

Meeting Subject:			
FMPG Board Meeting			
Location	The Boardroom, FMPG		
Date	21/11/24	Time:	09:30am
Chairman	Andrew Miller		
Participants	<p><u>Non-Executive Members, FMPG</u> Andrew Miller, Chairperson (AM) Stuart Smith, Non-Executive Director (SNS) Valerie Scoular, Non-Executive Director (VS) Simon Cunningham, Non-Executive Director (SJC) Jim Gibson, Non-Executive Director (JG)</p> <p><u>Executive Members, FMPG</u> John Petticrew, Chief Executive Officer (JP) David Dishon, Chief Financial Officer & Accountable Officer (DD)</p> <p><u>FMPG Guests for individual slots:</u> Carol-Anne Knight, HR Director/Company Secretary (CAK) (part) Paul Blake, Interim Chief Operating Officer (PB) (part) David McVeigh, Business Development Director (DMcV) (part) Alex Logan, Trade Union Representative (AL) (part)</p> <p><u>Scottish Government</u> Colin Cooke, Directorate for Economic Development (CC) Dermot Rhatigan, Directorate for Economic Development (DR)</p>		

Item	Minutes	Action
1.	<p>Welcome and Apologies The Chair welcomed everyone to the meeting.</p> <p>Apologies Chris Mackay, Non-Executive Director (CM)</p>	
2.	<p><u>Declarations of Interest/Conflict</u> No declarations of interest were made.</p>	
3.	<p><u>Update from Health, Safety, Environment & Security Chair, JG</u></p> <ul style="list-style-type: none"> • The Health & Safety Committee sat on Wednesday 20th November 2024. • There is now a good infrastructure in place. • SMcA presented a HSE Strategic Plan to the Committee. • Discussions took place on the recent near miss incident. A comprehensive final report was presented. However, it was noted that all corrective actions sat with the Head of HSE. Should be the SLT who have accountability for this. • Two watches from the local fire brigade have now visited us on-site. The plan is to have another three watches visit. 	

	<ul style="list-style-type: none"> • PPE and the Shipyard Incident Management Plan (SIMP) are still being worked on. Hoping to have a view of these before the Xmas break. • There was a proposal to add Alex Logan, Trade Union Representative, to the H&S Committee. JG enquiring if the Board support this proposal. Confirmed that all Board members support this. • There are still some minor incidents taking place on-site. It is believed that a number of these were due to poor sub-contractor management. 	
<p>4.</p>	<p><u>Update from RemCom Chair, VS</u></p> <ul style="list-style-type: none"> • The RemCom Committee sat on Wednesday 20th November 2024. • Due to the preferred CEO candidate not commencing employment with FMPG, the search for another suitable candidate will be restarted. • JP’s contract as Interim CEO will be extended until April 2025. DD to draft a one-pager to the Scottish Government regarding JP extension including the terms and conditions. • Very little progress on the Strategic Workforce Plan due to delays with data gathering by the APC Planning Team. • Continuing to look at the capability levels of middle managers within the workforce. There are a number of programs that we could utilise to increase technical capability, and we need to map a path for key individuals in the business to help them access the programs available to them. • With regards to the pay deal, FMPG are following the guidelines of the Scottish Government framework agreement. No FMPG pay deal can be agreed until Scottish Government budget has been approved. However, it has been confirmed that there will be no COLA payment this year due to where inflation currently lies. • Work needs to be done on the FMPG benefits package to make it more appealing. It was suggested that we look at things like flexitime. VS advised that CAK is currently reviewing the benefits package and will present a paper at the next RemCom Meeting on this. • There are concerns that we will lose key talent from the company once 801 is handed over. We need a new mechanism to promote retention of key personnel. This will be looked at as part of the pay deal and benefits package. • The data coming through from exit interviews shows that staff reasons for leaving FMPG are primarily money driven as people will get paid more elsewhere. We need to ensure that good quality information is garnered from exit interviews to identify any other key themes regarding reasons for leaving. • Discussions took place around the proposed new Finance Structure. This includes additional resource and a restructure of the department. • HR are exploring options to carry out an Employee Engagement Survey. • There was a discussion on overtime payments for those working additional hours and our need to be able to compensate people if they go above and beyond or work excessive hours within the organisation. As well as monetary awards, other benefits like time off in lieu were proposed. 	
<p>5.</p>	<p><u>Update from ARC Chair, SJC</u></p> <ul style="list-style-type: none"> • ARC sat on Thursday 14th November 2024: • Annual Report and Accounts were signed on 31st October and sent to the Scottish Government on 1st November. 	

	<ul style="list-style-type: none"> • The accounts must be lodged with Companies House by 31st December. • We have received a copy of the Section 22 Report. All Board members have reviewed the report. • The Section 22 Report will be published on 17th December, and we should ensure that we have a comms plan prepared and a Media Consultant lined up for 16th December. It was noted that Audit Scotland tend to contact the media one week prior to the Section 22 Report being published. • No significant changes to the corporate risk register were noted. The top 5 risks have not changed, with the future of the yard still considered to be the biggest risk. • With regards to the project risk register for 802, this awaits the completion of the planning exercise to establish the timetable and cost for completion. We expect a first draft of this plan to be shared at the next Ops Committee Meeting on 5th December 2024. • Good progress is being made on the Internal Audit. Positive feedback has been received from BDO regarding FMPG engagement. • Discussions took place around the proposed new Finance Structure. This includes additional resource and a restructure of the department. 	
<p>6.</p>	<p><u>Update from Ops Committee Chair, CMac (update given by SJC as CM absent)</u></p> <p><u>801</u></p> <ul style="list-style-type: none"> • ██████████ is taking over the management of printing the manuals as after a review it was confirmed the current structure was not viable. • For warranty work we have an agreed expenditure of up to £3.5M for this. • Discussions are taking place regarding acknowledging the FMPG staff members who have gone over and above to ensure timely delivery of this project. <p><u>802</u></p> <ul style="list-style-type: none"> • A detailed planning regime has now been implemented. • All major Sub-Contractors are updating their progress accurately, with weekly or monthly progress reviews having now been established. • The Structured Key Stakeholder Learning From Experience (LFE) session is currently being discussed with a view to this being held by the end of January 2025. • The plan for the expected delivery date is being worked on by the Planning Team. 	
<p>7.</p>	<p><u>Engagement with Workforce/Trade Union Representative, AL</u></p> <p>A. Logan joined the meeting –</p> <ul style="list-style-type: none"> • AL is concerned that a lot of our second-year apprentices are applying for roles elsewhere like BAE systems. VS advised AL that discussions are taking place regarding the pay deal, how we can improve our benefits package and what we can do to retain key people. • AL advised that a lot of the workers in the yard are being under-utilised at the moment. Young welders don't have any welding tasks bigger than 2 inches at present and it is a frustrating time for them. JP advised that he attended the Apprentice Graduation on Thursday 7th November and assured the apprentices that we would get an independent administrator. AL noted that apprentice welders are logging enough hours to graduate but may not be getting enough hands-on experience. • A task team will be set-up for the apprentices. They will report weekly regarding progress and training of apprentices. 	<p>JP</p> <p>JP</p>

	<ul style="list-style-type: none"> AL noted that he believes the standard of apprenticeships is too high, with too many qualifications now required. JP agreed that the balance is off between the time apprentices have to spend sitting in a classroom compared with the time spent getting actual hands-on experience. AL discussed an interview he did for the BBC yesterday, the nature of which was looking at the journey of FMPG from 2014 to now. AM asked AL if the Board can assist AL with getting some media training. AL advised this would be helpful. AM thanked AL for his time. <p>A. Logan left the meeting.</p>	AM
<p>8.</p> <p>8a</p> <p>8b</p> <p>8c</p> <p>8d</p> <p>8e</p>	<p><u>Matters Arising</u> A copy of the FOI Log was shared with the Board prior to the meeting. It was noted that there is a rise in the number of FOI requests being received from Parliament researchers.</p> <p><u>Approval of Minutes of Board Meeting held on 16th October 2024</u> Confirmed that CMac updates to these were actioned. Board Minutes were approved.</p> <p><u>Approval of Minutes of ARC Meeting held on 16th October 2024</u> ARC Minutes were approved.</p> <p><u>Approval of Minutes of RemCom Meeting held on 15th October 2024</u> RemCom Minutes were approved.</p> <p><u>Approval of Minutes of H&S Committee meeting held on 15th October 2024</u> H&S Committee Minutes were approved.</p> <p><u>Approval of Minutes of Ops Committee meetings held:</u></p> <ul style="list-style-type: none"> o 24 July 2024 o 2 September 2024 o 7 October 2024 <p>All Ops Committee Minutes were approved.</p>	
<p>9.</p>	<p><u>SLT Board Reports:</u></p> <p><u>Interim CEO Report, JP</u> Pre read report shared.</p> <ul style="list-style-type: none"> JP read through the pre-read CEO Report that was issued to Board attendees. JP noted that one of the big Lessons Learned is the issues with the LNG installation. Had to get 24/7 watch-keeping for MCA. We were required to have a captain and chief engineer onboard 24/7 plus a security guard onshore for off hours. Gangways had to be monitored 24/7 also. 801 - Final approval was received from Lloyds yesterday. A discussion on Lessons Learned from 801 is scheduled for next week with FMPG, the Scottish Government, CMAL, CalMac and Lloyds all attending. An outside contractor has been brought in to do the 802 planning exercise. JP focussing on zoning areas. JP advised that we need to look at what we can do to retain key people. We need to bring together a plan for retention of the 10/12 people we consider to be key members of the team. We need to do a review of our benefits package to encourage people to stay and to also encourage new people to join FMPG. We need to review and ensure we stay within the rules of the SPFM. 	

	<ul style="list-style-type: none"> • JP noted that the committee for Capex had stalled slightly due to resources being seconded to 801. However, we have now broken into smaller groups with defined tasks and a time frame to complete these. There are 5 or 6 key items that need to be looked at including the infrastructure in the yard, roof erosion, gas supply and the quay side. No Capex has been assigned to this and it is believed that a lot of yard maintenance is required. • JP believes that the capability levels of middle managers needs to be looked at and address those who are under-performing. • SNS asking if there is any update on Capex approval? DD advised that he is going through the process at present. £14.2m in total. £8.5m is for yard development and £3.95m is for obsolete. The obsolete is things like the roofs that need fixed, cranes that need replaced etc. We have costs and lead times for these and hope to achieve these in this financial year. SNS enquiring how long it is likely to be before we get the approval? DR advised that they are trying to bolster the CMO case. DR advised that anything that is required for 802 will be easier to get approval for. DD asking if there is a template that we use for the obsolete equipment? DR advised that there is, and he will send a copy of the template to DD. DR advised that he hopes to have the Capex approval signed off in the next few weeks. • [REDACTED] • SJC asking if the date for the Lessons Learned session can be shared with the Board. • And finally, JP confirmed to the Board that 801 was handed over yesterday. <p><u>New Business Development Report, DMcV</u> DMcV joined the meeting.</p> <p>Pre read report shared.</p> <ul style="list-style-type: none"> • AM acknowledged that he appreciates the RAG status report shared by DMcV and advised that he believes the only thing that is missing from this is the cumulative totals. DMcV to get cumulative totals added. • [REDACTED] • [REDACTED] DMcV advised that we hope to have this within the next 2-3 weeks. VS is keen to get this communicated to employees as soon as possible after the signed document is received. • [REDACTED] • [REDACTED] • [REDACTED] • It was noted that the ship Endeavour built at Fergusons is due to be replaced. This will be an international global competition. <p>DMcV left the meeting</p> <p><u>CFO Report, DD</u></p> <p>Pre read report shared.</p> <ul style="list-style-type: none"> • 801 Costs Summary – 19,000 manhours in October which equates to 4,000 a week. • Under-recoveries were down this month. 	<p>DR</p> <p>DMcV</p>
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	<ul style="list-style-type: none"> • 801 Forecasted Costs To Go – DD advised that every time there is a delay on 801 this has an impact. In February, DD built-in a decent amount allocated to risk because of this. • R & D Tax Claim filed for 801. We received £250,000 last year. We could potentially receive £500,000 this year. • Currently tidying up all PO's for 801. Looking at outturn of £149.9m excluding post-handover work. • £3.5m budget has been ringfenced for 801 warranty work. • DD is awaiting confirmation of the £1.6m post-handover work costs. Should receive this early next week. • 802 – we have billed the Scottish Government £97m and started to accrue risk. We are building up that risk pot until we get the forecast. DD advised that it will be around 2 weeks before we get this, due to all the work that needs to be done. DD hoping to have the Plan to share at the Ops Committee Meeting on 5th December, however that was based on receiving information from the APC Planning Team this week. AM asking if we are likely to get this before the Xmas break? DD confirmed. It should be noted that Parliament goes into recess on 20th December. • Cash In Bank – £8.2m at the point of report preparation. Red line shows £7m working capital. Close to the red line on many occasions. • Regarding headcount, DD is going to ask Finance to assist HR in preparing a few pages on what type of data we can get on the headcount. This can then be used to prepare a dashboard, and DD can do an additional report on this monthly. • VS asking if the Board can see SJC's paper on the proposal for the above? SJC confirmed. • IT Update – we have received the vendor quotes for relocating the server room. The room next to IT has become a bit of a dumping ground for old IT equipment. This will all be cleared out to make way for the new server room. During the Xmas shutdown period, IT will work on relocating the server room while other staff are offsite. • JP added that data is being looked at by himself & DD regarding drilling down into booking time specifically to welding, or booking time to specific projects, but this is very much a work in progress at present. <p><u>Interim COO Report, PB</u> Paul Blake joined the meeting</p> <p>Pre read report shared.</p> <ul style="list-style-type: none"> • The consolidation of lessons learned from 801 will be completed with all stakeholders before the Xmas break. The Scottish Government has offered the support of an expert facilitator in this process. Scott Chalmers is assisting with this. • Increase in nightshift production capacity. Nightshift manager has now also been hired. • Critical path work on 802 is progressing. • Need to have better accountability for our failures. • Could take another 5 weeks for the stress analysis. Class approval will follow this. • Identify any potential material shortfalls for 802 due to lead times etc. • DD asking when we will we get the plan for costing? PB advised it will be next week. SJC highlighting that this deadline is later than what was previously anticipated and will likely have an effect on DD's plan to share the forecast at the Ops Committee Meeting on 5th December. 	<p>DD</p> <p>SJC</p> <p>JP/DD</p>
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	<p>█ – go/no-go, DD</p> <p>Pre read report shared.</p> <p>█ █</p> <p>█ █</p> <p>█ █</p> <p>█ █</p> <p>█ █</p> <p>█ █</p> <p>█ █</p> <p>█ █ █</p> <p>VS enquired how we go about asking the Scottish Government to consider a Salary Sacrifice scheme? Is it worth us submitting another paper on this? DR advised that the best course of action would be to send an email to First Minister, rather than preparing a paper to present.</p> <p>AM asking DR about who our touchpoints should be at the Scottish Government, now that Vikki Halliday has changed roles. DR advised that he will send a list of contacts to DD.</p>	<p>DD</p> <p>VS</p> <p>DR</p>
11.	AOB	
Next Meeting	Thursday 30 th January 2025 at 9:00am	

The meeting closed at 12.20pm