

DAVID MACBRAYNE LIMITED
PUBLIC SERVICES REFORM (SCOTLAND) ACT 2010:
DUTIES TO PUBLISH INFORMATION

Introduction

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 requires listed public bodies, which includes David MacBrayne Limited, to publish information on expenditure and certain other matters at the end of each financial year.

This information provided covers the following areas;

1. Public Relations & Marketing
2. Overseas Travel
3. Hospitality & Entertainment
4. External Consultancy
5. Payments to Third Parties with value of excess of £25,000
6. Members or employees who received remuneration in excess of £150,000
7. Supporting sustainable economic growth
8. Efficiency, effectiveness and economy

The following information is provided to meet this requirement and all figures provided covers the period from 1 April 2017 to 31 March 2018

1. **Public Relations and Marketing**

Total expenditure in the period was **£840,248** which includes cost of marketing, sponsorship, online marketing, production of publications and public relations.

2. **Overseas Travel**

Expenditure of **£20,829** which relates primarily to work associated with building supervision and crewing of New Vessels. Other overseas travel relates to Business Development and travel for conferences and meetings with Tour Operators.

3. **Hospitality and Entertainment**

Expenditure of **£5,852** which relates primarily to work associated with building supervision and crewing of New Vessels. Other overseas travel relates to Business Development and travel for conferences.

4. **External Consultancy**

Expenditure of **£ 229,703** is total spend across the David MacBrayne Limited group for the period including professional services on Technical & IT Consultancy matters and Specialist advice on legislative impacts on our business.

5. **Payments to Third Parties with a value in excess of £25,000**

See enclosed supplementary provided statement with summary of payments by category of service and supplier.

6. **Members or employees who received remuneration in excess of £150,000**

One Director of David MacBrayne Limited received remuneration in excess of £150,000 in the 2017/18 financial year.

The Company publishes a Report on Directors' remuneration (including benefits in kind) within the Annual Report and financial statements which can be found on the Company's website at www.david-macbrayne.co.uk.

7. **Sustainable economic growth**

The ferry services provided by David MacBrayne Group play a key role in sustaining and enabling economic development in Scotland's island communities. A summary of what the company delivers is as follows;

- Employing 1710 staff, many of which from the island communities it serves
- Carries over 5 million passengers annually to 52 ports and harbours across the West Coast of Scotland.
- Carried 1.4 million cars and 80,000 commercial vehicles

Serving the Clyde and Hebrides, David MacBrayne's operating companies provide a lifeline and key service for our island communities. These include, but not limited to providing the transportation of the following:-

- food and clothing
- ambulance and fire engines
- medical supplies (e.g. blood and samples for testing)
- fuel
- newspapers/mail

Ferry services also enable island and remote peninsular communities to play a sustainable role in the Scottish economy through the movement of bulk goods, including;

- grain for whisky production and then whisky for export
- fresh produce, including live shellfish to continental markets
- cattle to market,
- hay and animal feed
- live fish for fish farms
- timber

Supporting major infrastructure projects account for a large part of commercial traffic carried on ferries with the following materials transported:-

- tar, aggregates and prefabricated concrete structures for road improvements
- building materials
- giant wind turbines required for electricity generation

Local residents also rely on ferries for routine day to day activities such as:-

- children going to and from school
- outpatients attending hospital appointments
- going on holiday
- business trips
- shopping and leisure

The area the Company serves is world renowned for its natural beauty and wildlife. It recognises that it has a role to play in protecting this environment. To help reduce the company's carbon footprint we are taking measures to cut fuel and emissions. Examples of how we are doing this are:

- Air Quality - Two LNG dual fuel vessels will help reduce emissions of harmful air pollutants including particulate matter which is of concern to both the environment and human health.
- Carbon - We have committed to reducing our carbon footprint by 5% by October 2019 (based on a 2016 baseline), we are currently on target to achieve this through careful management of energy consumption in our ports and increased operational efficiency on our vessels.
- Biodiversity - The CalMac Marine Awareness Programme continues to deliver important data for Scottish Natural Heritage on the marine wildlife in our network. A full volunteer programme across three routes has been gathering marine mammal data since April 2018 and the Marine Bird pilot for mentoring volunteers has been deemed a success and will be implemented next year. The Marine Awareness Programme has also delivered a number of initiatives to raise awareness about marine litter including a move away from single use plastics, community screening of "A Plastic Ocean" and supporting the Oban Steering Group for action on reducing plastic
- Our award winning Citizen Science project with Scottish Natural Heritage and Marine Scotland is already delivering important data on the marine mammals found across our network; 2018 saw a full

programme of volunteer surveys for both marine mammals and marine birds implemented on selected routes across the network.

