

Written submission from David Tydeman, former Chief Executive Officer, Ferguson Marine (Port Glasgow), 30 January 2025.

David Tydeman
By Email

30th January '25

Richard Leonard
Convenor, Public Audit Committee, Scotland

Dear Richard

Further to the recent communications, I provide my comments on the Auditor General's (AG) Section 22 report, Dec '24.

In the first few months of my term as CEO of Ferguson Marine (FMPG) from Feb '22, the AG commented in his section 22 report of spring '22 that the ...framework agreement (between the government and the business) was generic and FMPG was 'far from generic'.... he also commented that FMPG had scope for 'interpretation'. In subsequent open discussions at that time, it was noted that the CFO and chairman also had serious issues with the agreement.

The Auditors recent report on FMPG comments that the revised framework was not approved by Scottish Ministers until July '24. This extensive timeframe across more than 2 years highlights the difficulties in defining "interpretation" and meeting broader governance expectations.

There were also many (all publicly known/available information) changes and continuity issues over this period:

- the chairman who recruited me stepped down unexpectedly in spring '22 for personal reasons, and one of the existing non-execs directors (NxD's) took up the role as interim chairman.
- the CFO employed from June '20 resigned as an exec director in Feb '23, he was a key figure in the early years' development of FMPG post nationalisation, interpreting the framework with the chairman and with the sponsoring team prior to my appointment. This framed the governance routines I worked with until the current chairman and new NxD's changed them later in '23.
- the current chairman was appointed as a director in Feb '23 on his return from Australia and I welcomed the opportunity to assist in the recruitment process during late '22.
- an interim CFO joined the business for Jan '23 to Feb '24, unusually not becoming a director (companies house).

- during '22, in addition to reporting to the board and NZET committee:
 - I reported to the finance minister (until her departure for maternity leave) working with the sponsoring directorate in SG (which changed from 'Cobra' to 'Economic Development' during '22),
 - then to the deputy first minister,
 - and then to subsequent ministers in '23/'24,
 - there were also many changes of staff in the sponsoring teams as these changes took place.
- two new NxD's joined the business in early summer '22 and three NxD's left the business during '23.
- two new NxD's joined in the second half of '23, taking up new roles with the Remuneration and Audit committees later in Q4 '23.
- annual reports at Companies House comment on the role of sub-committees - Audit and Risk, Health and Safety, Remuneration & Operations,
 - I welcomed the improved governance routines developing during the second half of '23 with the new NxD's.
- one new NxD joined in Jan '24.
- as previously noted in evidence to NZET committee and other public forums, there was very significant staff turnover – office, admin, technical and trade skills – over the years since FMPG was set up in 2019.
 - the departure of two senior managers during '23 noted by the AG should thus be seen in context of the change in work mix as Glen Sannox progressed, Glen Rosa continued towards launch and “under-recoveries¹” started to build up - and the overall need for reduction in staff costs increased:
 - the FMPG annual accounts filed at Companies House 9th January '25, identify:
 - the FY24 total payroll cost of £12.71m (for permanent employees - 276 ops, 20 admin, excluding directors),
 - down significantly from FY23² at £13.33m (305 ops, 18 admin & excluding directors).

¹ as explained by the CFO in NZET committee in Dec '24 – these are overhead, management and other costs of FMPG which can't be charged to the ferry contracts.

² In contrast, the FY22 figures, excluding directors, £11.93, 318 Ops, 14 admin, highlights the increases in staff, changes in staff mix and competence levels actioned by me and my team during my first twelve months.

- the 12-month secondment agreement between CMAL and FMPG was set up and announced in Feb/March '22 and approved by the chairman and CFO at the time.
 - a variation to the contract was agreed in late '22 with CMAL to extend the duration and to enable the secondee to be openly confirmed as 'Ship Director' for the build of Glen Sannox.
 - The short-term³ contract for his consultancy was set up at the same time, although this unexpectedly stretched to a longer term as Glen Sannox programme slipped.

As a final comment, my departure was under a simple termination letter and as publicly known, involved a contractual right for a payment in lieu of notice. There was no settlement agreement, nor a non-disclosure agreement relating to the termination.

Yours sincerely

David

David Tydeman

³ It is public record that in late '22 the forecast handover for Glen Sannox was May '23.