

The background of the cover is a detailed, three-dimensional visualization of a network. It consists of numerous small, spherical nodes connected by thin, light-colored lines. The nodes are arranged in a way that suggests a complex, interconnected system, possibly representing a molecular structure or a data network. A central node is highlighted as a larger, more detailed globe of the Earth, showing continents and oceans. The overall color palette is a mix of dark blues, greys, and light blues, creating a sense of depth and complexity.

**ANNUAL
REVIEW**
2010

macROBERTS

We hope this review of 2010 gives you a flavour of the range of services we provide to all areas of the UK economy. In a publication of this nature, we could not cover everything that we do, or all the highlights of the year, but if you visit our website www.macroberts.com you will be able to see a more comprehensive picture and catch-up on the latest news in each of our sectors and service areas.

SECTORS

Agriculture & Fisheries

Banking & Financial Services

Construction

Energy & Utilities

Environment & Waste

Manufacturing

Private Client

Public Sector & Government

Real Estate

Service Sector –

Business Services

Creative & Media

Education

Food & Drink

Health

Retail & Wholesale

Technology

Tourism & Leisure

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SERVICES

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Commercial Dispute Resolution

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Development Unit

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Energy

Environment

Health & Safety

Pensions & Employee Benefits

Planning

Private Client

Projects

Public Sector & Government

Real Estate

Technology Media & Communications

Third Sector

Urban Regeneration



GET CONNECTED

“The true strength
of our business
is the quality of
our relationships
with our clients.”

“IN JUNE 2010, WE MADE A BOLD STATEMENT OF CONFIDENCE IN OUR FUTURE.”



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After three years of credit crunch and recession, 2010 saw a faltering recovery in the Scottish and wider UK economies. The year started well, with many sectors showing reasonable GDP growth in Q1 and Q2, but was then marked by a stutter in Q3 and a small decline in Q4. The economic uncertainty brought mixed fortunes for our public and private sector clients. We continue to assist our many public sector clients in managing their response to the challenges of the latest Comprehensive Spending Review, and it is true that many private sector organisations who rely on the public sector for much of their workflow also face an uncertain order book until such time as the full effects of the spending review are known.

On the other hand, we are finding that a number of our private sector clients are beginning to grasp the opportunities presented as their own sectors begin to show the promise of recovery and are taking steps for re-establishing growth. The same has been true of our own business. Over the last three years, many of our practice areas have been consistently busy, including dispute resolution, employment, private client and our specialised corporate services, such as pensions, competition law and technology and media services. Continuing growth in these areas has compensated for the fall-off in transactional markets, allowing us to sustain turnover and profit performance that has bucked the trend of declining figures across most of the legal profession.

In June 2010, we made a bold statement of confidence in our future, and the continuing success of our clients, by moving to Capella in Glasgow, a landmark building overlooking the Clyde. The location and specification of the new office reflects our ambition, and the move from the warren of our old offices in Bath Street to modern, open-plan accommodation, matching the quality of our office in Edinburgh, is our metaphor for the emergence of the economy from recession.

Toward the end of 2010 we saw the promise of a resurgence in corporate and real estate activity. This gradual recovery in the transactional markets coincides with the re-setting of our own business plan for the next three years (2011-14). The true strength of our business is the quality of our relationships with our clients. It has stood us in excellent stead over the last three years and, over the next three years, we will be focussing heavily on the development of those relationships in all sectors of the economy in which our clients are active. In this review of last year, we aim to concentrate on a number of those sectors and highlight our contribution to the success of our clients through the year.

I hope you enjoy a browse through the following pages. If you would like to hear more about our offering in these, or any other sectors, of the Scottish or wider UK economy, please do not hesitate to get in touch.



ENERGY & UTILITIES

“Confidence in Scotland’s renewable potential is not all wind. Wave and tidal, solar, biomass and energy from waste are all in the mix.”

“ENERGY, AND RENEWABLE ENERGY IN PARTICULAR, HAS BUCKED THE RECESSIONARY TREND.”

Energy, and renewable energy in particular, has bucked the recessionary trend. The Scottish Government increased its renewable energy target again in September 2010: now 50% to 80% of Scottish electricity consumption is to come from renewable sources by 2020.

This declaration of confidence in Scotland's renewable potential is not all wind. Wave and tidal, solar, biomass and energy from waste are all in the mix. As well as continuing competition for onshore windfarm sites, offshore the Crown Estate has secured leasing and licensing arrangements with preferred bidders for wind, wave and tidal arrays. The related onshore requirements for infrastructure and services look set to be a source of economic hope for some parts of Scotland.

In addition to all of this, the Energy Bill is currently on its way through Parliament, and the Department for Energy and Climate Change is consulting on a package of options for reforming the electricity market, with the aim of ensuring an investment case for low carbon technologies. All in all, this is a sector which offers a lot of opportunity for growth over the next few years.

HIGHLIGHTS

MacRoberts' client base includes many of the leading players in the energy sector, such as Scottish Power, EDF (British Energy) and Vattenfall (Europe's fifth largest electricity generator). Our work spans all areas of the sector, from grid transmission, through to the development of new power plants and community energy schemes. Our highlights for the year include:

- Acting for Scottish Power Generation on its Section 36 application to re-power the existing coal-fired Cockerzie Power Station as a gas-fuelled station, including representation at the public inquiry and advising on the consenting and CPO issues for the gas pipeline.
- Advising Scottish Power Transmission on the Beauly to Denny transmission line and the South West Scotland grid reinforcement.
- Dealing with several land option arrangements for Ecotricity.
- Acting for Ashrona Power Systems on the completion of the option for their hydro scheme at Tourgill, near Largs.
- Negotiating the power purchase agreement for Energen Biogas in respect of their AD plant at Cumbernauld.



CONSTRUCTION

“Construction continues to feature as one of the economic sectors that defines our business.”

Although early figures for the UK economy in 2010 (Q2) showed a growth in the sector of around 10%, (remarkable even in the context of a dramatic fall in 2009) it will take some time for construction activity to recover to anything like its pre-recession levels. However, we are privileged to work with some of the most prominent, robust and progressive construction companies in the UK, whose businesses have continued to perform well, and construction continues to feature as one of the economic sectors that defines our business.

Our construction practice is one of the largest and most experienced in Scotland, covering contentious and non-contentious matters. We have more than twice the number of Law Society Accredited Construction Specialists of any other Scottish firm, and that degree of specialism is reflected in our continued position as a recognised sector leader. We act for most of the major UK contractors and have seen strong performance in both contentious and non-contentious matters through the year.

HIGHLIGHTS

- Advising a multi-national UK-based contractor in multi-million pound claims associated with alleged defects in a waste water treatment works.
- Forth Replacement Crossing – we are acting for Forthspan, one of the two bidders for the £2billion+ project. The project is for a new cable-stayed bridge over the Firth of Forth and will be the most significant new bridge in the UK for the past 20 years.
- Advising Carillion in connection with the International Broadcast Centre/Main Press Centre to serve the London 2012 Olympic and Paralympic Games.
- Acting for Charles Lawrence Surfaces in relation to the negotiation of a subcontract for the full design and construction works associated with Leicester City Council's new football academies project.
- Advising subcontractors in relation to the £800 million project for the New South Glasgow Hospital.
- Advising Carillion on two of the Building Schools for the Future (BSF) schemes in England, in South Tyneside and Gateshead, and in Durham, involving a number of design and build contracts for primary and secondary schools, plus certain new Academies projects. We have advised on all of the main project documents for construction and property related matters, ICT and compliance issues. We have completed 8 projects to date with several more projects, currently being developed, to follow.
- Advising Muse Developments on the construction aspects of the Sale and Development Agreement and construction contracts, appointments and ancillary documents for an EZ tax driven deal for a £6.5 million development of two buildings at Eurocentral totalling 158,500 square feet.
- Acting for the successful bidders for the FM lot (FES) and construction lot (FMP) on the Western Isles Schools pathfinder hybrid PPP project.

“OUR CONSTRUCTION PRACTICE IS ONE OF THE LARGEST AND MOST EXPERIENCED IN SCOTLAND.”



PUBLIC SECTOR & GOVERNMENT

“With public expenditure accounting for around half of Scottish GDP, this is a hugely important sector for the economy as a whole.”

2010 was a turbulent year for the public sector throughout the UK, and Scotland has taken its fair share of the pain. Stringent budget cuts have posed, and will continue for some time to pose, all sorts of challenges. Of primary concern is the effect of the Comprehensive Spending Review on the provision of public services, and the delivery of public infrastructure projects. Internally, Public Sector and Government entities are facing extraordinary pressures from having to maintain service levels with less money and, in many cases, less resource. The expectations on the Public Sector and on Government do not lessen in a recession: in many ways they increase.

How the sector will manage to provide more with less remains a challenge for 2011 and beyond. We can expect to see continuing employment issues, organisational change, physical restructuring (including rationalisation of real estate), and other knock-on effects of the need to find cost-savings and efficiencies.

With public expenditure accounting for around half of Scottish GDP, this is a hugely important sector for the economy as a whole, and activity in one guise or another continues to be buoyant. We act for many and varied clients in the sector, including two-thirds of Scottish local authorities, and clients in this sector call on many of our specialist services, including equal pay and other employment services, pensions, procurement, litigation, construction, and so on.

HIGHLIGHTS

- Advising Learning and Teaching Scotland, a non-departmental public body, on a number of matters including the “transfer in” of services and functions from the Scottish Government. Through our work with the client, and liaison with the administering authority of the Local Government Pension Scheme (“LGPS”) and the Scottish Public Pensions Agency (“SPPA”) we ensured the occupational pension benefits which were previously offered to transferring staff within the Principal Civil Service Pension Scheme were replicated through recommended changes to the associated LGPS Regulations. This culminated in the SPPA producing the Draft Local Government Pension Scheme Amendment (Scotland) Regulations 2011 for consultation.
- Acting for the successful local authority in resisting the multiple claim in ‘McWilliam & Others v Glasgow City Council’ by over 2000 claimants in the Employment Tribunal. The claimants sought to challenge the terms of the compromise agreements which they had signed as part of the settlement of their equal pay claims. The potential liability in the claim is approximately £25 million, making it by far the most important Employment Tribunal litigation in Scotland in 2010.
- Advising a number of local authorities on TUPE and associated implications in relation to the spending review and the new service delivery models that local authorities are exploring including shared services. We already act for one local authority that has over a dozen separate arms length organisations.
- Advising local government umbrella body COSLA on the scope for reducing employment costs in local government generally including assisting with the preparation for negotiations with the Scottish Government.

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ENVIRONMENT & WASTE

Scotland is justly proud of its environmental health and wealth, and with increasing regulation in the area of environmental protection, a growing number of clients find that their businesses and affairs have an environmental impact.

Ironically it has been the clean Energy Sector which has created the most news in relation to environmental and waste matters in the last year. Renewables installations, most notably onshore and offshore windfarms, wave and tidal arrays, and energy-from-waste incinerators, all bring with them considerable environmental issues and controversies, which have to be dealt with sensitively, both in terms of mitigating risk through careful management and, in the unfortunate circumstances where liability is incurred, in dealing expertly with any claims.

Beyond that, climate change generally remains a significant issue, and 2010 saw the continued rise of regulatory measures, including the Carbon Reduction Commitment, the Feed-in Tariffs scheme and changes to the Renewables Obligation system.

HIGHLIGHTS

- Concluding the appeal against refusal of a Pollution Prevention and Control (PPC) Permit relating to a waste oil handling facility. We were ultimately able to have the appeal sisted while a new improved application was processed to a favourable outcome. This was a particularly pleasing result since the operator was facing compulsory closure at the beginning of the year. Submissions made at the pre-Inquiry meeting and subsequent correspondence with the Reporter were key elements in securing the turnaround.
- Advising during the year in relation to a potential prosecution in respect of the Transfrontier Shipment of Waste Regulations. We provided procedural advice during the extensive formal investigations carried out by SEPA at the beginning of the year and were also involved in the preservation of evidence which may be relevant in the event of prosecution.
- Successfully handling the PPC Appeal in respect of Northburn Industrial Services, the largest waste oil handler in Scotland.
- Advising a landfill operator in relation to potential liabilities relating to the restoration of a landfill site. The advice covered both planning liabilities and liabilities under the Contaminated Land Regime.
- Continuing to advise WRG (Northern) in relation to the closed landfill at Blackdog, near Aberdeen. We have been involved in the procurement and supervision of monitoring works and the preparation of the interpretive report.
- Acting for a Scottish local authority in relation to a petition for judicial review of a planning decision regarding a proposed fish farm development. The proposed development is highly contentious and, if the planning application is successful, would result in the largest fish farm in the local authority area. This petition raises complex issues of European planning and environmental law.
- Representing East Lothian Council at inquiry in relation to proposals for an energy from waste facility at Dunbar. The inquiry examined key issues arising from the Scottish Government's waste energy policy.



SERVICE SECTOR

“The service sector makes up around two-thirds of the UK economy, so the interests of the sector are crucial to economic recovery.”

“THE PRIVATE SERVICE SECTOR HAS SHOWN POCKETS OF INCREASED ACTIVITY TOWARD THE YEAR END, INCLUDING MERGERS AND ACQUISITIONS.”

The Service Sector in the UK covers a number of sub-sectors such as Retail and Wholesale, Leisure, Education, Health, Tourism and Business Services. Taking account of public services, such as administration, health and education, the service sector makes up around two-thirds of the UK economy, so the interests of the sector are crucial to economic recovery.

We saw a mixed bag of indicators in the sector in 2010, with varying prospects looking ahead to 2011.

In Education, cut-backs in public funding will put greater pressure on Universities and Colleges in a number of areas, including employment, pensions and capital investments. There are also proposals to alter the immigration rules for overseas students, which may further impact on earnings potential for some institutions. Universities in particular will be looking to capitalise on their potential for alternative income streams. The health sector, likewise, will continue to feel the pinch become a squeeze, as funding cuts put further pressure on already tight budgets. With the provision of services being so closely connected with facilities from which to provide them, not to mention the staff, the sector looks set to face some tough decisions in 2011 and beyond.

In the Retail and Wholesale sector, 2010 was a difficult year. The recession hit the high street, affecting large chains and single store operators alike. With poorer-than-hoped-for Christmas results and continuing demand and supply from online retailers keeping feet off the streets, 2011 may well prove to be another tough year, at least for marginal retail destinations. There is, however, some sign that confidence is waxing in relation to primary and some secondary retail parks, and in prime retail centres, and the warehousing sector has seen some benefit from the trend for online shopping.

Unfortunately, job losses were still a feature in many areas of the Service Sector, particularly in public administration and education, and the services of our Employment Group have been called upon increasingly to advise clients on major consultation exercises leading to redundancies. On the other hand, the private Service Sector shows pockets of increased activity as the economy as a whole pulls out of recession, including mergers and acquisition activity and significant investment decisions as clients take the opportunities offered by the re-emerging markets.

(Please see overleaf for **Highlights**)

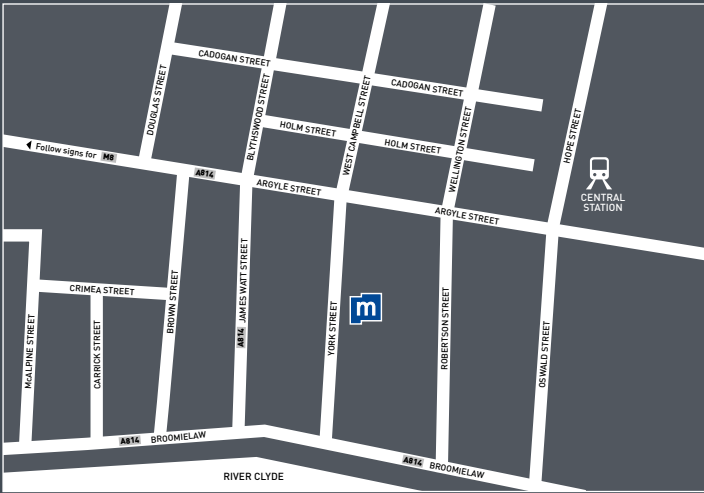
HIGHLIGHTS

- **Food & Drink:** Acting for a club of four banks, comprising Lloyds, RBS, HSBC and Clydesdale Bank, who together provided €300 million to Wm Grant and Sons Distillers to fund the purchase of certain drinks brands from Magner's owners, C+C Group plc.
- **Food & Drink:** Acting for RBS Invoice Finance in providing facilities for the acquisition of Forth Wines (led by a number of prominent high net worth individuals) from Matthew Clark Ltd.
- **Engineering Services:** Advising US-based Jacobs Engineering Group (one of the world's largest and most diverse providers of technical, professional, and construction services) on the UK pensions and related employment issues arising from its global \$675 million acquisition of a number of operations within Aker Solutions' process and construction businesses.
- **Tourism & Leisure:** Acting for Regent Capital plc in closing one of the most complex property deals in Scotland in 2010. This was a combination of a £6 million retail investment purchase and a BPRA refurbishment of a 17-storey tower block, St Andrew House, Glasgow. Anchoring the project was a deal to create within that tower block a 210 room hotel for Premier Inns, which will be leased to them at practical completion.
- **Education:** Advising the University of Strathclyde on an £80 million project being procured jointly with Scottish Enterprise for the development of the City Science Site; and advising on construction contract and consultant appointments for a new Power Network Demonstration Centre.
- **Education:** Advising Learning and Teaching Scotland, a non-departmental public body, on both the transfer of functions from the Scottish Government to it, and also in relation to the proposed transfer of staff into a new Agency. This new project involves complex advice regarding charity and corporate governance, employment and pensions issues.
- **Health:** We have continued to provide advice to NHS Lothian in relation to the development of the existing Little France site of the major projects involving the Royal Infirmary of Edinburgh, including procurement and project-specific services associated with current PFI arrangements.
- **Retail & Wholesale:** Advising the vendors in the sale of Botterills Convenience Stores (the operators of over 50 Spar stores) to the Scotmid Group. This was one of the highest profile transactions and one of the largest M&A deals in the central belt in 2010.
- **Retail & Wholesale:** Acting for Graftongate Investments in relation to the development of a 1 million sq.ft distribution warehouse at Dunfermline, which was pre-let to Amazon and forward funded by HSBC. This is Scotland's largest ever distribution deal of this type and the warehouse will be Amazon's largest UK distribution centre.

We are a full-service commercial law firm, with specialists covering every area of legal advice to which businesses and public sector bodies need access, as well as providing the full range of wealth management services (including tax, wills, trusts and executries) to our private clients.



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