

Public Audit Committee

Informal discussion with staff at Ferguson Marine Port Glasgow – 9 June 2025

Meeting with FMPG Senior Management team

PAC Present (Members) – Richard Leonard, Jamie Greene, Graham Simpson, Stuart McMillan

Members of FMPG's senior management team – Graeme Thomson (CEO), David Dishon (CFO & AO) and Andrew Milligan (Head of Engineering)

Following a tour of the yard, including on board the Glen Rosa, a general discussion took place

Discussion about the MV Glen Sannox (Hull 801) stress weld crack:

The Glen Sannox propellor issue and crack in hull were discussed and it was explained the issue was caused to the hull due to propellor vibration (it can move in different directions). The cause was never determined.

Solution sought by contacting experts at University of Strathclyde and internationally, rather than trying to fix by adding more steel. For the moment the issue is still being examined and then solution options will be identified and assessed.

Once FMPG has discovered the cause they will be able to have a conversation with CMAL and Calmac. The fix will be done when the ship goes back into dry dock.

If there is a need to change this on MV Glen Rosa as well, then this could also happen during dry dock pre-delivery or could happen post-delivery for example when it goes in for scheduled maintenance, subject to agreement with CMAL.

Discussion about future work for the yard:

After Glen Rosa is finished the key is to protect the core workforce. There is a lot of opportunity to go for, but the pressing issue is the timing of this work and there is not a huge amount of work in the next year.

Currently the yard is managing completion of MV Glen Rosa, and they are close to securing additional Tier 2 work in relation to defence contracts from BAE Systems.

FMPG is also looking at the following opportunities for future work:

- MV Lord of the Isles replacement (they have written to Cabinet Secretary asking for a Direct Award)
- UK Border Force vessels
- Trinity House lighthouses looking for small vessels
- Offshore windfarms Service Operating Vessels
- Small Vessel Replacement Programme (SVRP) Phase 2.

Current work takes the yard to Q2 2026.

FMPG require some local / social content included in the price part of the scoring. They are unable to compete with Eastern Europe on pricing.

Potentially there is a mix of public and private contracts for the future.

Discussion about competition:

It was explained by FMPG that when tenders go out to international bidders, FMPG cannot compete with labour rates. On the SVRP Phase 1 bid, from analysing their own bid and scores, FMPG scored highly on quality, beating the winning bid from Remontoya in Poland, but not on price.

Public/ Private contracts:

Members asked about the situation of being a publicly owned company and the conflict between a domestic market/ Scottish Government and trying to bid internationally in a competitive market:

FMPG explained that there is a reputational issue from the legacy of the late delivery of both MV Glen Sannox / MV Glen Rosa and this is a blot on FMPG reputation, despite years of successful ship building. FMPG needed to change the narrative with new work. It is a well-run yard, meeting the challenges of MV Glen Sannox and MV Glen Rosa.

FMPG accept what has happened and now need to demonstrate control in the short-term, and change the narrative so stakeholders have confidence that they are competitive so they can win credibility back.

Other yards have grown and adapted (through capital investment, creating productivity improvements and efficiencies) and are investing in better capabilities and FMPG hasn't done so for at least 20 years, possibly 30 years? Once investment and technology are put in, they can get out of a vicious cycle and become a much improved operation, capable of delivery projects on time and within budget once again.

FMPG explained that they are looking at the 10-year business plan and strategy and how they can become more efficient and attractive for future tenders.

FMPG explained that they are addressing where they went wrong on MV Glen Sannox and MV Glen Rosa, and significant improvements could be made for future work by reducing the costs of the initial design, added to the planning and procurement of the project and are looking at possible strategic partnerships.

Once a strategic partnership is in place that will be a significant step change / transformation in how they can approach projects, driving down costs, creating efficiencies and productivity improvements and, ultimately, becoming more competitive.

Discussion on orders v time: Members asked how quickly FMPG needs another order?:

It was explained that this needs to happen after MV Glen Rosa work. This ship will be substantially complete from a build phase in Q1 2026 and will move to the commissioning phase. For the workforce this would need to be by mid-2026 and if a new contract was secured now (with an initial six months design phase to start in the second half of 2025), FMPG can cut steel and start build units as staff start to move off MV Glen Rosa.

FMPG confirmed they will be competitive for MV Lord of the Isles replacement and can start straight away on design and supply chain, so securing this contract would align perfectly with the resource planning for the FMPG workforce.

Management team left room

Meeting with Trade Union Representative

Present (Members) – Richard Leonard, Jamie Greene, Graham Simpson, Stuart McMillan

GMB Trade Union Representative – Alex Logan

Discussion about apprenticeships and workforce in general.

It was explained that at FMPG, apprentices receive really good, often one-to-one apprenticeships but competition at BAE Systems/Faslane are very attractive. Apprentices can get better jobs/ pay with more opportunities and a 20-30 year career (mentions 100+ apprentices and over forty left to go elsewhere).

The former senior team had a five-year plan which is now a ten-year plan. Explained that the yard still has to win contracts. It is important that the yard finish Glen Rosa and try to get FMPG's reputation back. There is potential in the yard but they need to win the work. The TU has concerns but is trying to stay positive.

Discussion about union involvement at board meetings and union reps being minuted as “guests” (30 January 2025 board meeting minutes)?

Confirmed GMB attended a board meeting a fortnight ago for 40 minutes along with the shop steward. However, there was a lack of engagement/communication with the workforce.

The Board did not engage with the workforce about the western ferry. Unless the yard is given a direct award, they will not be able to compete.

Discussion on general work and costs. It will take estimated 35 million to keep the yard open and 5 million per month (these figures are unsubstantiated).

Running costs are high due to sub-contracted work, with foreign workers coming and doing one job, then returning two weeks later to do a different job as they are multi-skilled. With BAE Systems they are still in negotiation over three units. The Glen Rosa welding is mostly done and is now at fitting out stage.

Members asked if there had been a reduction in use of subcontractors and foreign workers

This being looked at and specifically in reducing numbers. The company have now started to reduce the use of subcontractors and also reduction of foreign labour.

Members asked about current available work, such as defence contracts, renewables and how the yard is placed

There is small vessel work but there is a need for Glen Rosa to move and be delivered.

Members asked if there was anything to add to the Committee's draft report what would it be

The message is that they need an award of work now. They need phase II of SRVP as a direct award or to win the Lord of the Isles vessel replacement. They do not want to be a feeder yard for BAE Systems.
