

Meeting Subject:	
FMPG Board Meeting	
Location	The Boardroom, FMPG
Date	30/05/24
Time:	8.30am
Chairman	Andrew Miller
Participants	<p><u>Non-Executive Members, FMPG</u> Andrew Miller, Chairperson (AM) Stuart Smith, Non-Executive Director (SNS) Chris Mackay, Non-Executive Director (CM) Valerie Scoular, Non-Executive Director (VS) Simon Cunningham, Non-Executive Director (SC) Jim Gibson, Non-Executive Director (JG)</p> <p><u>Executive Members, FMPG</u> John Petticrew, Interim Chief Executive Officer (JP) David Dishon, Chief Financial Officer (DD) Carol-Anne Knight, HR Director/Company Secretary (CAK) Paul Blake, Interim Chief Operating Officer (PB) David McVeigh, Business Development Director (DMcV) (part) Dougie Stewart, Head of Projects, Programmes & Contracts (DS) (part)</p> <p><u>FMPG</u> Alex Logan, Trade Union Representative (AL) (part)</p> <p><u>Scottish Government</u> James Simpson, Head of Futures and Benefit Realisation Unit, Strategic Commercial Assets Division (JS) Vikki Halliday, Head of Governance & Assurance Unit, Strategic Commercial Assets Division (VH)</p>

Item	Minutes	Action
1.	<p>Welcome and Apologies The Chair welcomed everyone to the meeting.</p>	
2.	<p><u>Declarations of Interest/Conflict</u> No declarations of interest were made.</p>	
3.	<p><u>Health, Safety, Environment & Security</u> Update from H&S Chair, SNS:</p> <ul style="list-style-type: none"> • There have been some LTIs, however, these have been properly investigated. • Observations are still increasing. • H&S Department are engaging more with sub-contractors who attend the monthly H&S meeting. • A PPE compliance campaign is taking place over the next few months. • An Emergency Management Plan is being taken forward for more serious incidents and a desk top exercise around the EMP will take place later in the year. • A yard evacuation exercise was held recently which allowed several improvements to be identified. This was a complex piece of work and will be repeated in June. • ISO 450001 and 14001 is ongoing, and it is hoped that FMPG will achieve accreditation later in the year. • Accident Claims were discussed. • Committee Terms of Reference were updated. 	

<p>4.</p>	<p><u>Update from RemCom Chair, VS</u></p> <ul style="list-style-type: none"> • Early first steps have been taken to look at future business scenarios. • The Committee met with AL from Odgers regarding the recruitment process for the CEO post. They are looking at candidates both in the UK and globally. It was discussed that given the uncertainty about the yard, it will be difficult to recruit for this post. However, if we get decisions about the future of the yard it will make the appointment easier, so our focus must be on future business strategy. • Leadership succession planning and talent review were discussed around different methodologies for the PDR process. They looked at a matrix to link good performance with high potential. • Update was given on changes to realign production leaders’ role and conditions. • Update was given on accident claims. • Discussion took place on this year’s intake of apprentices. SNS indicated that we should continue with this but with a much-reduced intake due to the uncertainty around the yard’s future. They are also looking at other places for secondment of apprentices. 	
<p>5.</p>	<p><u>Update from ARC Chair, SC</u></p> <ul style="list-style-type: none"> • The ARC reviewed the Corporate Risk Register, acknowledging the work that had been undertaken by the CEO and CFO. The ARC was satisfied that the Risk Register highlighted the significant risks currently facing the Company. It was acknowledged there is good visibility, but further work is required to develop in some cases a deeper understanding and more specific risk mitigation plans, with target timeframes and clear allocated responsibility. • The ARC also acknowledged the significant development of the Project Risk Registers for Glen Sannox and Glen Rosa led by the CFO. • The CFO updated the ARC on under recoveries. For 2023/24 resolution with the SG is expected shortly. Uncertainty remains regarding 2024/25 under recoveries budgeted at up to £10M in the absence of clarity on funding: the question of going concern/insolvent trading remains. SG will continue to be pressed hard to provide resolution, as the Audit Scotland sign off of the accounts will require clarity/resolution. • Progress in Internal Audit was limited principally due to the limited bandwidth of executive and senior management given the prevalence of other critical issues. The payroll report is complete but highlights a number of high-risk findings/control weaknesses which management are addressing/have addressed as a priority. Progress on the 2024/25 Internal Audit programme must be given higher priority in the coming days/weeks. Reviews of Health & Safety, Best Value and Business Continuity Planning will be prioritised in the coming weeks with a review of Corporate Governance initiated following confirmation of the Framework Agreement. • The Audit Scotland external audit plan was reviewed and agreed. The audit will commence in early June with a target completion date of 10th July for ARC sign off at the next meeting on 17th July, feeding into the Board sign off on 25th July. • The next ARC meeting is on Wednesday 17 July and dates for further ARC meetings in 2024 have been agreed. 	
<p>6.</p>	<p><u>Update from Ops Committee Chair, CM</u></p> <ul style="list-style-type: none"> • A meeting took place yesterday to discuss key milestones on 802. Time has been lost since the end of January but is recoverable. • Monthly Ops meetings will take place going forward. • They are confident the NZET letter can go with one tweak and at this time are confident with everything on Glen Sannox. 	

	<ul style="list-style-type: none"> • Agreed that costs were pretty much on track, and they have some confidence in the budget. Lessons learned on 801 would come across to 802 and the aim is to bring over the successful sub-contractors and staff from 801 to 802. • JP is working through sub-contractors to get fixed prices. The PO process has also been tightened up and a procurement person has been installed on 801 to ensure everything is being tracked. • Tasks are being done in much better order on 802 than 801 and fundamentals are improving on 802. • CM advised they have obtained positive legal advice on direct award possibilities which they are happy to share with the Scottish Government and he would expect to get some engagement from their legal team as to why it is perceived to be such a problem. VH replied that the sponsor department have been trying to put the case for legal advice and for engagement on the future of the yard. There are ministerial meetings taking place on this and they will engage with us as soon as they can on what decisions have been made. • VH confirmed there will be a meeting next week to give feedback on the C project. • VH confirmed that the S project is not proceeding. <p><u>Ops Committee Terms of Reference – For Approval</u></p> <p>VS suggested that we need to review whether we need the Ops Committee to continue as we must reflect the level of capability and transparency we now have. She added we don't normally have a committee dealing with operational and strategic performance so asked whether it is time to take stock on whether we need this committee. AM suggested we may need it until we get a pathway forward although it does have a shelf life and we will consider this when we need to. SC advised that the Internal Auditors will be looking at governance and will look at whether the committee sits in the right place so will get that review going forward.</p> <p>JG view is that the Terms of Reference for the Ops Committee should include how we bring it to an end as soon as we have confidence it is no longer needed. Until we get a permanent CEO then the Ops Committee should continue. VH will forward comments regarding the Terms of Reference to CM and AM.</p>	
<p>7.</p>	<p><u>Engagement with Workforce/Trade Union Representative</u></p> <ul style="list-style-type: none"> • AL joined the meeting and updated on the summit meeting held last week in Greenock Town Hall attended by the DFM. VS asked AL his view on the town hall meeting. He replied he was not expecting any surprises and has met the DFM before. He added both the FM and DFM have a good opinion of the yard. • AL advised his biggest concern is workforce numbers. They are already losing people of all ages who are leaving for better opportunities. There is not much work in the shed and a big issue is the lack of communication regarding the future. JP advised a meeting is being organised to address this. • AL attended a presentation recently at which young people were being encouraged to get involved in H&S and getting them to identify potential hazards in the workplace. • CSU meeting took place last week in London. An issue that came up was that all UK shipyards are using foreign workers as they can't get local labour. • AL raised a concern regarding our apprentices as there is not enough work for them in the yard which impacts on their ability to complete their logbooks and to get their 'time out'. CAK confirmed she has opened dialogue with other yards to see if we can use their training facilities for the apprentices. • AL spoke about the fact there is too much paperwork in the work packs and suggested they should be put into batches. Agreed this will be looked at. 	

	<ul style="list-style-type: none"> GMB are discussing putting together a campaign in Port Glasgow town centre to raise awareness for the yard and get support from local businesses. AL was asked what people’s expectations are regarding decisions on what is happening. He replied they had hoped a decision would have been made by now regarding the future of the yard particularly around any potential new work. <p>AL left the meeting.</p>	
8.	<p><u>Matters Arising</u> FOI Log – pre read. No issues.</p>	
8a	<p><u>Approval of Minutes of Board Meeting held on 28 March 2024</u> Board Minutes were approved.</p>	
8b	<p><u>Approval of Minutes of ARC Meeting held on 21 March 2024</u> RemCom Minutes were approved</p>	
8c	<p><u>Approval of Minutes of RemCom Meeting held on 27 March 2024</u> RemCom Minutes were approved.</p>	
8d	<p><u>Approval of Minutes of H&S Committee meeting held on 27 March 2024</u> H&S Committee Minutes were approved.</p>	
9.	<p><u>SLT Board Reports:</u> AM and JM joined the meeting: AM introduced JM and explained she has been the recipient of several awards during her career at Ferguson Marine including the Queen’s Silver Medal Award 2019/2020 for Apprentice of the Year. JM has recently won the Scottish Young Graduate Apprentice of the Year. JM explained she started with Ferguson Marine as a modern apprentice in 2016. She works as the Outfit Team Lead and deals with CMal, MCA and sub-contractors so is dealing with lots of pressure to get things done. JM said she would encourage apprenticeships in all trades. On behalf of the Board, AM (Chair) congratulated JM on her achievement. AM and JM left the meeting.</p> <p>Interim CEO Report</p> <p>801</p> <ul style="list-style-type: none"> X-rays need to be completed on the LNG system. Scaffolding needs to be removed to allow the surrounding areas to be cleaned. A schedule will be put together to ensure everything is covered for final handover. JP confirmed a completion date of 31 July for 801. <p>802</p> <ul style="list-style-type: none"> There are some issues with the planning, however, a high-level milestones plan has been put together that ties in with the commissioning plan. There have been some changes in personnel which has been a negative, but they will get through the issues including the work pack issues raised earlier by AL. Activities between now and Christmas were outlined; the mezzanines were shipped in during June and a plan is being put together for the mezzanine deck. The LNG system has been started and they will ensure it would be fitted at the optimum time. The switchboard will be installed prior to dry docking. They are using intelligent volume to get the right number of cables in. High level plan of activities and milestones was outlined by DS. Weekly plan is under review, overall schedule is under review, cost account reviews to be set up. Proposal has been put together to set out the team on the ship to be more productive. 	

- Weekly projects meetings are taking place as well as separate meetings with sub-contractors, and they are looking to run this as one team.
- There is a recognition we must increase the pace of work.
- In terms of underutilising people, everyone is gainfully employed apart from some workers in the steelwork department, and we will be looking to incorporate them in the mix.

Business Development

- DMcV gave an update on business development opportunities and outlined the top three potential opportunities which would help to provide a sustainable future for Ferguson Marine.
- AM suggested that DMcV should provide a dashboard in future reports to cover ‘under process’, ‘level of competition’, ‘government department support outside the strategic department group’, which would help to demonstrate a fuller picture.
- AM commented that we need to demonstrate efficiency, improvement and getting work in to make a strong claim for capital investment to keep the yard open.

CFO Report

- JG commented DD for the quality of his presentation. It was suggested that an Executive Summary at the start of the report would be useful, and DD confirmed he will include this going forward.
- DD outlined resource hours, hours forecast and costs to go for 801 and 802.
- DD has forecast where we think we will be if we don’t have under recoveries for 2024/25 and has tried to forecast what our underutilised labour would be. He confirmed we will run out of money by September without a resolution.
- CCTV cameras and cabling have been getting installed in the warehouse and will be finished this week. IT will then carry out testing and the cameras should be fully operational by the end of June. This came out of a deep dive into costs and significant savings will be made over the time of the warehouse lease.
- The warehouse has been checked and validation of stock for 801 and 802 has now been finished.[Fitness for purpose of items still being checked]
- We are progressing towards having Cyber essentials in FMPG.
- DD is working on getting a PO done for every non-staff item.

HR Director Report/Company Director Report

- There is a requirement for resourcing key positions, and they will try to utilise internal moves and opportunities where they can.
- Trade Union agreement has been reframed and is now up and running.
- Perk-Box is due to be launched. Some money has been saved on this and the savings will allow for some money to be allocated to managers around the site to allow them to reward/thank staff for their input around the parameters of H&S and ideas for cost savings around the site. This will help to support morale and create more line manager empowerment.
- It was agreed there will be seven apprentices in this year’s intake.
- CAK agreed to incorporate charts in her reports showing an analysis of people leaving.
- CAK to attend Public Appointments training in June and a Company Secretary course in July.
- JG mentioned his recent training at Scottish Government was not good value in terms of his time and will feedback his comments to SG.

	<ul style="list-style-type: none"> NXD questionnaires have been completed. 	
11.	<p>Under-recoveries</p> <p>CM advised they have taken legal advice to find a way forward, and the basic advice is that any subsidy would need to be linked to a reconstruction plan. In the meantime, Directors need a comfort letter that covers their position between now and a more formal resolution of under recoveries. This links in with “going concern” and all of this is linked to a decision on the future of Ferguson Marine. The main issue seems to be on the CMO market test which must be subsidy linked to a restructure. CM confirmed, that as a Board they are looking for comfort on the current under recoveries that we are accruing.</p>	
12.	<p>BAE</p> <p>A visit to BAE recently took place to discuss supply chain work. They have a good working relationship with BAE; however, it is difficult for them to build us into future plans whilst not knowing what the future is for the FM.</p>	
13.	<p>Framework Agreement and Contract Variation Update</p> <p>Agreement has been reached on the Framework Agreement. VH will draft a submission to be forwarded to Ministers and will provide a time scale for that. CM will be forwarded a copy of the latest version that has gone to Ministers. They now need to look at operationalising the Framework Agreement.</p> <p>The contract variation is outstanding, and CM advised he advised Scottish Government on 19th April of the two contracts they are in breach of. VH explained it has been highlighted there is a penalty clause and there are some issues implementing this, so she is trying to get agreements to remove this at the same time. VH hopes to get this done, then get the contracts varied and sent to Ministers. VH confirmed Ferguson Marine has written authority to say ‘continue’ and she will do her best to get this over the line with the penalty clauses removed. VH is happy for Audit Scotland to be informed that we are in the process of getting this amended.</p>	
14.	<p>AOB</p> <p>JG asked if the lack of electrical support for laptops in the Boardroom could be actioned. Agreed this will be taken forward.</p>	
Next Meeting	Thursday 25 July 2024	

The meeting closed at 1.00pm.