

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 2018 to 31 March 2019

1. Public Relations and Marketing

Total expenditure in the period was **£978,192** which includes cost of marketing, sponsorship, online marketing, production of publications and public relations.

2. Overseas Travel

Expenditure of **£4,811** 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 **£1,880** 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 **£115,035** 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 2018/19 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 - complete

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 **1758** staff, many of which from the island communities it serves

Carries over **5.2** million passengers annually to **53** ports and harbours across the West Coast of Scotland.

Carried **1.4** million cars and **80,000** commercial vehicles

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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. T

Carbon - We have been actively working towards our carbon footprint reduction target of 5% by September 2019 and are on track to deliver and exceed it. We have carefully reviewed our fuel efficiency programme and have set a new carbon reduction target of 7.5% by March 2020 based on a 2016 baseline figure. Our 3 hybrid vessels continue to achieve impressive reductions in fuel consumption compared to standard equivalent vessels. Our fuel monitoring system and externally verified carbon monitoring plans are improving operational efficiency and reducing fuel consumption.

Biodiversity - CalMac Ferries are one of the first Scottish organisations to undertake Biodiversity Base-lining for Biodiversity Net Gain. We now have quantitative biodiversity scores for each of our operated harbours and will be developing Biodiversity Action Plans for each site during 2019 to improve our biodiversity scores. The Marine Awareness Programme has continued to be a success with a full time Wildlife Officer on board during the months of March to September for the second year running. We have continued to raise awareness of the marine litter issue and we are actively participating in the Business in the Community Waste to Wealth initiative to reduce avoidable waste and promote the circular economy.

Our award winning Citizen Science project with Scottish Natural Heritage and Marine Scotland continues to deliver important biodiversity data to support the monitoring of Marine Protected Areas. The 2019 survey season has seen 2 extra survey routes added for the Marine Mammal surveys in addition to 3 routes being surveyed under the Voluntary Seabird at Sea programme headed up by JNCC.

8. Efficiency, effectiveness and economy - complete

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 2018 to March 2019 was £14,946 as broken down below.

- Haven Sign Factory - Signage £10,576
- Haven Printing & Mailing - Fulfilment £3,615
- Haven Recycling - IT Recycling & Disposal £755

A call off contract from the Scottish Government Supported Businesses Framework is in place with Haven Sign Factory for a four year term. The continuing rollout of wayfinding signage at ports and on board vessels, under the Port and Vessel Refurbishment projects will result in significant spend with Haven Sign Factory in the coming year.

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 £31.4m. This represents £70% with Scottish suppliers and a total spend of £21m.

Our Marketing team has created a strap line "Fresh TASTY & locally SOURCED to highlight the use of local produce from Scottish suppliers on board 14 of our vessels with retail outlets showing CalMac are an economic enabler for Scotland and the islands within our network

In food and drink with spend of £3.8m, 48 out of 53 suppliers are Scottish and 31 are from the Islands. We work closely with our main retail supplier to channel supplies through a one stop shop to reduce our carbon footprint and a number of local gin suppliers from the Islands such as Arran, Tiree, Isle of Skye, Barra, Kintyre and Islay wines are now sold on our vessels.

We have changed our menu to Mull of Kintyre cheddar which is used in our key signature dish.

In addition, we have sourced produce such as sandwiches, craft products and retail branded products from Scottish SME's

Our Procurement team attends the Supplier Development Programme annual Meet the Buyer Event which brings together buyers and suppliers, particularly SME's.

We worked with a Scottish SME who we met at the 2017 Meet the Buyer Event on a new uniform ordering portal which was successfully launched and mobilised for all employees to access which gives us greater cost control, visibility and paperless.

We support other events such as:

- Scotland Food & Drink - Meet the Buyer - Hampden Park , Glasgow
- Specialty Food Show – SECC, Glasgow
- Excel London - Hotel Olympia
- Scothot Scotland's Premier Showcase for Food, Drink, Hospitality & Tourism.

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 £2,353,979 in 2018/19. Savings achieved in this year through collaborative contracts was £282,651.

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