

Meeting Subject:			
FMPG Board Meeting			
Location:	Ferguson Marine (Port Glasgow)		
Date:	Thursday 22 <sup>nd</sup> September 22	Time:	11:00
Chairperson:	Robert Mackenzie		
Participants:	<p><u>Non-Executive Members</u>            Robert Mackenzie, Chairman (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)            Tony McGale, Business Resilience Lead – Rapid Response Unit (TMcG)</p> <p>FMPG –            Anne Heaney, Operations Director (AH)            Andy Crossan, Ship Delivery Director (AC)</p> <p><u>Apologies</u>            Alex Logan, Trade Union Representative (AL)            John McMunagle, Trade Union Representative (JMCM)</p>		

Item	Minutes
1	<p><b>Welcome and Apologies</b>            The Chair welcomed those present to the meeting.</p> <p>Apologies were noted from the Trade Union Representatives.</p>
2	<p><b>Declarations of Interest/Conflict</b>            No declaration of interests/conflict were given.</p>
3	<p><b>Engagement with Workforce/Trades Union Representatives</b>            DT advised that he meets with the Trade Union Representatives on a fortnightly basis.            At their last meeting AL and JMCM were supportive of the upcoming work with BAE and raised concerns with the cost-of-living crisis. DT advised the SMT are considering options to support this.</p>

<p>4</p> <p>4a</p>	<p><b><u>Matters Arising</u></b></p> <p>RM advised that Morag McNeill has been formally appointed as the Chair of CMAL. A joint Board Meeting has been agreed and a date will be set in due course. CN to liaise with CMAL EA Office. <i>Meeting now arranged for Thursday 17<sup>th</sup> November at the CMAL Office.</i></p> <p>The requirement for a revised and updated contract between Scottish Government and FMPG was discussed, and the Board noted this as business critical. CM asked KH how the Board were expected to monitor if they don't have a clean contract. KH advised that at the moment she cannot commit to a date that this will be resolved. RM asked if we could commit to a date to start the process then it can be reviewed and changed? CM stated that a draft document could be started. KH noted the due diligence process needs to take place. DT noted that urgent clarification is required from Scottish Government.</p> <p><b><u>Approval of Minutes of Board Meeting held 21<sup>st</sup> July 2022</u></b></p> <p>The new suggested process of distribution of the minutes will be adopted going forward.</p> <p>The minutes of the previous meeting were discussed, and minor amendments were proposed and agreed.</p> <p>CN will update the previous minute with amendments and recirculate.</p>
<p>5</p>	<p><b><u>New Business Opportunities</u></b></p> <p>DT gave a brief update on BAE.</p>

6

**SMT Update**

FMPG Directors A Heaney and A Crossan joined the meeting to give an update on the critical path.

AC and AH tabled the critical path for 801 to the Board for comments.

AJ commented on the electrical systems and noted the Board are looking for confidence in programme delivery. AC updated on recent issues with BGEN and advised there are now weekly meetings taking place to engage and get electrical work back on track as it is currently the biggest risk to the programme. Cables are now being fitted in order of requirement in priority areas. AH advised there is now a more robust team in place to achieve targets. AJ suggested the critical path is updated on a weekly basis and key issues are more evident. RM agreed with AJ's comments and said we need evidence of progress in the reports. AH agreed a weekly update can be given to the Board and if there are any areas of concern, AH can support a walk around the ship for any Board members. CM asked if we have added contingency for slippage? DT noted that we will add this. RM asked AH/AC for early notifications of issues. AH advised we are documenting issues on the risk register.

CM discussed a point on the risk register regarding Wartsila. AC explained that Wartsila is two companies Finland and UK. A meeting has been arranged between FMPG and Wartsila UK on 27<sup>th</sup> September 22 to discuss the challenges we face.

A delay risk for the LNG system for 801 was discussed. It was noted that it could be completed at a later date however a decision will be made in the coming months. It could also be fitted at the end of programme with a specialist contractor.

CM suggested the next Board meeting should discuss risks against delivery date.

AH/AC left the meeting.

**CEO Commentary**

DT updated the meeting on programme management on 801/802.

SS discussed the small vessel replacement programme for CMAL and advised FMPG should not solely rely on this programme for their forecasting.

AJ suggested that the work with Babcock should stay on the agenda. DT noted there is a resourcing issue with this programme.

JP asked what size of organisation/headcount FMPG will require for the future? Discussion ensued around resources. Discussions on this subject will continue over the coming months.

**CFO Report**

No material changes since issue.

No further comments were made.

**Functional Updates**

No material changes since issues.

No further comments were made.

7

**Discussion on business case to Scottish Government**

The Board approved the strategic focus on the small vessel replacement programme and supporting the BAE programme.

The Board also approved the Business Case and revised estimates to complete 801 and 802.

The Board noted the main objective is to deliver 801/802 and secure a viable future for the yard.

The Board confirmed their support on the CEO's letter to Scottish Government with minor tweaks. DT will make amendments and circulate this afternoon.

RM advised the Board require confirmation and will seek advice from external auditors, Scottish Government and potentially take legal advice with their growing concerns on the current contract with Scottish Government.

KH noted there has been no change to the Scottish Government's position and they are and will continue to settle monthly invoices until a decision on new funding has been made.

DT and the Board again expressed their concerns with no amendments being made to the current contract.

DT also noted concerns with bidding without having working loan capital as we can't work in commercial terms. KH noted Scottish Government are trying to work towards an agreement. KH advised DT to make a bid for working capital. RM noted the commercial bids should come to the Board for sign off then to Scottish Government for a working capital bid.

RM stated that the yard can no longer maintain a no compulsory redundancy policy as we require flexibility in restructuring our skills mix to match the anticipated changes in the type of work we will be bidding for beyond 801/802 and refining our build strategy. We will seek assurance from Scottish Government that we are not tied into Scottish Government pay policies and any no compulsory redundancy restrictions contained within it.

<p>8</p>	<p><b><u>Health, Safety, Environment &amp; Security</u></b>          No material changes since issue.</p> <p>SMcA will now be the lead contact for HSE on site.</p> <p>GC advised that the JH143 survey has been undertaken this week by HSE.</p> <p>Chubb survey will take place in due course.</p> <p><b><u>H&amp;S Statistics Report</u></b>          No further comments were made.</p> <p><b><u>Status of HSE Management Framework Dashboard Update</u></b>          Pre read shared and no further comment were made.</p> <p>DT will circulate a list of OOR's out with the meeting.</p>
<p>8a</p>	
<p>8b</p>	
<p>9</p>	<p><b><u>801/802 Monthly Report Pack and Programme Update</u></b>          No further comments.</p>
<p>10</p>	<p><b><u>AOCB</u></b>          The date of the next Board Meeting will be Thursday 24<sup>th</sup> November 2022 at 11am in Port Glasgow.</p> <p>Meeting closed.</p>