

Confidential

DAVID MACBRAYNE LIMITED ("DML")
MINUTES of the BOARD MEETING
held on Wednesday 25 September 2019 at 11.30 a.m.
in Suite 3, McDonald Holyrood Hotel, Edinburgh, EH8 8AU

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

In attendance: J Beckett (JB) – Finance Director
S R Griffin (SRG) – Company Secretary

Apologies: M Comerford (MC)

Item	Action
1. <u>GOVERNANCE</u>	
1.1 SAFETY MOMENT	
S R Griffin reported that there was an app called 'What 3 Words' which had allocated a unique three word address to every 3m square in the world and that the emergency services had been asking people to download it to pinpoint their exact location for rescue. A number of fire and rescue services within the UK were also using it to direct fire crews to exact locations.	
D Mackison reported that there had been an incident where a passenger had had a heart attack on board. The incident had been handled well but he noted that staff had been exposed to trauma and the business needed to ensure it took into account staff well-being and the duty of care. S Browell commented that she had previously used a post-incident review model. R Drummond confirmed that there had been a focus on staff care following this incident.	
Action: R Drummond would communicate the Board discussion to L De Wolff for consideration under his remit.	
1.2 APOLOGIES FOR ABSENCE	
Apologies for absence had been received from M Comerford.	
1.3 DECLARATIONS OF INTEREST	
There were no declarations of interest in addition to those previously declared.	
1.4 MINUTES FROM BOARD MEETING OF 28 AUGUST 2019	
The Minutes of the Board meeting held on 28 August 2019 were APPROVED , subject to removal of non-DML items, and the Chairman was AUTHORISED to sign the minutes.	

D Mackison confirmed that the next FMEL Project meeting would be held the following day.

Confidential

R Drummond confirmed that he was awaiting feedback from the Community Board on their discussions on the prioritisation of islanders.

1.5 **ACTION LOG**

The action log was discussed as follows:-

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

33.19 ANY OTHER BUSINESS – [FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)].

39.19 ISLAY STAKEHOLDERS MEETINGS

D McGibbon advised B Fulton the Board had discussed the recent Islay stakeholder meetings & agreed it was important that stakeholders were aware the DML Board was listening & responding to concerns expressed. It was also considered important to keep the Community Board in the loop & that they were appropriately credited for actions taken as result of their activity. B Fulton was asked for his views on the best way to feedback to Islay stakeholders and he suggested contacting a number of individuals and groups, with the Islay Community Board member, J Porteous being contacted first. B Fulton to pull together list of those individuals & groups to be contacted by Board for Islay & Western Isles following network visits /stakeholder mtgs held in May & March. R Drummond reported that B Fulton had collated themes captured in Islay, with updates & responses to community groups being collated for review by himself & D Mackison.

DM

It was noted that B Fulton had circulated this note and would be following up on actions. R Drummond commented that it was important to reflect those actions that were being progressed within the normal CalMac process e.g. via Area Managers. Action complete.

51.19 STRATEGY DAY

The Board agreed that this had been a useful process and noted that there were a number of actions agreed to progress matters.

Action: D Mackison advised that the paper was being prepared and formatted and would be circulated prior to the October Board then discussed at the October Board. C/fwd.

54.19 GROUP FINANCE UPDATE - CHFS2 Contract Year 3 Performance - Bid Commitments Update
J Beckett reported that the Bid Commitments had now been updated to account for changes to deadlines

RD

55.19 ANAGING DIRECTOR'S REPORT – Key Issues Last Month:

[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)].**

3. **CHAIRMAN'S UPDATE**

Meeting with the Minister

The Board discussed the meeting that had been held with the Minister earlier in the day and the views expressed, including in relation to the NIFS bid procurement process. They felt, and had raised at the meeting, that there remained a conflict between Transport Scotland's role as shareholder representative and its role in managing public service contracts.

4. **ITEMS FOR APPROVAL**

4.1 **ANNUAL REPORT & ACCOUNTS**

Confidential

4.1.1 **FINANCE DIRECTOR OVERVIEW**

The Board noted the report from J Beckett and she reported on the updated information in the Accounts with Pre-tax profits for 2018/19 being **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** after IFRS15 which was **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** ahead of Plan. Key variances were noted.

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

4.1.2 **DML ANNUAL REPORT & ACCOUNTS**

The David MacBrayne Limited Annual Report & Consolidated Financial Statements to 31 March 2019, including the Auditor's Report, were noted.

It was noted that the Audit & Risk Committee had carried out a full review of the DML Accounts and had recommended approval of the DML Annual Accounts to the Board. Furthermore the Board had previously received the Accounts for review and comment. J Beckett confirmed that all changes had been incorporated into the Accounts.

The Board **APPROVED** the DML Annual Report & Accounts and **AUTHORISED** them to be signed on behalf of the Board.

4.1.3 **LETTER OF REPRESENTATION**

The Board noted that the Audit & Risk Committee had reviewed the Letter of Representation and had recommended approval of it by the Board.

The Board **APPROVED** the Letter of Representation and **AUTHORISED** it to be signed on behalf of the Board.

4.1.4 **DIVIDEND POLICY**

The Board noted the Policy from J Beckett and she reported that it had been reviewed by the Audit & Risk Committee and recommended to the Board for approval.

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

The Board **APPROVED** the Dividend Policy, **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**.

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

4.2 **POLICY CHANGES**

The Board noted the report from L De Wolff and the updated Employee Support & Attendance Policy and Procedure.

Action: They requested that the reference to Maternity be updated to include Paternity where appropriate. RD(LDW)

Decision

The Board **APPROVED** the Policy changes, subject to the minor change identified above.

5. **BOARD COMMITTEES**

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

The Board noted that there had been no ARC meetings in the period.

Confidential

5.2 SAFETY COMMITTEE

The Board noted that there had been no SafetyCo meetings in the period. J Stirling noted that the recent incident on the Isle of Arran had been discussed earlier under Safety Moment and R Drummond confirmed that counselling had been offered to staff and line managers would continue to manage this.

5.3 REMUNERATION COMMITTEE (REMCO)

The Board noted that there had been no RemCo meetings in the period but there would be a RemCo meeting after this Board.

6. GROUP REPORTS

6.1 GROUP CEO REPORT

The Board noted that the report from D Mackison in the pack was the August report.

Action: D Mackison to circulate his September report.

DM

D Mackison reported that he had met the Perth Council CEO who was very positive about the progress that CalMac had made with Perth Harbour.

6.2 GROUP FINANCE UPDATE

The Board noted the report from J Beckett covering to end August.

6.2.1 DML Group Financial Results – end August 2019

6.2.1.1 Group Profit & Loss versus Plan

Operating profit was **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** YTD, **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** to Plan while Group Profit after SGL and business development was **+£1.9m** to Plan. **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]**

6.2.1.2 Group Balance Sheet as at 31 August 2019

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

6.2.2 CHFS2 Contract Year 3 Performance

6.2.2.1 Summary Contract Year 3 Financial Performance

This was noted.

6.2.2.2 Contract Variations (CVs) & Funding Update

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

6.2.2.3 Performance Penalties Deductions

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

6.2.2.4 Bid Commitments Update

These were noted.

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

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

Confidential

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

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

7. **ANY OTHER BUSINESS**

There was no other business.

8. **DATE OF NEXT MEETING**

Wednesday 30 October 2019 at 10.15 a.m. in Gourrock.

Signed:

D C McGibbon, Chairman

Date: