

Confidential

DAVID MACBRAYNE LIMITED ("DML")
MINUTES of the BOARD MEETING
held on Wednesday 3 November 2021 at 10.30 a.m.

in the Lewis Meeting Room, Gourock, 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)
A Tait (AT)

In attendance: C Wilcock (CW) – Head of Ferries Unit, Transport Scotland
J Ward (JW) – Finance Director
C Roberts (CR) – HR Director (part)
S Hulme (Shu) – IT & Change Director (part)
S R Griffin (SRG) – Company Secretary

Apologies: J Stirling (JS)

Item		Action
1.	<u>GOVERNANCE</u>	
1.1	SAFETY & ENVIRONMENT MOMENT S M Browell reported that the Royal Navy had carried out a review of their At Sea training programme and found it was being delivered by the trainers according to their own previous At Sea training and thus a significant number of years out of date. Feedback received also suggested that it was also not suitable for modern trainees and overall it fell a long way short of the required standard. It was also found that the assessment was subjective and non-standardised – coming down to the view of the individual carrying out the assessment. The training now in place, which included safety and dealing with emergencies, combined on-board learning with video training followed by a scenario-based assessment. The learning for CalMac was that safety was not a standalone issue and should be embedded within working practices with a consistency of application of processes. Furthermore safety was also part of culture and leadership and should be embedded throughout the organisation.	
1.2	APOLOGIES FOR ABSENCE Apologies for absence had been received from J Stirling.	
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. He also noted that one of his in-laws was a director of Foundation Scotland who were involved with the CalMac Community Fund.	
1.4	BOARD COMMITTEE AND DML GROUP SUBSIDIARY COMPOSITION The report from D McGibbon and S R Griffin was noted. D McGibbon reported that, following the end of the appointment terms of J Stirling (Chair of Safety Committee) and S Hagan (Chair of Remuneration Committee) the recommendation for new Committee Chairs as follows:	

Confidential

- Chair of Safety Committee – M Comerford
- Chair of Remuneration Committee – S M Browell

He further reported that following the end of his own term of appointment, it was recommended that D Mackison replace him on the Boards of the subsidiary companies below. This meant that following J Stirling's departure the Boards of these subsidiary companies would comprise R Drummond and D Mackison.

- Argyll Ferries Limited
- David MacBrayne HR (UK) Limited
- NorthLink Ferries Limited
- Cowal Ferries Limited
- Rathlin Ferries Limited

Decision

The Board **APPROVED** the appointment of the new Safety Committee and Remuneration Committee chairs and D Mackison's appointment to the above-named subsidiary companies after the end of the relevant Director's term of appointment.

D McGibbon reported that he would discuss these changes with the new Chair of the Board in due course.

D McGibbon reported that the new Non-Executive Directors had been interviewed and selected however their appointment process was still underway and formal notification of their appointments had not yet been received. C Wilcock reported that he hoped that the appointment of the DML Chair (which was a matter requiring First Minister approval) would be announced in the near future.

1.5 **MINUTES FROM BOARD MEETING OF 29 SEPTEMBER 2021**

The Minutes of the Board meeting held on 29 September 2021 were **APPROVED** and the Chairman was **AUTHORISED** to sign the minutes.

1.6 **ACTION LOG**

The action log was discussed as follows:-

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

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

JW

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

AT/DM

28.21 2022 MEETINGS

It was suggested it was important to meet staff on network visits as well as meeting communities. **Action:** Future Board meetings on the network should be expanded to include informal staff interaction. C/fwd.

All other actions were not yet due or complete.

SRG

Confidential

DM/DMcG

2. **CHAIRMAN'S UPDATE**

2.1 **HOUSE OF LORDS COMMITTEE**

D McGibbon reported that he and D Mackison had presented online to the Westminster All-Party Parliamentary Maritime and Ports Group which was undertaking a review of ferry provision around the UK regarding connecting remote communities. **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

2.2 **BOARD STRATEGY DAY**

D McGibbon noted the Board had held a strategy day on 20 October **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

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

At this point C Roberts joined the meeting.

DM/DMcG

3. **STRATEGIC ITEMS**

3.1 **HR DEEP DIVE PRESENTATION**

The Board noted the presentation from C Roberts and she outlined the current HR organisational structure in detail.

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

At this point C Roberts left the meeting.

4. **ANNUAL REPORT & ACCOUNTS**

4.1 **FINANCE DIRECTOR'S OVERVIEW**

The Board noted the Overview which laid out the financial performance for 20/21 **[FOISA Status – Exemptions under Section 33 (Commercial interests)]**

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

4.3 **DAVID MACBRAYNE LIMITED ACCOUNTS 20/21**

The David MacBrayne Limited Annual Report & Financial Statements to 31 March 2021, including the Auditor's Report, were noted.

