

Meeting Subject:			
FMPG Board Meeting			
Location:	Ferguson Marine (Port Glasgow)		
Date:	Thursday 2 nd February 2023	Time:	11:00
Chairperson:	Robert Mackenzie		
Participants:	<p><u>Non-Executive Members</u> Andrew Miller, Chairman (ABM) Robert Mackenzie, Non-Executive Director (RM) Alan Johnston, Non-Executive Director (AJ) Alison Mitchell, Non-Executive Director (AM) Stuart Smith, Non-Executive Director (SS) Chris Mackay, Non-Executive Director (CM) John Petticrew, Non-Executive Director (JP)</p> <p><u>Executive Members</u> David Tydeman, Chief Executive Officer (DT) George Crookston, Chief Financial Officer (GC)</p> <p><u>In Attendance</u> Scottish Government - Kate Hall, Deputy Director, Strategic Commercial Assets Division (KH) Colin Cook, Director of Economic Development (CC)</p> <p><u>FMPG</u> Alex Logan, Trade Union Representative (AL) John McMunagle, Trade Union Representative (JMCM) Carla Roberts, Chief Financial Officer (CR) Stephen McAllister, HSE Manager (SMcA)</p>		

Item	Minutes
1	<p><u>Welcome and Apologies</u> The Chair welcomed those present to the meeting.</p>
2	<p><u>Declarations of Interest/Conflict</u> No declaration of interests/conflict were given.</p>
3	<p><u>Engagement with Workforce/Trades Union Representatives</u> AL/JMCM joined the meeting -</p> <p>AL/JMCM thanked the Board for the cost-of-living allowance which was paid to staff in December 22.</p> <p>AL noted that pay negotiations are underway and they have received difficult demands from staff which they understand will be unachievable. A formal letter will be sent to the CEO and HR Director in due</p>

	<p>course. AL advised that the general mood from staff is low, and we are still seeing staff leave the company for an increased salary at other yards.</p> <p>AL raised concerns with contractors on the yard extending time on their schedule and not working to the programme. This risk could cause a delay.</p> <p>JMcM noted he thinks the business will thrive with BAE work and the SVRP and noted a direct award would be the best option for the yard. JMcM again raised concerns with retaining the young workforce.</p> <p>JMcM advised the staff HSE Committee is now up and running with volunteers from the yard and support services.</p> <p>AL asked DT to involve staff in the discussions around yard upgrades. DT ensured he would make this happen.</p> <p>AL/JMcM raised a point about the use of the tradesmen at Govan (BAE). DT advised he will check tradesman are being used most appropriately to gain best experience for FMPG.</p> <p>AL/JMcM invited the Board members to walk the yard and engage with staff. DT/ABM will take this forward.</p> <p>AL/JMcM left the meeting.</p>
<p>4</p>	<p><u>Health, Safety, Environment & Security</u> SMcA joined the meeting and talked to his report which had been circulated pre meeting.</p> <p>ABM commented that there is no HSE Committee at Board level. AM noted that ARC do consider HSE.</p> <p>SMcA updated on the recent HSE improvement notices received after an unannounced visit. AM asked if the Board could see an action register from the notices. AM also asked SMcA to provide the Board with a log of progress and achievements.</p> <p>SMcA added that the improvements in the yards are noticeable and support from the SMT is in place.</p> <p>SMcA updated on a forklift incident at Greenock Stores and advised refresher training is now in place for all staff.</p> <p>CM asked for a road map to closing HSE improvement notices.</p> <p>SMcA left the meeting.</p>
<p>5</p> <p>5a</p>	<p><u>Matters Arising</u> Discussed throughout the meeting.</p> <p><u>Approval of Minutes of Board Meeting held November 2022</u> The Board approved the minute from November 2022.</p>

<p>6</p>	<p><u>New Business Opportunities</u></p> <p>DT provided an update on work with BAE advising we currently have 18 FMPG staff seconded to Govan. BAE are looking to start the next 3 units during April 23. FMPG is ready to start this work however sign off for the work is sitting with FMPG Board and Scottish Government. The Board endorsed the BAE work.</p> <p>DT provided an update on the SVRP and advised CMAL would like to start the public procurement process in April 23 if there is no appetite for a direct award before then. An update from Scottish Government is required.</p> <p>SS asked what the timeline is for getting the yard ready for the BAE work. DT noted the work is scheduled for September 23 however by April/May 23 we want to have started the procurement process for the equipment required.</p> <p>CM noted that the performance bond of 20% seemed high. GC noted that the terms suggested it was required but stated if applicable.</p> <p>KH asked when BAE need to be notified of the decision. DT advised by the end of March.</p> <p>CM advised this links with the going concern status in the [21/22] accounts and links to business case. We need to have an eye on the solvency issue with FMPG Ltd and FMPG Commercial Ltd if we do not have a workstream. We need to know in Q1.</p>
<p>7</p>	<p><u>SMT Update</u></p> <p>ABM/DT discussed SMT reporting to the Board and how we improve this as there is currently a lot of duplicated information in the Board pack. NXD's will discuss after the meeting.</p> <p><u>CEO Commentary</u></p> <p>DT noted that headline issues are slippage and cost as there is still concerns with unknown unknowns on 801 which are pushing the delivery date. CMAL/CalMac have advised they want the vessel to be dual fuel with delivery date now suggested as Oct/Nov 23 for final handover. We will keep fast paced on programme for single fuel operation and a conclusion update on reset will happen after the February dry dock. Extended sea trials will happen over the summer months. ABM asked how this affects the vessel contracts. DT noted we have reset the contracts however we need to notify the Scottish Government to reset the programme.</p> <p>KH advised the reset of the programme needs to be formally agreed with ministers. ABM advised once all stakeholders have agreed we should do proactive comms messages.</p> <p>CM raised concerns with adding 5 months to the programme and what it means for FMPGs reputation. DT advised a single fuel vessel can be delivered with a small delay adding the dual fuel at the request of the customer is causing a 5-month delay. CM asked if the slippage affects the SVRP. DT noted it can however we need different skills mix and man hours for SVRP.</p> <p>DT updated the meeting on contingency budgets in line with revised schedule.</p> <p>SS noted from the reports that the commissioning list is not meeting targets with hotwork still taking place now when it is due to complete by end of Feb.</p>

	<p>DT updated on recent organisational changes within the business and advised adding E Purves to team is making a positive influence.</p> <p><u>CFO Report</u> No material changes since issued.</p> <p>AM asked if we are we piloting the chronos system or running dual programmes. GC advised we are not using new systems until Finance are comfortable with reporting routines.</p> <p><u>Functional Updates</u> No material changes since issues and no comments.</p> <p><u>801/802 Monthly Report Pack and Programme Update</u> No material changes since issued.</p> <p>JP commented that we need to look to change the reporting style as there is not a critical path list. DT advised he is happy to relook at the programme pack. CM noted as a Board we want to understand high level issues.</p> <p>SS commented that Engineering and Design is still an ongoing issue in the reporting pack.</p>
8	<p><u>Business Plan Summary</u> pre read issued.</p> <p>SVRP and BAE financial modelling required.</p> <p>High level plan (health warning attached) shared within the meeting. High level indicative information from BAE units with man hours and cost. Overheads showing BAE/SVRP. DT noted BAE work is an essential lifeline for the yard.</p> <p>AJ asked if there is potential to expand the BAE work. DT advised after a recent quayside survey we can work on bigger blocks.</p> <p>DT shared a paper on scenario planning for future work.</p> <p>JP raised a concern with SVRP and how we capture a learning curve as its usually around ship 3 before you gain time so we should maximise the time between ship 1 and ship 2. We also need the capex to upgrade the yard to work efficiently.</p> <p>KH advised there will be direct award productivity assessments and it's a complex issue. Decision on benchmarking is independent it is not CMAL. Scottish Government do look at social economic benefits when looking at decisions. Productivity in the yard needs to be higher.</p> <p>CM noted that the FMI reports is saying the yard needs to be 3x more productive.</p> <p>JP advised a strong engineering and planning team is required.</p>

	<p>ABM noted that clarification is needed for FMPGs next steps.</p> <p>SS requested that we looked into trying to formalise the future work with BAE in some way such as an MOU so that we have some signed understanding to help support the business case for investment in yard upgrades. DT to follow up.</p>
9	<p><u>AOCB</u></p> <p>Year end audit is partially agreed by the Board and ARC have been through the process and had sessions with the external auditors. We are still waiting on the final report from GT to add to the accounts.</p> <p>The Board formally accepted the resignation of A Johnstone with a final date of 28/02/23. ABM noted a thank you on behalf of the Board for the support from AJ in his tenure ship and wished him well for the future.</p> <p>The Board formally appointed ABM as Chair of the Board.</p> <p>Chair closed the meeting at 14.08</p>