

<b>Meeting Subject:</b>			
<b>FMPG Board Meeting</b>			
<b>Location</b>	The Boardroom, FMPG		
<b>Date</b>	24/07/24	<b>Time:</b>	9.00am
<b>Chairman</b>	Andrew Miller		
<b>Participants</b>	<p><b><u>Non-Executive Members, FMPG</u></b>            Andrew Miller, Chairperson (AM)            Stuart Smith, Non-Executive Director (SNS)            Chris Mackay, Non-Executive Director (CM)            Valerie Scoular, Non-Executive Director (VS)            Simon Cunningham, Non-Executive Director (SC)            Jim Gibson, Non-Executive Director (JG)</p> <p><b><u>Executive Members, FMPG</u></b>            John Petticrew, Interim Chief Executive Officer (JP)            David Dishon, Chief Financial Officer (DD)            Carol-Anne Knight, HR Director/Company Secretary (CAK)            Paul Blake, Interim Chief Operating Officer (PB)            David McVeigh, Business Development Director (DMcV) (part)</p> <p><b><u>FMPG</u></b>            Alex Logan, Trade Union Representative (AL) (part)</p> <p><b><u>Scottish Government</u></b>            [REDACTED] (CC)            [REDACTED] (VH)</p>		

Item	Minutes	Action
1.	<p><b>Welcome and Apologies</b>            The Chair welcomed everyone to the meeting.</p> <p>AM gave a brief update on the recent visit from the Deputy First Minister.</p>	
2.	<p><b><u>Declarations of Interest/Conflict</u></b>            No declarations of interest were made.</p>	
3.	<p><b><u>Health, Safety, Environment &amp; Security</u></b>            Update from H&amp;S Chair, SNS:</p> <ul style="list-style-type: none"> <li>The two recent near miss incidents were discussed extensively at the HSE Committee. An official report is now in progress. HSE will share progress with the Board in due course. Investigation will be concluded in the next week or so.</li> <li>PPE campaign and compliance to work will be modified in line with recent near miss incidents. All involved will sign off a new procedure.</li> <li>Members of the Board visited the area of the incident during a site walk of 801.</li> <li>SC suggested an all-staff communication is shared regarding the near miss incidents.</li> <li>VS noted that eye injuries seem to be high. SNS advised this will be addressed in the Safety Campaign.</li> </ul>	JP/CN

<p>4.</p>	<p><b><u>Update from RemCom Chair, VS</u></b></p> <ul style="list-style-type: none"> <li>• VS advised an extra committee took place this week to cover 3 agenda points.</li> <li>• CEO recruitment requires more pace and focus. More clarity on the role is now in place. Three candidates are at the first stage, and we are confident the candidates meet future business needs. CEO package will be discussed with Scottish Government once we have met candidates.</li> <li>• An informal review of critical roles and talent within the organisation has now taken place. This was a useful exercise to discuss capabilities and range of talent required for the future needs of the business.</li> <li>• Sign off annual report is now complete.</li> </ul>	
<p>5.</p>	<p><b><u>Update from ARC Chair, SC</u></b></p> <ul style="list-style-type: none"> <li>• SC advised he has shared an update by email with all Board members. There was no further comments or questions.</li> </ul>	
<p>6.</p>	<p><b><u>Update from Ops Committee Chair, CM</u></b></p> <ul style="list-style-type: none"> <li>• The Ops Committee walked both 801 and 802 this week.</li> <li>• 801 –</li> <li>• Next key date is 4<sup>th</sup> August for the bunkering to take place.</li> <li>• Target date for handover of 801 remains week commencing 19<sup>th</sup> August 2024.</li> <li>• CM advised any potential delays should be communicated to the Ops Committee.</li> <li>• Positive discussion took place on warranty claims with DMcV and how they are handled.</li> <li>• 802 –</li> <li>• Ops Committee noted that the ship was quiet and there was not as much progress as they had hoped to see. JP advised 802 team are focused on planning a critical path which should be ready in 1 month.</li> <li>• Delivery date of 802 remains the same however we have lost time according to reports. JP advised we will gather time back by implementing a backshift. PB noted we need to implement sooner than later. Recruitment remains a challenge in this area however interviews are taking place this week and we are working with external agencies. JP noted it is very difficult to fill vacancies across the organisation at the moment.</li> <li>• CM noted the Ops Committee is keen to see the subcontractor pricing schedule as soon as possible. Good progress is being made in the spec and we should see the schedule in the next 4-6 weeks.</li> <li>• It was noted that the LNG subcontractor will likely change for 802. There has been no formal decision at present.</li> <li>• Contracts for 801 and 802 require two amendments – date and spec. VH advised Scottish Government are seeking advice at present. SC advised DD to ask Audit Scotland about a breach of contract issue. VH advised she is happy to liaise with Audit Scotland if required.</li> </ul>	
<p>7.</p>	<p><b><u>Engagement with Workforce/Trade Union Representative</u></b></p> <p>AL joined the meeting -</p> <ul style="list-style-type: none"> <li>• AL shared his disappointed in there being no direct award from the Scottish Government on the SVRP. They need protection for all trades and only new work does that.</li> <li>• AL thanked the Scottish Government for the investment and continued support for the yard.</li> <li>• AL advised the first meeting on yard upgrade has taken place and sub-groups will now be formed.</li> </ul>	

	<ul style="list-style-type: none"> <li>AL raised concerns with the lack of space in the yard to start the contract for the BAE units. However, there will be sufficient space when the mezzanine deck is fitted on 802. Lessons learned from the past BAE project need to be shared with the shop floor. PB advised we can get extracts from the BAE model to help with the build of the units. AL asked if we could have a member of BAE QC based at FMPG this time. Good project management is required to manage the process.</li> <li>AL noted concerns with recruitment and the lack of stability at top management. There is also no planning team in place within the organisation at present. Good staff continue to leave for our competitors. JP acknowledged AL's concerns and said we need to secure work to retain our staff.</li> <li>AL discussed apprentices not having sufficient work to learn their trade. JP noted that FR (apprentice coordinator) and DMcV are looking at daily work for them to practice.</li> <li>AL asked the meeting how we plan to modify the yard and continue BAE work at the same time. He added having investment is great, but we need to cascade information down to the shop floor.</li> <li>AL added that communication sharing from SLT down could be better.</li> <li>Monthly town hall meeting with shop floor was suggested.</li> <li>SC suggested the Board make time when onsite to meet staff and apprentices.</li> <li>Town hall meeting to be arranged to communicate Glen Sannox handover.</li> <li>VH thanked AL for his input in the DFM visit and introducing some of our apprentices and for his continued engagement with Scottish Government.</li> </ul> <p>AL left the meeting.</p>	
<p><b>8.</b></p> <p><b>8a</b></p> <p><b>8b</b></p> <p><b>8c</b></p> <p><b>8d</b></p>	<p><b><u>Matters Arising</u></b> FOI Log – pre read. No issues. CN will share up to date log.</p> <p><b><u>Approval of Minutes of Board Meeting held on 30<sup>th</sup> May 2024</u></b> Board Minutes were approved.</p> <p><b><u>Approval of Minutes of ARC Meeting held on 16<sup>th</sup> May 2024</u></b> RemCom Minutes were approved.</p> <p><b><u>Approval of Minutes of RemCom Meeting held on 29<sup>th</sup> May 2024</u></b> RemCom Minutes were approved.</p> <p><b><u>Approval of Minutes of H&amp;S Committee meeting held on 29<sup>th</sup> May 2024</u></b> H&amp;S Committee Minutes were approved. AG amending minute.</p> <p>CM to share Ops Terms of Reference with VH.</p>	<p><b>CN</b></p> <p><b>CM</b></p>
<p><b>9.</b></p>	<p><b><u>SLT Board Reports:</u></b></p> <p><b><u>Interim CEO Report</u></b></p> <ul style="list-style-type: none"> <li>Pre read report was shared.</li> <li>LNG remains difficult as we reach final completion on 801.</li> <li>801 Inclining test is happening at time of writing and has been very successful. This will now be shared with CMAL and CalMac and sent to Lloyds for approval.</li> <li>JP also commented on how well the DFM visit went.</li> <li>Lessons learned from 801 to 802 is now taking place.</li> <li>DD now has Accountable Officer responsibilities. The Board supports this structure.</li> <li>SC asked what the process and timeframe is to formalise a plan for the yard. AM/DD/JP will create a draft. SNS to be involved.</li> </ul>	

- VS suggested the investment from Scottish Government and how we plan to use it is communicated to the staff.

#### **New Business Development Report**

DMcV joined the meeting

Pre read report shared.

- CM asked the Scottish Government if they are supportive of FMPG bidding for SVRP. CC advised they will support this. DMcV to liaise with Scottish Government on wording and costs.
- AM asked if a dashboard with RAG status could be created to look at opportunities.

DMcV left the meeting

#### **CFO Report**

Pre read report shared.

- Executive summary has now been added to the CFO report.
- AC investigation has now concluded.
- £14.2m business plan is now going through due diligence. A risk register will be created, and a project code set up to ensure all spends are coded and governed.
- DD noted he still has confidence in the projected figures for 801.
- Audit Scotland – all queries are now answered.
- VS recognises DD's contribution to the company and thanked him for his efforts.
- SC added the new CFO Board pack is excellent and provides the Board with robust information.
- SC asked DD if he is confident the AC HMRC issues are in order. DD said he has pre-empted questions that may come up and believes no additional work will be required. An IR35 expert will look at any penalties and these can be based on how we handled and acted in the situation.
- CM – working capital requirements and under recoveries for this year. 2024/25 comfort letter now received from Scottish Government.

#### **Interim COO Report**

Pre read report shared.

- 802 restructure plan is in place and there is a good level of confidence in the Sept 25 delivery date. Adding a backshift being discussed to support.
- Warehouse inventory is now complete. Fit for purpose is taking place then we will assess if anything is missing.
- BAE build - first meeting is confirmed.

#### **HR Director Report/Company Secretary Report**

Pre read report shared.

- 7 new apprentices have been appointed and will start induction early August. There was a significant drop in applicants this year.
- Non exec questionnaire is now complete and with AM.
- CAK has completed the Company Secretary training.

<b>10.</b>	<b>Chia2 Refreshed Business Plan Update</b> <ul style="list-style-type: none"><li>• CM requested Ops Committee to have oversight of the capex plans.</li><li>• The Board emphasised the importance of securing new work for the yard.</li><li>• VS noted that productivity in the yard needs to improve.</li><li>• VH suggested a deep dive into the business case. Scottish Government to be involved in plans to allow feedback to ministers.</li><li>• DD advised we need to do the capex now, so we are ready for work after 802.</li></ul>	
<b>11.</b>	<b>AOB</b> No further comments.	
<b>Next Meeting</b>	Thursday 26 <sup>th</sup> September 2024 at 9.00am	

The meeting closed at 12.30pm