

**31.03.21 - Post publication note:**

Participant initials &amp; job title corrected

Meeting Subject:			
FMPG Board Meeting			
Location:	Virtual – via Microsoft Teams		
Date:	19.11.20	Time:	11:00 – 13:00
Chairman:	Alistair Mackenzie		
Participants:	<u>Non-Executive Members</u>  Alistair Mackenzie, Chairman (AMac) John Hudson, Non Executive Director (JH) Alan Johnston, Non Executive Director (AJ) Robert Mackenzie, Non Executive Director (RMac) Alison Mitchell, Non Executive Director (AM) Stuart Smith, Non Executive Director (SS)  <u>Executive Members</u>  George Crookston, Chief Financial Officer (GC) Tim Hair, Turnaround Director (TH)  <u>In Attendance</u>  Catriona Syme, FMPG Response Division (CS)  Partial attendance for specific agenda items:  Alex Logan, Trades Union representative (AL) John McMunagle, Trades Union representative (JMc) Barbara McIntyre, Head of Engineering (BMc)		
Apologies:	NA		

Agenda			
<u>Business</u>			
1.	Apologies for absence		
2.	Declarations of Interest/Conflict		
3.	Engagement with Workforce/Trades Union Representatives		
4.	Health, Safety, Environment and Security		
5.	Approval of Minutes of Board Meeting held 24 <sup>th</sup> September 2020		(pre-read issued)
	5a    Matters Arising and Review Actions Plan		(pre-read issued)
6.	Turnaround Director's Report		(pre-read issued)
	6a    Functional Updates		(pre-read issued)
	6b    801/802 Monthly Pack - October		

7. Finance Update
8. Update from Audit & Risk Committee (verbal update exceptional matters only)  
Matters Requiring Board input/Decision
9. Future Investment/Support Requirements – Business/Corporate Plan (positioning discussion)

Matters For Noting

10. Overview of Engineering function and arrangements – presentation by Barbara McIntyre, Head of Engineering
11. A.O.C.B.
12. NEDs private session.

Item	Minutes
1	<p><b><u>Apologies for absence</u></b> No apologies were given.</p>
2	<p><b><u>Declarations of Interest/Conflict</u></b> No declarations of interest/conflict were given.</p>
3	<p><b><u>Engagement with Workforce/Trades Union Representatives</u></b></p> <p>AMac welcomed AL and JMc, the GMB Trades Union Reps, to the meeting with the main area of discussion relating to the wage negotiation. AL confirmed that he and JMc were actively pushing the ballot progress in an attempt to bring the matter to a close in a timely fashion.</p> <p>AL raised a concern relating to a lack of communication to the workforce and in turn this is having an impact on the perception of Scottish Government’s commitment to the yard.</p> <p>AMac provided an update from a call earlier in the day that he and TH had with Ms Fiona Hyslop, Cabinet Secretary for Economy, Fair Work and Culture, and also reiterated that the Board and Executive Team are in dialogue with the Ferguson Marine Response Division on a specific work stream regarding future work opportunities and confirmed his opinion that the government remain strongly committed to the future sustainability of the yard.</p> <p>A further point raised by AL related to the volume of managerial positions at the yard. AMac confirmed that as the business has ramped up, further managers have been required to ensure appropriate capacity to take the business forward. TH emphasised the importance of a wider management team to rectify the historic issues, turn the business around and create sustainability moving forward. TH acknowledged the point made in relation to communication and that there is an intention to re-visit regular staff briefings moving into 2021.</p> <p>AMac confirmed to AL and JMc that he noted their reference to communication and will work in order to improve the issue.</p> <p>The TU representatives confirmed that they had no health and safety concerns to be raised.</p> <p>JMc added that they are trying to encourage the workforce to remain positive and asked of the likelihood to meeting the vessel delivery deadline on budget. TH confirmed that he had no concerns relating to the budget and that current projection was for delivery within the published delivery window.</p> <p>Both AL and JMc advised that they had no further matters to raise with the Board and left the meeting.</p>
4	<p><b><u>Health, Safety, Environment and Security</u></b></p> <p>This agenda item moved to form part of the Turnaround Director’s report.</p>

5	<p><b><u>Approval of Minutes of Board Meeting held 24<sup>th</sup> September 2020 (pre-read issued)</u></b></p> <p>AMac sought approval of the previous Board Minutes which all parties approved, and no corrections raised.</p> <p>All members agreed to the subsequent publication of the minutes on the FMPG website.</p>
5a	<p><b><u>Matters Arising and Review Actions Plan (pre-read issued)</u></b></p> <p><b><u>Workers Consultation Group Constitution</u></b></p> <p>Initial meeting was held on 5<sup>th</sup> November and consensus to proceed with the forum with HR as chair and TU participation.</p>

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**Turnaround Director's Update** (issued as a pre read)

TH confirmed that there was no significant material change since issuing the pre read but wanted to highlight:

The business remains highly focused on Covid-19 control and continues to work collaboratively with the Trades Unions on a weekly basis, ensuring compliance with Government guidelines at all times.