8. Efficiency, effectiveness and economy

Our procurement policies and procedures are reviewed and updated to promote the Scottish Government Procurement Journey.

As an organisation we have signed-up to the Scottish Government Suppliers' Charter which is a joint statement between public sector buying organisations and businesses to agree to work together to improve public sector procurement processes and dialogue.

We recognise the need, where practical, to simplify and standardise processes and to ensure consistency in order to provide a fair and open approach to tendering.

With these aims in mind in our organisation will:-

- Consult with the business community to identify and reduce barriers to business.
- To increase efficiency and effectiveness in our tender process tenders are issued through public sector websites.
- Ensure that the approach to individual contracts, including large contracts and framework agreements, is supported by a sound business case.
- Keep the tender process as simple as possible, but consistent with achieving best value/value for money, to help minimise costs to suppliers;
- Unless there are compelling business reasons to the contrary ensure that adequate and appropriate publicity is given to contract opportunities that fall above £50k and below the OJEU threshold limits or are otherwise exempt from the public procurement directives;
- Standardised processes and templates;
- Removing duplication of effort by storing key information in a dedicated user workspace;
- Work with our customers to deliver value for money throughout the life of the contract
- Embedding a contract and supplier management module to better manage contracts once they are awarded

In addition, we issue the European Single Procurement Document to suppliers tendering for our business to enable businesses to familiarise themselves with public sector procurement processes and concentrate resources on quality aspects of their responses.

At a corporate organisational level, the executive team is keen to optimise the performance of our approach to Responsible and Sustainable Procurement. The Scottish Government's sustainable procurement flexible framework self-assessment tool and prioritisation methodology has been completed to determine our current position and an action plan is in place to develop our corporate policy. We are committed to embed sustainability in procurements in a relevant and proportionate manner and ensure that Procurement and other staff understand sustainable procurement principles and practice. This has included attendance at Marrakech Sustainable Procurement Training by procurement team members and we plan to roll out Zero Waste Scotland's Introduction to Sustainable Public Procurement e-learning to priority staff.

Supplier inclusion supports sustainable procurement and is of significant importance to CalMac. We are pleased that we have a diverse range of suppliers / providers to deliver the wide range of goods and services which we provide and contribute to our successes including small, medium enterprises (SME's) and Supported Businesses.

We recognise the importance of procuring services from Supported Businesses and Social Firms and the difference it makes to people's lives. There is a positive impact on the economic sustainability of these businesses to help build a wealthier and fairer country. Article 20 of the EU Directive 2014/24/EU allows for the direct award of contracts, and includes businesses where 30% of the workforce is considered disadvantaged or disabled. We were able to reserve three contracts under Article 20 and call -off from the Scottish Government's Supported Businesses Framework for a number of goods and Services.

Direct expenditure with supported businesses for the period April 2017 to March 2018 was £29,351 as broken down below.

- Haven Sign Factory - Signage £13,707
- Haven Printing & Mailing - Fulfilment £14,309
- Haven Recycling - IT Recycling & Disposal £1,335

A new call off contract from the Scottish Government supported businesses framework is in place with Haven Sign Factory for a four year term

The aim of the corporate policy is to support economic growth by delivering social and environmental benefits, supporting innovation and promoting public procurement process and systems which are transparent, streamlined, standardised, proportionate, fair and business friendly.

78% of our suppliers are small, medium enterprises with a total spend of £37.7m. This represents £69% with Scottish suppliers and a total spend of £25.8m. In food and drink with spend of £3.6m, 46 out of 52 suppliers are Scottish and 28 are from the Islands.

Our Procurement team supported the Supplier Development Programme Meet the Buyer Event at Murrayfield, Edinburgh on the 28 September 2017 which brings together buyers and suppliers, particularly SME's.

We will continue to strengthen collaborative relationships that will enable us to gain advantage through aggregation and technical innovation. Whenever, possible National Frameworks are utilised with spend of £3,057,443 in 2017/18. Savings achieved in this year through collaborative contracts was £189,046.