

Public Audit Committee

Informal discussion with staff at Ferguson Marine Port Glasgow – 31 October 2022

Anonymised meeting note

Attendees

- A small group of staff and Trade Union representatives
- Richard Leonard MSP, Convener
- Sharon Dowey MSP, Deputy Convener
- Willie Coffey MSP
- Craig Hoy MSP

Experiences and reflections of working at the shipyard when it was owned by the former organisation, Ferguson Marine Engineering Limited (FMEL)

It was explained to the Committee that soon after the yard went into administration in 2014, the former director of FMEL Jim McColl, explained to staff representatives that he would be buying the yard. This was considered to be a positive development as it was his intention to retain the workforce, in contrast to what was understood to be the case with other potential buyers.

The Committee heard that the former director of FMEL set out plans for a positive future for the shipyard. MV *Catriona*, the first contract won by FMEL and completed in 2016, was cited as an example of a ship that was “done well” and “kept the shipyard alive”.

Concerns were raised about the limited experience of FMEL staff employed to run the yard as well as the management style that was adopted. The Committee was told that staff regularly explained to managers that certain approaches or ideas wouldn't work, but they did not feel that they were listened to. It was explained to the Committee that the ambition the former director of FMEL had for the yard “was not informed by the people who had the experience”.

Concerns were raised about the way in which the shipyard was reconfigured, once FMEL had secured the contract to build vessels 801 and 802. It was explained that the approach was to “knock everything down” and construct new buildings which they felt had a negative impact on the operation of the yard. For example, the Committee heard that layout changes meant that unloading lorries could sometimes take 8 hours when it had previously taken only 20 minutes.

It was suggested that due to the size of the contract for vessels 801 and 802, the yard would never have been able to accommodate the two ferries at the same time. The Committee also heard that building the two ferries concurrently as well as making significant changes to the layout of the yard all at the same time, would have made it impossible to meet the original timescales. It was commented that securing

these contracts was the “demise” of the yard and that the events at the shipyard since the contracts were awarded to Ferguson Marine had led to the spirit of the yard being “broken” and that it had “destroyed our shipyard”.

The Committee heard that certain decisions taken by FMEL contributed to the significant increase in costs to construct the vessels. For example, purchasing a machine at £380k that was not fit-for-purpose. As there was no service contract for this machine, (which would have ensured it was subject to regular maintenance), staff had to wait for it to break down completely before it got fixed. It was explained that the machine would break down regularly, so production levels were often down at the yard while staff waited for the machine to be repaired.

Concerns were also raised about the protection of the vessels during their construction, explaining that they were never painted to protect them from rust. This was something staff were used to doing for previous vessels approximately every six-months.

The Committee also heard that a decision had been taken by FMEL to stop using a particular machine that was well used by staff. Despite staff challenging this decision, this machine stopped being used and was left out in adverse weather conditions. It was indicated that there had been plans to scrap the machine until management realised how useful it actually was.

The Committee was also told about the perceived level of wastage at the yard, with items left unidentified and/or sent to scrap. It was commented that staff “could see the money getting wasted”. On one occasion, it was explained that an item of scrap worth approximately £5k which belonged to Caledonian Maritime Assets Limited had been identified. This was later removed from scrapping and made use of.

It was indicated that the level of scrappage was “non-stop”. Concerns were also raised about the lack of local scrappage companies being used and questioned why this was the case.

Further concerns were raised about the level of work that was subcontracted to other companies. For example, much of the pipework was subcontracted as well as the burning of aluminium which was indicated to be an expensive task that could have been done at the shipyard.

The Committee also heard that a significant proportion of overseas workers were employed by FMEL via an agency. These workers were required to start earlier in the morning than existing staff. This meant that all the jobs and equipment for the day were usually taken by the time existing staff arrived for work. It was explained that existing platers and welders were placed in a smaller part of the yard from the agency workers and felt that they needed to “invent a job for ourselves”.

It was explained that while the former director of FMEL re-employed all existing staff, it became apparent that a significant number of managers were employed by FMEL, additional to what the previous owners had in place, and were paid very high wages.

It was also indicated that more senior staff were motivated by bonus payments and work on the yard was often prioritised to secure these payments. For example, it was explained that on one occasion, a funnel was built without any pipes, allowing some managers to receive a bonus, however, the work later had to be redone.

Regarding the relationship between the shipyard and CMAL, it was explained that many CMAL inspectors had previously worked for Ferguson Marine and therefore, there had been a long history of a supportive culture that existed between the yard and CMAL.

The Committee heard that quite early into the contract to deliver vessels 801 and 802, staff were told not to talk to the inspectors, which staff found very hard to do given the long-standing relationships they had developed with CMAL staff members, who were also former colleagues.

Experiences and reflections of working at the shipyard when the Scottish Government appointed Turnaround Director was responsible

A “culture of managers” was said to have continued when the turnaround director, Tim Hair was responsible for the yard, with lots of additional management staff being brought in by Mr Hair.

The Committee heard that one approach adopted was the use of a “weekend warrior allowance” to employ additional staff who “didn’t have the trade”. This approach often resulted in the existing workforce having to re-do sub-standard work.

It was explained that the Trade Union had communicated a vote of no confidence in the Board of Directors and the Senior Management Team to the Cabinet Secretary for Finance and the Economy towards the end of 2021 and that there was regret that this had not been done sooner.

Experiences and reflections of working at FMPG under current arrangements

Reflecting on the more recent changes at senior management level, the new Chief Executive, David Tydeman, was said to listen to staff concerns and “talks sense”. It was explained that the new Chief Executive had “parked his ego at the gate”, unlike previous senior management staff.

The Committee asked about the high level of owner observation reports referenced in the Auditor General for Scotland’s report.

A level of frustration was expressed about the number of units that had been completed for the vessels. For example, the Committee heard that the construction of MV Hebrides took 22 months to complete. In this same time period, only two units for vessel 802 had been constructed.

It was also explained that there is a recognition now that if CMAL ask for something to be fixed, it is fixed. There was also a recognition that both CMAL and FMPG are now part of the public sector, and therefore share the same objectives.

The Committee heard that there is always something in the news about Ferguson Marine being a “failed shipyard”. It was explained that vessel 801 is a “constant source of embarrassment” and that staff don’t tell people that they work for Ferguson Marine.

Concerns were raised about the possibility of further delays with the delivery of vessel 801. For example, some items that have been purchased for the vessels have been lying around the yard for a considerable amount of time and may therefore be out of warranty.

Concerns were also expressed that there remains a risk that the vessels may not be considered fit for purpose once they are completed. The importance of senior managers facing up to these risks was highlighted during the meeting.

Future work for the shipyard

It was explained that the absence of an in-house design team meant that FMPG would not have the capacity to build two new ferries, the procurement process for which commenced in October 2022. Staff indicated that the shipyard had a key role to play in the small vessels programme, which is around one year down the line.

Staff explained that one positive legacy left by FMEL was the recruitment of apprentices. The challenge is retaining the workforce once the apprenticeship has ended, as other companies are often able to offer more money to staff than FMPG is able to.

It was stated that Mr Tydeman is the first senior manager of the yard to talk about the possibility of the shipyard turning a profit.