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DAVID MACBRAYNE LIMITED ("DML")
MINUTES of the BOARD MEETING
held on Wednesday 31 March 2021 at 10.30 a.m.
by video/audio conference

[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: C Murrie (CM) – Assessor, Transport Scotland
C Wilcock (CW) – Head of Ferries Unit, Transport Scotland
J Ward (JW) – Finance Director
D Burke (DB) – Commercial Director
S Hulme (Shu) – Change and IT Director
S R Griffin (SRG) – Company Secretary

Item		Action
1.	<u>GOVERNANCE</u>	
1.1	SAFETY MOMENT A Tait reported that he was driving in a 20 mile-an-hour zone when he was overtaken by a speeding car which narrowly missed a traffic island. He noted that it was important to take into account the likely actions of others. R Drummond reported that the ship that was blocking the Suez Canal had been hit by a freak gust of wind. He noted that CalMac vessels sailed in waters with rough, rocky coasts and shallow waters however the dangers and challenges that CalMac Masters faced were recognised and appreciated by management. M Comerford commented that bridge resource management was important and he noted that CalMac was extending this training to engineering crews.	
1.2	APOLOGIES FOR ABSENCE There were no apologies for absence.	
1.3	DECLARATIONS OF INTEREST There were no declarations of interest in addition to those previously declared which included M Comerford's membership of the Board of the Port of Tyne.	
1.4	MINUTES FROM BOARD MEETING OF 3 FEBRUARY 2020 The Minutes of the Board meeting held on 3 February 2020 were APPROVED and the Chairman was AUTHORISED to sign the minutes.	

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1.5 **ACTION LOG**

The action log was discussed as follows:-

66.19 AUDIT & RISK COMMITTEE (ARC) – 13 NOVEMBER 2019

Action: S R Griffin to look at the Northern Lighthouse Board Commissioners Handbook for production of something in a similar format. S R Griffin reported that the Conflicts Guidance was an Agenda item. C/fwd.

SRG

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

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All other actions were complete.

1.6 **BOARD ANNUAL PLAN OF WORK 2021**

The Board noted the Annual Plan of Work/Agenda Schedule 2021.

Decision

The Board **APPROVED** the Annual Plan of Work/Agenda Schedule for 2021.

2. **CHAIRMAN'S UPDATE**

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

2.2 **BOARD STRATEGY SESSION – 2 JUNE 2021**

D McGibbon reported that it was intended to hold the June strategy session on Skye (Covid-19 restrictions permitting) and some Board members advised that they did not have days for travel blocked in their diaries and may not be available.

Action: D Mackison to ensure that invitations were sent out regarding travel days.

DM

3. **STRATEGIC ITEMS**

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

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

4. **ITEMS FOR APPROVAL**

4.1 **MODERN SLAVERY STATEMENT**

The Board noted the Modern Slavery Statement and that this Statement would now come straight to the Board for review and approval rather than via the Remuneration Committee.

Decision

The Board **APPROVED** the Modern Slavery Statement and **AUTHORISED** its signature on their behalf and publication on the website.

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

4.3 **POLICY REVIEW**

The Board noted that there were two policies for approval as below:

Shore Based Employees Expenses Policy

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R Drummond reported that this policy had been reviewed and updated with wording added to ensure processes were applied and assurance provided.

Decision

The Board **APPROVED** the Shore Based Employees Expenses Policy.

Procurement Policy

J Ward reported that the Procurement Policy had been updated, under the Financial Framework Control Project, **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

Action: J Ward would establish when the next internal audit review of the Procurement function would take place and inform A Tait.

Decision

The Board **APPROVED** the Procurement Policy, subject to J Ward's review noted above.

JW

5. **BOARD COMMITTEES**

5.1 **AUDIT & RISK COMMITTEE (ARC) – MINUTES OF 17 FEBRUARY 2021**

The Board noted the minutes of the Audit & Risk Committee held on 17 February 2021. A Tait reported that the PWC audit contract would finish shortly and updated the Board on the status of the 20/21 Plan audit reviews. He reported that the Recruitment Strategy Review from the 20/21 Plan would be added to the Azets Internal Audit Plan 2021/22 which had been agreed at the February ARC meeting.

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

5.2 **SAFETY COMMITTEE – MINUTES OF 18 FEBRUARY 2021**

The Board noted the minutes of the Safety Committee held on 18 February 2021 and J Stirling reported that the S M Browell had joined the Committee. J Stirling reported that the Committee had discussed staff welfare and reviewed the Annual Safety Audit Plan. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]** The Committee had noted the leading indicator KPIs within Safety Strategy progress reporting and that the asset management team were conducting robust root cause analysis. He reported that the Environmental Strategy's challenging waste target was in line with the Scottish Government waste target.

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

They had received reporting on occupational health focused on absence, however the Safety Committee focus was on the health of employees including mental health. The Safety Committee had discussed Time to Talk and noted that senior executives and directors should feel they had someone to talk to.

5.3 **REMUNERATION COMMITTEE (REMCO) — MINUTES OF 17 FEBRUARY 2021**

The Board noted the minutes circulated previously. S Hagan reported that the RemCo had had a good discussion on succession planning.

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6. **GROUP REPORTS**

6.1 **GROUP CEO REPORT**

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

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➤ Board Strategy Session on 2 June – this would focus on a strategy review of the 3 Horizons model. A Tait suggested that an element of safety could still be included in this session.

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

➤ The Communications Update Report which had been circulated separately was noted.

6.2 **GROUP FINANCE UPDATE**

The Board noted the report from J Ward covering to end February 2021.

6.2.1 **Group Profit Performance– end February 2021**

J Ward reported that Operating profit was **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** with net profit of **[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), key positive variances were:

- Crew training expenditure deferred
- Projects re-phased due to Covid-19 (e.g. Ar Turas and Gourock-Dunoon upgrade)
- Efficiencies within ports and crew
- Efficiencies within IT & support services
- Fuel efficiencies (these related to consumption not fuel prices)

These were offset by increased spend on vessel overhaul.

The P&L was adverse on turnover and the key variances were noted.

6.2.2 **DML Group 20/21 Forecast**

The forecast Group Net Profit 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)]**.

The SGL Plan forecast deficit was **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]**, however the deficit had improved and was now forecast to be **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]**.

6.2.3 **Group Balance Sheet**

J Ward reported that the Balance Sheet figures had been skewed by the change in the impact of the fuel hedge, however the equity level remained good.

6.3 **GROUP CHANGE EXECUTIVE BOARD UPDATE**

The report was noted

6.4 **GROUP GROWTH EXECUTIVE BOARD UPDATE**

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

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

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6.6 **RISK REPORT**

The Board noted the Risk Report which had been reviewed by the Audit & Risk Committee. There was one new risk on Information Security with a number of mitigations being employed by management including a review of how the processes were being applied by the business.

7. **ANY OTHER BUSINESS**

7.1 **CONFLICTS GUIDANCE**

The report from S Griffin was noted and she reported that the Conflicts Guidance had been reviewed by the Audit & Risk Committee.

7.2 **RECRUITMENT OF CHAIRMAN AND NON-EXECUTIVE DIRECTORS**

C Wilcock confirmed that the appointments process would commence after the Election

8. **DATE OF NEXT MEETING**

Wednesday 5 May 2021 at 10.30 a.m.

Signed:

D C McGibbon, Chairman

Date: