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DAVID MACBRAYNE LIMITED ("DML")

MINUTES of the BOARD MEETING

held on Wednesday 29 May 2019 at 10.00 a.m.

at Portavadie Marina, Portavadie, Argyll, PA21 2DA

[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 (DMcG) (Chairman)
- S M Browell (SMB)
- M Comerford (MC)
- R Drummond (RD)
- S Hagan (SH)
- D Mackison (DM)
- J Stirling (JS)
- A Tait (AT)

In attendance:

- J Beckett (JB) – Finance Director
- B Fulton (BF) – Director of Community & Stakeholder Engagement
- R Hadfield (RH) – Assessor, Transport Scotland
- S R Griffin (SRG) – Company Secretary

Item	Action
1. <u>GOVERNANCE</u>	
1.1 SAFETY MOMENT	
S Browell noted that there had been an incident on the MV Caledonian Isles when a vehicle passenger had not applied their handbrake and the car had started to roll backwards. The staff had reacted extremely promptly – ceasing car deck loading and putting down blocks. She suggested that consideration be given to further reminders to drivers to put on their handbrakes.	
A Tait noted that the layout of the Kennacraig car park was poor and the signage confusing. R Drummond confirmed that this would be reviewed during the ongoing traffic management review.	
R Drummond confirmed that walk-on passengers who were not on the pre-sailing manifest were added to the manifest by staff on board. He noted that a more modern ticketing system would allow this to be done more efficiently.	
1.2 APOLOGIES FOR ABSENCE	
No apologies for absence had been received and it was noted that the meeting was quorate.	
1.3 APPOINTMENT OF DIRECTOR	
It was noted that D Mackison had been appointed a director of the company with effect from 24 April 2019.	
1.4 DECLARATIONS OF INTEREST	
M Comerford's directorship of the Board of the Port of Tyne was noted. J Stirling's connection with the Engineering and Logistics Staff Corps was noted.	

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1.5 **MINUTES FROM BOARD MEETINGS OF 16 & 24 APRIL 2019**

The Minutes of the Board meetings held on 16 and 24 April 2019 were **APPROVED** and the Chairman was **AUTHORISED** to sign the minutes.

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

1.6 **ACTION LOG**

The action log was discussed as follows:-

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

118.18 ANY OTHER BUSINESS - STRATEGY

The Board agreed that they should hold a strategy session on 23 January based on the previous session work collated by D Gledhill.

Action: D Mackison would liaise with N Brown to organise a strategy session.

DM

D Mackison confirmed that he was discussing this session (to be held on 26 July) with N Brown. It was suggested that Customs House would be a suitable venue.

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

5.19 MEETING WITH MINISTER 26 FEBRUARY 2019

*It was noted that CalMac offered a unique proposition for the communities across the network and could act as an economic enabler. It was noted that this topic had been discussed at the DML-Community Board joint meeting with DML agreeing to commission a piece of work. **Action:** R Drummond to develop a scope & terms of reference for the work & circulate to Board. The costs for this activity would need to be included in the Plan.*

This action was in progress with B Fulton developing the scope.

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

15.19 GROUP CEO REPORT

*M Comerford commented that the Minister had encouraged CalMac to organise a reception for the Scottish Parliament & it was agreed that consideration should be given to inviting CMAL. The Board noted ScotRail held regular drop-in events for MSPs and CalMac could also consider doing something similar. **Action:** D Mackison and D McGibbon would provide suggestions for a Scottish Parliament reception to the May Board (with R Drummond to provide information on previous events held).*

RD (BF)

D Mackison confirmed that A Allan, Western Isles MSP had agreed to sponsor this event and that B Fulton's team were working on the event - with consideration being given to a stand with CMAL. J Stirling reported that the Safety Committee had suggested that the information on Masters' Decision Making should be included.

17.19 CALMAC COMMUNITY BOARD UPDATE

Action: *It was agreed that there should be another joint DML-Community Board meeting in autumn 2019, preferably on the network. It was agreed that a date should be put in diaries and B Fulton asked to arrange this with the Community Board (noting that the next Community Board meeting (after April's) was on 28 & 29 August).*

In progress – c/fwd.

18.19 CALMAC MD UPDATE

Action: It was agreed it would be good to have dinner with the Minister.

D Mackison reported that the Minister had advised that he did not have availability for a dinner but would look for availability for an informal meeting. C/fwd.

20.19 CALEDONIAN MARITIME ASSETS LIMITED PRESENTATION

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DM

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

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

All other actions were complete, for future meetings or covered under Agenda items.

2. **STRATEGIC ITEMS**

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

2.2 **LEADERSHIP CONFERENCE**

D Mackison reported that there had been 100 attendees from across the business at this full day event in Glasgow. The format had worked well and included an external compere and motivational speaker.

Feedback from staff had been positive, however there had fewer representatives from the vessels than was ideal and it was anticipated that there would be more at future events - with scheduling reviewed to allow for this. It was noted that the timing of the conference lined up with the new Business Plan and it was aimed to hold this as an annual event.

At this point B Fulton joined the meeting.

3. **GROUP REPORTS**

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

4. **STRATEGIC ITEMS (CONT'D)**

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

R Hadfield suggested that this work could usefully be reported when the Board met the Minister in September and J Stirling suggested that customer satisfaction be referenced at the Parliamentary event.

The Chairman thanked B Fulton and his team for their hard work in making the arrangements for the Islay network visit.

At this point B Fulton left the meeting.

5. **CHAIRMAN'S REMARKS**

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

It was agreed that it was important that the key people got together to come up with solutions for the island communities and it was suggested that Foundation Scotland may be in a position to assist with the interface between business and communities.

It was also agreed that network visits were useful and should be continued and that it was important to ensure that the Board obtained representative views from across the

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communities. It was also noted that it was important to be clear on the actions that had been taken as a result of issues raised by the Community Board.

6. GROUP REPORTS (CONT'D)

6.1 GROUP CEO REPORT

The Board noted the report from D Mackison and he reported as follows:

Key Activities Last Month

- Shetland Islands Council – a letter had been written to the CEO.
Action: D Mackison to write to Orkney Islands Council (interim CEO).
- Scottish Government Economic Forum –was driving economic growth via products & services; CalMac was a business that could be grown to provide benefit to Scotland.
Action: D Mackison to send out the link to the Economic Forum report to the Board.
- CMAL – regular meetings were being held with K Hobbs.
- Highland Council – they had been given a presentation; no particular issues raised.
- Outer Hebrides network trip – this had been extremely useful.
- Transport Scotland – meeting with R Hadfield and C Wilcock.
- Scottish Government – met with D Mackay (together with R Drummond).
- MCA –met with B Johnson (together with R Drummond) to present CalMac's view as a forward thinking organisation including L De Wolff's proposal to deal with fatigue management in an innovative way.

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

Key Activities Next Month

- CMAL – having discussed route and vessel perspectives there would be a meeting to discuss harbour perspectives.
- Rail matters – Transport Scotland had requested an update meeting.

6.2 GROUP FINANCE UPDATE

The Board noted the report from J Beckett covering the month to end April and she reported that the Business Plan had been approved and shared across the teams with objectives now owned by the business.

She reported that the external auditor was on site and more detailed information had been prepared in advance of their visit this year.

6.2.1 DML Group Financial Results – end April 2019

6.2.1.1 Group Profit & Loss versus Plan

Operating profit for month to 30 April 2019 was **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** ahead of Plan **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]**

6.2.1.2 Group Balance Sheet as at 30 April 2019

The group net asset position was Plan **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** and group cash balance was Plan **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** (including Plan **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** May subsidy having been received in April). Creditors of Plan **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** included advance ticket sales of Plan **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** (a 9% increase in passengers buying tickets in advance for summer). D Mackison commented

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that the Islay tourism representative had raised the subject of unmet demand and this was something that a new ticketing system could provide to the benefit of both CalMac and communities.

6.2.2 **CHFS2 Contract Year 3 Performance**

6.2.2.1 Summary Contract Year 3 Financial Performance

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

R Drummond confirmed that the ticket sales growth was primarily on the Clyde routes which had little retail but there also needed to be a greater focus on retail opportunities.

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

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

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

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

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

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

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

7. **BOARD COMMITTEES**

7.1 **AUDIT & RISK COMMITTEE (ARC)**

A Tait reported that he, D Mackison and S R Griffin had reviewed the Framework Agreement and it would be discussed at the Audit & Risk Committee meeting later in the week. Feedback had also now been received from J Beckett and C Roberts re Finance and HR matters and would be incorporated. The goal was to make sure the Agreement better reflected current circumstances i.e. since the commercial CHFS2 Contract arrangements had been put in place.

The Gifts & Hospitality process would be reviewed at the ARC meeting.

7.2 **SAFETY COMMITTEE**

J Stirling reported that the Safety Committee held on 24 May 2019 had reviewed its Terms of Reference and changes made would be put to the Board for approval in due course. It had been a positive safety report and a productive meeting which noted that passenger accidents had decreased and crew accidents increased slightly although there were no systemic issues. Management had outlined the new reporting programme 'PURE' which had been received very positively – with some vessels adopting it in advance of their training.

7.3 **REMUNERATION COMMITTEE**

S Hagan reported that there would be a Remuneration Committee meeting immediately following the Board.

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8. **MANAGEMENT REPORTS**

8.1 **MANAGING DIRECTOR'S REPORT**

The report from R Drummond was noted and he reported as follows:

Key Issues Last Month:

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

➤ Oban HSE action plan – this had been agreed with CMAL and submitted to HSE.

Key Achievements Last Month:

➤ Dry dock video – this had been released and had been successful.

➤ Leadership Forum – discussed earlier in the meeting.

➤ Minister in Armadale – R Morrison had hosted the Minister at the port (his third visit to CalMac since his appointment).

➤ CCA Global Standard 7 achieved by the Contact Centre – CalMac were the first company to achieve this standard and R Drummond would speak at the CCA Global conference.

➤ Resource for upgrades/obsolescence – CMAL have now agreed to this and recruitment for resource was underway.

➤ SCDI committee meeting hosted in Oban - they received a tour and presentation from CalMac.

➤ A Allan had been given approval to hold an MSP surgery on board.

Key Issues Next Month:

➤ CVs – discussed earlier.

➤ Communications review – discussed earlier.

➤ Call centre, Stornoway – initial PR was complete and there may be some follow-up PR once the team were operational.

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

9. **ANY OTHER BUSINESS**

9.1 **NORTH WEST EUROPE EMISSIONS STANDARDS**

M Comerford reported that the Safety Committee had discussed the potential new emissions standards in North West Europe and it had been agreed that this should be added to the risk register. It would be a huge industry-wide issue covering both sulphur and NOX emissions and Transport Scotland would need to be made aware.

9.2 **TRANSPORT SCOTLAND UPDATE**

R Hadfield reported that the Minister was due to visit Kerrera in late June and would also be meeting with E Robertson and M Burr and also with Hi-Trans – both meetings to have strategic marine items such as vessel design on the agenda.

The National Transport Strategy was being reviewed and would be sent out for consultation in the summer. The Strategic Transport Project Review would be integrated with the new Ferries Plan and this would be presented to CalMac in due course.

9.3 **MASTERS' DECISION MAKING EXECUTIVE SUMMARY**

The information that had been previously circulated was noted and R Drummond advised that a full presentation had been given to the Community Board and had been well received. Three stakeholder groups would receive the presentation with specific sailings information tailored to each group.

The Executive Summary would be sent to the Minister and M Russell.

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J Stirling commented that this was a very good piece of work and the Board noted that, on average, communities were served by 31% more sailings than 10 years ago.

9.4 **WINTER CANCELLATIONS**

The information that had been previously circulated was noted and the Board felt that this was a good piece of work.

9.5 **CMAL HOSPITALITY – PRESS REPORTS**

The Board discussed this matter and A Tait reported that the Audit & Risk Committee would be looking at the CalMac process. J Beckett confirmed that she had discussed the CalMac Policy with L De Wolff.

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

RD

9.7 **MV CLANSMAN**

R Drummond reported that there had been a crankcase incident with no damage to the engine or crankshaft, however, prior to fitting the replacement part, work was being done to test the engine and establish the root cause.

Action: R Drummond noted he would keep the Board informed of the resolution.

RD

9.8 **VIBRATION ANALYSIS TECHNOLOGY**

D Mackison commented that this was an example of taking difficult decisions early within the business.

10. **ADDITIONAL PAPERS**

M Comerford noted that the HSQE Director's report made reference to a significant portion of the vehicle accidents being commercial vehicles and R Drummond confirmed that CalMac would be carrying out a campaign whose content was currently under consideration.

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

Action: It was agreed that the KPI dashboard was a very good report and should in future form part of the main Board agenda.

SRG

11. **DATE OF NEXT MEETING**

Wednesday 3 July 2019, Marchwood at 1.00 p.m.

Signed:
D C McGibbon
Chairman

Date:

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