

Confidential

DAVID MACBRAYNE LIMITED (“DML”)
MINUTES of the BOARD MEETING
held on Wednesday 13 December 2023 at 9.00 a.m.
in the Lewis Meeting Room, Gourock, PA19 1QP and by audio/video conference

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs) Section 33 (Commercial interests) and Section 36 (Confidentiality)]

Present: Erik Ostergaard (EO) – Chair
David Beaton (DB)
Robbie Drummond (RD)
Tim Ingram (TI)
Grant Macrae (GMac)
Sharon O’Connor (SOC)
Kay Ryan (KR)

In attendance: Andy Robinson (AR) – Transport Scotland
Janine Ward (JW) – Finance Director
Trevor McIlhatton (TMcl) – Transport Scotland (part)
Graeme Campbell (GC) – Transport Scotland (part)
Graeme Baillie (GB) - Head of Governance, Risk & Assurance (part)
Stephanie Griffin (SRG) – Company Secretary

Item	Action
1. <u>GOVERNANCE</u>	
1.1 APPOINTMENT OF DIRECTOR	
The Board noted the appointment of Kay Ryan to the David MacBrayne Limited Board with effect from 1 December 2023.	
1.2 SAFETY & ENVIRONMENT MOMENT	
E Ostergaard reported that severe winter weather had recently been experienced in Denmark but because there had been no preparation by the municipalities, the entire country had been paralysed and there had been multiple accidents. The lack of preparation had been due to budget cuts and now the entire budget for winter 23/24 had been used. He noted that despite budgetary pressure at CalMac the business needed to be able to maintain safe operations and be certain that the vessels were safe to sail. It was also noted that there were increasing budgetary constraints for the Scottish Government.	
R Drummond reported on a recent incident where staff were on Largs pier in a storm. Not only should they not have been out on the pier in the bad weather conditions but they then risked their lives to try and save a piece of equipment and were lucky to get away without injury or worse. He acknowledged that this behaviour stemmed from CalMac staff’s desire to assist, however they had put themselves in danger and should have had more awareness of their personal safety. Management had stressed the importance of personal safety to these staff.	
1.3 APOLOGIES FOR ABSENCE	
There were no apologies for absence.	
1.4 DECLARATIONS OF INTEREST	
The Board noted that K Ryan had a financial interest in her former employer, Loganair Limited, until the end of this financial year.	

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1.5 **MINUTES FROM BOARD MEETING OF 4 OCTOBER 2023**

The Minutes of the Board meeting held on 4 October 2023 were **APPROVED** and the Chairman was **AUTHORISED** to sign the minutes.

1.6 **ACTION LOG**

The action log was noted. All actions were complete or were Agenda items.

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

At this point T McIlhatton and G Campbell joined the meeting.

2. **STRATEGIC ITEMS**

2.1 **CHFS DIRECT AWARD PRESENTATION**

A Robinson presented as follows.

Ministerial Statement

A Robinson went through a recap of what the Minister had said in her Statement to Parliament, namely that a Direct Award was not a signal for business as usual but would allow an efficient, flexible model for delivery of this public service with island communities front and centre. He reported that the Minister had stated that a new management culture must emerge that was more supportive to communities & customers, more transparent and more accountable. A due diligence exercise covering financial, operational and legal aspects would be required.

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

At this point T McIlhatton and G Campbell left and G Baillie joined the meeting.

2.2 **RISK APPETITE**

The Board noted the Risk Appetite Statement 2024 which had been updated following the workshop at the October Board.

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

Action: T Ingram and G Baillie to discuss and agree wording which would remove any potential misunderstanding.

GB/TI

Decision

The Board **APPROVED** the Risk Appetite Statement 2024, subject to T Ingram's comments being satisfactorily resolved.

At this point G Baillie left the meeting.

3. **BOARD COMMITTEES**

3.1 **AUDIT & RISK COMMITTEE (ARC) – MINUTES OF 14 NOVEMBER 2023**

The Board noted these minutes.

3.2 **HEALTH, SAFETY, ENVIRONMENT & QUALITY COMMITTEE (HSEQCo) – MINUTES OF 8 NOVEMBER 2023**

The Board noted these minutes.

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3.3 REMUNERATION COMMITTEE (REMCO) – MINUTES OF 27 NOVEMBER 2023

The Board noted these minutes which had previously been circulated.

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

4. GROUP REPORTS

4.1 GROUP FINANCE UPDATE – OCTOBER 2023

The Board noted the report from J Ward.

4.1.1 DML Group P&L – October Financial Performance

J Ward reported that YTD performance was **[FOISA Status – Exemption under Section 33 (Commercial interests)]**

4.1.2 P&L Forecast for 23/24

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

4.1.3 DML Group Financial Risks and Opportunities – 23/24

The financial risks and opportunities 23/24 were noted. J Ward reported **[FOISA Status – Exemption under Section 33 (Commercial interests)]**

4.1.4 DML Group Balance Sheet

[FOISA Status – Exemption under Section 33 (Commercial interests)]

4.1.5 Cashflow Statement

J Ward reported **[FOISA Status – Exemption under Section 33 (Commercial interests)]**

4.1.6 CHFS Contractual Funding Update

This was noted.

4.2 PROPOSED AMENDMENTS TO DML GROUP PLAN 23/24

The Board noted the report from J Ward and she summarised the proposed amendments to the DML Group Plan 23/24 as follows: **[FOISA Status – Exemption under Section 33 (Commercial interests)]**

Decision

The Board **APPROVED** the Amendments to the DML Group Plan 23/24.

4.3 CHANGE EXECUTIVE COMMITTEE SUMMARY REPORT

The report was noted.

4.4 RISK REPORT

The Risk Report was noted.

4.5 BIODIVERSITY REPORT (2021-2023)

The Board noted the Biodiversity Report (2021-2023) which had been reviewed by the HSEQ Co and recommended for Board approval.

Decision

The Board **APPROVED** the Biodiversity Report (2021-2023).

4.6 ANNUAL ENVIRONMENT REPORT

The Board noted the Annual Environment Report which had been reviewed by the HSEQ Co and

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recommended for Board approval.

Decision

The Board **APPROVED** the Annual Environment Report.

4.7 **ANNUAL SAFETY REPORT**

The Board noted the Annual Safety Report which had been reviewed by the HSEQ Co and recommended for Board approval.

Decision

The Board **APPROVED** the Annual Safety Report.

5. **ANY OTHER BUSINESS**

5.1 **BOARD COMMITTEE COMPOSITION**

The Board noted the proposed changes to the Board Committees, following the new director appointment, as below.

Audit & Risk Committee (ARC) – 4 members

Grant Macrae – Chair – no change

Tim Ingram – member – no change

David Beaton – member – no change

Kay Ryan – appointed to ARC from 13 December

Health, Safety, Environment & Quality Committee (HSEQCo, formerly SafetyCo) – 4 members

Tim Ingram – Chair – no change

Sharon O'Connor – member – no change

David Beaton – member – no change

Kay Ryan – appointed to ARC from 13 December

Remuneration Committee (RemCo) – 3 members – no change

Decision

The Board **APPROVED** the changes to the Board Committees detailed above.

6. **DATE OF NEXT MEETING**

Wednesday 7 February 2024 at 9.00 am in Gourrock.

Signed:

E Ostergaard, Chair

Date: