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DAVID MACBRAYNE LIMITED ("DML")
MINUTES of the BOARD MEETING
held on Wednesday 18 November 2020 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
J Ward (JW) – Finance Director
S R Griffin (SRG) - Company Secretary

Item		Action
1.	<u>GOVERNANCE</u>	
1.1	SAFETY MOMENT R Drummond reported that a great deal of work had been done to keep passengers and staff safe and CalMac was now the first ferry company in the UK to undergo assessment for the DMV MyCare standard for Covid-19 and it was anticipated that this standard would be awarded later in the week which would be timely given the forthcoming move to higher tier lockdown across large parts of Scotland. He also noted that the MAIB had asked CalMac to support another (well-run) ferry company with their safety operations and the MCA had asked CalMac to provide support to the Waverley company. M Comerford noted that there was always a spate of accidents at the time the clocks changed and it was important that people were even more aware at these times of year.	
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 30 SEPTEMBER & 28 OCTOBER 2020 The Minutes of the Board meetings held on 30 September and 28 October 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

It was noted that the Director's Duties Briefing Note had been reviewed by the ARC then circulated to the Board.

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 currently under review by the ARC. C/fwd.

SRG

10.20 STAKEHOLDER MEETINGS WITH MINISTER

A Tait requested that a formal action be added to the log from the Minutes of 22 January as below: It was suggested that communicating with CalMac prior to these meetings to source information for the Minister's briefing rather than for correction of factual information after the meetings would be a more efficient process.

Action: It was agreed that CalMac and Transport Scotland would discuss the best approach.

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27.20 RISK APPETITE

DM

M Comerford commented that safety was not identified as a particular focus although reputation and compliance were categories which had safety components. He felt that safety should feature more prominently in the Risk Appetite and he also questioned why Reputation was the first category listed.

Action: D Mackison agreed to look into the points M Comerford had raised.

D Mackison confirmed that P Singh had made the changes and now received Safety Committee agreement to these. Action complete.

28.20 RISK REPORT

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All other actions were complete.

2. CHAIRMAN'S UPDATE

2.1 BOARD APPOINTMENTS

D McGibbon reported that Transport Scotland had advised that the directors' re-appointment dates (as notified to the previous Board meeting) had been incorrect and that the appointment period end date for D McGibbon, J Stirling and S Hagan would be 20 July 2021 (and replacement letters of appointment had been sent confirming this). The Board discussed this and noted that these changes would be a major dislocation for the Board as they covered the Board chair and two committee chairs and it was, therefore, important that the appointment process was started soon. D McGibbon reported that he spoken to Transport Scotland and passed on the skills matrix he and D Mackison had compiled. The Board noted that the remaining committee chair's appointment period ended in early in 2022. C Murrie confirmed that Transport Scotland were very aware of these changes and had started the recruitment process.

S M Browell commented that her and M Comerford's appointment periods ended in the same year as A Tait's.

2.2 COMMUNITY BOARD

The joint meetings of the DML and Community Boards for 2020 had been scheduled and the two Boards had been split across two sessions on 23 November and 3 December.

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At this point S Wilson, S Maxwell, F Borland, C Souter and G McKillop joined the meeting.

3. **STRATEGIC ITEMS**

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

4. **BOARD COMMITTEES**

4.1 **AUDIT & RISK COMMITTEE (ARC) – MINUTES OF 18 SEPTEMBER & 21 OCTOBER 2020**

The Board noted these minutes and A Tait updated the Board on the recent ARC meeting held on 11 November 2020 as follows:-

- The IT Vulnerability Management actions had been completed by management and were awaiting review by the Internal Auditor.
- Crew Certifications Internal Audit Review – this report contained one high finding and would be circulated to the Board for information.

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

- Conflicts Guidance and Code of Conduct had been reviewed.

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

4.2 **SAFETY COMMITTEE**

J Stirling reported that the Safety Committee held on 11 November had considered and approved the Safety Strategy 2021-23 and considered and made comments on the Environmental Strategy 2021-23. They had also asked for amendments to the Annual Safety Report, Annual Environment Report and Biodiversity Duty Report, particularly in respect to tone and consideration of the audience and these reports, once updated, would be reviewed by the Safety Committee and then circulated to the Board for approval.

4.3 **REMUNERATION COMMITTEE (REMCO) –15 SEPTEMBER 2020 and CRA MEETINGS OF 30 SEPTEMBER AND 16 OCTOBER 2020**

The Board noted the minutes circulated previously. S Hagan reported that the RemCo had received an update on the progress of this year's succession planning exercise with a final report to come to the RemCo in February. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

At this point C Murrie left the meeting.

5. **GROUP REPORTS**

5.1 **GROUP CEO REPORT**

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

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- Faulds Park – the new warehouse facility was very impressive and had significant potential beyond its current use, if required.

R Drummond confirmed that the organisation was set up to handle the changes to Covid tiering not least because staff were key workers and were permitted, therefore, to travel to work from high Tier areas. Communications to customers would ensure that expectations on customers as a result of Scottish Government restrictions were clear however CalMac was not an enforcement body and could only ensure that clear messaging was provided.

5.2 **GROUP FINANCE UPDATE**

The Board noted the report from J Ward covering to end October 2020.

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5.2.1 **DML Group Financial Results – end October 2020**

5.2.1.1 Key Financial Performance Highlights

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)]**, key positive variances were:

- Corporate training expenditure
- IT support expenditure
- Ports staffing and rostering efficiencies
- Business Development expenditure
- Business Initiative Projects delayed due to Covid

R Drummond confirmed that the consultancy work was carried out by the Operational Planning Team & HSQE Team and there were opportunities for the expertise in these teams to be leveraged further in the future.

5.2.1.2 Net Group profit split by DML Group Company – October 2020

This was noted.

5.2.1.3 DML Group 20/21 Forecast

The forecast Group Operating Profit was **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** with a net breakeven position. It was anticipated that vessel maintenance costs would increase by **[FOISA Status – Exemption under Section 33 (Commercial Interests and the Economy)]** against Plan and these would be offset by positive variances to Plan in other areas such as Port staffing and support services costs.

A Tait noted that these were positive results given the circumstances. D Mackison confirmed that, in respect to business margins and revenue vs grant, there was no difference between revenue and grant – all income was considered revenue given that monies from Transport Scotland were in relation to a commercial contract. R Drummond commented that there was no opportunity to outperform revenue targets given the Covid-19 situation however the business still had to cover additional vessel maintenance costs.

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

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

At this point C Murrie re-joined the meeting.

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

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

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

6. **ANY OTHER BUSINESS**

6.1 **BOARD DATES 2021**

D McGibbon advised that the Board dates 2021 would need adjustment given the revised appointment periods for three directors discussed earlier. It was noted that the Safety Committee had agreed its meetings should not be held on the same day as the Audit & Risk Committee.

Action: D McGibbon and S R Griffin to discuss changes required to the Board dates 2021.

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SRG

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7. **DATE OF NEXT MEETING**

Wednesday 3 February 2021 at 10.30 a.m.

Signed:

D C McGibbon, Chairman

Date: