don't get anywhere tomorrow then I think there may be a need for you to send some of this to 38(1)(b) direct.

I have informed the Minister of your view on this as you did, but have not forwarded the evidence to 38(1)(b) although you have provided that to the local 38(1)(b) team.

Whilst indicating the need for a quick resolution, we did not articulate any detail around the exact severity of this.

s38(1)(b) was again complementary of McGill and desire to continue the relationship with other future contracts.

I have attached the summary you provided me previously and grateful if you can update this after the meeting tomorrow so that we are clear the exact position.

I understand a discussion was taking place with HMRC today and would also be grateful for confirmation of any plan that may be agreed.

In the meantime we are continuing to review the situation and the ask for SE funding and will be in touch by Friday as agreed.

Best Regards

38(1)(b)

From: 38(1)(b)
Sent: 16 January 2019 14:17
To:
Cc: 38(1)(b)
Subject: 33(1)(b)

38(1)(b)

Please see the email trail and attached for your information and for passing onto the Minister if you feel this is appropriate.

As 38(1)(b) may have advised you one of our key suppliers, 38(1)(b) will not release goods to service the sites and our other key supplier, 38(1)(b) will also take this action on Friday 18 February unless we can make an `on account` payment.

I have contacted KPMG for advice and either 38(1)(b) will come to our Dundee office tomorrow.

Regards,

38(1)(b)

Out of Scope

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 25 January 2019 12:43
To: 38(1)(b)
Subject: RE: McGill Call Note

Content – changed Centre but otherwise good to go

From: 38(1)(b)
Sent: 23 January 2019 15:04
To: 38(1)(b)
Subject: McGill Call Note

38(1)(b)
38(1)(b)

Note for comment.

38(1)(b)
38(1)(b)

Minister for Business, Fair work and Skills

MCGILL & CO – CALL WITH 38(1)(b) **– 23 JANUARY 2019**

Present
Jamie Hepburn – Minister for Business, Fair Work & Skills

38(1)(b)
38(1)(b)

38(1)(b)
38(1)(b)

Mr Hepburn asked 38(1)(b) to outline the current position with regard to payment to McGill.

38(1)(b) said that the process of checking evidence provided by McGill was proving very slow so a new system of face-to-face meetings where information could be shared and checked much more quickly had been introduced. He understood that McGill had engaged the services of **(Centre)** a company specialising in cross-validation which would hopefully also help.

Mr Hepburn asked if 33(1)(b) has any thoughts on what action it would take if McGill could not substantiate all of its claims.

38(1)(b) said that if there were a gap, 33(1)(b) Regional Managing Director would call him and he would take a view on what to do. He saw the meeting between the companies on Thursday 24 January as being pivotal as they would finally have an idea of what documentation McGill had and this would determine whether he needed to step in at this point. He would ask the regional MD to update SE following the meeting. 38(1)(b) reiterated that 33(1)(b) had some work lined up for which McGill may be considered.

38(1)(b)

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 25 January 2019 12:37
To: 38(1)(b) 38(1)(b)
Subject: McGill Update

38(1)(b)
38(1)(b)

Initial Draft

McGill/ 33(1)(b) 33(1)(b)

- Following the call with 38(1)(b) 38(1)(b) on the 23rd, a meeting took place as planned between 33(1)(b) and McGill
- SE has been advised by 38(1)(b) 38(1)(b) that no further payment was agreed at this meeting and received the following update from 38(1)(b) 38(1)(b) directly: **(possibly summarise)**
 - I understand that the meeting with McGill took place yesterday. Unfortunately, no further monies were agreed for release as there is still a considerable amount of outstanding information required from McGill's. They have agreed to come back to us early next week.
 - In parallel and following the conversation with the Minister, I have asked my Regional MD to speak with 38(1)(b) 38(1)(b) and determine:
 - a) Are McGill's truly able to provide the documentary evidence we have requested or
 - b) If not, would they agree to 33(1)(b) 33(1)(b) providing an estimate of incurred costs which, if agreed by McGill's, we could release as a cash payment immediately thus negating the time and effort to source the documentation.
 - The above is not perfect but we are seeking to explore all options to support 38(1)(b) 38(1)(b) and his team where possible.
- SE is awaiting the company's view in this matter
- Whilst it is disappointing not to see agreement now, the potential for an agreement and release of payment soon would be beneficial in terms of McGill Cash Flow

McGill 33(1)(b) 33(1)(b)

- SE has been informed by 38(1)(b) 38(1)(b) that a pre-judication settlement has been agreed by both parties for a sum of 33(1)(b) 33(1)(b) with indicative payment in the next 7 days. This is a welcome development that will assist the company position.

HMRC

- The company remain in dialogue regarding arrears/due payments
- SE through SG colleagues have relayed the ask for flexibility and a payment plan to assist the company at this time
- However the level of arrears is now significant and cannot be paid using other public funds.

Request for SE Loan Funding

- As previously indicated, McGill have requested £2M loan funding from SE in addition to their existing 33(1)(b) 33(1)(b) facility with Santander and supplied SE with a turnaround plan (Friday 18th) which has been initially reviewed by SE officials.
- As previously indicated this proposition is very high risk in terms of the ask of the public sector when no other funder is willing to provide funds
- SE is therefore having to assess the case based on being asked to be the sole new funder, with a view to providing an indicative position by Friday 25 January.

- SE will confirm today with the company that it will consider the request and proceed to undertake independent diligence.
- Given the extremely high risk nature of the plan, SE requires to complete independent diligence on the commercial and economic case, requires comfort that the company can continue to trade until that process is complete, requires confirmation of continued support by Santander in the interim and clarification of the HMRC position
- SE is discussing the diligence required with potential suppliers in relation to diligence. KPMG has highlighted numerous issues that suggest this diligence is an absolute requirement
- SE is unable to confirm a loan until this diligence and approval process is complete and the Directors require to consider all options and their responsibilities as a result.
- SE will communicate the position to the company today to assist the company consider its position

From: 38(1)(b) 38(1)(b)
Sent: 23 January 2019 15:04
To: 38(1)(b) 38(1)(b)
Subject: McGill Call Note

38(1)(b)
 38(1)(b)

Note for comment.

38(1)(b)
 38(1)(b)

Minister for Business, Fair work and Skills

MCGILL & CO – CALL WITH 38(1)(b) 38(1)(b) **– 23 JANUARY 2019**

Present
Jamie Hepburn – Minister for Business, Fair Work & Skills

38(1)(b)

38(1)(b)

Mr Hepburn asked 38(1)(b) 38(1)(b) to outline the current position with regard to payment to McGill.

38(1)(b) 38(1)(b) said that the process of checking evidence provided by McGill was proving very slow so a new system of face-to-face meetings where information could be shared and checked much more quickly had been introduced. He understood that McGill had engaged the services of 38(1)(b) 38(1)(b) a company specialising in cross-validation which would hopefully also help.

Mr Hepburn asked if 33(1) 33(1)(b) has any thoughts on what action it would take if McGill could not substantiate all of its claims.

38(1)(b) 38(1)(b) said that if there were a gap, 33(1)(b) 33(1)(b) Regional Managing Director would call him and he would take a view on what to do. He saw the meeting between the companies on Thursday 24 January as being pivotal as they would finally have an idea of what documentation McGill had and this would determine whether he needed to step in at this point. He would ask the regional MD to update SE following the meeting. 38(1)(b) 38(1)(b) reiterated that 33(1)(b) 33(1)(b) had some work lined up for which McGill may be considered.

38(1)(b)

38(1)(b)

38(1)(b)

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadachd a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)

38(1)(b)

From:

38(1)(b) 38(1)(b)

Sent:

25 January 2019 12:37

To:

38(1)(b) 38(1)(b)

Subject:

McGill Update

38(1)(b)

38(1)(b)

Initial Draft

McGill

33(1)(b)

33(1)(b)

- Following the call with 38(1)(b) on the 23rd, a meeting took place as planned between 33(1)(b) and McGill
- SE has been advised by 38(1)(b) that no further payment was agreed at this meeting and received the following update from 38(1)(b) directly: **(possibly summarise)**
 - I understand that the meeting with McGill took place yesterday. Unfortunately, no further monies were agreed for release as there is still a considerable amount of outstanding information required from McGill's. They have agreed to come back to us early next week.
 - In parallel and following the conversation with the Minister, I have asked my Regional MD to speak with 38(1)(b) and determine:
 - a) Are McGill's truly able to provide the documentary evidence we have requested or
 - b) If not, would they agree to 33(1)(b) providing an estimate of incurred costs which, if agreed by McGill's, we could release as a cash payment immediately thus negating the time and effort to source the documentation.
 - The above is not perfect but we are seeking to explore all options to support 38(1)(b) and his team where possible.
- SE is awaiting the company's view in this matter
- Whilst it is disappointing not to see agreement now, the potential for an agreement and release of payment soon would be beneficial in terms of McGill Cash Flow

McGill

33(1)(b)

33(1)(b)

- SE has been informed by 38(1)(b) that a pre-judication settlement has been agreed by both parties for a sum of 33(1)(b) with indicative payment in the next 7 days. This is a welcome development that will assist the company position.

HMRC

- The company remain in dialogue regarding arrears/due payments
- SE through SG colleagues have relayed the ask for flexibility and a payment plan to assist the company at this time
- However the level of arrears is now significant and cannot be paid using other public funds.

Request for SE Loan Funding

- As previously indicated, McGill have requested £2M loan funding from SE in addition to their existing 33(1)(b) facility with Santander and supplied SE with a turnaround plan (Friday 18th) which has been initially reviewed by SE officials.
- As previously indicated this proposition is very high risk in terms of the ask of the public sector when no other funder is willing to provide funds
- SE is therefore having to assess the case based on being asked to be the sole new funder, with a view to providing an indicative position by Friday 25 January.

- SE will confirm today with the company that it will consider the request and proceed to undertake independent diligence.
- Given the extremely high risk nature of the plan, SE requires to complete independent diligence on the commercial and economic case, requires comfort that the company can continue to trade until that process is complete, requires confirmation of continued support by Santander in the interim and clarification of the HMRC position
- SE is discussing the diligence required with potential suppliers in relation to diligence. KPMG has highlighted numerous issues that suggest this diligence is an absolute requirement
- SE is unable to confirm a loan until this diligence and approval process is complete and the Directors require to consider all options and their responsibilities as a result.
- SE will communicate the position to the company today to assist the company consider its position

From: 38(1)(b) 38(1)(b)
Sent: 23 January 2019 15:04
To: 38(1)(b) 38(1)(b)
Subject: McGill Call Note

38(1)(b)
 38(1)(b)

Note for comment.

38(1)(b)
 38(1)(b)

Minister for Business, Fair work and Skills

MCGILL & CO – CALL WITH 38(1)(b) 38(1)(b), **CEO,** 33(1)(b) 33(1)(b) **– 23 JANUARY 2019**

Present
Jamie Hepburn – Minister for Business, Fair Work & Skills

38(1)(b)
 38(1)(b)

Mr Hepburn asked 38(1)(b) 38(1)(b) to outline the current position with regard to payment to McGill.

38(1)(b) 38(1)(b) said that the process of checking evidence provided by McGill was proving very slow so a new system of face-to-face meetings where information could be shared and checked much more quickly had been introduced. He understood that McGill had engaged the services of 33(1)(b) 33(1)(b) a company specialising in cross-validation which would hopefully also help.

Mr Hepburn asked if 33(1)(b) 33(1)(b) has any thoughts on what action it would take if McGill could not substantiate all of its claims.

38(1)(b) 38(1)(b) said that if there were a gap, 33(1)(b) 33(1)(b) Regional Managing Director would call him and he would take a view on what to do. He saw the meeting between the companies on Thursday 24 January as being pivotal as they would finally have an idea of what documentation McGill had and this would determine whether he needed to step in at this point. He would ask the regional MD to update SE following the meeting. 38(1)(b) 38(1)(b) reiterated that 33(1)(b) 33(1)(b) had some work lined up for which McGill may be considered.

38(1)(b)
 38(1)(b)

38(1)(b)

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadachd a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

38(1)(b)

38(1)(b)

From: 38(1)(b) 38(1)(b)
Sent: 28 January 2019 15:11
To: 38(1)(b) 38(1)(b)
Subject: RE: McGill Question

38(1)(b)
38(1)(b)

Is this worth a short note to the minister (if so draft below) or are we likely to be putting up something more substantial in the next day or so, in which case it can wait till then.

38(1)(b)
38(1)(b)

Minister for Business, Fair work and Skills

- Further to my note of 25 January, 38(1)(b) 33(1)(b) contacted McGill & Co on Friday to offer a settlement based on a “quick and sensible valuation” against which 33(1)(b) would reimburse McGill immediately.
- McGill & Co has rejected this offer, preferring to work through the process of substantiating its costs via documentary evidence.
- 38(1)(b) 38(1)(b) of McGill & Co has indicated that, although a specific figure was not mentioned, it would be considerably less than the amount McGill is seeking.

From: 38(1)(b) 38(1)(b)
Sent: 28 January 2019 14:59
To: 38(1)(b) 38(1)(b)
Subject: RE: McGill Question

Hi 38(1)(b)
38(1)(b)

This is quite hard to follow but here is my understanding:

McGill were looking for £6, 471M
McGill offered to settle at £6.247M

To date 33(1)(b) have offered/certified a total: 33(1)(b)

So the gap remains 33(1)(b)

(My understanding is that 33(1)(b) has released approx. 33(1)(b) since beginning of January, leaving the 33(1)(b)

From 38(1)(b) today:

My team approached McGill's on Friday and asked if they would be willing to agree a quick and sensible valuation on their account against which we would reimburse them immediately given cash flow pressures. Unfortunately, the McGill team rejected the offer and wish instead to work through the process of substantiating their costs via documentary evidence.

We now await to be contacted by McGills when they have prepared said information such that we can meet to discuss and hopefully agree.

From 38(1)(b) today

33(1)(b)

33(1)(b)

called me on Friday looking to agree the account at considerably less than

33(1)(b)

33(1)(b)

although he did not quote a figure.

38(1)(b)

38(1)(b)

From:

38(1)(b)

38(1)(b)

Sent: 28 January 2019 10:00

To:

38(1)(b)

38(1)(b)

Subject: McGill Question

38(1)(b)

38(1)(b)

I'm updating the FMQ brief for this week. Do you have a note of the full amount that it got back from

33(1)(b)

38(1)(b)

38(1)(b)

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court

50 Waterloo Street

Glasgow

G2 6HQ

Tel: +44(0)141 204 1111

Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.

