

Meeting Subject:			
FMPG Board Meeting - redacted			
Location:	Ferguson Marine (Port Glasgow)		
Date:	Thursday 28 th September 2023	Time:	9.00am
Chairperson:	Andrew Miller		
Participants:	<p><u>Non-Executive Members</u> Andrew Miller, Chairman (AM) Stuart Smith, Non-Executive Director (SNS) Chris Mackay, Non-Executive Director (CM) Valerie Scoular, Non-Executive Director (VS) John Petticrew, Non-Executive Director (JP) via Teams</p> <p><u>Executive Members</u> David Tydeman, Chief Executive Officer (DT) Carla Roberts, Chief Financial Officer (CR) Carol-Anne Knight, HR Director (CAK) Pauline MacDonald, Supply Chain Director (PM)</p> <p><u>FMPG</u> Alex Logan, Trade Union Representative (AL) John McMunagle, Trade Union Representative (JM)</p> <p><u>Scottish Government</u> Colin Cook, Director of Economic Development (CC) via Teams Vikki Halliday, Head of Governance & Assurance Unit, Strategic Commercial Assets (VH) Scott Chalmers, (SC)</p>		
Item	Minutes		
1	<p><u>Welcome and Apologies</u> The Chair welcomed everyone to the meeting.</p>		
2	<p><u>Declarations of Interest/Conflict</u> No declaration of interests/conflict were made.</p>		
3	<p><u>Health, Safety, Environment & Security</u> SNS gave an update on the discussion which took place at yesterday's H&S Committee meeting. He advised that SM provided a general H&S update and there was also a presentation by AC regarding recent electrical incidents. SNS confirmed the root cause of the incidents was dealt with, and action was taken for each incident. The HSE visited the yard and were satisfied with the controls put in place.</p> <p>The H&S Committee were asked to look at two proposals: The first proposal was to install some upgraded plant in the main workshop to improve the air quality there; the cost will be £250,000.</p>		

	<p>The second proposal was to take forward ISO 45001 and 14001 accreditations at a cost of £16,000 for six months' support. The Board approved taking forward the ISO accreditations.</p>
4	<p><u>Trade Union Reps</u></p> <p>AL and JM joined the meeting and gave an update on their recent meeting with the First Minister and Cabinet Secretary. They advised the meeting went well and they had unequivocal support from the FM about the future of the yard. They had also attended a cross-party meeting where they were mainly being asked questions on historical issues in the yard. VS commented she had a good meeting with AL and JM two days ago and suggested there was a strong desire to find positives and to get action for the future.</p> <p>There followed general discussion on the prospects for the shipyard and JM mentioned that people are supportive of DT plans. AL asked that supervisors and trade unions are involved in any discussions on future plans to change the layout of the yard. DT confirmed he will hold a session in the next month on the planned upgrade layouts that will involve key personnel from the fabric shop and yard.</p> <p>JM mentioned that pay and pensions at Ferguson Marine are not viewed as competitive in comparison with other yards. AM replied they are aware of this situation.</p> <p>AL and JM advised that a monthly H&S forum has been started which allows young apprentices the opportunity to put forward ideas for improvements.</p> <p><i>AL and JM left the meeting.</i></p>
5	<p><u>Matters Arising</u></p> <p>The FOI Log was circulated with Board papers. RM asked about the impact on time when dealing with FOIs. DT replied that it does take quite a bit of time, however, it is manageable with the staff they have involved working on replies to FOIs.</p>
5a	<p><u>Approval of Minutes of Board Meeting held on 27 July 2023</u></p> <p>Previous Board Minutes were approved.</p>
5b	<p><u>Approval of Minutes of H&S Committee meeting held on 26 July 2023</u></p> <p>H&S Committee Minutes were approved.</p>
5c	<p><u>Approval of Minutes of ARC Meeting held on 16 August 2023</u></p> <p>ARC Minutes were approved.</p> <p>Accounts to be laid before Parliament tomorrow and will be filed next week. AS were as accommodating as they could be in reflecting the balance of views and reporting against the existing Framework Agreement. It was confirmed by VH that the Framework Agreement will be responded to by December.</p>
6	<p><u>New Business Opportunities</u></p> <p>DT advised the BAE Pilot Project has progressed well with the BAE quality team inspections giving very positive feedback. They would like to be in contract by Christmas for a start date in March. SNS asked whether there are any hurdles the sponsoring department must overcome to move towards an award of contract. DT confirmed the risks to this is pricing and how they are going to deal with working capital cash flow. VH mentioned she is not aware there are any hurdles; the hold-up was due to insurance</p>

	<p>contracts so they could put the tender forward. VH confirmed the contract would require Ministerial approval for funding. A separate meeting is to be held with the futures team to look at objectives, assumptions and how these projects are evaluated.</p> <p>DT advised that we have responded to a PQQ from Babcock for their T31 Grand Block construction.</p> <p>CM asked what the status of the Capex application is. DT replied they are still forecasting 2025 for Capex. VH commented there are challenging issues to award that business, but SG are exploring all options to look at the ways it can be achieved. VH can't provide a timescale for this, however, they are working on it as fast as they can. VH added they must undergo due diligence, accountability, and a legal route. VS asked what could we do to make this process easier. VH replied they are doing all the right things, but it is challenging given the productive and industrial environment. CC added there is no doubt that Ministers' objectives are to retain shipbuilding in Port Glasgow, so they are looking to find a route forward.</p> <div data-bbox="323 913 1385 1055" style="background-color: black; width: 100%; height: 60px; margin-top: 10px;"></div>
<p>7</p>	<p><u>CEO Report</u> Report taken as read. VS noted the commentary regarding plans for the Senior Leadership Team (SLT) and DT confirmed this is still an evolving issue.</p> <p>DT confirmed the sea trial for 801 will take place during the third week in January after returning from dry dock and confirmed we can start the trials in January without the LNG. However, there are two areas of concern: completing installation of special steel and procurement risk on the doors needed for the MCA issues. DT confirmed doors are due for delivery in December. A submission will go to MCA today and there will be a two week's response time.</p> <p>CM asked whether we are entering into a separate contract for warranties. DT replied we have obligations in the contract to support the ship and have liability for 12 months following delivery. The presumption is there are no warranty routes, and we will have to pay for any issues that arise.</p> <p>DT confirmed they are making progress on the issue of spares. CalMac are supportive in helping to catalogue and list these.</p> <p>DT advised the financials show some efficiency between the ships and clarified figures for the escape routes. VS suggested it would be useful to have a document showing how the figures have developed over time. CR to come back with that. DT commented that a moving target of work is what is changing the budget. RM added the best estimate of figures is based on the information we have at the time, and we have captured uncertainty within the bandwidth of figures provided.</p>

	<p>A letter to be sent to the NZET Committee was previously circulated to the Board for comment and, following feedback, DT will make minor changes before the letter is published.</p> <p>Corporate Plan It was agreed that the Corporate Plan can be taken forward with a few minor updates.</p> <p>Public Affairs proposal for FMPG Paper was previously circulated to Board Members for discussion on this proposal. Agreed that DT would take this forward as it would support communication strategy. Evaluation to be done at the end of three months.</p> <p><u>CFO Report</u> Report taken as read.</p> <p>CR advised the report presented for 802 is the forecast based on the information we have. Weekly improvement updates are being provided to enable us to forecast better. DT added there is a more sophisticated process than for 801. The data is in the project plan that has been circulated.</p> <p>September 2023 reforecast financials for FY2024 to be forwarded to SG.</p> <p>DT and CR will be working on budgets next week based on the 5-year plan approved by the Board.</p> <p>Discussion took place on Letters of Comfort, and it was agreed the present six-month gap potentially exposes Company Directors and this needs to be addressed. To be reviewed again with Auditor. VH to clarify whether a further Letter of Comfort can be issued.</p> <p><u>Functional Updates</u></p> <p>CAK:</p> <ul style="list-style-type: none"> • 18 new apprentices have started. The 2020 intake are starting to submit portfolios; one has passed out and there is a celebration of success in October for people who have achieved their apprenticeships. • General Health and Wellbeing Programme; ongoing with HR a third of the way through assessing all workers. • Work is ongoing in preparation with the pension company regarding the pension changes. • Existing temporary contracts are due for renewal, so HR are looking at this now. • Good work has been done with CR's team giving line managers access to holiday balances, etc <p>PM:</p> <ul style="list-style-type: none"> • There have been a lot of leavers recently; IT Manager and Procurement Manager are due to leave in October and PM is leaving in December. • Frameworks and contracts are in place for subcontractors on 802. • DT asked about the situation regarding the warehouse. PM replied two companies will do presentations tomorrow and then a decision will be made regarding which company will take this forward. DT advised these companies have relevant
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	<p>experience in this area. It was confirmed this is not a further lease and is already in the budget.</p> <p>All other previously circulated updates were taken as read.</p>
8	<p>AOB</p> <p>Framework Agreement CM has received feedback from Board members regarding the Framework Agreement and is looking for Board approval as it stands now in the knowledge there are two areas to be completed. He will have a call with VH next week to finalise it. The Framework Agreement will be circulated to the Board and once finalised, AM will sign it off. It will also need to go to Ministers for approval. It was acknowledged that CM has done a huge amount of hard work on this.</p> <p>Company Secretary Role The Framework allows for a light touch Company Secretary role. This was approved subject to some remaining points being clarified. CM and CAK will draft a Company Secretary profile to operationalise the role.</p> <p>It was agreed interim reports from the CEO, CFO and SLT would be issued to the Board between Board meetings.</p> <p>The Chairman closed the meeting at 1.50pm</p>