There is an ongoing health and safety investigation involving confined space controls and compliance with which the Board will be kept informed.

This led on to the following health and safety update:

The investigation has led to health and safety at the yard being identified as a matter of significant concern requiring immediate action to bring under control and improve the situation. TH confirmed the appointment of an experienced turnaround Interim Health and Safety Director, Marc Anton (MA), commencing at the yard on 7<sup>th</sup> December. MA will lead and drive the change required throughout the business, and part of his assignment will also be to manage the recruitment of a permanent successor and the transition of the H&S function. The health and safety report will now become more robust as one of MA's tasks is also to create a reporting function.

AMac thanked TH for his honest assessment and reiterated the importance of the permanent health and safety recruitment.

A further update provided by TH related to the current Ferguson tribunal claim with the *Interim Relief Hearing* now having been heard and concluded.

AMac welcomed points of clarification:

AM – raised an issue relating to contract labour.

TH – recruitment is now underway for a Resource Manager. The business has some actions relating to the management of resource and now have a fourth contractor reviewing labour demand.

Several Board members asked the Executive to provide a vessel progress update. Concern was expressed around the impact of the lack of labour, the apparent lack of work on 801 following her return from drydock, the risks and the sporadic man hours. Board members asked for the best way to obtain a report demonstrating progress against the programme with more quantitative data than what the monthly report currently provides.

TH addressed the reporting mechanism and agreed to provide an appropriate dashboard report. The current report provided is an internal report which does not provide the information required at Board level. GC has a draft MI reporting pack which will be reviewed by TH and circulated to the Board for feedback.

TH provided an update on the delivery of 801 and 802 to the Board.

	The group agreed that there were no other points of clarification required.
7	<p><b><u>Finance Update</u></b>  GC took the Board through the current financial position and agreed to circulate the skeleton report and illustrations.</p> <p>Statutory accounts – there has been a draft set produced for each of the four entities and currently with Grant Thornton for review.</p>
8	<p><b><u>Update from Audit &amp; Risk Committee (verbal update exceptional matters only)</u></b>  RMc confirmed that the committee are finalising the annual work programme and have the next meeting on 3<sup>rd</sup> December.</p>
9	<p><b><u>Future Investment/Support Requirements – Business/Corporate Plan (positioning discussion)</u></b></p> <p>Discussion was had relating to the support requirement and associated timings. A submission had already been made to Scottish Government for current live commercial tender submissions. A draft ‘investment requirements’ report to be generated in January 2021 relating to future work.</p> <p>TH confirmed that there is significant and continuous work ongoing in the background involving David McVeigh, Head of Sales, which has been submitted to government to move this forward.</p> <p>TH confirmed that the Executive has the basis of a future business plan which needs to be brought together to generate an appropriate fir for purpose document.</p> <p>AMac asked for CS to revert regarding planning cycle of capital expenditure in an attempt to better understand any restriction o timeline.</p> <p>AMac also reiterated the importance of generating the document to ensure that it can be submitted to the Government to complement related planning timelines.</p>

10	<p><b><u>Overview of Engineering function and arrangements – presentation by Barbara McIntyre, Head of Engineering</u></b></p> <p>BMc provided a comprehensive update taking the Board through the Engineering plan.</p> <p>AMac asked for any points of clarification:</p> <p>AJ – asked for further information on any issues experienced when recruiting. BMc advised that during the recruitment process, she has been extremely candid regarding the challenges faced by the business and feels that this has been the main reason. She has received no challenge relating to salaries.</p> <p>AM – asked relating to the availability of a suitable resource pool. BMc believes that the resource is there but that we are also competing for personnel with competitor organisations which can clearly prove to be a challenge. There are consultants currently undertaking some roles that being the contingency if permanent recruitment remains a challenge.</p> <p>SS – observed that the overall team appears small and asked if this was a sufficient number to take the function forward. BMc confirmed that it depends on what work activity is outsourced and also dependant on the individuals recruited into the team.</p> <p>BMc will generate a document reflecting her thoughts on outsourcing versus in house work activity and circulate to the Board.</p>
11	<p><b><u>A.O.C.B</u></b></p> <p>Agreed the deep dive on 17<sup>th</sup> December to be the preliminary review thoughts from MA relating to health and safety.</p>