For more information please visit <http://www.symanteccloud.com>

s38(1)(b)

Sent: 30 January 2019 14:35

s38(1)(b)

Subject: UPDATE [OFFICIAL-SENSITIVE] MCGILL & CO & HMRC

Importance: High

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

s38(1)(b)

McGill & Co Ltd

I have just been advised that HMRC has written to McGill's to advise that, whilst the seven day period doesn't expire until tomorrow, no proposals have been received to date and HMRC will now therefore continue legal actions. A letter was apparently e-mailed to the company within the last hour and a hard copy sent by first class post.

regards

s38(1)(b)



This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil

beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

MCGILL PACE EVENT - APEX HOTEL DUNDEE 7 FEBRUARY 2019

UPDATE AT 4 FEBRUARY 2019

Confirmed Participants

- 18 employers/recruitment agencies (although 10 are based on information provided by the Chamber of Commerce)
- 7 PACE Partners
- 2 Training Providers

Breakdown of Participants

Employers /Recruitment Agencies

Attending

- Leonard UK
- Intervention Rentals
- Scott Group
- 2 Sisters Poultry
- Mears Construction
- Hays Consultancy
- Forster Group – Brechin
- Robertsons
- *Hillcrest Housing Association
- *Ravensby Glass
- *WBS Keillor
- *Reed
- *Change Group
- *DP&L/Key Personnel
- *Safe Building
- *Scheme/Hardengreen Estate
- *City Quay Construction
- *Algo Construction

* Company wishing to attend – details provided by Chamber of Commerce

Not attending but will provide details of job opportunities

- Sturrock Joinery

PACE Partners

Attendance confirmed

- Business Gateway
- DWP
- Dundee City Council
- Dundee and Angus Chamber of Commerce
- Dundee and Angus College
- Skill Development Scotland
- Unite and Thompsons Solicitors

Invited - attendance not yet confirmed

- Pension Wise
- NHS

Training Providers

Attendance confirmed

- Insight Learning & Development
- SECTT

Invited - attendance not yet confirmed

- CITB
- SNIPEF

s38(1)(b)
s38(1)(b)

4 February 2019

s38(1)(b)

Sent: 10 December 2018 09:57
Subject: s38(1)(b)
CONFIDENTIAL: Follow Up to Meeting On Friday

s38(1)(b)

Many thanks for being able to bring the key players in the business together at such short notice. From our perspective, I think it was very useful.

It would be good to have a follow up discussion once you have your discussions with s38(1)(b) and others, and we understand a bit more as to how viable a proposition these offers are in a practical sense from your operating point of view. An update on any discussions with s38(1)(b) would also be good. If you have any further update from Santander, that would also be good, and as discussed on Friday, it may be beneficial if you tell them that you are undertaking a strategic review with SE, focussed upon developing a turnaround plan for the business.

I will give you a call once you return on Wednesday, as we are keen to explore all the avenues as a matter of urgency given the pressures you face from creditors. For SE to look at financial support, there are probably a number of key areas that we would want to explore further;

- A robust turnaround plan being developed that clearly articulates the actions that are/ will be taken to turn the business round
- Financial forecasts that are credible, and based on a clear turnaround plan. Diligence undertaken that indicates that the turnaround plan and forecasts are credible, achievable and that there is an underlying viable business that is worthy to support
- A package of financial support that is not solely provided by SE. We would expect the existing shareholders to make a financial contribution to the overall funding package, as well as the company's existing funders.

Some of the work that KPMG will undertake in Phase 2 of their work should also assist you in formulating your thoughts around this.

If you have any queries in the interim, please do not hesitate to give me a call.

s38(1)(b)

s38(1)(b)

Sent: 24 January 2019 13:56
s38(1)(b)
Subject: CONFIDENTIAL: Further queries

s38(1)(b)

My apologies for drip feeding queries to you, however I have a couple of other asks;

s33(1)(b) – In respect of the discussions you had with s33(1)(b) before Christmas, did they issue a formal offer of support which was declined due to issues of conditionality i.e guarantees, or was their offer of support, an indicative terms and conditions sheet which were subject to further diligence/provision of financial information.

Short Term Cash Flow – clearly a key issue for you daily, and as outlined in my email to Santander, we also need to understand the company's ability to trade through February. Clearly the s33(1)(b) funds change the dynamics of the figures presented on Tuesday – can you provide an updated cash flow that takes us through to the end of February.

Many thanks

s38(1)(b)

s38(1)(b)

Sent: 22 January 2019 11:29

s38(1)(b)

Subject: CONFIDENTIAL s36(2)

Follow Up Flag: Follow up
Flag Status: Completed

s38(1)(b)

You will recall that in your discussions with Mr Hepburn, he was keen that you engaged with our wider agencies, in particular, our Partnership Action for Continuing Employment(PACE).

Whilst we are keen to continue searching for a longer term solution, the outputs of any successful turnaround plan are likely to include a number of redundancies in the short term. We are keen to ensure that we support these employees as best we can back into the employment market, and I would be keen to introduce you to PACE colleagues as quickly as possible.

Can I suggest that we grab 5 minutes at the end of today's meeting just to have a quick discussion around that aspect.

s38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 30 January 2019 11:52
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: Request for £2M Loan from Scottish Enterprise

Dear 38(1)(b)

Further my email below from Friday 25th and subsequent discussion today, I am writing to confirm that Scottish Enterprise is unable to provide a £2M loan to McGill & Co as requested.

Having received the proposed turnaround plan on the 18th January and undertaken the initial appraisal last week, we initiated accelerated due diligence proceedings to assess the case for funding from SE. KPMG confirmed a likely timescale of 3 weeks for completion of this diligence and this would be beyond the timescales for the funding need.

On 26th January, you shared the company's revised financial position, highlighting the urgent need for a loan of a minimum £1M by 1st February. Further, the additional arrears to HMRC and the enforcement action, has further negatively impacted the business and immediate cash position. On Tuesday 29th you confirmed that whilst Santander indicated potential for a revised longer-term facility, should SE be able to provide a loan, they were not prepared to commit to further facility without confirmation of the SE position. In addition the current bank facility has now been reduced significantly.

Given the situation, and based on the initial KPMG assessment, we are of the view that there is an increasing and significant risk around the viability of the business and turnaround plan and uncertainty around the overall funding requirement. The scale of the increasing risk and potential debt, together with the immediacy of the funding need, has led us to the conclusion that it would be unlikely that a business case could be established to justify SE funding.

SE has sought to assist and support you and the Company with our best endeavours to find a solution that would result in a positive outcome, including potential funding from SE

Whilst I appreciate it will no doubt be disappointing to learn that we are unable to provide that funding, SE will continue to work with you and our partners to assist the McGill workforce in any way we can.

Yours sincerely

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 26 January 2019 15:25

To:
Cc: 38(1)(b)
Subject: RE: Request for £2M Loan from Scottish Enterprise

38(1)(b)

I refer to your email below and to the conference call with you and 38(1)(b) n Friday afternoon.

38(1)(b)

38(1)(b), 33(1)(b)

I hope this gives you some comfort in respect to your comment regarding a management team that can deliver on the plan.

As you know the company is under capitalised and in hindsight, we should have managed our order book better in FY18 as there was no capacity for one or two projects going wrong and delivering losses. This, unfortunately, was the case with the 33(1)(b)

As explained at earlier meetings I have been working on changing the business model so that we are less reliant on subcontract work and focus on working directly for end-user clients and move away from high-risk low margin projects. The turnaround plan, financial forecast and strategic review we issued to you on Friday 18 January 2019 reflect this.

You are aware that the mainstream banks are currently restricting lending in the construction sector and this is why I contacted Scottish Enterprise on 9 November 2018 as it was evident that the company would need support to continue trading.

The Board appreciate the ask of Scottish Enterprise to provide a loan of £2 million, allowing the company to continue to trade and safeguard the employment of 450 people and their families. We understand that diligence must be part of the process hence the appointment of KMPG and now perhaps a third party to review the business plan and financial forecasts however we were expecting a more definitive answer on Friday.

As we discussed during our conference call on Friday, the Company will struggle to trade beyond Friday 1 February 2019 without a firm commitment of support as the creditor pressure has significantly intensified. The Phase 1 report prepared by KPMG illustrated this around 15 February 2019 so it has come quicker than anticipated.

There is now no doubt that the future for the Company looks bleak. We will struggle to trade beyond the 1 February 2019 without a cash injection to pay creditors. Furthermore we are in receipt of a 7-day demand from HMRC for unpaid debts. I have written to HMRC requesting a moratorium on the debt until a decision is taken on the request for a loan however they may decide to take action against the Company any day now.

If the Board decide to appoint an Administrator next week this will be headline news due to the high number of job losses in Dundee after the recent announcements made by 33(1)(b) NHS Tayside, HMRC and others and it will be difficult for us to consult or be part of a taskforce led by The Scottish government Economy Secretary Derek Mackay and current leader of Dundee City Council, John Alexander as we have been seeking support for many weeks now.

I will continue to work with the bank and creditors next week and of course with Scottish Enterprise and the organisation appointed to carry out diligence on the Company.

Regards,

^{38(1)(b)}
Sent: 25 January 2019 16:49

^{38(1)(b)}

Subject: Request for £2M Loan from Scottish Enterprise

Dear ^{38(1)(b)}

Further to our discussions this afternoon and based on the information provided by McGill & Co, the KPMG reports and an initial assessment of the proposed turnaround plan, SE remain of the opinion that the case for public sector support remains difficult to demonstrate, and uncertain at this stage. The high level of debt for the size of the company and the lack of other funders or alternative equity options pursued by the company, raises significant questions for SE to consider as part of the case for support.

Whilst the circumstances surrounding how the company finds itself in this position are understood, significant questions and concerns remain as to some of key contributory factors and decisions taken previously, or indeed not taken, by the Board and the management team to remedy the situation prior to contacting SE. Undoubtedly, any decision to provide financial support from Scottish Enterprise would be contingent upon satisfactory conclusion of due diligence that demonstrates there is a viable business to support, backed by a credible business plan and financial forecasts, with a management team that can deliver on the plan.

However, having considered the current position of the business and reflecting on the plan as initially presented, the SE team working with the Company has recommended and received initial support from senior colleagues that we proceed to formal diligence next week.

The outcome of that work will inform of our assessment on whether there is a business case to justify the loan funding requested. The aim of the diligence will be designed to inform us around the following areas:

- Confirm the financial forecasts (including analysis of the P&L, Balance Sheet and Cashflows) with appropriate sensitivity analysis undertaken on the key assumptions;
- Clarify, the creditor position, including creditors that are overdue;
- Review and commentary on the Company's current trading position, including the pipeline, and Work in Progress
- A view on whether there is a commercial case for providing the loan funding requested by the Company in terms of viability.
- Confirmation thereafter that £2m is indeed sufficient to sustain the business and that the total debt can be serviced once the terms and conditions have been agreed.
- An assessment of operations and management and management systems capability

- Commercial benchmarking of comparable transactions to inform terms and conditions of the loan (the term associated with the loan needs to be independently verified as State Aid Compliant)

Completion of the due diligence will allow Scottish Enterprise to assess the business case to justify loan funding of this scale which would allow us to seek approval from our Executive Team. This complete process would normally be conducted over several weeks, and the ask to conclude this in a condensed period, as now required by the company, presents significant challenges. We recognise the time critical nature of the Company's financial position and therefore we would look to accelerate to this work as quickly as possible, albeit it is not possible to put an exact timescale at this stage.

Please note, whilst we are advising that we are advancing the case towards diligence, this should not be considered as an offer of funding, nor a guarantee that funding will be provided, and due cognisance of this should be taken by the Directors in relation to their responsibilities and future trading.

As discussed also, SE has made contact with 33(1)(b) to seek to understand their short term and longer-term position regarding continued support on the assumption that SE can confirm any approval at the earliest possible juncture.

An additional requirement will be for the company to be current with any HMRC arrears or have an agreed payment plan agreed for any arrears. SE loan funding cannot be used to fund these arrears, so a payment arrangement needs to be part of the plan.

I trust this sets out the position in order for the McGill Board to decide how it may wish to proceed.

Yours sincerely

38(1)(b)

38(1)(b)

Sent: 22 January 2019 17:42

38(1)(b)

Subject: RE: CONFIDENTIAL: SE Meeting 22 January 2019

38(1)(b)

Thank you and the team from SE for taking the time to host the meeting today and I hope there will be a positive outcome to safeguard the employment of the majority of staff, skilled operatives, and apprentices.

As you know the creditor pressure has intensified since returning after the Christmas break so I appreciate a decision being taken this week on our request for financial support.

Regards,

38(1)(b)

From: 38(1)(b)
Sent: 22 January 2019 15:51
To:
Cc: 38(1)(b)
Subject: CONFIDENTIAL: SE Meeting 22 January 2019

38(1)(b)

Many thanks for organising the meeting today.

From our point, the meeting has been very useful, and provides us greater clarity around the situation with the company, its funding options and your wider supply chain.

As discussed at the meeting, SE will now move forward to quickly explore the appetite for support of up to £2m to assist the company, based on the knowledge that 33(1)(b) have clearly outlined their stance of no increase in their exposure, but willing to maintain their existing position, coupled with the additional equity injection and salary deferral by the directors.

As explained at the meeting, the higher the ask of SE, the higher the challenge, however we will hold internal discussion on the issue and would anticipate being able to provide you with the outcome of these discussions prior to the end of this week.

We fully understand the pressures that you face on a daily basis, and it is important that we continue to keep open communication over the coming days.

Please don't hesitate to contact either 38(1)(b) should you have any queries/issues.

38(1)(b)

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

s38(1)(b)

Sent: 22 January 2019 15:51

s38(1)(b)

Subject: CONFIDENTIAL: SE Meeting 22 January 2019

s38(1)(b)

Many thanks for organising the meeting today.

From our point, the meeting has been very useful, and provides us greater clarity around the situation with the company, its funding options and your wider supply chain.

As discussed at the meeting, SE will now move forward to quickly explore the appetite for support of up to £2m to assist the company, based on the knowledge that Santander have clearly outlined their stance of no increase in their exposure, but willing to maintain their existing position,

As explained at the meeting, the higher the ask of SE, the higher the challenge, however we will hold internal discussion on the issue and would anticipate being able to provide you with the outcome of these discussions prior to the end of this week.

We fully understand the pressures that you face on a daily basis, and it is important that we continue to keep open communication over the coming days.

Please don't hesitate to contact either myself s38(1)(b) should you have any queries/issues.

s38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 17 January 2019 16:55
To:
Cc: 38(1)(b)
Subject: s 36(2) Project Romaine/SE Support
Importance: High
Sensitivity: Confidential

38(1)(b)

Further to your discussions on Monday and with 38(1)(b) this morning around your request for SE financial support. I would emphasise that SE remain willing to consider any proposal submitted to us.

At this stage, we are not yet clear on the quantum of support being asked, but we are assuming it is at a level of c£2m.

In order for us to undertake this assessment, we require to be satisfied both as to the viability of the company's turnaround plan, and on the ability of the business to implement the changes required to deliver the turnaround plan.

Whilst we understand the time challenges that the business now faces; as we discussed at our meeting on Monday, early receipt of this plan is an imperative to allow us to assess the proposal and undertake the necessary diligence.

It would also be useful to receive confirmation around the Board's thoughts on the accelerated sale option that was also discussed on Monday.

We would highlight that whilst we anticipate being able to undertake an early initial assessment, satisfying terms of conditionality in the event of any agreement in principal is likely to take an additional period of time beyond our initial assessment prior to any funds being released.

A key aspect of our assessment will be an understanding of the position being adopted by Santander to allow us to fully understand their view on the situation, and I understand a meeting is now scheduled on the 22nd, with SE attending.

Whilst our assessment will cover all the usual trading and commercial risks, we would highlight at this stage that we are particularly concerned at the overall level of debt that the business requires to service in the event of new borrowing being put in place.

Additionally, we remain concerned as to the structural issues within the business, and in particular the misalignment of interests between the management team and shareholders and the ability to implement the changes required whilst this is the case. These will be key areas that the turnaround plan requires to address to enable us to get comfortable with the proposal.

We look forward to early receipt of the turnaround plan and would be happy to discuss any of the foregoing points.

Best Regards

38(1)(b)

s38(1)(b)

Sent: 15 January 2019 09:50
s38(1)(b)
Subject: Follow up to our meeting on 14 January

s38(1)(b)

Thanks for your time yesterday, and as discussed, developing a 2 year business plan will be a critical element of enabling Scottish Enterprise to establish appraise any funding request.

We are conscious that the business is very business managing issues around creditors etc, and if you feel that it would be helpful to obtain external support to help you produce this document, please let us know and we would be willing to look at how we can support you in this respect. If you feel that you requires38(1)(b)and his team at KPMG to support elements of this, please let me know.

s38(1)(b)

s38(1)(b)

Sent: 16 January 2019 11:34

s38(1)(b)

Subject: Follow-Up/HMRC

Importance: High

s38(1)(b)

Further to our meeting on Monday, we have been contacted through our Government colleagues that HMRC has been seeking a dialogue with the company on the arrears and situation.

I would strongly encourage you to phone the caseworker asap. He indications are they are concerned that attempts have been made to contact have not been returned. Think it is important to speak direct regarding the situation rather than through HL.

Contact details are:

s38(1)(b)

Regards

s38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 18 January 2019 16:41
To:
Cc:
Subject: McGill & Co Ltd
Attachments:

38(1)(b)

Witheld under 331b

38(1)(b)

As requested at our meeting on Monday please find attached folder containing the following documents;

- Strategic Review
- Financial Forecast
- Turnaround Plan

The meeting on Tuesday 22 January in your offices at Greenmarket, Dundee has been rescheduled to commence at 1pm to accommodate s38(1)(b) travel arrangements.

Regards,

38(1)(b)

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

38(1)(b)

From: 38(1)(b)
Sent: 21 January 2019 19:00
To:
Cc:
Subject: FW: Payment Holiday

38(1)(b)

38(1)(b)

The Director for 33(1)(b) has sent the message below confirming their intentions in respect of a payment holiday against our account.

As you are aware January and February present us with a challenge due to the low level of revenue due in these periods so the support of our tier one suppliers 33(1)(b) is a welcome boost to our cash flow position

Regards,

38(1)(b)

Out of Scope

s38(1)(b)

Sent: 13 January 2019 14:14

s38(1)(b)

Subject: FW s36(2) / Turnaround Plan

Attachments:

Withheld under section 33(1)(b)

s38(1)(b)

Further to my email on Friday afternoon attaching a copy of various document and a copy of my notes from my meeting earlier in the day with Santander, I did not mention to Santander that my initial ask of Scottish Enterprise was to provide the company with a £2m loan payable over a 5-year period as I did not want to give them serious cause for concern.

The Phase 1 Report prepared by KPMG highlights the short term cash flow forecast at around £1m in early February 2019 and this is now our ask of Scottish Enterprise in terms of a loan payable over a 5-year period. This is based on the following;

- Sustainability of the business.
- Implementation of the turnaround plan.
- Santander continuing to support the company at current levels in the short term until the benefits from the turnaround plan flow through the accounts.
- Dividend payments to Directors cease with immediate effect. (I have discussed this with s38(1)(b) and they have agreed to this)
- We have explored the option of transferring our main banking facility from Santander to s33(1)(b) however it has been confirmed by KPMG that this will not improve our current position, and may in fact leave us in a more vulnerable position.
- We have, and continue to explore the other options listed under page 18 of the Phase 1 Report prepared by KPMG.

The creditor pressure we are under is growing on a daily basis and another VAT return is due at the end of January 2019 so time is running out for the company to continue to trade and I am mindful of my responsibilities as a Director in respect of the liquidity of the company.

I look forward to seeing you tomorrow to discuss the next step in the process.

Regards,

s38(1)(b)

s38(1)(b)

Sent: 11 January 2019 16:31

s38(1)(b)

Subject s36(2) / Turnaround Plan

s38(1)(b)

Please see the attached documents to give you an update on the steps I am taking;

- Notes from meeting with Santander this morning (I handed over a copy of the notes to s38(1)(b))
- Draft copy of the recovery plan
- Draft copy of the draft turnaround plan (this is a working document and I have arranged internal meetings for next week to further develop this document)

I advised Santander of your involvement and the support being provided by KPMG and they appeared relaxed and welcomed the fact that we were taking positive steps to address the situation. They also indicated that they would welcome being part of a solution to keep the company trading in the long term as they did not want to be associated with the demise of a prominent business in the City. This said they will not increase the facility however they will maintain the facility at the current level.

I look forward to seeing you on Monday at 1pm.

Regards,

s38(1)(b)

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

38(1)(b)

From: 38(1)(b)
Sent: 18 January 2019 16:46
To: 38(1)(b)
Subject: FW: WP5000 M&E Services: Notification of Proposed Payment - December 2018
Attachments: Witheld under 331b

38(1)(b)

As I thought the certificate from 33(1)(b) has just arrived in my inbox and the value certified is s33(1)(b)
s33(1)(b)

As you will note from the message below a further meeting is taking place on 21 January 2018

38(1)(b)

Out of Scope

38(1)(b)

From: 38(1)(b)
Sent: 22 January 2019 11:37
To: 38(1)(b)
Cc:
Subject: RE: CONFIDENTIAL: s36(2)

38(1)(b)

Noted and I will talk to you about this after the meeting.

I think it would be worthwhile for someone from PACE to meet with our HR Manager next week if we get that far.

Regards,

38(1)(b)

From: 38(1)(b)
Sent: 22 January 2019 11:29
To: 38(1)(b)
Cc: 38(1)(b)
Subject: CONFIDENTIAL: s36(2)

38(1)(b)

You will recall that in your discussions with Mr Hepburn, he was keen that you engaged with our wider agencies, in particular, our Partnership Action for Continuing Employment(PACE).

Whilst we are keen to continue searching for a longer term solution, the outputs of any successful turnaround plan are likely to include a number of redundancies in the short term. We are keen to ensure that we support these employees as best we can back into the employment market, and I would be keen to introduce you to PACE colleagues as quickly as possible.

Can I suggest that we grab 5 minutes at the end of today's meeting just to have a quick discussion around that aspect.

38(1)(b)

s38(1)(b)

Sent: 16 January 2019 13:45
s38(1)(b)
Subject: Phone call this morning 16 Jan

s38(1)(b)

Thank you for giving me notification of the problems that you are now encountering with suppliers and in particular

s33(1)(b)

Clearly this is a significant concern in terms of ongoing activity, and you will require to consult with the Board and your professional advisors around options. In this respect, we would appreciate any updates on the situation as matters develop.

Many thanks

s38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 22 January 2019 17:42
To:
Cc: 38(1)(b)
Subject: RE: CONFIDENTIAL: SE Meeting 22 January 2019

38(1)(b)

Thank you and the team from SE for taking the time to host the meeting today and I hope there will be a positive outcome to safeguard the employment of the majority of staff, skilled operatives, and apprentices.

As you know the creditor pressure has intensified since returning after the Christmas break so I appreciate a decision being taken this week on our request for financial support.

Regards,

38(1)(b)

From: 38(1)(b)
Sent: 22 January 2019 15:51
To:
Cc: 38(1)(b)
Subject: CONFIDENTIAL: SE Meeting 22 January 2019

38(1)(b)

Many thanks for organising the meeting today.

From our point, the meeting has been very useful, and provides us greater clarity around the situation with the company, its funding options and your wider supply chain.

As discussed at the meeting, SE will now move forward to quickly explore the appetite for support of up to £2m to assist the company, based on the knowledge that Santander have clearly outlined their stance of no increase in their exposure, but willing to maintain their existing position, coupled with the additional equity injection and salary deferral by the directors.

As explained at the meeting, the higher the ask of SE, the higher the challenge, however we will hold internal discussion on the issue and would anticipate being able to provide you with the outcome of these discussions prior to the end of this week.

We fully understand the pressures that you face on a daily basis, and it is important that we continue to keep open communication over the coming days.

Please don't hesitate to contact either 38(1)(b) should you have any queries/issues.

38(1)(b)

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow

s38(1)(b)

Sent: 11 January 2019 08:31

s38(1)(b)

Subject: s36(2) s33(1)(b)

s38(1)(b)

As you may have been told by s38(1)(b) from KPMG the exercise carried out overlaying the s33(1)(b) on the cash flow requirement has confirmed that the facility will not improve our current position and provide a surplus to clear any of our creditors.

I have a meeting with Santander this morning at 11am to discuss their existing facility which runs out on Tuesday of next week with a view to asking them to extend the facility until at least the end of January 2019.

This situation is not improving and I would therefore be keen on a meeting early next week to see how we move forward.

s38(1)(b)

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

38(1)(b)

From: 38(1)(b)
Sent: 21 January 2019 16:09
To:
Cc:
Subject: RE: McGill & Co Ltd
Attachments:

38(1)(b)

Witheld under 331b

38(1)(b)

Please see the attached copy of the Addendum to the Strategic Review.

We hope you take this into consideration as part of your decision making process

Regards,

38(1)(b)

From: 38(1)(b)
Sent: 18 January 2019 16:41
To:

38(1)(b)

38(1)(b)

Subject: McGill & Co Ltd

38(1)(b)

As requested at our meeting on Monday please find attached folder containing the following documents;

- Strategic Review
- Financial Forecast
- Turnaround Plan

The meeting on Tuesday 22 January in your offices at Greenmarket, Dundee has been rescheduled to commence at 1pm to accommodate 38(1)(b) travel arrangements.

Regards,

38(1)(b)

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

s38(1)(b)

Sent: 19 December 2018 15:50

s38(1)(b)

Subject: s36(2) Project Romaine - Update

Importance: High

Dear s38(1)(b)

Firstly, many thanks to you and s38(1)(b) for allocating time to KPMG to allow the funding assessment to be produced. We have now had the opportunity to read through the second report and discuss the outputs with KPMG.

Having reviewed the KPMG Phase 1 report which focussed on the short term cash flow forecast, alongside the Phase 2 budget, there is a potential funding need of £0.5M to £2.70M depending on sensitivities applied. We note that the Phase 2 report starts with a zero position and so it is difficult to assess the true position during phase 2, following the current short term cash flow situation. There is a strong recommendation from KPMG to anchor the budget to the actual November 2018 month end position and review the budget on a monthly position on a more accurate basis.

Recognising some of the caveats around the Budget for 19/20,

s33(1)(b)

s33(1)(b)

purely in the form of debt finance, this would give rise to an estimated potential total debt position of s33(1)(b) In the event the funding need is provided

Looking at this scenario, it is very clear from the options in the Phase 1 Report and commentary from KPMG that this funding requirement may not be met by debt alone and it appears likely that additional equity requires to be introduced to the business to allow you to leverage the fresh debt required. Our conclusion is therefore that the shareholders and management team need to consider this option seriously and as a matter of urgency.

You will also recall from our meetings and subsequent emails, that Scottish Enterprise could only consider funding support alongside a viable business and turnaround plan and where other funders are part of the wider solution. Once all avenues of private sector funding have been considered and a funding gap remains evident, we would look to explore possible options where we could “bridge” any such gap. In order to allow us to consider our options, we need a clear understanding of the following

1. Directors view of the overall funding requirement based on the KPMG reports - quantum and timing.
2. The shareholders view in relation to sourcing new equity (external investors). As highlighted in the KPMG report this appears to be a key option that should be considered which would allow the business the opportunity to raise the required additional debt funding; thereby allowing the business the opportunity to implement changes required.
3. The Board’s thoughts on the other option outlined in the Phase 1 report around a potential sale of the business.
4. Actions being taken with various funders to raise finance commercially. In this respect, we require the following information;
 - Summary details of new funding lines being explored - state of negotiations with each individual funders - i.e. sight of outline offers received
 - Conditionality of any offers and ability and timelines to fulfil the conditions and a view on likelihood of success with each funding source.
 - Timing of these funds being available and impact on the funding requirement

I am sure this information would be required by other funders, and an early indication on these issues will allow us to consider any bridge funding request. At this stage, we can offer no indication of support or details of conditionality, however I would highlight that it would be very difficult for us to seek approval if all equity options have not been

explored fully and also whilst the shareholders continue to take dividends from the company, whilst support is being sought and provided.

SE would also be happy to look at ways of supporting the business in implementing changes in the business going forward. In particular, should the company require additional help in shaping the turnaround plan, perhaps with input from KPMG or other resource. We would also be happy to seek to assist with the BB/SRM debtor discussions if required.

I look forward to hearing from you on these points and we would be happy to set up a call or a meeting early in January following the holiday period and after you have had further consideration of the situation.

Best Regards

s38(1)(b)

s38(1)(b)

Sent: 19 December 2018 15:50

s38(1)(b)

Subject: s36(2) Update

Importance: High

Dear s38(1)(b)

Firstly, many thanks to you and s38(1)(b) for allocating time to KPMG to allow the funding assessment to be produced. We have now had the opportunity to read through the second report and discuss the outputs with KPMG.

Having reviewed the KPMG Phase 1 report which focussed on the short term cash flow forecast, alongside the Phase 2 budget, there is a potential funding need of £0.5M to £2.70M depending on sensitivities applied. We note that the Phase 2 report starts with a zero position and so it is difficult to assess the true position during phase 2, following the current short term cash flow situation. There is a strong recommendation from KPMG to anchor the budget to the actual November 2018 month end position and review the budget on a monthly position on a more accurate basis.

Recognising some of the caveats around the Budget for 19/20,

s33(1)(b)

s33(1)(b)

purely in the form of debt finance, this would give rise to an estimated potential total debt position of s33(1)(b) In the event the funding need is provided s33(1)(b)

Looking at this scenario, it is very clear from the options in the Phase 1 Report and commentary from KPMG that this funding requirement may not be met by debt alone and it appears likely that additional equity requires to be introduced to the business to allow you to leverage the fresh debt required. Our conclusion is therefore that the shareholders and management team need to consider this option seriously and as a matter of urgency.

You will also recall from our meetings and subsequent emails, that Scottish Enterprise could only consider funding support alongside a viable business and turnaround plan and where other funders are part of the wider solution. Once all avenues of private sector funding have been considered and a funding gap remains evident, we would look to explore possible options where we could “bridge” any such gap. In order to allow us to consider our options, we need a clear understanding of the following

1. Directors view of the overall funding requirement based on the KPMG reports - quantum and timing.
2. The shareholders view in relation to sourcing new equity (external investors). As highlighted in the KPMG report this appears to be a key option that should be considered which would allow the business the opportunity to raise the required additional debt funding; thereby allowing the business the opportunity to implement changes required.
3. The Board’s thoughts on the other option outlined in the Phase 1 report around a potential sale of the business.
4. Actions being taken with various funders to raise finance commercially. In this respect, we require the following information;
 - Summary details of new funding lines being explored - state of negotiations with each individual funders - i.e. sight of outline offers received
 - Conditionality of any offers and ability and timelines to fulfil the conditions and a view on likelihood of success with each funding source.
 - Timing of these funds being available and impact on the funding requirement

I am sure this information would be required by other funders, and an early indication on these issues will allow us to consider any bridge funding request. At this stage, we can offer no indication of support or details of conditionality, however I would highlight that it would be very difficult for us to seek approval if all equity options have not been

explored fully and also whilst the shareholders continue to take dividends from the company, whilst support is being sought and provided.

SE would also be happy to look at ways of supporting the business in implementing changes in the business going forward. In particular, should the company require additional help in shaping the turnaround plan, perhaps with input from KPMG or other resource. We would also be happy to seek to assist with the BB/SRM debtor discussions if required.

I look forward to hearing from you on these points and we would be happy to set up a call or a meeting early in January following the holiday period and after you have had further consideration of the situation.

Best Regards

s38(1)(b)

s38(1)(b)

Sent: 30 November 2018 09:42

s38(1)(b)

Subject: s36(2)

s38(1)(b)

By way of an update s38(1)(b) and I had a conference call with s38(1)(b) from Santander yesterday and they have reaffirmed that they will not increase our facility and more disturbing they will be reviewing it again in January 2019.

Santander are well aware of the current position with the Company and the lack of funding and during the conversations s38(1)(b) kept referring to liquidity over the next few months knowing that we will struggle to stay afloat.

If it wasn't loud and clear before it certainly is now in that they want to reduce their liability in the construction sector and will therefore not support the business in the medium to long-term meaning we are being forced to find another lender which is you know is unlikely in respect of mainstream banking.

We have a meeting set up with s33(1)(b) on 11 December in Birmingham to discuss their offer, however, myself along with the other two non-family shareholders are unlikely to agree on signing the agreement on the current terms. As you know they have not budged on the s33(1)(b)

The pressure on us is growing day by day, not helped by the situation with s33(1)(b) and I question if we can keep to the timeframe we discussed before running out of cash.

Regards,

s38(1)(b)

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

s38(1)(b)

Sent: 17 January 2019 16:55

s38(1)(b)

Subject: s36(2) SE Support

Importance: High

Sensitivity: Confidential

s38(1)(b)

Further to your discussions on Monday and with s38(1)(b) this morning around your request for SE financial support. I would emphasise that SE remain willing to consider any proposal submitted to us.

At this stage, we are not yet clear on the quantum of support being asked, but we are assuming it is at a level of c£2m.

In order for us to undertake this assessment, we require to be satisfied both as to the viability of the company's turnaround plan, and on the ability of the business to implement the changes required to deliver the turnaround plan.

Whilst we understand the time challenges that the business now faces; as we discussed at our meeting on Monday, early receipt of this plan is an imperative to allow us to assess the proposal and undertake the necessary diligence.

It would also be useful to receive confirmation around the Board's thoughts on the accelerated sale option that was also discussed on Monday.

We would highlight that whilst we anticipate being able to undertake an early initial assessment, satisfying terms of conditionality in the event of any agreement in principal is likely to take an additional period of time beyond our initial assessment prior to any funds being released.

A key aspect of our assessment will be an understanding of the position being adopted by Santander to allow us to fully understand their view on the situation, and I understand a meeting is now scheduled on the 22nd, with SE attending.

Whilst our assessment will cover all the usual trading and commercial risks, we would highlight at this stage that we are particularly concerned at the overall level of debt that the business requires to service in the event of new borrowing being put in place.

Additionally, we remain concerned as to the structural issues within the business, and in particular the misalignment of interests between the management team and shareholders and the ability to implement the changes required whilst this is the case. These will be key areas that the turnaround plan requires to address to enable us to get comfortable with the proposal.

We look forward to early receipt of the turnaround plan and would be happy to discuss any of the foregoing points.

Best Regards

s38(1)(b)

s38(1)(b)

Sent: 22 January 2019 17:42

s38(1)(b)

Subject: RE: CONFIDENTIAL: SE Meeting 22 January 2019

s38(1)(b)

Thank you and the team from SE for taking the time to host the meeting today and I hope there will be a positive outcome to safeguard the employment of the majority of staff, skilled operatives, and apprentices.

As you know the creditor pressure has intensified since returning after the Christmas break so I appreciate a decision being taken this week on our request for financial support.

Regards,

s38(1)(b)

s38(1)(b)

Sent: 22 January 2019 15:51

s38(1)(b)

Subject: CONFIDENTIAL: SE Meeting 22 January 2019

s38(1)(b)

Many thanks for organising the meeting today.

From our point, the meeting has been very useful, and provides us greater clarity around the situation with the company, its funding options and your wider supply chain.

As discussed at the meeting, SE will now move forward to quickly explore the appetite for support of up to £2m to assist the company, based on the knowledge that Santander have clearly outlined their stance of no increase in their exposure, but willing to maintain their existing position, coupled with the additional equity injection and salary deferral by the directors.

As explained at the meeting, the higher the ask of SE, the higher the challenge, however we will hold internal discussion on the issue and would anticipate being able to provide you with the outcome of these discussions prior to the end of this week.

We fully understand the pressures that you face on a daily basis, and it is important that we continue to keep open communication over the coming days.

Please don't hesitate to contact either myself, s38(1)(b) should you have any queries/issues.

s38(1)(b)

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>

Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

38(1)(b)

From: 38(1)(b)
Sent: 23 January 2019 20:39
To:
Cc: 38(1)(b)
Subject: McGill & Co Ltd

38(1)(b)

38(1)(b) contacted me today to negotiation a settlement on the
s33(1)(b)

33(1)(b)

I can confirm having reached agreement resulting in a payment to us in the sum of s33(1)(b) in the next 7 days.

This agreement reduces our ask of Scottish Enterprise to provide a loan to the company from £2m to £1.75m.

I hope you view this as a positive step in your decision making process to safeguard the employment of 420 people across Scotland.

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 28 January 2019 09:00
To: 38(1)(b)
Cc:
Subject: RE: HMRC
Attachments: 33(1)(b)

38(1)(b)

Your email below refers.

38(1)(b) from 38(1)(b) called me on Friday looking to agree the account at considerably less than
s33(1)(b) although he did not quote a figure.

As you know progress on agreeing the value of variations has been painfully slow and s33(1)(b)
s33(1)(b) Their Commercial Manager handling the account left the business on Friday. the account will now
be handed by their s38(1)(b)

I have sent the attached email to 38(1)(b) this morning outlining our position.

Regards,

38(1)(b)

From: 38(1)(b)
Sent: 28 January 2019 08:44
To: 38(1)(b)
Cc:
Subject: RE: HMRC

Thank you 38(1)(b)

I got an email from 38(1)(b) at 33(1)(b) suggesting that no further monies were agreed for release last week that you
may be going back this week.

Separately, there seems to be a suggestion that the Regional MD may seek to try and clarify the likelihood of the
evidence required by s33(1)(b) being produced and if not s33(1)(b) to seek to provide an estimate for potential agreement.

I understand the regional MD may be in touch on this.

Best Regards

38(1)(b)

38(1)(b)

Sent: 26 January 2019 15:32

38(1)(b)

Subject: HMRC

38(1)(b)

Please see a copy of the attached letter to HMRC.

I will send this by recorded delivery on Monday as I do not have 38(1)(b) email address.

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 26 January 2019 15:25
To:
Cc: 38(1)(b)
Subject: RE: Request for £2M Loan from Scottish Enterprise

38(1)(b)

I refer to your email below and to the conference call with you and 38(1)(b) on Friday afternoon.

38(1)(b), s33(1)(b)

38(1)(b)

I hope this gives you some comfort in respect to your comment regarding a management team that can deliver on the plan.

As you know the company is under capitalised and in hindsight, we should have managed our order book better in FY18 as there was no capacity for one or two projects going wrong and delivering losses. This, unfortunately, was the case with the 33(1)(b) and the 33(1)(b)

As explained at earlier meetings I have been working on changing the business model so that we are less reliant on subcontract work and focus on working directly for end-user clients and move away from high-risk low margin projects. The turnaround plan, financial forecast and strategic review we issued to you on Friday 18 January 2019 reflect this.

You are aware that the mainstream banks are currently restricting lending in the construction sector and this is why I contacted Scottish Enterprise on 9 November 2018 as it was evident that the company would need support to continue trading.

The Board appreciate the ask of Scottish Enterprise to provide a loan of £2 million, allowing the company to continue to trade and safeguard the employment of 450 people and their families. We understand that diligence must be part of the process hence the appointment of KPMG and now perhaps a third party to review the business plan and financial forecasts however we were expecting a more definitive answer on Friday.

As we discussed during our conference call on Friday, the Company will struggle to trade beyond Friday 1 February 2019 without a firm commitment of support as the creditor pressure has significantly intensified. The Phase 1 report prepared by KPMG illustrated this around 15 February 2019 so it has come quicker than anticipated.

There is now no doubt that the future for the Company looks bleak. We will struggle to trade beyond the 1 February 2019 without a cash injection to pay creditors. Furthermore we are in receipt of a 7-day demand from HMRC for unpaid debts. I have written to HMRC requesting a moratorium on the debt until a decision is taken on the request for a loan however they may decide to take action against the Company any day now.

If the Board decide to appoint an Administrator next week this will be headline news due to the high number of job losses in Dundee after the recent announcements made by Michelin, NHS Tayside, HMRC and others and it will be

difficult for us to consult or be part of a taskforce led by The Scottish government Economy Secretary Derek Mackay and current leader of Dundee City Council, John Alexander as we have been seeking support for many weeks now.

I will continue to work with the bank and creditors next week and of course with Scottish Enterprise and the organisation appointed to carry out diligence on the Company.

38(1)(b)

From: 38(1)(b)
Sent: 25 January 2019 16:49
To:
Cc: 38(1)(b)
Subject: Request for £2M Loan from Scottish Enterprise

Dear 38(1)(b)

Further to our discussions this afternoon and based on the information provided by McGill & Co, the KPMG reports and an initial assessment of the proposed turnaround plan, SE remain of the opinion that the case for public sector support remains difficult to demonstrate, and uncertain at this stage. The high level of debt for the size of the company and the lack of other funders or alternative equity options pursued by the company, raises significant questions for SE to consider as part of the case for support.

Whilst the circumstances surrounding how the company finds itself in this position are understood, significant questions and concerns remain as to some of key contributory factors and decisions taken previously, or indeed not taken, by the Board and the management team to remedy the situation prior to contacting SE. Undoubtedly, any decision to provide financial support from Scottish Enterprise would be contingent upon satisfactory conclusion of due diligence that demonstrates there is a viable business to support, backed by a credible business plan and financial forecasts, with a management team that can deliver on the plan.

However, having considered the current position of the business and reflecting on the plan as initially presented, the SE team working with the Company has recommended and received initial support from senior colleagues that we proceed to formal diligence next week.

The outcome of that work will inform of our assessment on whether there is a business case to justify the loan funding requested. The aim of the diligence will be designed to inform us around the following areas:

- Confirm the financial forecasts (including analysis of the P&L, Balance Sheet and Cashflows) with appropriate sensitivity analysis undertaken on the key assumptions;
- Clarify, the creditor position, including creditors that are overdue;
- Review and commentary on the Company's current trading position, including the pipeline, and Work in Progress
- A view on whether there is a commercial case for providing the loan funding requested by the Company in terms of viability.

- Confirmation thereafter that £2m is indeed sufficient to sustain the business and that the total debt can be serviced once the terms and conditions have been agreed.
- An assessment of operations and management and management systems capability
- Commercial benchmarking of comparable transactions to inform terms and conditions of the loan (the term associated with the loan needs to be independently verified as State Aid Compliant)

Completion of the due diligence will allow Scottish Enterprise to assess the business case to justify loan funding of this scale which would allow us to seek approval from our Executive Team. This complete process would normally be conducted over several weeks, and the ask to conclude this in a condensed period, as now required by the company, presents significant challenges. We recognise the time critical nature of the Company's financial position and therefore we would look to accelerate to this work as quickly as possible, albeit it is not possible to put an exact timescale at this stage.

Please note, whilst we are advising that we are advancing the case towards diligence, this should not be considered as an offer of funding, nor a guarantee that funding will be provided, and due cognisance of this should be taken by the Directors in relation to their responsibilities and future trading.

As discussed also, SE has made contact with Santander to seek to understand their short term and longer-term position regarding continued support on the assumption that SE can confirm any approval at the earliest possible juncture.

An additional requirement will be for the company to be current with any HMRC arrears or have an agreed payment plan agreed for any arrears. SE loan funding cannot be used to fund these arrears, so a payment arrangement needs to be part of the plan.

I trust this sets out the position in order for the McGill Board to decide how it may wish to proceed.

Yours sincerely

38(1)(b)

From: 38(1)(b)
Sent: 22 January 2019 17:42
To:
Cc: 38(1)(b)
Subject: RE: CONFIDENTIAL: SE Meeting 22 January 2019

38(1)(b)

Thank you and the team from SE for taking the time to host the meeting today and I hope there will be a positive outcome to safeguard the employment of the majority of staff, skilled operatives, and apprentices.

As you know the creditor pressure has intensified since returning after the Christmas break so I appreciate a decision being taken this week on our request for financial support.

38(1)(b)

From: 38(1)(b)
Sent: 22 January 2019 15:51
To
Cc 38(1)(b)
Subject: CONFIDENTIAL: SE Meeting 22 January 2019

38(1)(b)

Many thanks for organising the meeting today.

From our point, the meeting has been very useful, and provides us greater clarity around the situation with the company, its funding options and your wider supply chain.

As discussed at the meeting, SE will now move forward to quickly explore the appetite for support of up to £2m to assist the company, based on the knowledge that Santander have clearly outlined their stance of no increase in their exposure, but willing to maintain their existing position, coupled with the additional equity injection and salary deferral by the directors.

As explained at the meeting, the higher the ask of SE, the higher the challenge, however we will hold internal discussion on the issue and would anticipate being able to provide you with the outcome of these discussions prior to the end of this week.

We fully understand the pressures that you face on a daily basis, and it is important that we continue to keep open communication over the coming days.

Please don't hesitate to contact either 38(1)(b) should you have any queries/issues.

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 29 January 2019 17:54
To: 38(1)(b)
Subject: RE: Payment Run

38(1)(b)

I meant to add that 38(1)(b) confirmed today that Santander will continue to support the Company at the current level for 12 months based on a committed from Scottish Enterprise giving me time to fully implement the turnaround plan.

Regards,

38(1)(b)

From: 38(1)(b)
Sent: 29 January 2019 17:40
To: 38(1)(b)
Subject: RE: Payment Run

38(1)(b)

Thanks for the update.

38(1)(b)

From: 38(1)(b)
Sent: 29 January 2019 17:14
To: 38(1)(b)
Subject: RE: Payment Run

Apologies 38(1)(b) will confirm the position tomorrow morning.

Regards

38(1)(b)

38(1)(b)

Sent: 29 January 2019 14:49

To: 38(1)(b)

38(1)(b)

Subject: RE: Payment Run

Understood 38(1)(b)

Will call you before close of play today

Regards

38(1)(b)

From: 38(1)(b)

Sent: 29 January 2019 12:32

To: 38(1)(b)

38(1)(b)

Subject: FW: Payment Run

38(1)(b)

The bank has put me in a position whereby I will need to call in the Administrator without comfort of a loan.

38(1)(b)

s38(1)(b)

Sent: 04 February 2019 09:56

s38(1)(b)

Subject: McGill & Co. Ltd
Attachments: s38(1)(b) Letter to Staff.pdf

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Dear s38(1)(b)

I have only just received a copy of a letter/ note which I attach for your information that s38(1)(b) of McGill & Co Ltd personally handed out to members of the Company workforce after the meeting announcing the Administration of the Company both at The Apex Hotel and our office.

I would like to say for the record that I am quite appalled by the statements given by him and wish in every way to disassociate myself from his comments.

My opinion as a founder and Director of the Company is that Scottish Enterprise showed quite astonishing examples of willingness to assist the Company in overcoming the difficulties that it was experiencing in terms of cash flow and trying to find a way to help with their problems. The fact that you introduced and paid for the services of KPMG to assist the management of the Company was extremely generous. KPMG tried to provide to Colin Low an understanding of the Company's predicament and giving possible solutions to avoid it going into administration.

I am extremely dismayed and embarrassed by the allegations given by s38(1)(b) in trying to blame Scottish Enterprise and Santander Bank for the demise of the Company.

I am well aware you did all you could to try and avert the Company falling into Administration but judging by the quality and accuracy of the so-called recovery plan and financial forecast I can only say I am not in the least surprised. The lack of clear, accurate and up to date financial information was one of the key issues in being able to give other third-party funders and the shareholders who are not involved in the day to day running of the business the comfort required to invest. This information was clearly not available and it was not surprising that you could not find a way to offer the Company a loan for the £2 million pounds requested.

The gross incompetence and lack of business acumen shown by the Chairman, the Managing Director and other Board Members has led to the problems that now affect the Company. Trying to pass the blame for the Companies demise on to yourselves and the Santander Bank as described in s38(1)(b) letter to the workforce is totally unacceptable.

I believe that the Santander Bank did all it could to support the Company and again I was not surprised that the Bank decided to withdraw its overdraft facilities. However, they have shown in the recent past more than willing to support the Company when many other Banks would not and I thank them for the time that they did support us.

My Family and I who are all shareholders are extremely concerned for the welfare of the workforce and their families many of whom have been with the Company for many years and our thoughts are with them at this time.

The remarks made by s38(1)(b) referring to my own family's feelings towards him are an example of the lack of understanding of the damage he has done to what was once a thriving family business. I see these remarks as defamatory and these may be pursued at a later date.

Whilst I acknowledge that s38(1)(b) has made recent endeavours to save the business it was far too little and far too late. He and the Board have been offered advice many times on how to avoid the cash flow crisis but chose to ignore it and his financial naivety and managerial style has led to the Company falling into administration.

I thank you for the efforts you all made to keep the Company afloat and give you my best wishes for what I am sure will be a difficult period for all concerned.

Kind Regards

s38(1)(b)

s38(1)(b)

Sent: 10 January 2019 15:49

s38(1)(b)

Subject: RE: s36(2) - update call

Hi s38(1)(b)

Monday is ideal for an update call as I expect to have some further information by then:-

At present:-

- s38(1)(b) is working with s38(1)(b) on the STCF an s33(1)(b) acility, however, progress is slow due to s38(1)(b) being involved in various other meetings and tasks. Nonetheless, and as you would expect, we will work whatever hours are required to keep it moving along as quickly as we can;
- s38(1)(b) are meeting with Santander tomorrow at 11am in Dundee and I understand that Santander advise they remain supportive but are surprised as to how the Company can remain within the facilities given they had rejected the Company's additional funding request some time ago. It will therefore be helpful to hear how the meeting progressed and get an update on the Bank's position. I understand that s38(1)(b) will be advising the Bank that both SE and KPMG have been assisting. I will get an update on this meeting tomorrow.
- I am meeting with s38(1)(b) tomorrow at their office in Dundee to discuss matters further and I understand that inter alia; they want to find out more about an accelerated sale type process.

We will send round a diary invite with proposed time for the call on Monday.

Kind regards

s38(1)(b)

s38(1)(b)

Sent: 10 January 2019 14:37

s38(1)(b)

Subject: [EXTERNAL] s38(1)(b) update call

s38(1)(b)

I know that there are a lot of moving parts at this time around issues such as whether the proposed^{s33(1)(b)} facility meets the needs of the business, where they are with STCF, payments from SRA and discussions with the Bank.

From our point of view, it would be useful to convene a call to update us on progress being made in these areas and whether the business is any clearer on its funding situation, and to understand the current views of the Board on the situation following the recent Board meeting. It would also be good to try and understand any thoughts from Santander around facility extensions pending conclusion of^{s33(1)(b)} discussions.

Our diaries are relatively open on Monday if that suited.

Many thanks

s38(1)(b)

Scottish Enterprise

<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at

38(1)(b)

From: 38(1)(b)
Sent: 08 January 2019 13:06
To: 38(1)(b)
Cc:
Subject: RE: HMRC

38(1)(b)

Many thanks

38(1)(b)

From: 38(1)(b)
Sent: 08 January 2019 13:05
To: 38(1)(b)
Cc:
Subject: HMRC

38(1)(b)

38(1)(b) has reaffirmed that the s33(1)(b) due by 24th December 2018 was paid in full and all of our other tax affairs are up to date.

HMRC applied a surcharge of circa 33(1)(b) for the return being late and we have asked 38(1)(b) to discuss this with HMRC in respect of the surcharge being cancelled or reduced.

Regards,

38(1)(b)

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

McGill + Co Ltd

I give HMRC authority to disclose information about the following area of my tax affairs:

PAYE/ND, VAT, CORPORATION TAX

to the following person and his or her officials who have cause to see the information in the course of their work:

Minister for Business Fair Work + Skills.

I have read and accept the risks of using e-mail (noted overleaf) and am content for HMRC to send information concerning my personal/business details to the following e-mail addresses (delete or add as appropriate):

-
- s38(1)(b)
-
- Other:

My authority only applies to correspondence about the subject stated above and will no longer be in force once that matter is settled.

Signed.....

s38(1)(b)

Name in full

Finance Director, McGill + Co, Ltd.

Date..... 20/11/18

Who should sign the form

If the authority is for

You, as an individual

A Company

A Partnership

A trust

Who signs the form

You, for your personal tax affairs

The secretary or other responsible officer of the company

The partner responsible for the partnership's tax affairs. It applies only to the partnership. Individual partners need to sign a separate authority for their own tax affairs

One or more of the trustees

E-Mail

HMRC takes the security of personal information very seriously.

The main risks of using email that concern HMRC are as follows.

- Confidentiality/privacy - there is a risk that email sent over the internet may be intercepted.
- Confirming your identity - it is crucial that we only communicate with established business contacts at their correct email addresses.
- There is no guarantee that an email received over an insecure network, like the internet, has not been altered during transit.

We will desensitise information wherever possible by, for example, quoting only part of unique reference numbers wherever possible and we are happy to discuss how you may do the same but still provide the information we need.

For more information, see HMRC's privacy policy (<https://www.gov.uk/help/privacy-policy>).

If you have any doubt about the authenticity of an email you receive which claims to come from HM Revenue & Customs (HMRC), please do not follow any links within the email, disclose any personal details or respond to it. Forward it to us at phishing@hmrc.gsi.gov.uk

In signing this *Authority to Disclose* form, you acknowledge that you have a clear understanding and acceptance of the risks associated with email and that you are content for HMRC to send information concerning your personal/business details to the Scottish Government e-mail addresses noted in this form.

From: 38(1)(b)
Sent: 25 January 2019 14:37
To: 38(1)(b)
Subject: RE: HMRC Update

Sensitivity: Confidential

38(1)(b) can you call me as soon as possible please – aware you have a call with the Minister – need to update you

38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 13:11
To: 38(1)(b)
Subject: RE: HMRC Update
Sensitivity: Confidential

38(1)(b)

I will ensure the message is relayed.

38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 12:27
To: 38(1)(b)
Subject: HMRC Update
Sensitivity: Confidential

Hi

Sharing, confidentially the latest on this from the company. See below.

SE is in the process of considering the request for a loan and any flexibility around an extended payment plan would be beneficial.

Will keep you posted

Best Regards

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 12:09
To: 38(1)(b)
Subject: FW: HMRC position

38(1)(b)

An update on HMRC. Total debt at present is s33(1)(b) including the s33(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 12:03
To: 38(1)(b)
Subject: RE: HMRC position

Hi 38(1)(b)

Just to confirm our conversation just now, we have spoken to 38(1)(b) at HMRC Debt Management Team again this morning and updated him on where we are. We confirmed that the outstanding PAYE/NI s33(1)(b) would be paid next week from contract receipts and that we would be running the December VAT return tomorrow which will then allow us to speak to him again on Monday to agree a payment plan for that. He did say that whilst a payment plan could be agreed, it would need to be relatively short term and also that a payment plan for the March 19 return was unlikely to be acceptable to them.

If you need any further clarification please let me know.

Kind regards

38(1)(b)

From: 38(1)(b)
Sent: 24 January 2019 11:30
To: 38(1)(b)
Subject: HMRC position

38(1)(b)

Further to 38(1)(b) email below, part of our assessment is that we require to understand the current position around HMRC.

Can you clarify the current position, and details of sums due imminently, along with any agreement that you may have agreed with HMRC around these and future payments.

Many thanks

38(1)(b)

From: 38(1)(b)
Sent: 23 January 2019 16:16
To:
Cc: 38(1)(b)
Subject: Follow-up

38(1)(b)

I participated on a call today with 38(1)(b) and the Minister Hepburn today. 38(1)(b) reiterated the willingness to resolve matters but again pointed to the evidence available to substantiate claims.

He was aware of the meeting tomorrow and the intention to appoint a third part 33(1)(b) to assist in this and he viewed that as positive step that could assist. He was also aware of the amount agreed Monday.

There was a suggestion that obviously if we got to a point of an impasse around this then there may be a need for 38(1)(b) to look more closely at a potential solution. I think if you don't get anywhere tomorrow then I think there may be a need for you to send some of this to 33(1)(b) direct.

I have informed the Minister of your view on this as you did, but have not forwarded the evidence to 38(1)(b) - although you have provided that to the local 33(1)(b) team.

Whilst indicating the need for a quick resolution, we did not articulate any detail around the exact severity of this.

38(1)(b) was again complementary of McGill and desire to continue the relationship with other future contracts.

I have attached the summary you provided me previously and grateful if you can update this after the meeting tomorrow so that we are clear the exact position.

I understand a discussion was taking place with HMRC today and would also be grateful for confirmation of any plan that may be agreed.

In the meantime we are continuing to review the situation and the ask for SE funding and will be in touch by Friday as agreed.

Best Regards

38(1)(b)

From: 38(1)(b)
Sent: 16 January 2019 14:17
To:
Cc: 38(1)(b)
Subject: FW: 33(1)(b) - Final Account

38(1)(b)

Please see the email trail and attached for your information and for passing onto the Minister if you feel this is appropriate.

As 38(1)(b) may have advised you one of our key suppliers, 33(1)(b) will not release goods to service the sites and our other key supplier, 33(1)(b) will also take this action on Friday 18 February unless we can make an `on account` payment.

I have contacted KPMG for advice and either 38(1)(b) will come to our Dundee office tomorrow.

38(1)(b)

From: 38(1)(b)
Sent: 16 January 2019 14:15
To: 38(1)(b)
Subject: RE: 33(1)(b) - Final Account

38(1)(b)

I would like to think that you will issue a payment certificate in respect of the variation account on Friday 18 January based on discussions at our meeting last Thursday, communication over the last few days and the meeting being held today in our office.

Referring to the claim for the overspend on labour we are disappointed that you have valued these works at nil and as previously advised we have appointed a third party and will present a formal claim on or before Friday 15 February 2019.

I would refer you to the following points in respect of the overspend to recover the 23 week delay to our works;

1. Email dated 9 August 2018 sent at 11:06 from your 38(1)(b)
38(1)(b) This email was sent on my request for comfort that you would honour payment for the labour overspend. The email states the following;

“We appreciate that not all work faces are currently available, they will very shortly become available and we need your labour to quickly react to this”

“as discussed, your labour levels are a result of other issues not caused by McGill and we therefore **do not expect you to pay for the increased labour**

2. Email dated 14 September 2018 sent at 16:24 to your 38(1)(b) outlining the reasons behind the s33(1)(b) overspend on labour and the subsequent meeting on the site to make you aware of the situation

You have valued this portion of the variation account at nil until we provide further substantiation of the claim and see no reason why you could not make an account payment of circa s33(1)(b) as you are well aware of the measures we took to protect you from damages of s33(1)(b)

Regards,

38(1)(b)

From: 38(1)(b)
Sent: 15 January 2019 17:53
To: 38(1)(b)
Subject: RE: 38(1)(b) - Final Account

38(1)(b)

The meeting last Thursday was worthwhile as it clarified our respective actions, required to substantiate figures claimed/valued to date.

38(1)(b) are prepared for their meeting with 38(1)(b) at your offices tomorrow. The meeting should progress/conclude the items that required a joint measurement check and there should hopefully be sufficient time to also review and progress the agreement of many of the other variations.

The substantiation will either support the figures being claimed by yourselves, support those figures we have valued items at, or enable a revised claim/value to be applied. Setting aside the additional labour and labour/plant 'black hole' items there was still a significant difference between ourselves re. the valuation of variations claimed. I'll catch up with 38(1)(b) following the meeting tomorrow for an update.

38(1)(b) will review the NPO/Acceleration Costs being claimed for your three Subcontractors, I understand we have not received anything in the way back up to support the figures being claimed (that may have changed if 38(1)(b) has submitted anything in the past 24 hours). They will raise that when they meet with 38(1)(b) tomorrow, however as noted at our meeting last week we will certify monies 'on account' in acknowledgement that they will have incurred cost whilst we await receipt of your supporting cost information and review/agreement of same.

We are not currently in a position to certify against the two 'overspend' items until such times as it is demonstrated what those sums result from and why we are liable for same. There are a number of reasons why your costs could be greater than expected/greater than your tendered allowances, and if we had agreed that these were our liability we would have made certification against those items already. We can review your demonstration of entitlement for those two items once your claim is received, or before then if you present supporting information.

We will confirm what monies are being certified as a result of the further substantiation received and the discussions at our meeting tomorrow later this week.

Trust you find all in order.

Best Regards,

38(1)(b)

From: 38(1)(b)
Sent: 13 January 2019 13:34
To: 38(1)(b)
Subject: 38(1)(b) - Final Account

38(1)(b)

Thanks for taking the time for us to meet in your Glasgow office on Thursday afternoon and hopefully there is now a clear understanding of the actions on both sides to progress with the final account negotiations. We also confirm having handed over narratives to support key variations in the account.

I confirm that 38(1)(b) will meet in our Dundee office on Wednesday 16 January 2019 to review a number of the variations with 38(1)(b) by cross-referencing these to drawings etc. to speed up the process on agreeing or revaluing the variations.

We are confident that from the discussions last Thursday and again next Wednesday that a further payment will be due as there was no rejection or significant deduction of the sums we have claimed only a request for further substantiation. We have submitted substantiation against each variation and we will support this further by producing narratives where required. The spreadsheet prepared by 38(1)(b) (copy attached) lists the key variations however there are many others of smaller value to be agreed on and certified for payment.

Referring to the £240k for the overspend on labour and £50k for the overspend on the plant used by the operatives, you have currently valued this at nil although we have submitted a copy of the timesheets for our directly employed workforce, and a copy of the invoices for the agency workers employed by us. We believe that a substantial payment should be released for this item in the account as we incurred these costs in recovering the 23 week delay to our subcontract works.

At our meeting, 38(1)(b) confirmed that three of our subcontractors played a significant part in achieving completion (in 38(1)(b) words – they pulled out all of the stops) and these were, 33(1)(b) and yet again nil has been certified against this item in the account. We attached a copy of correspondence from these three subcontractors as evidence that we are being vigorously pursued to bring their account up to date. We have since cleared the account with 33(1)(b) 33(1)(b) due to the threat of court action. We are working closely with 33(1)(b) to agree on a payment plan although as you will note this is causing them serious financial hardship.

Had we not been in a position to support you in accelerating the works by increasing our directly employed workforce, employing agency workers and increasing plant resources you would have employed one of our competitors to increase resources to achieve completion. In hindsight, we should have allowed you to employ others to accelerate the works opposed to us following your instruction to increase resources as this would have meant you absorbed the acceleration costs, not us. Furthermore and in our opinion, these costs could not be contra-charged to our account as the 23 weeks delay was down to the failure of others as confirmed in the email from your 33(1)(b) dated 9 August 2018.

Regarding payment of the variation account, each of the last three payments made to us have been circa £100k each and considering there remains £783k, not certified to date we are seeking certification of a substantial payment before the end of January 2019 which will allow us to make payment to our supply chain.

The Without Prejudice offer we made to drop our final account by £200k and settle the account at £6,247,000 opposed to holding out for £6,447,000 was made on the basis that we need to collect the cash to pay our supply chain. As we have stressed on numerous occasions these projects have created serious cash flow problems for the company and the collection of cash is more important than delivering profit.

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit: <http://www.claranet.co.uk>

This e-mail has been scanned for all viruses by Claranet. The service is powered by MessageLabs. For more information on a proactive anti-virus service working around the clock, around the globe, visit: <http://www.claranet.co.uk>

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are

not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil.

Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

**BRIEFING NOTE – CALL WITH (KPMG) - ADMINISTRATOR, MCGILL & CO, DUNDEE
4 FEBRUARY 2019**

LINES TO TAKE

Future of the company

- Very keen to hear what prospects there may be for the business to continue as a going concern.
- Are you considering prospective buyers and has any interest been declared?

Workforce

- I am aware that 374 staff have been made redundant. Do you see any way, through a sale of all or part of the company, that staff can be re-employed?
- You will appreciate the impact that this will have on the workforce and in the areas affected, particularly Dundee.
- I understood from McGill that all staff had been paid until Thursday 31 January. Can you confirm that this is the case?
- I understand that PACE is already engaged and will offer its full support to employees and that a PACE event will be held on Thursday 7 February.

Communication with elected members

- I have been keeping local representatives updated on situation are you content I continue to do so when appropriate?

Next Steps

- What do you envisage as being the next steps in the process?
- I want to assure you that the Scottish Government and Scottish Enterprise will offer its full support.

BACKGROUND

- KPMG was appointed administrator at McGill & Co on Friday 1 February.
- Staff were informed of the company entering administration on 1 February and 374 staff made redundant.
- 55 staff have been retained by KPMG but it is not clear for how long.
- PACE representatives were present at the announcement to staff so that they could immediately offer support.
- A PACE event will be held on Thursday 7 February at the Apex Hotel, Dundee from 12 noon until 5 pm.
- KPMG will issue a letter on Monday to employees regarding the event.

s38(1)(b)

s38(1)(b)

1. MCGILL & Co – TIMELINE OF ENGAGEMENT

Date	Activity
9 November 2018	McGill & Co first approaches SE
13 November 2018	Initial meeting between SE and McGill to clarify situation. McGill cites two main debtor non-payment issues that were causing concern outlining potential cash issues by January/February and potential redundancies.
15 November 2018	Ministers informed. Mr Hepburn offers to intervene in contractual disputes. Company requests that no Ministerial intervention required at this stage.
16 November 2018	A follow up meeting was held between McGill, SE Company Growth Director and Scottish Investment Bank. SE agreed to support the company through KPMG to review the cash position and evaluate options. However, a viable turnaround plan was required from the company
4 December 2018	KPMG delivers phase 1 report to SE. Short term 3 month cash position and options]
5 December 2018	Update note to Ministers
7 December 2018	SE meeting with McGill. Update to Ministers
18 December 2018	KPMG delivers Phase 2 report to SE. Report on viability of budget for year to September 2019. SE emphasises need for revised business/turnaround plan. KPMG emphasises issues around management information
19 December 2019	SE writes to company to confirm next steps and request confirmation from company on KPMG options and need for business/turnaround plan
20 December 2018	Update to ministers. Mr Hepburn makes second offer to intervene. McGill informed.
21 December 2018	Company requests that Minister speak with s33(1)(b) was not available so unable to arrange before Christmas
7 January 2019	Update to Ministers following SE conversation with s33(1)(b)
9 January 2019	Call between Mr Hepburn and s33(1)(b)
14 January 2019	KPMG delivers Phase 3 summary to SE and McGill. KPMG advises McGill may not be able to trade beyond 1 February given current position.
14 January 2019	Call between Mr Hepburn and Colin Low, MD, McGill & Co
16 January 2019	McGill informs of SE suppliers issue. Ministers informed.
17 January 2019	SE reiterates need for business/turnaround plan and concern around overall viability of level of debt sought. Ministers updated
18 January 2019	Call between Mr Hepburn and Colin Low
18 January 2019	Company shares turnaround plan with SE for consideration with a request for a loan by 25 January.
21 January 2019	Update to ministers
22 January 2019	SE meets McGill and Santander to consider short term and longer-term support. Bank indicates longer term support subject to SE loan, but cannot confirm short-term unless SE loan is approved given current financial status of McGill. Company provides cash flow showing marginal breach of facility
23 January 2019	Call between Mr Hepburn and s38(1)(b)
24 January	SE recommends proceeding with diligence towards approval. McGill supplies alternative cash flow demonstrating £1m breach of Bank facility by 1 February
25 January 2019	Update to Ministers
25/28 January	McGill confirms requirement for loan by 1 February and advises that HMRC has issued a seven day notice.
29 January 2019	McGill advises that Santander has cut overdraft facility by around £800,000 without notice.
29 January 2019	Update to Ministers
29/30 January 2019	SE concludes internal assessment that loan support would not be possible in timescale and viability based on information to date make loan difficult.
30 January 2019	SE confirms verbally to Colin Low that SE cannot provide loan facility, and confirms in writing.
30/31 January 2019	Ministers updated.

1 February 2019	KPMG is appointed As administrator. Staff are informed and 374 employees are made redundant. 55 staff are retained to assist with winding down the company. Mr Hepburn writes to local representatives
4 February 2019	Mr Hepburn holds phone calls with s38(1)(b) at KPMG and s38(1)(b) s38(1)(b)



PACE Support for McGill & Co Employees

We were very sorry to learn about your recent redundancy from McGill & Co.

Partnership Action for Continuing Employment (PACE) is the Scottish Government's initiative to support people facing redundancy. PACE aims to minimise the time people affected by redundancy are out of work. All services delivered through PACE are confidential and free of charge. Skills Development Scotland leads on the delivery of PACE support on behalf of the Scottish Government in conjunction with other key agencies including the Department for Work and Pensions, local authorities and Business Gateway.

You can log on to www.redundancyscotland.co.uk to find out more about PACE support and if you wish to speak to an Adviser about how PACE can help you, please telephone the helpline on **0800 917 8000**.

We are holding an employment support event which will give you the chance to speak with a member of the PACE team about your future. Please feel free to drop in – no appointment is necessary. Details of the event are shown below.

Dates: Thursday 7th February

Time: 12 noon – 5.00pm

Venue: Apex City Quay Hotel, Dundee, 1 West Victoria Dock Road, Dundee DD1 3JP

A range of employers and agencies will be in attendance with job vacancies and to offer you advice and support about claiming state benefits, finding work, setting up a business and taking up training.

We hope you will be able to attend the event and that this information is helpful to you. We wish you every success in obtaining alternative employment.

38(1)(b)

38(1)(b)

38(1)(b)

From: 38(1)(b)
Sent: 19 December 2018 10:54
To: 38(1)(b)
Subject: RE: Update

Okay. Just wanted to clarify.

38(1)(b)

From: 38(1)(b)
Sent: 19 December 2018 10:53
To:
Cc: 38(1)(b)
Subject: RE: Update

38(1)(b)

We will pursue s33(1)(b) in the meantime but appreciate the offer.

Regards,

38(1)(b)

From:
Sent: 19 December 2018 10:34
To:
Cc:
Subject: RE: Update

Many thanks for that update. Specifically in respect of s33(1)(b) do you have a request of SE/Scottish Government at this stage, or are you content to pursue your own options at this stage.

It would be useful to clarify.

Thanks

38(1)(b)

s38(1)(b)

Sent: 18 December 2018 15:09

s38(1)(b)

Subject: RE: Update

s38(1)(b)

Please see the attached copy of an email sent to s33(1)(b) this afternoon. This is not going to be a quick fix for us however we are confident of getting a result although time is against us in terms of cash flow.

In respect of s33(1)(b) they have still not activated our account and I do not see this taking place before we come off on Friday meaning we will be put under more pressure from s33(1)(b)

Referring to s33(1)(b) we should know this afternoon or tomorrow if they will accept the s33(1)(b) limit on Directors Warranties but I fear they will drop from s33(1)(b) and it will be difficult for the Shareholders to sign the deal at this level.

I can only hope that both s33(1)(b) come up triumphs by close of business on Thursday.

Regards,

s38(1)(b)

s38(1)(b)

Sent: 18 December 2018 14:28

s38(1)(b)

Subject: RE: Update

s38(1)(b)

I am working my way through the KPMG Phase 2 report, and was just wondering if you had any update on the items noted below.

I know you had an exchange of emails with s38(1)(b) last week around s33(1)(b) and specifically, is there any update on this or your request for us to look at assisting in that space.

Many thanks

s38(1)(b)

s38(1)(b)

Sent: 13 December 2018 15:10

s38(1)(b)

Subject: RE: Update

s38(1)(b)

Many thanks for that update, clearly some encouraging steps forward on the possible funding sources, albeit the continued delays around s33(1)(b) are unhelpful.

From our aspect, it would be good to have sight of the cash flow that begins to plug in these factors of new funding sources, delayed cash receipts and hopefully the new s33(1)(b) in place. This allows us to begin to see how the way forward is beginning to shape up, and in this respect, it would be useful to allow us to have sight of the following information to enable us to fully understand the situation in the event that we consider any financial intervention to be appropriate;

- Copy of offer letters from s33(1)(b) Can you also clarify what the new offers with s33(1)(b) Santander provide in terms of total facilities.
- Clarification around the guarantee position with s33(1)(b) and the level of commitment by individual directors/shareholders
- Details of the proposed "Turnaround Plan"

You also mentioned that you are mindful of your responsibilities as Directors, and I am assuming that individual directors, or the Board as a whole have obtained formal Insolvency Advice around the proposal that you have outlined. It will also be an aspect that we require to satisfy ourselves on.

In terms of any financial involvement by SE, this remains a difficult position for us, and as explained previously, it would only be on the basis that we are "part of the solution", however in the event that the directors decline the commercial offer of finance from other sources, due to conditionality/guarantee requirement, it would be very difficult for SE to seek support. I am hoping to speak with KPMG later today, and on leave tomorrow, but will look to have a further catch up with you on Monday/Tuesday, once KPMG finish their Phase 2 piece of work, and with the benefit of your discussions with s33(1)(b)

s38(1)(b)

s38(1)(b)

s38(1)(b)

Sent: 13 December 2018 11:44

s38(1)(b)

Subject: RE: Update

s38(1)(b)

Sorry for the late reply, I have spent most of this morning discussing the situation with suppliers and subcontractor who are chasing hard for payment.

The Board meeting was very challenging, to say the least with everyone feeling the increasing pressure. The pressure that both myself and s38(1)(b) are under from suppliers and subcontractors is becoming unbearable however I am doing my best to work with them and at the same time trying to secure a long-term funding solution with a second-tier lender.

We will hopefully hear from s33(1)(b) today to confirm that the £250k facility is available allowing us to make on account payments of £125k to s33(1)(b) to keep them on our side and avoid legal action being taken to recover the debt.

As discussed on the phone yesterday the priority is the availability of funds for Thursday 20 December to pay the workforce and staff followed by the s33(1)(b) due to HMRC on 24 December 2018.

Having met with s33(1)(b) on Wednesday we are more comfortable with their offer although they have not as yet confirmed that the s33(1)(b) If they confirm agreement to this I think that the shareholders will sign the deal to safeguard the company and give me time to scale down the organisation. Hopefully, this facility could be in place by the end of January 2019.

The pressure is on the short-term cash flow position as the shareholders are reluctant to sign a PG with the s33(1)(b) s33(1)(b) for the s33(1)(b) on top of signing the s33(1)(b) Directors Warranty with s33(1)(b)

I need to be mindful of our responsibilities as Directors in respect of increasing the level of debt should a supplier, subcontractor or HMRC seek a winding-up order.

I have a meeting with s33(1)(b) in Glasgow tomorrow to discuss the final account and it is highly unlikely that any certified amount due will be paid on or before the 21 December putting further pressure on cash flow over. As you know we are due in excess of £700k from SRM and from a telephone conversation with s38(1)(b) ahead of the meeting tomorrow they will not be closing the gap anytime soon. It is highly unlikely that we will be in a position to refer the matter to Adjudication next week so it will be around 14 January before we refer the matter to Adjudication.

In summary, this is where we are:

1. Santander holding their position until 15 January 2019
2. s33(1)(b) hopefully in place and operational on or before 31 January 2019
3. of s33(1)(b) hopefully in place tomorrow or early next week
4. s33(1)(b) could be in place next week however the shareholder are reluctant to sign the PG for this loan on top of the Directors Warranty for the s33(1)(b)

I spoke to the major shareholders (both retired) about equity however they said that they simply do not have the financial resources available to them as they did not take money out of the company during their tenure.

I am doing all I can to collect cash from our customer base to help get through this very difficult period for the Company however with s33(1)(b) due us circa £700k and s33(1)(b) due us circa £300k it will be a challenge.

Regards,

s38(1)(b)

s38(1)(b)

Sent: 12 December 2018 13:07

s38(1)(b)

Subject: Update

s38(1)(b)

Thank you for the update this morning. It would good to hear of any updates are actions following the Board meeting today.

Many thanks

s38(1)(b)

s38(1)(b)

Sent: 28 January 2019 14:05

s38(1)(b)

Subject: RE: CONFIDENTIAL: s36(2) Draft of additional Diligence work required

s38(1)(b)

Thank you for your email. I am in client meetings for the next couple of hours but appreciate the urgency of the situation and will look through the scope in detail as soon as I am back so that I can answer the questions raised.

Kind regards

s38(1)(b)

s38(1)(b)

Sent: 28 January 2019 12:06

s38(1)(b)

Subject: [EXTERNAL] CONFIDENTIAL s36(2) - Draft of additional Diligence work required

s38(1)(b)

Further to our discussions on Friday, and my telephone call with s38(1)(b) this morning, I attach below the draft scope of work that we require to be undertaken in respect of the company's request that SE provide a loan facility of up to £2m to the company. We would therefore be grateful if you could confirm;

- KPMG do not feel conflicted with the scope of this work
- Anticipated Fee note relating to the work outlined
- Confirmation that the work can be delivered, in the timescale set out, or otherwise.

Purpose:

Advise on the financial status and commercial approach of s36(2) and assess the feasibility of the commercial and financial plans underlying its funding proposition to SE. The consultants should address the following key areas of work, and also highlighting any additional material issues that they may feel appropriate:

Phase 1 of Proposed Diligence

- Analyse the current financial position as revealed by management accounts and forecasts. This should include analysis of current trading performance and proposed turnaround plan, including a breakdown of turnover, gross profit, overheads and profit before interest and tax, commenting on any unusual items or trends together with details of any unusual or non-recurring items which are material to the interpretation of the trading results for the period under review.
- Analyse and comment on all significant inter company or related party arrangements including dividends, particularly where these arrangements are not at arms length.
- Comment on the underlying performance of the company's trading operations, its ability to finance borrowings at the level indicated from operating cash flows, as set out in the Turnaround Plan
- An assessment of the Turnaround Plan that would demonstrate that the plan submitted is robust/comprehensive and that it clearly articulates the actions that are/ will require to be taken to turn the

business round. Comment on the underlying commercial assumptions and the market dynamics that would support the deliverability of the Turnaround Plan.

- Comment on what commercial success has been achieved by the company and assess how this relates to the Turnaround Plan going forward
- Commentary around management ability/capacity to implement plan
- Financial forecasts review that demonstrates that plan is credible, based on sensible assumptions around P&L, Balance Sheet with particular focus around Debtors/Creditors/WIP
- Commentary around the robustness/completeness of internal controls/systems/reporting
- External diligence to cover specialist areas around Finance, Balance Sheet items, and Management systems that indicates that the turnaround plan and forecasts are credible, achievable and that there is an underlying viable business that is worthy of support.
- Model to be sensitised to include turnover slippage, and interest costs.
- Integrated Model requires to identify the peak funding requirement (and test whether £2m is sufficient) and demonstrate viability around debt servicing with details of structure repayment plan. Of particular concern to our assessment will be to establish whether £2m is sufficient, giving particular reference to the level of outstanding creditors. Sensitised around repayment plan of 3,5 & 7 years. KIV that whilst not yet considered, potential interest rates will require to reflect the unsecured nature of SE Facility & the high risk assessment of the request.
- Identify any key commercial risks and issues arising from awarding SE funding to the company to support it's Turnaround Plan.
- Consider the terms of SE funding to mitigate risk (this may be phase 2, alongside MEOP assessment) .

Phase 2 of Proposed Diligence

- Provide comparable examples of third party, private sector, loan funding being made available to companies with a similar risk profile to McGill's
- Provide an opinion on the viability of the business and the commerciality of providing the proposed loan funding to the Company in order to satisfy the Market Economy Operator Principle.
- Provide an on opinion on the pricing and other terms of any proposed loan funding by SE to the Company. These should be generally acceptable to a commercial lender under the Market Economy Operator Principle. The Terms of the support should take into account the anticipated returns (weighed against the risks associated with the investment).
- Suggest amendments or any other loan structure that may make the loan possible and compliant with State Aid rules and the Market Economy Operator Principle;

The above work will require to be carried out in consultation and collaboration with our legal advisors to avoid duplication, with a view to developing a robust and comprehensive business case to support the business case, as appropriate.

Timescale

Given the current financial position with the company, there are significant timescale pressure around production of this work, and we would prefer to have sight of a finalised report by Friday 8th February, however, we would welcome the opportunity to receive a verbal update, no later than Friday 1st February, highlighting progress, and any significant findings, in the interim.

Once you have had the chance to consider the above, please give me a call to discuss.

Many thanks

s38(1)(b)

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This email has been sent by and on behalf of one or more of KPMG LLP, KPMG Audit plc, KPMG Resource Centre Private Limited or a company under the control of KPMG LLP, including KPMG United Kingdom plc and KPMG UK Limited (together, "KPMG"). This email, and any attachments, is confidential and may be privileged or otherwise protected from disclosure. It is intended solely for the stated addressee(s) and access to it by any other

38(1)(b)

From: 38(1)(b)
Sent: 01 February 2019 12:39
To: 38(1)(b)
Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 31 January 2019

Sensitivity: Confidential

s36(2)

	Weekly Operatives	Apprentices	Monthly Staff	Total
Dundee	181	63	93	337
Edinburgh	49	12	12	73
Glasgow	20	0	10	30
TOTAL	250	75	115	440

From: 38(1)(b)
Sent: 01 February 2019 12:33
To: 38(1)(b)
Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 31 January 2019
Sensitivity: Confidential

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

38(1)(b)

Daft question – the Edinburgh and Glasgow sites will also be affected, correct? We'll need to give the minister the options of writing to those representatives too.

38(1)(b)

From: 38(1)(b)
Sent: 01 February 2019 12:25
To: 38(1)(b)
Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 31 January 2019
Sensitivity: Confidential

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

38(1)(b)

Can I update the minister with this?

38(1)(b)

From: 38(1)(b)
Sent: 01 February 2019 12:23

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Update - 31 January 2019
Importance: High
Sensitivity: Confidential

38(1)(b)

Spoke to KPMG – OBVIOUSLY CONFIDENTIAL

- KPMG expect to be formally appointed as administrators this afternoon
- Provisional arrangements have been made to inform the workforce this afternoon – around 2.30/3.00pm. PACE have been informed and invited to attend
- KPMG would be able to speak to the Minister on Monday – good if times could be suggested and we will pass on

38(1)(b)

From: 38(1)(b)
Sent: 01 February 2019 12:08

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD,

38(1)(b)

From: 38(1)(b)
Sent: 01 February 2019 16:58
To:
Cc:

38(1)(b)

Subject: RE: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE – RISK TO approx. 450 JOBS - Lines to Take - 1 February 2019

Sensitivity: Confidential

CAUTION: This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

38(1)(b)

A statement from the administrators has appeared on several news outlets.

38(1)(b)

s38(1)(b) of KPMG LLP were appointed as joint administrators of McGill & Co Limited (the Company) on Friday February 1.

McGill & Co was established in 1981 as a specialist building contractor. The company provides services to clients in the residential, commercial and industrial sectors from its headquarters in Dundee and ancillary offices in Glasgow and Edinburgh.

The company trades through five divisions; mechanical & electrical services, facilities management; social housing; private residential; fibre & wireless.

In recent years, McGill & Co has suffered from challenging trading conditions in the construction sector and has encountered disputes and delays in payment for a number of significant projects. Reduced margins, combined with contract and payment delays and a downturn in billable work during the winter months, left the company with a significant funding shortfall.

Following an assessment of the immediate funding requirement, the directors developed a business turnaround plan and approached a number of parties to attempt to secure additional funding. Ultimately, as McGill & Co was unable to secure the funding it required, its only option was to be placed into administration to protect the creditors' position as best as possible.

Upon appointment, the joint administrators had no other option than to make 374 of the company's 429 employees redundant with immediate effect.

The 55 remaining employees have been retained to assist the joint administrators to realise the company's assets, including four freehold properties, numerous contracts, an extensive order book and construction equipment. Joint administrators are rapidly exploring whether an early sale of some of the business and assets can be secured.

From: 38(1)(b)
Sent: 01 February 2019 16:27

38(1)(b)

Subject: OFFICIAL-SENSITIVE: COMMERCIAL: CASH FLOW ISSUES - MC GILL & CO LTD, DUNDEE
– RISK TO approx. 450 JOBS - Lines to Take - 1 February 2019
Sensitivity: Confidential

All

Latest version of the lines to take below. Now that administrators have been appointed we don't need the alternative set so including just the ones that are for use. I've also added a line to reflect the PACE event taking place on Thursday.

38(1)(b)

Lines to Take – only to be used in the event of administration being formally confirmed in the public domain

"I was very disappointed to learn about the situation at McGill & Co in Dundee and at its operations in Glasgow and Edinburgh.

"Scottish Enterprise engaged closely with the company in recent months and has worked with it to try and find a solution to its difficulties.

“I had spoken with McGill’s Managing Director and offered the full support of the Scottish Government and Scottish Enterprise. Unfortunately, McGill’s trading situation changed rapidly which meant a positive outcome solution for the company was not possible.

“I am seeking a call with the administrators, KPMG, at the earliest opportunity

“Our Partnership Action for Continuing Employment (PACE) team has been alerted and stands ready to offer its full support to the workforce.

“A PACE event will be held in Dundee for affected staff on Thursday 7 February.”

If pressed on impact on apprentices

“Skills Development Scotland will work with training providers to find alternative employers for the affected apprentices through the Adopt An Apprentice scheme”.

If pressed on SG support for the construction sector

“The Scottish Government is fully supportive of and engaged with our construction sector. This is reflected in our current Infrastructure Investment Plan and in our latest six-monthly project pipeline which highlights that major infrastructure projects totalling £4 billion are estimated to be in construction across Scotland during the remainder of the current financial year.

“We also established the Construction Scotland Innovation Centre, in October 2014, to provide Scotland’s construction businesses with a ‘one-stop shop’ for accessing a team of academic experts and public support to help advance their businesses.”

If pressed on SG support for Dundee

“We have committed £150 million to the City Region Deal, which also includes investment from UKG and regional partners. Dundee will see Scottish Government investment via the Deal in Dundee Airport, CyberQuarter and the Tayside Biomedical Cluster. Each of these seeks to deliver valuable new jobs into the city and the wider region.

“Dundee will also play a central role, working with its regional partners, in shaping and delivering two regional programmes that sit within the deal – a £20m Skills programme and a £37m Tourism and Culture programme.

“The £10m industrial investment in the City Region, announced on 7 January, will focus on regional delivery mechanisms for NMIS and associated work to raise manufacturing productivity. It will be tailored to meet the existing and future needs of manufacturing businesses across the region, including Dundee. It forms part of our additional £50m investment in the region.

“In addition, we believe there are decommissioning opportunities for a number of locations in Scotland, Dundee and the wider Tay region. As part of our commitment to the Tay Cities Region Deal, we will also work with Dundeecon and the regional economic development partners to build the regional supply chain.

If pressed on McGill & Co’s dispute with

33(1)(b)

“This is a matter for the companies involved and it would not be appropriate to comment on this.

“The Minister for Business, Fair Work and Skills spoke separately to both the Managing Director of McGill & Co and the Chief Executive of 33(1)(b) and, while he stressed that it was not

his place to intervene in their discussions, he encouraged both parties to come to a timely settlement.”

If Pressed on any Potential Impact on Affordable Homes

“This is a contractual issue. We will work with the local authority, as the strategic housing body, to assess any impact on the delivery of the affordable housing programme”

This e-mail (and any files or other attachments transmitted with it) is intended solely for the attention of the addressee(s). Unauthorised use, disclosure, storage, copying or distribution of any part of this e-mail is not permitted. If you are not the intended recipient please destroy the email, remove any copies from your system and inform the sender immediately by return.

Communications with the Scottish Government may be monitored or recorded in order to secure the effective operation of the system and for other lawful purposes. The views or opinions contained within this e-mail may not necessarily reflect those of the Scottish Government.

Tha am post-d seo (agus faidhle neo ceanglan còmhla ris) dhan neach neo luchd-ainmichte a-mhàin. Chan eil e ceadaichte a chleachdadh ann an dòigh sam bith, a' toirt a-steach còraichean, foillseachadh neo sgaoileadh, gun chead. Ma 's e is gun d'fhuair sibh seo gun fhiosd', bu choir cur às dhan phost-d agus lethbhreac sam bith air an t-siostam agaibh agus fios a leigeil chun neach a sgaoil am post-d gun dàil. Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

s38(1)(b)

Sent: 12 December 2018 15:49

s38(1)(b)

Subject: FW: s36(2) - STCF update

Sensitivity: Confidential

s38(1)(b)

s38(1)(b) about the accelerated sale process on Monday and s38(1)(b) agreed that it would be sensible for them to at least test the market. To be clear that was just s38(1)(b) view and s33(1)(b)

s33(1)(b)

Yes, your understanding of the position is the same as ours

s33(1)(b)

s33(1)(b)

We were advised that the revolver is s33(1)(b) We have actually asked for copies of the facility agreements to confirm this as part of the testing for our report but haven't yet received them.

Kind regards

s38(1)(b)

s38(1)(b)

Sent: 12 December 2018 14:26

s38(1)(b)

Subject: [EXTERNAL] RE: s36(2) - STCF update

Sensitivity: Confidential

s38(1)(b)

Many thanks for that update. I had a call with s38(1)(b) this morning so I had most of the content, and I have asked s38(1)(b) for an update post the Board meeting to better understand what the shareholders were thinking, around possible funding solutions and turnaround plans. Did they come back to you around accelerated sale options?

s38(1)(b) said to me that he thought the wages could be paid, albeit at expense of creditors. You are highlighting a s33(1)(b)

s33(1)(b)

s38(1)(b) Can you also clarify the Banking facility with Santander – s33(1)(b) is this correct? They speak about total facility of s38(1)(b) think we have something missing from equation.

Thanks

s38(1)(b)

Sent: 12 December 2018 11:22

s38(1)(b)

Subject: s36(2) - STCF update

Importance: High

Sensitivity: Confidential

s38(1)(b)

You will have noticed that s38(1)(b) has not sent round an updated scope change. This is due to the Company having progressed matters without any detailed involvement from our team hence there has been no need to amend our engagement.

We talked through how we would deal with "critical cash" assignments and have given some pointers but s38(1)(b) has dealt with the schedules and assessment himself. On Monday, management prepared a list of creditor payments required on a granular basis albeit we cannot confirm or comment on how critical the payments are or whether the quantum is complete. They appear to have used the schedule to compare it against available funds (we have not seen a completely reworked STCF) and this indicates there is a funding shortfall of c£600k pre the festive break.

s38(1)(b) are continuing to review the payments schedule to assess what can be pushed out further. s38(1)(b) has noted that if they cannot secure additional funding they would have no option but to make the wages payments and then delay many pressing / critical creditor payments. Clearly this would present various risks and would likely create problems early in the new year (if not sooner) s38(1)(b) assures us that they are working on how best to address this. We have asked that they keep us updated on matters and also remain available to assist if needed. Clearly we are keen to help at this critical juncture.

In terms of other matters, s38(1)(b) met with s33(1)(b) yesterday (as planned) and the company are having a board meeting at 11am this morning to discuss the s33(1)(b) position along with their options. In the meantime, s38(1)(b) spent the day at the Company's premises on Monday and were able to get some time with s38(1)(b). We are progressing matters as best we can in the circumstances, however, as indicated last week and not unexpectedly, it is unlikely that we will be able to finalise our phase 2 report for issue to you this week. This is largely because there is information which we need from the Company in order to be able to conclude on various matters.

We will continue to progress matters as quickly as possible and as always please do not hesitate to contact me if you would like to discuss anything.

Kind regards

s38(1)(b)

s38(1)(b)

Sent: 09 December 2018 15:23

s38(1)(b)

Subject: Re: [EXTERNAL] RE: s36(2) - STCF update

s38(1)(b)

Thank you for confirming - this is helpful.

s38(1)(b) will send an email round to SE and the company with a scope amendment so that the change / addition is advised to both parties and keeps me right from an internal compliance perspective.

Kind regards

s38(1)(b)

s38(1)(b)

s38(1)(b)

Further to our discussions, SE are happy to extend the scope of your work to cover the work to cover a granular analysis of creditor payments as outlined.

s38(1)(b)

s38(1)(b)

Sent: 04 December 2018 18:28

s38(1)(b)

Subject: FW: s36(2) - STCF update

s38(1)(b)

As discussed, given that the Company are advising that the cash flow pressure is mounting faster than they anticipated through creditors becoming more aggressive, we recommend that the Company should update its STCF to reflect:

1. Any changes since the STCF which was prepared for our report;
2. The risk matters which we raised in our report such as the debtors and the additional bank facility o s33(1)(b) eing removed; and
3. A granular analysis of proposed creditor payments.

The key focus of the above granular analysis would be on the immediate few weeks remaining in December. The above will help the Company more clearly identify the size of any funding requirement and when it is likely to occur as we are being advised that making payment of certain items due in the short term are now viewed as unlikely.

I understand from the Finance director that he has a daily cash flow forecast but we have not reviewed that model. Accordingly, I am not sure how much assistance the Company may require to attend to the above.

s33(1)(b)

We appreciate the urgency of the situation and have not set out a detailed scope but to give an idea of potential cost, we would be happy to suggest

s33(1)(b)

s30(b)(i) and (ii) I would expect that within 2-3 days we can help management refine the detailed output to help get the granularity needed regarding creditor payments.

As noted on our call, no KPMG person will be acting in a management capacity as part of the assignment. Whilst we can make recommendations on possible courses of actions, we do not and will not give direct instructions to the directors.

Hopefully the above is helpful and as always we are flexible and adaptive regarding our approach as we aim to provide any assistance that may be required. I am happy to discuss the above further when you have considered matters. I would also note that the implementation of the accelerated sale / fundraising process should in our view be considered at as early a stage as possible.

Kind regards

s38(1)(b)

This email has been sent by and on behalf of one or more of KPMG LLP, KPMG Audit plc, KPMG Resource Centre Private Limited or a company under the control of KPMG LLP, including KPMG United Kingdom plc and KPMG UK Limited (together, "KPMG"). This email, and any attachments, is confidential and may be privileged or otherwise protected from disclosure. It is intended solely for the stated addressee(s) and access to it by any other person is unauthorised. If you are not the intended recipient, you must not disclose, copy, circulate or in any other way use or rely on the information contained herein. If you have received this email in error, please inform us immediately and delete all copies of it. Any communications made with KPMG may be monitored and a record may be kept of any communication. Any opinion or advice contained herein is subject to the terms and conditions set out in your KPMG LLP client engagement letter.

A list of members of KPMG LLP is open for inspection at KPMG's registered office.

KPMG LLP (registered no. OC301540) is a limited liability partnership registered in England and Wales. Each of KPMG Audit plc (registered no. 03110745), KPMG United Kingdom plc (registered no. 03513178) and KPMG UK

38(1)(b)

From: 38(1)(b)
Sent: 22 November 2018 13:37
To: 38(1)(b)
Cc:
Subject: RE: Scottish Enterprise Meeting 16 November

38(1)(b)

Many thanks for this. I know that my colleagues in Scottish Government had also discussed the position with HMRC, so it's good that this arrangement allows the business get the review complete and to start looking at the longer term way forward.

38(1)(b)

From: 38(1)(b)
Sent: 22 November 2018 12:48
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: Scottish Enterprise Meeting 16 November

Hi 38(1)(b)

Just to update you, 38(1)(b) have now had a conversation with HMRC and the outcome is that the two letters issued have been suspended – we have agreed to pay s33(1)(b) today and based on what the guy said, we basically have a further four weeks to pay the balance. We will pay the CT bill first and the balance of the s33(1)(b) and will go towards the VAT outstanding.

Kind regards

38(1)(b)

From: 38(1)(b)
Sent: 21 November 2018 12:22
To: 38(1)(b)
Cc: 38(1)(b)
Subject: RE: Scottish Enterprise Meeting 16 November

Hi 38(1)(b)

Further letter received from HMRC today attached. I've chased Henderson Loggie regarding action they have taken and will update you once they get back to me.

Regards

38(1)(b)

From 38(1)(b)
Sent: 19 November 2018 08:48
To:
Cc: 38(1)(b)
Subject: RE: Scottish Enterprise Meeting 16 November

Morning 38(1)(b)

Please find attached letter received on Friday whilst 38(1)(b) and I were in Glasgow, from HMRC regarding unpaid corporation tax of £33(1)(b) – this is exactly the sort of HMCR behaviour I was talking about with 38(1)(b) on Friday – straight for the jugular with no previous letters, phone calls – just straight to the threat of a winding up order. I am personally sick of this attitude from HMRC these days.

I appreciate there is maybe nothing you can do to help here so I am also sending this letter to our advisors Henderson Loggie in the hope they can do something about it.

Regards

38(1)(b)

From: 38(1)(b)
Sent: 16 November 2018 16:48
To:
Cc: 38(1)(b)
Subject: RE: Scottish Enterprise Meeting 16 November

38(1)(b)

Thanks – let me give you a call on Monday morning and we can start the ball rolling.

38(1)(b)

From: 38(1)(b)
Sent: 16 November 2018 16:45
To:
Cc: 38(1)(b)
Subject: Re: Scottish Enterprise Meeting 16 November

38(1)(b)

38(1)(b) and I talked about the content of the meeting on the train and due to the seriousness of the situation and the number of livelihoods at stake we would like to proceed with the piece of work offered by SE as this is clearly the first hurdle to overcome.

I look forward to hearing from you.

38(1)(b)

Sent from my iPhone

On 16 Nov 2018, at 16:28,

38(1)(b)

wrote:

38(1)(b)

Many thanks for taking the time to meet with us today, and my apologies that I was unable to be there in person.

Clearly the news from both 38(1)(b) this week has been disappointing from the businesses perspective, however, I thought that I would reiterate that Scottish Enterprise remain keen to help the business find a solution to the current situation. We do have a lot of experience of working with companies in similar situations; and our experience has shown that having the ability to demonstrate to, and influence key parties involved in trying to identify a solution, is a key part of that process. Finding a solution to this current situation will involve all the key stakeholders, including current funders, all shareholders and any other funding providers that may be identified. By carrying out the piece of work with accountants that we have suggested, it will allow all parties to clearly identify, and quantify the scale of the situation, and also allow differing scenarios to be explored that would assist the business, and its funders, in implementing potential turnaround strategies.

As indicated, SE would be prepared to meet the cost of this independent review of the business. The outputs of this work will be required by any potential funder, and as discussed at the meeting, our experience shows that having this independent piece of work done in advance will speed up the process of securing any new funding solution. Additionally, should it transpire that there is an ask of Scottish Enterprise to be involved in any such funding solution, it is a piece of work that we would require to be undertaken in any event. Additionally Scottish Enterprise would offer to work alongside the business in developing, supporting and implementing any longer term turnaround plan on an operational level.

Whilst I apologise that we may have gone over some old ground from our meeting on Tuesday, it has certainly been beneficial to SE in more fully understanding the scale and urgency of the issue, and we hope that you also found the meeting and our offer of support to be beneficial.

I look forward to talking again following your Board meeting on Tuesday, however, if you have any queries in the interim, please do not hesitate to contact me.

Many thanks

38(1)(b)

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

Scottish Enterprise
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court
50 Waterloo Street
Glasgow
G2 6HQ
Tel: +44(0)141 204 1111
Fax: +44(0)141 248 1600

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

This E-mail is confidential and intended solely for the organisation or person to whom it is addressed. If you receive this message in error, please delete it immediately, destroy all copies and notify the sender.

You must not disclose any part of this message if you are not the intended recipient. We take reasonable precautions to ensure our E-mails are virus free, however, we cannot accept responsibility for any virus transmitted by us and recommend that you subject any incoming E-mail to your own virus checking procedures.

McGill & Co Ltd incorporating McGill Mechanical & Electrical, McGill Residential, McGill Fire & Security, McGill Facilities Management, McGill Fibre Optics & Communications, McGill Heating & Plumbing and McGill Homes. Registered Office: Harrison Road, Dundee, DD2 3SN. Registered in Scotland No. 74785.

s38(1)(b)

Sent: 20 November 2018 14:40

s38(1)(b)

Cc: s38(1)(b)

Subject: s36(2)

s38(1)(b)

It was good to meet you both earlier today. Thank you for the information provided which is helpful in understanding more about the Company and its present position. I am amending the proposed scope of work and pulling together the draft engagement letter. I will forward these for review tomorrow.

Please note that we have referred to the assistance as

s36(2)

s36(2)

Our initial conflict checking process indicates that we will be able to assist, however, in order to finalise the checks we require certain information pertaining to the shareholders as outlined in the meeting this morning. In this regard, I require to understand the shareholding structure and to obtain a copy of valid photographic identification e.g. passport or drivers licence for any individual that holds 20% or more shareholding in the company.

Please can you therefore confirm the shareholders and ownership and send through relevant ID asap. In order to assist, I have noted down what you advised this morning re shareholders.

I look forward to you confirming.

Thanks and please rest assured we will do all we can to assist you. Please do not hesitate to contact me to discuss anything.

Kind regards

s38(1)(b)

Shareholders

s33(1)(b)

s33(1)(b)

s38(1)(b)

s38(1)(b)

Sent: 20 November 2018 12:48

s38(1)(b)

Subject: [EXTERNAL] RE: Meeting tomorrow / first draft scope

s38(1)(b)

I hope to have the ID issues for you later today.

s36(2) has details of the shareholding breakdown.

s38(1)(b)

s38(1)(b)

Sent: 20 November 2018 09:17

s38(1)(b)

Subject: RE: Meeting tomorrow / first draft scope

s38(1)(b)

Further to s38(1)(b) email below I would appreciate if you could send me the following information on McGill & Co Limited at your earliest convenience:

- an email confirming the shareholders of the company and the number/percentage of shares held by each individual;
- for any individual that holds 20% or more shareholding in the company, a copy of valid photographic identification e.g. passport or drivers licence

This information will enable us to progress our pre-appointment checks.

Please do not hesitate to give me a call should you have any queries regarding the above.

Kind regards

s38(1)(b)

This email has been sent by and on behalf of one or more of KPMG LLP, KPMG Audit plc, KPMG Resource Centre Private Limited or a company under the control of KPMG LLP, including KPMG United Kingdom plc and KPMG UK Limited (together, "KPMG"). This email, and any attachments, is confidential and may be privileged or otherwise protected from disclosure. It is intended solely for the stated addressee(s) and access to it by any other person is unauthorised. If you are not the intended recipient, you must not disclose, copy, circulate or in any other way use or rely on the information contained herein. If you have received this email in error, please inform us immediately and delete all copies of it. Any communications made with KPMG may be monitored and a record may be kept of any communication. Any opinion or advice contained herein is subject to the terms and conditions set out in your KPMG LLP client engagement letter.

A list of members of KPMG LLP is open for inspection at KPMG's registered office.

KPMG LLP (registered no. OC301540) is a limited liability partnership registered in England and Wales. Each of KPMG Audit plc (registered no. 03110745), KPMG United Kingdom plc (registered no. 03513178) and KPMG UK Limited (registered no. 03580549) are companies registered in England and Wales. Each entity's registered office is at 15 Canada Square, London, E14 5GL.

For full details of our professional regulation please refer to <https://www.kpmg.com/uk/en/about/aboutkpmg/pages/regulatory-information.aspx>.

To understand how we respect and protect your personal data, please see our online privacy policy at www.kpmg.co.uk/privacy. To opt-out of marketing communications from KPMG in the UK, please email KPMGunsubscribe@kpmg.co.uk