A Tait reported that the Audit & Risk Committee (ARC) had undertaken a detailed review of the Annual Report & Accounts, including the report on the audit from the External Auditor, KPMG, and recommended the DML Accounts for Board approval. D McGibbon thanked the Finance team and the ARC for their hard work in producing and reviewing the Annual Report & Accounts.

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

Decision

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

Confidential

4.4 **LETTER OF REPRESENTATION**

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

Decision

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

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

5. **POLICY REVIEW – ABSENCE POLICY**

The Absence Policy was noted and R Drummond reported that further refinement to this policy had been carried out to make the triggers clearer and simpler. It was now a clearer, stronger policy that remained fair and reasonable and allowed the flexibility not to apply the policy in certain circumstances. The updated Policy had been presented to the unions who had indicated they were happy with it. M Comerford commented that it was important to ensure that there was an objective measure and fair process behind items such as the dangerous/hazardous sport/activity exclusion.

Action: The following corrections were to be made: 1) page 5, 8.2 third line remove 'make'; 2) Appendix 3, first sentence 'absence' corrected to 'absent'.

RD

Decision

The Board **APPROVED** the Absence Policy, subject to the minor typos outlined above.

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

7. **BOARD COMMITTEES**

7.1 **AUDIT & RISK COMMITTEE (ARC) MINUTES OF 17 SEPTEMBER & 11 OCTOBER 2021**

The Board noted the draft minutes.

7.2 **SAFETY COMMITTEE**

M Comerford noted that the Safety Committee was continuing to monitor the review of technical bulletins and good progress was being made – with the work being carried out in systematic way which should reduce the risk of exposure as quickly as possible.

7.3 **REMUNERATION COMMITTEE (REMCO)**

The next meeting of the Remuneration Committee would be on 17 November 2021.

8. **GROUP REPORTS**

8.1 **GROUP CEO REPORT**

The report from D Mackison was noted **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

The Communications Report was noted **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

8.2 **GROUP FINANCE UPDATE**

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

Confidential

8.2.1 **Group Profit Performance– to end September 21**

J Ward reported that YTD Operating profit of **[FOISA Status – Exemptions under Section 33 (Commercial interests)]** was on Plan and YTD net profit of **[FOISA Status – Exemptions under Section 33 (Commercial interests)]** to Plan. Key variances were:
[FOISA Status – Exemptions under Section 33 (Commercial interests)]

8.2.2 **DML Group Forecast 21/22**

J Ward reported that the forecast **[FOISA Status – Exemptions under Section 33 (Commercial interests)]**

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

8.2.3 **Balance Sheet**

Changes to the balance sheet **[FOISA Status – Exemptions under Section 33 (Commercial interests)]**

8.2.4 **Cash Flow Statement**

This was noted.

8.2.5 **KPIS**

Two Corporate KPIs were amber:

- Safety – accidents were at 1.5 per 100k passengers (slightly below target of 1.4 per 100k)
- **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

The remaining five corporate KPIs were green.

At this point S Hulme joined the meeting.

8.3 **GROUP CHANGE EXECUTIVE BOARD UPDATE**

The report was noted and S Hulme reported that, as there was a great deal of project work being undertaken, the Change Board was reviewing the programme in order to defer or delay projects where prudent. He reported that the main focus remained Ar Turas and that the Change Board were making decisions to facilitate the successful delivery of this project, **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

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

At this point S Hulme left the meeting.

8.4 **GROUP GROWTH EXECUTIVE BOARD UPDATE**

The report was noted and D Mackison reported as follows:

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

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

9. **ANY OTHER BUSINESS**

9.1 **TRANSPORT SCOTLAND**

C Wilcock offered Transport Scotland's thanks to the directors who were coming to the end of their appointment terms for their contribution over the years.

Confidential

9.2 **STEPHEN HAGAN**

D McGibbon noted that it was S Hagan's final Board meeting and thanked him for all his hard work on the Board over the years and his work as Remuneration Committee chairman as well as providing a link between the DML Board and the Ferries Community Board.

10. **DATE OF NEXT MEETING**

Wednesday 9 February 2022 at 10.30am in Gourock and by audio/video conference.

11. **POST MEETING NOTE**

Subsequent to this meeting, the following item was approved by the Board.

Decision

The Board **APPROVED** the appointment of T Ingram and G Macrae to the CFL Board with effect from the same date as their appointments to the DML Board and the Company Secretary was **AUTHORISED** to make the necessary filings.

Signed:
D C McGibbon, Chairman

Date: