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Dear Convener

Thank you for your letter of 23 March to Michael Matheson MSP, Cabinet Secretary for Net Zero, Energy and Transport, regarding P&O's decision, announced on 17 March, to summarily make around 800 employees redundant and to cease its UK ferry operations whilst it inducts new agency employees. I am responding as Minister for Transport in the Scottish Government.

The decisions taken by P&O and the method of delivery have been met with dismay and disgust across Scotland. There are obvious concerns in relation to disruption to our supply chains with Northern Ireland. I hope this disruption will be short-term and I welcome the decision by Stena to introduce a third vessel on the route. In my view, Stena has reacted in a commendable manner.

The longer lasting impact will be the human cost felt by those who have lost their livelihoods. The Scottish Government was made aware by the UK Government at around 10am on 17 March of P&O's intentions to cease its UK operations temporarily. That did not include comment on the devastating news given to employees by P&O an hour or so later. To inform a loyal and hardworking workforce that it was being made redundant with no warning and effectively via a public broadcast is disgraceful.

You will be aware that the First Minister and I met with the P&O Chief Executive Peter Hebblethwaite later on 17 March when the First Minister spoke in the strongest terms about her unhappiness on the manner in which decisions had been taken by P&O including the method used in communicating the redundancies to staff. The First Minister said that staff had been treated appallingly and that P&O's behaviour reflected industrial practices which have no place in the modern workplace.

The avoidance of basic employment protocols, such as trade union engagement and workers' consultation is of great concern to the Scottish Government and completely at odds with the Fair Work principles which we expect all employers to apply. We believe that there must be meaningful dialogue between employers and employees and their trade unions, to ensure that employees are treated fairly. P&O's treatment of its workers offends the basic principle of Fair Work.

I also met with representatives of both the RMT and Nautilus on 22 March and they were clear that their objective remains to see P&O's decision reversed and the employees reinstated. The Scottish Government fully supports the Unions' position and I am pursuing an urgent discussion with the UK Government's Secretary of State to make that point. Employment law is in the reserved domain as far as Scotland is concerned and I have also asked the UK Government to be transparent with the legal advice it has received on P&O's actions. If, as is being reported, that P&O has broken UK employment law, then the UK Government needs to be clear on what action it now intends to pursue.

At Topical Questions in the Scottish Parliament on 22 March I made the point that P&O needs to change the manner in which they behave towards their employees or they will find it difficult to receive support in any form from this Scottish Government. I understand that the Committee is requesting that P&O attends a forthcoming session to provide evidence and I hope that the invite is accepted by the Company. I believe that P&O has a duty to all its workforce but especially those who have been made redundant to fully explain its actions.

The ferry services between Scotland and Northern Ireland are of strategic importance to both Countries and the wider UK. They are vital to facilitate food and other supply chains and they are vital for the employment opportunities which they provide, particularly to local communities where such skilled jobs can often be limited.

We understand that P&O intends to return to the route, potentially in the next week, and that the capacity it will offer once bedded-in will likely replicate what was in place before it ceased operations. We have seen that optimal capacity and frequency on the routes is crucial. If that transpires, then the disruption to supply chains will have been short-term. The longer-term damage to households, employment opportunities and community cohesion is more difficult to assess at this early stage. And with or without a reversal of the decisions which the Company announced last week, the reputational damage for P&O is likely to be sustained.



JENNY GILRUTH