

Meeting Subject:			
FMPG Board Meeting – redacted			
Location:	Ferguson Marine (Port Glasgow)		
Date:	Thursday 25 th May 2023	Time:	11:00
Chairperson:	Andrew Miller		
Participants:	<p><u>Non-Executive Members</u> Andrew Miller, Chairman (AM) Robert Mackenzie, Non-Executive Director (RM) 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)</p> <p><u>FMPG</u> Carla Roberts, Chief Financial Officer (CR) Alex Logan, Trade Union Representative (AL) John McMunagle, Trade Union Representative (JMCM) Andy Crossan, Ship Delivery Director 801 (AC) Anne Heaney, Ship Delivery Director 802 (AH) Eddie Purves, Technical Director (EP)</p> <p><u>Scottish Government</u> Colin Cook, Director of Economic Development (CC) Via Teams James Simpson, (JS) Via Teams</p>		

Item	Minutes
1	<p><u>Welcome and Apologies</u> The Chair welcomed those present to the meeting. There were no apologies received.</p>
2	<p><u>Declarations of Interest/Conflict</u> No declaration of interests/conflict were given.</p>
3	<p><u>Health, Safety, Environment & Security</u> The report focussed on the following: No material change since report was issued.</p> <p>DT updated the Board as follows:</p> <p>A new member of the HSE department has now conducted an audit on her first impressions of the yard and shared with SMT. There are still ongoing minor issues with protective wear (goggles, gloves etc) not being worn onsite however HSE are tackling this issue with staff.</p>

	<p>Head of HSE SMcA remains in close contact with external HSE regarding our improvement notices. DT will arrange a call with the HSE Inspector to discuss comparators to other yards and SS/JP will join. SS/JP will also form an HSE Committee with a meeting to be arranged in due course.</p>
	<p><u>Trade Union Reps</u> JMCM and AL updated the meeting as follows –</p> <p>Concern raised with the current media attention surrounding the company and old news resurfacing into the present. AM advised we are looking at ways to deal with media attention. JMCM added that latest media attention around bonuses is creating negative news stories. AM explained the incentive retention system has been in place since 2019 and the Board are now reviewing and working on a solution to deal with it differently.</p> <p>AL and JMCM advised they are pushing for support for the yard and meeting with local MSPs.</p> <p>Meeting to be arranged for JMCM and AL to have a 1-2-1 with the Chairman (AM).</p> <p>AL and JMCM raised concerns with subcontractors and their level of productivity. SS and JP advised they walked the yard this week and do agree it seemed quiet. Planning systems and use of labour does not seem efficient. DT to meet JMCM and AL to discuss the FMI report on productivity across the business. CM asked JMCM and AL how they think productivity could be increased. JMCM advised the yard has come a long way with progress but we still have issues.</p> <p>AL and JMCM left the meeting.</p> <p>AM advised that going forward the TU update could be more structured with potentially 2-3 subject areas being suggested by SMT/Board in advance of each meeting.</p> <p>RM suggested the need to be clearer in communicating metrics and KPI's, so that the TU Reps can understand the retention payments.</p>
<p>4</p> <p>4a</p>	<p><u>Matters Arising</u> Action Tracker – Point 4 – Framework Agreement – It was agreed that it is important that we work together with Scottish Government to amend the agreement.</p> <p><u>Approval of Minutes of Board Meeting held February 2023</u> AM sought approval of the previous Board Minute –</p> <p>The minutes of the previous meeting had been circulated in advance of the meeting and all comments were now received. Changes will be made and recirculated to the Board for approval.</p> <p>CM/CN to work together on the minutes format.</p> <p><u>Rem Com update</u> RM provided the Board with an update on the previous Rem Com meeting.</p>

	<p>RemCom have developed 2 options to resolve the retention issue behind much of the recent negative publicity. Their preferred option was to continue with the contractually committed retention payments set against clearly defined and challenging performance metrics. They also developed an alternative option that would require agreement from SG before implementing as it would require a funding commitment to buy out the retention element of contracts without the challenge of demanding performance metrics.</p> <p><u>ARC Update</u> RM provided an update from the previous Audit and Risk Committee. ARC met with Audit Scotland to review their proposed plan for this year’s external audit. ARC members stressed the importance of aiming for an early completion of the audit to allow time to clear any outstanding issues. The importance of resolving the going concern challenge was discussed and all agreed to consider the type of funding assurance that would be required from SG.</p>
5	<p><u>New Business Opportunities</u> Not discussed.</p>
6	<p><u>CEO Commentary</u> <u>The CEO’s commentary focused on :</u></p> <p>No material changes since issued.</p> <p>DT updated the Board as follows –</p> <p>The costs to go was circulated with the CEO report.</p> <p>DT advised we are still aiming to work within budget and we on target for close 2024 for 802.</p> <p>DT also advised there are forecast overrun costs for 801 due to rework.</p> <p>Engineering costs for 801 and 802 to be confirmed.</p> <p><u>CFO Report</u> <u>The CFO’s commentary focused on</u> No material changes since issued and no comments were made.</p> <p><u>Functional Updates</u> No material changes since issued.</p> <p>AH joined the meeting to give an overview of her report to the Board.</p> <p>AH tabled a paper on critical path and launch and advised the plan is to launch 802 on 30th November 2023. AH commented that there is a lot of good work going on 802 at the moment and they are working with our external design team to embed new processes. There are 20 staff transferring from 801 to 802 in the coming weeks for emerging work. AH added there is confidence in the new FMPG planner supporting the plan. AH noted that the Wheelhouse lift is going ahead Monday 5th June as planned. Electrical and Piping work is scheduled to start on 20th July. AH informed that there are no critical issues that will prevent the target launch date.</p>

	<p>AH advised the learning journey from 801 to 802 is being captured by the engineering dept so it can then be fed back into the 802 model.</p> <p>Mezz Decks will be serviced and painted by a subcontractor and procurement will engage to secure a date.</p> <p>AH noted she is planning a communication session with 802 staff to discuss change, HSE and programme.</p> <p>SS commented that there seems to be a lack of momentum on 802.</p> <p>AC joined the meeting.</p> <p>AC joined the meeting to give an overview of his report to the Board.</p> <p>AC discussed the high level 12-week plan for 801 taking to us to August 2023. SS asked AC if there is a detailed plan to achieve sea trials scheduled in 10 weeks' time. AC advised there is a developed plan in place for sea trials which he will share with the Board. SS asked who is manning the ship during trials? AC advised he is in discussion with MCA, Lloyds and CalMac however, CalMac have advised we cannot use their staff so we will look to hire staff for trials. SS asked if the LNG system is a risk to the programme? AC advised we do not have approval on the LNG system tabled and we are working with contractors to de risk. AC advised that the first sea trial would be a set of "Builders" trials only and the vessel would be run on MGO. AC also advised that achieving the proposed sea trials date would be heavily influenced by the ongoing engineering changes which continue to feed into production, which are affecting key systems.</p> <p>JP asked AC if we are planning to take staff on trials to finish work on cabins. AC advised we will take minimum staff to support sea trails and potentially finish accommodation areas. AC advised that the vessel would be returning to Newark Quay / Container Terminal Greenock each evening where staff engaged in finishing activities would be deployed on night shift.</p> <p>AH and AC left the meeting.</p> <p>AM asked the Board to discuss the level of confidence the Board had in the programmes discussed by AH and AC. SS again commented that 802 does seems to be a quiet ship with not a lot of productivity. JP noted there seems to be an over confidence in the 802 plan and he has some concerns with meeting delivery.</p> <p><u>801/802 Monthly Report Pack and Programme Update</u> No material changes since issued.</p>
7	<p><u>5 Year Business Plan</u> Shared prior to the meeting.</p> <p>DT gave an update as follows –</p> <ul style="list-style-type: none"> • Scottish Government is currently looking at the draft 5 year business plan along with the separate draft shipyard upgrade capex request. • Financials need updated in the business plan. • Focus is on SVRP and BAE as these workstreams are our priority.

	<p>DT asked the Board to approve 2 strategic directions – [REDACTED] and capex, subject to new financials going to the ARC. The Board approved V5 of the Business Plan and agreed with the overall strategy and focus.</p> <p><u>Shipyard Upgrade V10</u> EP joined the meeting.</p> <p>EP gave an update as follows –</p> <p>EP expressed his thanks to the NXDs who have supported the work on the shipyard upgrade pack. EP advised an external Civil Engineering company are starting their detailed engineering investigation on the quayside next week and we are expecting an update in 4 weeks' time.</p> <p>Plating line currently has a long lead time and must be ordered by the end of June 23. FMPG and SG to work together on the case for investment.</p> <p>EP added BAE want to work with FMPG; however they want to know we have the yard upgrade investments to proceed. SS agreed the yard upgrade is a crucial investment.</p> <p>The Board agreed the strategic focus is right for the yard with the 2 workstreams (SVRP and BAE). Financials to go to ARC for further review. Business Case/ shipyard upgrade capex will be sent to Scottish Government by 16th June 23 as long lead items need to be ordered by 30th June 23.</p> <p>Shipyard Upgrade V10 to be renamed Final for Board 25th May 2023.</p> <p>[REDACTED]</p> <p><u>Preparation for PAC</u> AM gave an update on the PAC training received.</p>
8	<p><u>AOCB</u> Deep Dive meetings will now be removed from the diary and replaced with interim reports from the CEO/CFO.</p> <p>Agenda timing to be discussed for Board meetings.</p> <p>Chairman closed the meeting at 14.42.</p>