

<b>Meeting Subject:</b>			
FMPG Board Meeting			
<b>Location:</b>	Ferguson Marine (Port Glasgow)		
<b>Date:</b>	Thursday 24 <sup>th</sup> November 2022	<b>Time:</b>	11:00
<b>Chairperson:</b>	Robert Mackenzie		
<b>Participants:</b>	<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>Alex Logan, Trade Union Representative (AL)            John McMunagle, Trade Union Representative (JMCM)            Steven McAllister, HSE Manager (SMcA)</p>		

<b>Item</b>	<b>Minutes</b>
1	<p><b><u>Welcome and Apologies</u></b>            The Chair welcomed those present to the meeting.</p> <p>RM welcomed TMcG to meeting.</p>
2	<p><b><u>Declarations of Interest/Conflict</u></b>            No declaration of interests/conflict were given.</p>
3	<p><b><u>Engagement with Workforce/Trades Union Representatives</u></b>            JMCM and AL joined the meeting.</p> <p>An anonymous letter was sent to the CEO from staff raising concerns with the HR Department. AL advised the TU Reps do not condone or support this letter and they were not made aware of it being sent. AL noted that they have a very good working relationship with the HR Director and team.</p> <p>AL/JMCM updated on a recent walk of 801 with DT to raise concerns they have. AL noted that painting on 801 seems to be slow and he has a genuine concern with progress. A walk of 802 will take place in</p>

	<p>coming weeks. DT advised there is a risk of slippage and there is still an ongoing issue with technical instruction. DT advised we need a willingness from workers to do weekend cover. DT is meeting with managers to discuss a way forward.</p> <p>JMcM raised concerns with the cost of living crisis and advised we are the second lowest paid yard in the UK and this is having an impact on the workforce as we continue to lose good staff. RM advised that this is a concern for the Board and will be discussed at today's meeting. AL added that we are still seeing young workers leave after their apprenticeships to go join another yard.</p>
<p>4</p>	<p><b><u>Matters Arising</u></b></p> <p>It was advised that HSE will be moved to the top of agenda going forward.</p> <p>A lengthy discussion ensued regarding concern from the FMPG Board on no confirmation of future funding from Scottish Government. It was noted that this is a time critical pressing issue to allow the Board to sign and file the Year 2022 accounts. The Board expressed concerns regarding going concern status at this time and their position as Company House Directors with no agreed future financial support from Scottish Government.</p> <p>KH noted that she has been engaging with the Scottish Government finance team and FMPG auditors Grant Thornton this morning on the letters of comfort. KH informed that due diligence is still ongoing with regards to completing 801/802 and any additional funding will not be given until this is complete. KH noted that Scottish Government would not put Ferguson Marine in a position where it could not pay its creditors.</p> <p>RM advised FMPG will look to take legal advice on the going concern statements. RM also noted the Board cannot satisfy going concern requirements at present.</p> <p>RM noted it will be useful for us to note and record evidence on how we are covered. Ferguson Marine (Port Glasgow) Holdings Limited is an NDPB, and thereby so are the subsidiary companies.</p> <p>CM advised we are legal Directors as recorded at Companies House. How are we covered for insolvency and wrongful trading? How does it link to structure of company.</p> <p>CM asked KH the timeframe for approval of future funds. KH advised Scottish Government are waiting on due diligence reporting which then be reviewed by SG and at the moment she cannot give a timeframe.</p> <p>RM noted that the accounts are required to be signed by the end of December '22. RM stressed the Board are ensuring they meet their obligations and are compliant for filing the 2022 accounts.</p> <p>SS noted that information from Scottish Government is concerning as there is no assurance for the business after 801/802.</p> <p>Working Capital request required from FMPG to Scottish Government. DT noted this is yet to be resolved.</p>



	<p>Unknown unknowns in design and engineering are an ongoing issue.</p> <p>DT advised that the Director of Operations will now manage the contract with ICE. ICE visited the yard last week which went very well. DT will circulate ICE timelines.</p> <p>DT updated the Board on a recent meeting he chaired with the Management team from across the business areas. General feeling was a morale issue with staff feeling overwhelmed.</p> <p>KH asked when DT will report a date of slippage to ministers. DT advised he is not changing target dates this side of the year and will reassess in January 23 however he will notify of the potential risk.</p> <p><b><u>CFO Report</u></b> No material changes since issue.</p> <p><b><u>Functional Updates</u></b> HR Update -</p> <ul style="list-style-type: none"> <li>• Point on redundancy within HR update needs checked with HR Director.</li> <li>• KH noted that there are clear tiers and steps to take before making any staff redundant.</li> <li>• AM expressed there has been great work done on the absence policy and commended the work of the department in reducing absence.</li> </ul> <p><b><u>Audit Exemption for Subsidiary Statutory Accounts</u></b></p> <p>In the same way as previous year, proposal was made to apply S479 audit exemption.</p> <p>A paper had been circulated by GC for consideration and approval</p> <p>Approved resolution – formally agreed by board.</p> <p><b><u>801/802 Monthly Report Pack and Programme Update</u></b> No further comments.</p>
7	<p><b><u>Consideration of External Reports</u></b></p> <p>Teneo draft report has been circulated to the Board and DT noted he will now feedback factual accuracy to the authors.</p> <p>FMI Report –</p> <p>The Board discussed the future of the yard and noted it would be useful to organise a meeting with Scottish Government and FMI to look at a strategy for the future. The Board agreed that the report is not strategic enough and there were concerns raised with the level of time it took to receive the draft report. TMcG advised that the procurement of the FMI report sits with Scottish Government and FMPG takes ownership of moving it forward. The Board disagreed with comments in the report suggesting that the yard cannot manage both BAE and the SVRP at the same time. Board consensus was the report does not include enough detail.</p>
8	<p><b><u>Health, Safety, Environment &amp; Security</u></b></p>

	<p>The Head of HSE talked to his report.</p> <ul style="list-style-type: none"> <li>• AM highlighted the importance of lessons learned being shared with the Board.</li> <li>• Observation Cards/Near Miss Reporting – AM suggested there could be an incentive for staff to report. SMcA will look at incentives for the best suggestion/observation.</li> <li>• Fire Alarm Drill was conducted this week and there was an issue with employees leaving T Cards on ship and in some areas, there were reports that the fire alarm could not be heard. SMcA is working on both issues with Managers.</li> <li>• A new extraction fan in pipe shop in now place and staff are feeling the benefit.</li> <li>• Every Thursday at 3pm there is now a scheduled clean of 801.</li> <li>• HSE Committee now in place and will meet in due course.</li> </ul>
9	<p><b><u>Reflection on Joint Board with CMAL</u></b>  A date for a further joint Board will be arranged in due course.</p> <p>Both FMPG and CMAL agreed the meeting was positive and useful.</p> <p>If a fast-track programme for the SVRP is agreed FMPG need to be ready. Designer partner to be discussed.</p> <p>DT advised he needs clarity on the SVRP to commit resources and plan. Ministers will be deciding on how it is awarded.</p>
10	<p><b><u>AOCB</u></b>  The Board agreed a £1000 COLA to be paid to all staff (excluding Directors and SMT). AM suggested this is taken into account in the pay negotiations for 2023/24.</p> <p>The Board thanked RM for his support as interim chair of the Board.</p> <p>The meeting closed.</p>