

<b>Meeting Subject:</b>			
<b>FMPG Board Meeting</b>			
<b>Location</b>	The Boardroom, FMPG		
<b>Date</b>	29 <sup>th</sup> May 2025	<b>Time:</b>	08:30am
<b>Chairman</b>	Andrew Miller		
<b>Participants</b>	<p><b><u>Non-Executive Members, FMPG</u></b>            Andrew Miller, Chairperson (AM)            Valerie Scoular, Non-Executive Director (VS)            Jim Gibson, Non-Executive Director (JG)            Chris Mackay, Non-Executive Director (CM)            Duncan Anderson, Non-Executive Director (DA)</p> <p><b><u>Apologies</u></b>            Martin Booth, Non-Executive Director (MB)</p> <p><b><u>Executive Members, FMPG</u></b>            Graeme Thomson, Chief Executive Officer (GT)            David Dishon, Chief Financial Officer &amp; Accountable Officer (DD)</p> <p><b><u>FMPG Guests for individual slots:</u></b>            David McVeigh, Business Development Director (DMcV) (part)            Alex Logan, Trade Union Representative (AL) (part)            Kenny Meechan, Trade Union Representative (KM) (part)            Carol Anne Knight, HR Director (CAK) (part)</p> <p><b><u>Scottish Government</u></b>            Dermot Rhatigan, Directorate for Economic Development (DR)            [REDACTED]            Colin Cook, Director of Economic Development (CC)</p>		

Item	Minutes	Action
1.	<b>Welcome and Introduction</b> AM commenced the meeting by welcoming all attendees and acknowledged the apologies from M Booth.	
2.	<b>Declarations of Interest/Conflict</b> No declarations of interest were made.	
3.	<b>Business Plan Scenarios</b> [REDACTED] [REDACTED]	

	<p>DD presented different scenarios [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>DD emphasised the importance of recalibrating the workforce to align with the current business needs. This alignment is essential to ensure the business can adapt to future opportunities and challenges.</p> <p>DD discussed the current under recovery situation and the need to utilise staff effectively while waiting for new work. He mentioned the importance of keeping staff engaged and productive during this period.</p> <p>Discussions included cost-saving measures in procurement and design, new business plans, and the shadow CMO assessment. Concerns were raised about the lack of social content in the LOTI tender and the impact on winning bids.</p> <p>There will be 15% social content from the National Shipbuilding Office. LOTI has no social content in tender. JG noted that LOTI uses the same criteria as SVRP1, making it unlikely for us to win. Border Force dates have been moved back meaning it will be the end of 2026/27 before an order is placed which presents an issue. [REDACTED]</p> <p>[REDACTED] Apprentice programme ability to qualify with current work was raised as a concern. We are collaborating with the college for funding to produce more apprentices.</p> <p>CC asked if there will be no business plan until after July.</p> <p>DD advised that EY agrees with presenting the business plan in July which has not yet been discussed with SG.</p> <p>GT noted that staff are disappointed with not winning the Western Ferries contract and require investment to support new work. [REDACTED]</p>	
4.	[REDACTED]	
5.	<p><u>SLT Board Reports:</u></p> <p>CEO Report</p> <p>Pre read shared.</p>	

GT provided updates on the 3 town hall (all staff) meetings he has conducted since joining the business. Staff engagement has been strong, and their mood has evolved positively with each successive meeting.

Yard clean-up is in progress while we manage resource utilisation.

Visits from PAC and NZET are planned for June and September.

The vibration report for Glen Sannox is now available, and a resolution is currently being pursued.

The Glen Rosa Review Group convenes weekly and is making significant progress. A revised baseline plan is being developed, which will include measurable metrics for reporting purposes.

Recruitment continues to be challenging as we fill key positions. Employees are leaving for competitors.

Future resource utilisation planning should focus on avoiding redundancy and ensuring efficiency. We must prepare strategically for the future.

JG inquired about any significant capability gaps. GT mentioned that future work with APC is not sustainable in the long term, and we need to develop our own capability in this area. As the estimating team come to the end of their careers, it is essential for us to acquire knowledge and establish an internal team. We should concentrate on business development and take a more proactive approach in marketing.

DR mentioned that there is support from the Scottish Government for marketing.

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

Pre Read shared

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DR requested that DMcV provide the Scottish Government with information regarding government bodies and social content requirements.

DA inquired whether the LOTI would operate on gas. DMcV mentioned that CMAL declined to comment on the power source during the last public engagement.

# **CFO Report**

Pre read shared.

DD announced that the Finance Team has been strengthened with the appointments of a Project Accountant, Payroll Manager, and Head of Audit and Risk.

An ERP system is currently being considered to improve the reporting connection between HR and payroll.

The yard remains under pressure as BAE has not commenced work due to delay in contract signing. Staff are being reassigned to maintain productivity. Activities are being monitored and accounted for.

The cost to complete Glen Sannox was £149m last year. However, delays have added pressure, raising the forecasted costs to £152m. Post-delivery costs could increase this to £154m and we still have £1.5m available, but we will not use all of it, expecting the amount to reduce by half. The final construction cost is projected to be under budget. We are continuing with guarantee work, which amounts to 0.5m. Crack costs are still being assessed. We are nearly there with finalising the project.

Glen Rosa has a build cost of £172.5m plus £12.5m risk. GT/DD are mitigating risk as they meet regularly and report to the steering group.

DD requested the Board to approve the establishment of new bank accounts. The Board granted its approval.

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

pre read shared.

Annual occupational health assessments are being conducted for those over 65.

Apprentices are performing well. The recent HNC results were positive and provided good PR.

There are 16 individuals on long-term sick leave.

Employee engagement is progressing effectively. Working groups are considering over 80 suggestions. Approximately 26% of the workforce participated in the working groups.

A 72% response rate was achieved for the employee engagement survey.

Recruitment efforts are currently underway, and a resourcing meeting is being conducted.

Initial discussions on the pay deal were successful.

CC inquired about the demographic of the workforce and whether there is a perception that employees are waiting for redundancy. FMPG will consult the Scottish Government regarding options for enhanced retirement or redundancy when necessary.

# **Company Secretary**

	GT is now registered as a director on Companies House.	
6.	<p><b><u>Audit Exemption for Group Accounts:</u></b> This is a recurring yearly agenda item. The Scottish Government's legal team is currently reviewing the matter, so it is temporarily on hold.</p> <p><b><u>IT Strategy</u></b> Significant work to do next year including Cyber essentials.</p> <p>Approval of the strategy is required from the Board. The Board requested that DD provide cost details and resubmit for approval.</p>	
7.	<p><b><u>Update from H&amp;S Committee Chair, JG</u></b> JG gave an update from the last HSE Committee.</p> <p>LRQA audit non-conformities updated within timeframe.</p> <p>JG highlighted the improvements in incident rates and the need to address persistent issues such as eye injuries. He emphasised the importance of continuous improvement in health and safety practices. This positive trend demonstrates the effectiveness of their health and safety initiatives.</p>	
8.	<p><b><u>Update from RemCom Chair, VS</u></b> VS provided high level points from the previous meeting.</p> <p>VS reported on the progress of the employee engagement programme, highlighting the positive response from employees and the importance of follow-through on suggestions. She emphasised the need for continuous engagement and improvement.</p> <p>A deep dive into Employee engagement is scheduled for July.</p> <p>VS discussed the recalibration and our approach to map timescales accurately [REDACTED] which is guided and influenced by the CMO.</p> <p>VS updated on the pay deal and advised a 10% increase was submitted by the workforce. Negotiations are ongoing and we will build a paper around requests.</p> <p>VS also noted that upcoming pay deal negotiations need to align with productivity improvements and emphasised the importance of measuring and improving productivity to support the pay deal.</p> <p>VS noted that based on SG feedback if we wish to progress salary sacrifice it needs to be submitted as part of the Pay negotiations proposal. Then we would discuss again with the Scottish Government.</p>	
9.	<p><b><u>Update from Interim ARC Chair, CM</u></b> CM updated on ARC –</p>	

	<p>CM updated on Internal and external audit. The senior leadership team is required to submit the reports by June.</p> <p>A letter of comfort is needed from the Scottish Government.</p> <p>The topic of going concern was discussed.</p>	
10.	<p><b><u>Update from Ops Committee Chair, DA</u></b> DA provided an update from the previous Ops Committee.</p> <p>DA reported that he is conducting monthly yard walks and noted progress on Glen Rosa during his latest inspection. The accommodation space is advancing as planned, with the galley scheduled to be installed next week. Wiring work is also progressing well, and the quality has been assessed as good.</p> <p>DA mentioned that a cultural change in the organisation is needed.</p> <p>DA noted concerns on Glen Rosa regarding the lower decks and machinery spaces but identified no issues with the completion and delivery of the upper decks.</p> <p>DA noted that the delivery date for Glen Rosa is achievable.</p>	
11.	<p><b><u>Engagement with Workforce/Trade Union Representative, AL</u></b> AL and KM joined the meeting –</p> <p>AL joined the meeting and discussed concerns about communication from the SLT, the direct award of LOTI, and the need for better engagement with the workforce.</p> <p>AL expressed disappointment in the Board and SLT for not informing staff about the Western Ferries contract before it was reported in the media.</p> <p>AL expressed appreciation to GT for his recent engagement with the workforce and noted it was well-received.</p> <p>AL requested a direct award for the LOTI replacement or SVRP2 during his recent meeting with the DFM.</p> <p>Apprentices require proper supervision and assurance, which can be achieved through effective communication.</p> <p>AL proposed to the Board that they meet the staff and apprentices while walking the yard.</p> <p>Union representatives requested that the Board collaborate and discuss future plans with them.</p> <p>AL and KM left the meeting.</p>	
12.	<p><b><u>Matters Arising</u></b> FOI Log</p>	

<p>12a</p> <p>12b</p> <p>12c</p> <p>12d</p> <p>12e</p>	<p>The pre-read has been reviewed, and the only suggested modification is to include a heading in the document.</p> <p>There are differing opinions between SG, DFM, and FMPG regarding the cost and schedule announcement.</p> <p><b><u>Approval of Minutes of Board Meeting held on 27<sup>th</sup> March 2025</u></b> To be revised and presented to the Board.</p> <p><b><u>Approval of Minutes of ARC Meeting held on 18<sup>th</sup> March 2025</u></b> ARC Minutes were approved.</p> <p><b><u>Approval of Minutes of RemCom Meeting held on 26<sup>th</sup> March 2025</u></b> RemCom Minutes were approved.</p> <p><b><u>Approval of Minutes of H&amp;S Committee meeting held on 26<sup>th</sup> March 2025</u></b> H&amp;S Committee Minutes were approved.</p> <p><b><u>Approval of Minutes of Ops Committee meetings held 17<sup>th</sup> March and 22<sup>nd</sup> April 2025</u></b> Ops Committee Minutes were approved.</p>	
<p>13.</p>	<p><b>AOB</b> Follow up Tasks –</p> <p><b>Communication with Workforce:</b> Improve communication methods to ensure the workforce is informed about contract outcomes before they hear it from social media. <b>(GT, CN)</b></p> <p><b>Sickness Policy Review:</b> Review the current sickness policy to ensure it is fair and supportive, especially for long-term serious health issues. <b>(CAK, GT)</b></p> <p><b>Employee Engagement Follow-Up:</b> Continue to support and follow through on employee engagement initiatives to maintain trust and gather innovative ideas. <b>(CAK, GT)</b></p> <p><b>Strategy Communication:</b> Schedule a meeting with AL to refresh him on the strategy, including the partnership agreement and the scope of future vessel projects. <b>(GT)</b></p> <p><b>FOI Coordination:</b> Coordinate with the team to ensure all FOI requests are reviewed and handled consistently and share the narrative with relevant parties. <b>(CN, DD)</b></p> <p><b>May 2025 Minutes Redraft:</b> Redraft the minutes to correct inaccuracies and ensure they reflect the discussions accurately. <b>(DD)</b></p>	
<p><b>Next Meeting</b></p>	<p>Thursday 31<sup>st</sup> July 2025 at 8.30am</p>	

The meeting closed at 1.30pm