

# DAVID MACBRAYNE LIMITED

## MINUTES of a BOARD MEETING

held at the Ferry Terminal, Gourock, PA19 1QP on Wednesday 22 June 2016 at 10.15 am

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

**Present:**  
D C McGibbon (DM) (Chairman)  
M Dorchester (MD)  
R Drummond (RD) (items 1-5.2)  
S Hagan (SH)  
J Stirling (JS)  
A Tait (AT)

**In attendance:**  
R Hadfield (RH) (Scottish Government, Assessor)  
P Osman (PO) (Interim Company Secretary)  
C Patterson (CP) (Board Administrator)  
Ms C Roberts (CR) (HR Director, CFL) (items 5.2-end)

Item	Action
1. <b><u>Preliminaries</u></b>	
1.1 <b>Safety moments</b>	
<p>MD told of his drive into the staff car park earlier in the morning when an employee, carrying a fragile object, walked straight in front of his car obviously making the assumption that he would brake. He did so, but pointed out that no one should make such assumptions where safety was concerned – behaving cautiously, whenever safety was a risk, should always be the approach taken by CalMac staff.</p> <p>This led to a discussion about the importance of persuading guests, visitors or passengers to use handrails and other safety-related equipment, such as protective clothing, including hats and footwear.</p>	
1.2 <b>Chairman's welcome</b>	
<p>DMcG welcomed those present to the meeting, especially RH from TS.</p>	

### 1.3 **Declarations of interest**

There were no further declarations of interest, other than those previously made and known to all Directors.

## 2. **Minutes from 20.4.16**

### 2.1 **Approval**

Amendments were proposed and agreed to items 4.1.8, 4.2 and 6, subject to which the minutes were approved.

### 2.2 **Matters arising**

Item 2.1 - Valiant - MD reported that some further progress had been made by BT on Valiant, though he agreed to check on the level of connectivity at Ullapool. Connectivity was available at 66 locations and work continued to extend wi-fi to the whole network.

MD  
11.16

**[FOISA Status - Exemption under Section 33 (Commercial Interests and the Economy)]**

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Item 4.1.8 – Wemyss Bay – MD would express to the CalMac staff involved in the Wemyss Bay refurbishment the Board’s considerable gratitude for the hard and dedicated work they had contributed to maintaining services and achieving an open port in time for Easter.

### 2.3 **Action log**

Please see updated log attached to these minutes.

## 3 **Chairman’s Remarks**

### 3.1 **CHFS2 bid**

DM commented that this was the first DML Board meeting since the award of the CHFS2 bid and he wanted to express the Board’s thanks and appreciation to the bid team for the successful outcome of a process which had lasted for over two years and which had now secured the Group’s future for the duration of the contract period.

MD commented that, although the new contract had not yet been signed, mobilisation work had already started.

3.2 **Frontline Employee of the Year – Scottish Transport Awards 2016**

DMcG reported that Demi Wylie, formerly a team manager in the Operations Control Centre, had recently won this award for particular dedication in ensuring that a number of Island weddings had been able to take place as a result of her actions during the period of strikes in 2015. The Board offered her warm congratulations, which MD undertook to deliver.

MD  
12.16

3.3 **Re-appointment of non-executive directors**

DMcG confirmed that SH, JS and AT had recently been re-appointed as directors of the Company by the new Transport Minister. He thanked them for agreeing to extend their tenure, which would expire on 20.11.20. It was noted that SH, JS and AT (as NEDs) would be meeting the Minister in early November.

Candidates for the two vacant non-executive positions on the Board were now being sought.

4. **Group Reports**

4.1 **Group CEO Update**

MD referred to his paper dated 15.6.16 and added the following comments:-

4.1.1 **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

MD13.16

4.1.2 **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

MD3.16

4.1.3 *Sleat (and see item 2.2 above)*

**[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)].** The need to use this vessel elsewhere in the network showed that additional ships were required for the fleet. RH commented that all options should be reviewed for the summer 2017 timetable.

4.1.4 *Vessels*

MD reiterated comments made at previous Board meetings that the CalMac fleet was ageing and that this was hampering the provision of a full service. In addition, mechanical and equipment breakdowns were compounded by crew failure to report such events in good time, though they were now being encouraged to notify such situations earlier, a change in culture that would take some time to effect fully.

4.1.5 *Summer timetable*

This was working well apart from services to Sleat (see above).

4.1.6 *Referendum on 23.6.16*

The consequences of this would need to be considered if the result was to Leave the EU.

4.1.7 *Northlink bid process*

MD felt that there would be a change in the bid process for the new Northlink contract and that the preparation for this should involve the operator which understood community needs and the practical issues relevant to the provision of services.

4.1.8 *Stornoway*

**[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

MD  
14.16

4.2 **Group Finance Director's Report**

RD referred to his Report dated 22.6.16 and outlined its contents as follows:-

4.2.1 *12 months Group results to 31.3.16*

**[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

4.2.2 *External audit update*

The audit clearance meeting for the 2015-16 annual statutory accounts had now been held and only two minor issues had been raised. A DML Audit & Risk Committee meeting was scheduled for 6.7.16 to sign off these accounts.

4.2.3 *Balance sheet as at 31.3.16*

**[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

RD  
15.16

4.2.4 *CHFS1 Contract – Year 9*

**[FOISA Status - Exemption under Section 33 (Commercial Interests and the Economy)]**

4.2.5 *Gourock-Dunoon Year 5*

**[FOISA Status - Exemption under Section 33 (Commercial Interests and the Economy)]**

(The meeting adjourned at 12.20 pm till 12.55 pm when CR joined the meeting).

5. **Discussion Topics**

5.1 **Board and committee terms of reference (tors)**

DMcG thanked PO for the draft tors that had been circulated with the Board papers, which had been distributed while PO was away. As a result, PO tabled a note explaining in greater detail the reasons for some of the drafting, which he hoped would be of help to the Board. It was agreed that the directors would consider the drafts and amendments to them and revert to PO with their comments as soon as they could. These would be summarised and, if necessary, would be discussed again by the Board.

BOARD  
16.16

AT requested that the tors should contain reference to 'diversity' and PO undertook to draft wording for this.

PO  
16.16

5.2 **Business development paper**

The meeting noted this paper prepared by RD and agreed that it should be considered in greater detail at the proposed Strategy Day, for which MD would be requesting suitable dates.

MD  
17.16

The contents of the paper were reviewed briefly and with interest.

(RD left the meeting at 1.00 pm).

5.3 **Ministerial presentation**

A lengthy discussion took place about how DML should best present to the Transport Minister at future meetings the issues arising from the recent award of the CHFS2 contract. All those present thanked RH for his advice and guidance on the subject.

6. **IS working with SG initiatives**

A paper by Angela Clements outlining the ways in which CFL's IS department was working on a number of initiatives with the Scottish Government covering ICT quality assurance, Lessons Learned and Benefits Prioritisation was noted with interest.

In particular, following the successful outcome of the CHFS2 bid, help had been offered by the SG to CFL in its re-negotiation of IT contracts, a process which was now starting.

7. **Items for noting**

7.1 **Audit & Risk Committee minutes from 1.6.16**

Minutes of the last Audit & Risk and Safety Committee meeting were noted.

- AT reported that this had been a successful meeting and that PwC had commended the considerable improvement in risk management over the past year throughout the Group. He would be meeting KPMG later in the week to finalise DML's statutory accounts for 2015-16. AT  
18.16
- 7.2 Quarterly reports**
- Reports from SES, Operations, HR, Commercial, Technical and Projects and the Group Risk Register and Report to June, 20126 were noted. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]** MD  
19.16
- 8. Any other business**
- 8.1 Corsican visit**
- MD reminded the meeting that the visit from the Corsican ferry operator would be taking place at the end of the following week. After lunch at Gourock, the team would be travelling on the network accompanied by a number of CFL hosts.
- There had been an article recently in Shippax on this business and MD would circulate a copy of it to the Board. MD  
20.16
- 8.2 Lessons learned**
- MD suggested that the establishment of a 'lessons learned' process amongst other Scottish transport operators might be worthwhile. RH agreed to consider this proposal and revert to the Board with ideas as to how it might be progressed. RH  
21.16
- 8.3 Sharing resources**
- MD commented that cost savings could well be achieved by sharing resources amongst other government operations and he would prepare a paper for TS on ways in which this might be realised. MD  
22.16
- 9. Date of next meeting**
- 5 October, 2016 in the Boardroom, Gourock at 10.00 am.
- 10. Close**
- There being no further business, the meeting was declared closed at 2.00 pm.

Signed:  
**D C McGibbon**  
Chairman

Date:

2016