

Meeting Subject:			
FMPG Board Meeting - redacted			
Location:	Ferguson Marine (Port Glasgow)		
Date:	Thursday, 30 November 2023	Time:	8.00am
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) Simon Cunningham, Non-Executive Director (SC)</p> <p><u>Executive Members</u> David Tydeman, Chief Executive Officer (DT) Carla Roberts, Chief Financial Officer (CR) Carol-Anne Knight, HR Director (CAK)</p> <p><u>FMPG</u> John McMunagle, Trade Union Representative (JM) (part)</p> <p><u>Scottish Government</u> Colin Cook, Director of Economic Development (CC) Scott Chalmers, Asset Realisation, Assurance and Reporting Lead, SCAD (SCh)</p>		
Item	Minutes		
1	<p><u>Welcome and Apologies</u> The Chair welcomed everyone to the meeting.</p> <p>Apologies were received from: Vikki Halliday, Head of Governance & Assurance Unit, Strategic Commercial Assets (VH) Alex Logan, Trade Union Representative (AL)</p>		
2	<p><u>Declarations of Interest/Conflict</u> No declaration of interests/conflict were made.</p>		
3	<p><u>801/802 Analysis of Timetable/Costs/Risks and New/Latest Forecast</u></p> <p>DT advised that he only received the draft figures for 801 and 802 just prior to the board papers closure and as such they have not been reviewed or accepted by him to date. The financial changes on 802 are mainly in relation to maturing the contracts with the sub-contractors.</p> <p>801: SNS advised that he toured 801 on Tuesday, 28th November; this was followed by a review meeting which he left feeling more optimistic. In recent months the electrical installation has moved to the end of January, which is concerning, however, all ship systems are complete and while there is still some electrical work it should effectively be completed by mid to end of December. There are various issues in the same sort of position,</p>		

however, there are no Cat 1's left. Agreement has been reached with the electrical contractor who will finish on site on 17 December. There will be about 4000 hours to be completed with different resources. Most of the scaffolding has gone and there is some painting to do. JP added that the challenges are the finishing, however, they are not substantial.

SNS advised that the financials have gone up by so much that money has been moved out of contingency into actuals. DT concerned that some of the risk is crystallised on 801 but as noted above, any changes have not yet been reviewed or accepted.

Commissioning status is well advanced and dock trials are taking place just now. The main engines have been running to check that systems and everything is wired up correctly. The timetable for sea trials looks reasonable. Preparations for LNG seem to be good as well although not fully complete as some things are outstanding e.g. gas lines. DT commented that getting the change of contractor from Cryo Diffusion to Express Pipework in is a concern.

CM mentioned the lack of knowledge of what is in the stores remains and there wasn't as much progress in some of the kitchens in comparison to a few months ago. CM also mentioned we should plan for the contract now in terms of the legal requirement for the acceptance criteria.

SNS is concerned about certification as everything requires this. MCA evacuation routes and extra staircases are in good order in terms of completion. He left the meeting acknowledging that work should be achievable in four months, and he firmly believes it can be delivered on that schedule. SC asked what is better now than it was. SNS replied the electrical work being completed. JP had a tour of 801 and 802 yesterday and concurred with SNS with regards to the electrical work and agreed it is achievable.

DT explained that most of the outstanding work on 801 is now with specialist contractors and a new electrical contractor is ready to sign up for 802 next week. JP suggested having daily 'showstopper' meetings to pick up on any issues to be addressed. DT replied that AC runs a meeting every morning at 9.00am. SNS suggested that AC should have a daily follow up meeting with DT. DT advised they also have weekly handover meetings which sometimes includes the MD's/CEOs of the other companies. DT confirmed they have safety inducted Calmac masters and crew who are on site regularly. VS suggested they need to keep focus and momentum in the final four months. SC asked about morale and DT replied it is not high.

AM summarised that they are nearly there on 801 and have some concerns about sea trials. We need some pressure on the frontline and to look at how we keep the three other parties on the same timeline.

802:

SNS suggested that there is some under reporting on work to go which has already been done. He added the team must work on confirming everything that has been done and what is outstanding. A commitment has been made that they would have revised figures prior to the January Board meeting. SNS mentioned that earned value will change overnight and that needs to be fed into finance to start re-looking at numbers. This will also enable them to understand what is left to do and that will allow planners to do base

	<p>lining of the plan. Suggested we need a strong project team and a positive outlook from people as well as a plan of how we are going to do this.</p> <p>In answer to a question from CC, DT confirmed that figures for 802 will not change at present.</p>
<p>4</p>	<p><u>Business Performance Review of KPIs and latest metrics by CEO</u></p> <p>Metrics were discussed through Rem Com and DT and SG received a final email with CC contribution on Friday; this is subject to final approval. This includes personal metrics for DT as well as objectives for the business. DT has agreed the objectives, and he will report on these at the next Board meeting. VS suggested building this into the CEO report.</p> <p>Interim Board meeting to be held on Wednesday 20th December via a TEAMS call.</p>
<p>5</p>	<p><u>Pay Deal Update on Costs and Strategy</u></p> <p>VS explained the paper submitted to RemCom yesterday posed a few questions. CR therefore submitted an updated paper and CAK explained the paper and the implications of the costs.</p> <p>Pension salary sacrifice request was previously approved by the Board, however, following dialogue with SG, it was confirmed that salary sacrifice is not supported within their pay policy. Therefore this will not go ahead. As an alternative, a percentage increase in pension contributions has been proposed.</p> <div data-bbox="325 1003 1385 1223" style="background-color: black; width: 100%; height: 100%;"></div> <p>DT outlined the difference between planning assumption productivity and actual productivity and explained the difficulties around this. Some actions have been identified to improve productivity and productivity utilisation has been added to actions. JP advised that once there is a plan and schedule in place, areas for improvements can be pinpointed. CR advised this is already built into the budget however, there is a significant challenge in terms of people. We are at a disadvantage to other shipyards and a significant number of apprentices leave for more security. We need to address the skilled staff leaving and demonstrate strategy going forward.</p> <p>CM summarised that we need to tweak the paper to reflect that reduced hours have not been approved and we are looking for an increase in productivity. A summary document is required for SG. CAK agreed we have the parameters to work with and she has a good framework to start to navigate this and agrees it is about value for money. The shareholder will be kept informed of what we are trying to do.</p>
<p>6</p>	<p><u>New Business Opportunities and BAE latest updates: Timetable/Costs/Risks</u></p> <p>DT outlined progress on BAE; the job is 71% complete and should be 96% complete before Christmas with final completion by January.</p> <div data-bbox="325 1861 1385 2011" style="background-color: black; width: 100%; height: 100%;"></div>

	<p>Pre-outfitting: this is about making lots of brackets, hangers and is small measure work. It is low risk and will keep about 25 people busy. DT recommends that we should take this if we can price sensibly.</p> <p>In answer to a question regarding communications with BAE, DT confirmed DMcV leads on the client relationship, and we have two main points of contact, with other contact levels in addition – eg quality teams.</p> <p>No update on SVRP although they are doing preparation work for this in terms of looking at lead times for procurement.</p>
<p>7</p>	<p><u>EY Forecasting Project – Summary for Board</u> AM updated Board members on this issue.</p>
<p>8</p>	<p><u>SLT Board Update</u> CEO Report: DT advised that we are not accepting the numbers yet due to inadequate time to date to review, hence we are deferring financials until January and will hold the September position. CR confirmed there is no movement on figures and costs are committed in this financial year. CC commented he wants to be advised of any financial implications in this financial year. CR confirmed they report monthly to SG.</p> <p>VS asked about the MCA report. DT advised he was wrongly advised internally to suggest there was a disconnect between the MCA local and head offices. The Glasgow office were not wrong in their advice, but the message was picked up and misrepresented by internal FMPG staff. JP asked if the change will be the same on both ships and DT replied essentially it will be. We are in discussion with MCA re a few issues about the doors and they are not expecting us to change the corridor width in the crew area. DT confirmed we have the means of getting a passenger certificate and getting sign off and handover to Calmac.</p> <p>CFO Report: Financial update has been done for October. AM suggested there is a degree of discomfort in the numbers in terms of where we are. CM asked about SG future commitments beyond this year's budget. He suggested we need to see under recoveries for commercial regularised as it is unfair for the Board and DT as AO to be exposed to this. CC advised he is not aware of the timetable for that but it could be cleared before Christmas. CR advised that VH was working on 801 and 802 paper and not the commercial and added they are looking for approval on the issuing of the required guarantee to cover the subsidiaries. This was agreed.</p> <p>CR advised she will update the Risk Register actions, and expectations of the Board and filter that down to the people involved.</p> <p>CAK Update:</p> <ul style="list-style-type: none"> • Senior recruitment has had a lot of interest. Outcome from RemCom was that a lot more rigour and reporting to the Board is required • Employer relations: TUs have not had their mass meeting to date • Sea Trial proposal was supported yesterday by Rem Com • We have a three-year apprenticeship programme, but this should be four years. Issue re getting papers is ongoing, which is causing an income delay and is caused by a third party. We are supporting apprentices with this.

	<ul style="list-style-type: none"> • CAK will provide one page vacancy tracker to Board
9	<p><u>Health, Safety, Environment & Security</u></p> <p>SNS gave an update following a meeting of the H&S Committee yesterday:</p> <ul style="list-style-type: none"> • No concerns were raised over the stats provided • New permit system is now complete and is more robust than the previous one • Safety inductions are ongoing • ISO Certification has now started • Revisited the electrical incident to check everything is okay • Talked about improvement plan; SM looking at a higher-level IP involving ISO accreditation and setting targets for improvements • Producing a H&S handbook that will be documented in IP • No major safety concerns • Strong desire to improve the air quality; proposals around this, controlling the welding fumes in the building • Distinction made between the yard’s IP and the H&S work plan • Highlighted major incident response plan, will review this in the next month and have some kind of exercise next year. Confirmed business continuity plan sits with ARC. CAK suggested completing the Managing Safety qualification first and then look at doing a table-top exercise. CAK will discuss further with SMcA and schedule for the first half of next year. SC recommended bringing in an external facilitator for the exercise.
10	<p><u>Engagement with Workforce/Trade Union Representatives</u></p> <ul style="list-style-type: none"> • JMCM joined the meeting and was looking for an update on the SVRP as he is not sure of the implications for the yard given what the DFM mentioned in Parliament recently. AM advised they are looking at re-phasing the project bearing in mind finances that are available. There are some significant issues regarding procurement and legal principles around state aid and they want to ensure the procurement process is watertight. SG is looking to secure the long-term future of the yard and conclusions around process and legal issues hasn’t been defined. JMCM replied he takes the broader perspective of the local community and the knock-on effect on them in terms of the socio-economic benefits for the area. • JMCM raised the issue of scaffolding on 802 and suggested it could be taken down more cheaply, however, acknowledged that H&S issues are important in this situation. • JMCM raised awareness of the downtime logged against the Govan job. CAK will speak to CR regarding how to report downtime.
11	<p><u>Matters Arising</u></p>
11a	Approval of Minutes of Board Meeting held on 28 September 2023 Previous Board Minutes were approved.
11b	Approval of Minutes of H&S Committee Meeting held on 27 September 2023 Minutes approved/minor amendment.
11c	Approval of Minutes of Rem Com Meeting held on 27 September 2023 Minutes approved.
11d	Approval of Minutes of Rem Com Meeting held on 10 October 2023 Minutes approved.
11e	Approval of Minutes of ARC Meeting held on 26 October 2023 Minutes approved.

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AOB

Framework Agreement

No further update at present. CM has had a couple of discussions with VH since the last meeting. Nothing for the Board to approve as there are still three outstanding points which everyone is generally supportive of.

FOI Log

FOI log was circulated to Board members.

CM suggested having a training input on FOI for Board members. CC mentioned that SG could potentially support this.

Warehousing

Situation regarding the lease for the warehouse which needs to be agreed within the next two days. CM will discuss further with CR. CalMac supporting with identifying the parts which are currently in the warehouse. CAK confirmed there is a rigorous process in place to deal with this.

SC asked if we had a Legal Contracts Register and AM suggested, if not, we need to have one.

Warranties

To be looked at for next Board meeting. JP is the sponsor for this.

[REDACTED]

The Chair closed the meeting at 1.00pm