

Meeting Subject:			
FMPG Board Meeting			
Location:	Ferguson Marine (Port Glasgow)		
Date:	Thursday 27 th July 2023	Time:	9.00am
Chairperson:	Andrew Miller		
Participants:	<p><u>Non-Executive Members</u> Andrew Miller, Chairman (AM) Robert Mackenzie, Non-Executive Director (RM) Stuart Smith, Non-Executive Director (SNS) Chris Mackay, Non-Executive Director (CM) Valerie Scoular, Non-Executive Director (VS) John Petticrew, Non-Executive Director (JP) via Teams</p> <p><u>Executive Members</u> David Tydeman, Chief Executive Officer (DT) Carla Roberts, Chief Financial Officer (CR)</p> <p><u>FMPG SMT</u> Andy Crossan, Ship Delivery Director 801 (AC) Eddie Purves, Technical Director & Operations Manager (EP) Carol-Anne Knight, HR Director (CAK) Pauline MacDonald, Supply chain Director (PM)</p> <p><u>Scottish Government</u> Colin Cook, Director of Economic Development (CC) Vikki Halliday, Head of Governance & Assurance Unit, Strategic Commercial Assets (VH)</p>		

Item	Minutes
1	<p><u>Welcome and Apologies</u> The Chair welcomed those present to the meeting.</p>
2	<p><u>Declarations of Interest/Conflict</u> No declaration of interests/conflict were given.</p>
3	<p><u>Health, Safety, Environment & Security</u> SNS advised the Board H&S Committee met yesterday. There is one correction to the papers; heading on left hand side of slide in the H&S report should read 'Year 23/24'. SNS summarised discussions which took place at the meeting. Common theme of the discussion was that there are plans for future improvements to safety culture and accountability. Year to date stats show a good improvement on previous years e.g. reduced lost days, reduced first-aid and increased reporting on near misses all of which are a positive sign. This improvement has been driven by the Health and Safety Department, which is welcome, however, it was acknowledged that the safety culture within the workforce needs to improve. The work to be done around safety culture will be specific.</p>

	<p>SNS confirmed that the HSE papers would be viewed/discussed at the H&S Committee first and would still be circulated in the main Board Pack.</p>
4	<p><u>Trade Union Reps</u> Engagement with TU reps was postponed until the next Board Meeting due to time constraints this month, however, the two reps will meet with the Cabinet Secretary later today during his visit to the yard. AM advised he met with both TU reps recently when they discussed various issues.</p>
5	<p><u>Matters Arising</u> 25th May Board meeting: Item 7: DT tabled the proposed new organisation chart to the Board last night which outlines the restructured SLT team.</p> <p>FOI summary to be added to the Board Pack going forward.</p>
5a	<p><u>Approval of Minutes of Board Meeting held on 25 May 2023</u> Minutes approved. Agreed that a small section of the 25th May 2023 Minute would be redacted due to commercial confidentiality.</p>
5b	<p><u>Approval of Minutes of ARC Meetings held on 2 May 2023 and 13 June 2023</u> ARC meeting held on 2 May 2023 focused on planning meeting with Audit Scotland. CR advised we have until mid-August to look at the outcome of the external audit.</p> <p>ARC meeting held on 13 June 2023 focused on a review of the accounts, 5-year plan financials looking at forecasting. There was also a focus on the internal audit plan for 2023/24, an introduction to the internal auditors and a plan of action for them. This plan will be accessible to ARC and the Board for assurance.</p> <p>RM will remain involved with ARC until the final accounts are signed off. The accounts will then go to the Board for approval and then to SG for their comment and feedback. ARC and Board Meeting will take place prior to the accountable officer signing the accounts. DT noted that a Section 22 is likely. CM suggested we need to have speedier decisions from the SG on issues including Capex approval. We also have Board vacancies which need to be filled and a decision is required on that. VS expressed frustration on behalf of the Board about the time SG takes to make decisions. CC acknowledged this and advised they will look at this going forward.</p>
5c	<p><u>Approval of Minutes of H&S Committee Meeting held on 5 July 2023</u> Minutes approved.</p>
6	<p><u>New Business Opportunities</u></p> <p>DT advised we are tracking ten items including coastal vessels.</p> <p>DT gave an update on BAE and advised we expect to sign the ITT for the bow block by the end of October.</p> <p>The order for the plating line needs to be placed as soon as possible to get it installed by December 2024. CC confirmed they can't commit to confirmation of Capex at present; however, they are working hard on this and will clarify a response in the timetable needed. DT replied that lead times could potentially be impacted if they do not have this clarity in the required timescale.</p>

	<p>SVRP</p> <p>DT advised that SVRP is critical to the business and a lot of work has been done in the background to take this forward. DT added that these are simple ships to build but are critical work for the yard. DT confirmed this would be a new build exercise as we don't have the facility to wrap maintenance into this. MCA approvals are being done by CMAL and the customer is taking on a certain amount of the design. DT confirmed that costings are robust and confirmed that assumptions on inflation and productivity have been included in these.</p>
<p>7</p>	<p><u>CEO Report</u></p> <p>Report taken as read.</p> <p>DT advised that the structural issues of the Framework, BAE and Capex are the most challenging issues at present.</p> <p>DT confirmed he will have a draft of the Corporate Plan completed in August which will go to the Board in September, then forwarded to SG at the end of September. CM asked if SG could provide support or resource with the Corporate Plan. FMPG would still be accountable for what is in the CP but support to draft and write this would be useful. Agreed that a formal request should be made to SG and CC confirmed they will look to see what they can do.</p> <p>CR will work on the Annual Plan for 2024/25. DT advised the total budgets for 801 and 802 were approved in a letter dated 24^h May. Costs to go will be validated on both ships this month and updated in August.</p> <p>Discussion on the Risk Registers and DT confirmed he will address various issues in the next month.</p> <p><u>CFO Report</u></p> <p>Report taken as read.</p> <p>June performance was as expected with recoveries improving.</p> <p>External Audit is ongoing and will conclude at the end of July with papers going to ARC in August. The finance team's focus is working on forecasts. CR confirmed the finance team have a process of getting operational data into finance figures. Internal audit priorities are changing every month now. They met last week with project management and had six key areas to look at. We will review and agree priorities at each of the ARC meetings.</p> <p>Meeting today with SG regarding working capital as need to establish the process for this. VH advised she will take this forward with LS.</p> <p>Corporate Risk Register to be updated quarterly now rather than annually. RM suggested they focus on the 801 and 802 Risk Registers and do a review of the Corporate Risk Register which should be an overarching review for new business. This should go through ARC and then be taken to the Board.</p> <p><u>Functional Updates</u></p> <p>EP gave an update on MCA issues which are presently being resolved and which should lead to MCA validation. CMAL have supported them with this. The best case will go forward to MCA within the next two weeks and the priority is to get MCA approval.</p> <p>PM advised there are resource implications in the team, and it has been difficult to retain people in the department due to benefits including pensions and home working. CAK agreed that trying to recruit</p>

	<p>people is challenging but retaining people is also a challenge. PM suggested that this has impacted in getting contracts in place for 802. Now looking to start negotiations with suppliers. EP mentioned they are looking at a performance type contract with discussion on negotiations with contractors rather than fixed price contractors. New planning control team will focus on controls for contractors on ships.</p> <p>CAK advised that work on HR1 is ongoing, and it is critical for us to move on with this.</p> <p><u>801/802 Monthly Report Pack and Programme Update</u> No material changes since issued.</p> <p>801: Sea trials moved to December. Will extend across a two-month period. Engine control room and wheelhouse were signed off yesterday.</p>
8	<p><u>Terms of Reference, H&S Committee</u> Terms of Reference were approved.</p>
9	<p><u>Framework Agreement Update</u> CM advised three meetings have taken place to discuss the Framework Agreement which needs to be updated. Audit Scotland are also looking for clarity on the wording of the FA.</p> <p>They have had a good discussion on the timing of the business plan approval process. Another detailed meeting to discuss the FA will take place with SG in mid-August. The aim is to email an update to the Board and have the FA signed off by the end of September. CC confirmed they will do everything they can to finalise this as soon as possible. VS added that the organisation needs to be able to make good quality decisions quickly, so we need to get this moving and we don't want the September deadline to slip. CC advised they want to come to an agreement suitable for everyone with and which maximises FMPG control. CM advised that he would recirculate the FA to the Board once agreement has been reached with both parties.</p>
10	<p><u>Remuneration Update</u> There has been no agreement from the sponsoring body in general. They are searching out other possibilities. Prevailing issue is a contract issue, and they are still trying to come up with a solution that satisfies all parties.</p>
11	<p><u>AOB</u> The Chairman closed the meeting at 1.10pm</p>