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DAVID MACBRAYNE LIMITED ("DML")

MINUTES of the BOARD MEETING

held on Wednesday 29 September 2021 at 10.30 a.m.

in the Lewis Meeting Room, Gourrock, PA19 1QP and by audio/video 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 Wilcock (CW) – Head of Ferries Unit, Transport Scotland
- J Ward (JW) – Finance Director
- J Holland (JH) – Head of PMO & Project Management (part)
- S R Griffin (SRG) – Company Secretary

Item	Action
1. <u>GOVERNANCE</u>	
1.1 SAFETY & ENVIRONMENT MOMENT	
D McGibbon reported that an increased amount of Board time and discussion was now focused on safety (including this first item on the Board Agenda) thanks to the work of the Safety Committee.	
He reported that the life of a Formula One driver had been saved recently due to a safety innovation (the cockpit halo device) which a number of people in the sport had initially been against. He reported that there had also been a recent undercover report on smart motorways which concluded that safety was very poor with a high number of cameras inoperable and a total of 53 people killed on them over a four year period with the Department of Transport announcing an inquiry.	
1.2 APOLOGIES FOR ABSENCE	
No apologies for absence had been received although it was noted that A Tait would be late due to a medical appointment.	
1.3 DECLARATIONS OF INTEREST	
The Board noted the previously declared interests which included M Comerford's membership of the Board of the Port of Tyne.	
1.4 MINUTES FROM BOARD MEETING OF 14 JULY 2021	
The Minutes of the Board meeting held on 14 July 2021 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:-

18.21 POLICY REVIEW

L De Wolff confirmed that the Agile Working Policy project had been carried under formal project governance.

Action: It was agreed that L De Wolff should ensure that a formal risk assessment was carried out. This had been added to the project work for completion. C/fwd.

RD (LDW)

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

All other actions were not yet due or complete.

2. **CHAIRMAN'S UPDATE**

2.1 [FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

2.2 **BOARD APPOINTMENTS**

D McGibbon reported that his understanding was that the interviews for the Chair and Non-Executive Directors had now been concluded and the appointments were moving to the next stage within Transport Scotland. He noted that the last Board meeting for the outgoing directors would be 3 November 2021.

It was noted that a strategy session was in diaries for 20 October and D Mackison advised that he would circulate a note outlining the proposed discussion topics and arrangements shortly. The Board confirmed that they would prefer a face-to-face session.

3. **STRATEGIC ITEMS**

3.1 [FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

3.2 [FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

4. **BOARD COMMITTEES**

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

4.1.1 **MINUTES OF 18 AUGUST 2021**

The Board noted the draft minutes and A Tait reported that the Committee had received an update on preparation of the Annual Report & Accounts from the Finance Director and that the first Internal Audit reports from Azets had been delayed but would be coming to the November ARC meeting. He further reported that there were two new escalated risks and that J Ward had updated the ARC on the finance team restructure and controls framework activity.

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4.1.2 **ANNUAL REPORT TO THE BOARD**

The Board noted the report outlining the work of the ARC during the year.

4.2 **SAFETY COMMITTEE – MINUTES OF 19 AUGUST & 10 SEPTEMBER 2021**

The Board noted the draft minutes and J Stirling reported that the 19 August meeting had focused on the health, safety and welfare of staff including the negative impact of disruptions on staff and that the Committee was happy to lend their support to a letter from the Board to the Minister. He noted that the Committee had been advised that the Environmental Manager was leaving and although she had achieved a great deal this presented an opportunity for the business to consider what role it required for the future.

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[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

4.3 **REMUNERATION COMMITTEE (REMCO) — MINUTES OF 18 AUGUST 2021**

The Board noted the draft minutes circulated previously

[FOISA Status – Exemptions under Section 33 (Commercial interests)]

5. **GROUP REPORTS**

5.1 **GROUP CEO REPORT**

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

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

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S M Browell welcomed the formation of the 'Challenges & Barriers Experienced by Females at CFL' sub-group of the Inclusive CalMac Steering Group reported in the Communications Report.

5.2 **GROUP FINANCE UPDATE**

The Board noted the report from J Ward covering to end August 21.

5.2.1 **Group Profit Performance– to end August 21**

J Ward reported that Operating profit was [FOISA Status – Exemptions under Section 33 (Commercial interests)] with net profit of [FOISA Status – Exemptions under Section 33 (Commercial interests)] and key variances were:

[FOISA Status – Exemptions under Section 33 (Commercial interests)]

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

[FOISA Status – Exemptions under Section 33 (Commercial interests)]

5.2.2 **DML Group Forecast 21/22**

J Ward reported that the forecast was for operating profit of [FOISA Status – Exemptions under Section 33 (Commercial interests)] with a net loss of [FOISA Status – Exemptions under Section 33 (Commercial interests)]

[FOISA Status – Exemptions under Section 33 (Commercial interests)]

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

5.2.3 **Balance Sheet**

This was noted.

5.2.4 **Cash Flow Statement**

This was noted.

5.2.5 **KPIS**

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R Drummond reported how the 86% Deliver Customer Service Excellence KPI results were measured and confirmed that the results related predominantly to island-based passengers, rather than visitors.

5.2.6 **DML FY 20/21 Accounts Update**

J Ward reported that both Revenue and Cost of Sales were lower due to the impact of Covid-19 on demand and level of service. Covid funding of [FOISA Status – Exemptions under Section 33 (Commercial interests)] had been received under CHFS Contract variations. She confirmed that the berthing dues prepayment related to annual fixed fees which were paid in advance.

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

A Tait commented that it was important to keep a close eye on the CFL accounts position

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

At this point J Holland joined the meeting.

5.3 **GROUP CHANGE EXECUTIVE BOARD UPDATE**

The report was noted

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

At this point J Holland left the meeting.

5.4 [FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

5.5 [FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

5.5.1 [FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

5.6 **RISK REPORT**

The Board noted the risk report

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

6. **ANY OTHER BUSINESS**

6.1 **2022 MEETING DATES SCHEDULE**

S R Griffin reported that the 2022 Board and Committee meeting schedule had been reviewed by D McGibbon and D Mackison

Action: S R Griffin would send out the proposed 2022 Board and Committee meeting schedule for Board member review before invitations were sent out.

SRG

6.2 **JIM STIRLING**

D McGibbon noted that it was J Stirling's final Board meeting and thanked him for all his work on the Board and his excellent contribution to the work of the Safety Committee as its chairman.

7. **DATE OF NEXT MEETING**

Wednesday 3 November 2021 at 10.30am in Gourock.

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Signed:
D C McGibbon, Chairman

Date: