

DAVID MACBRAYNE LIMITED

MINUTES of a BOARD MEETING

held at the Ferry Terminal, Gourock, PA19 1QP on Wednesday 1 February 2017 at 10.00 am

[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 (DM) (Chairman)
- S M Browell (SB)
- M Comerford (MC)
- M Dorchester (MD)
- R Drummond (RD)
- S Hagan (SH)
- A Tait (AT)

In attendance:

- R Hadfield (RH) (Transport Scotland Assessor)
- P Osman (PO) (Interim Company Secretary)

Item	Action
1. <u>Preliminaries</u>	
1.1 Welcome	
	DM welcomed Richard Hadfield and all others present to the meeting.
1.2 Safety moment	
	MD described an incident he had witnessed recently at a local hospital when the medical equipment attached to a patient being lifted out of an ambulance at A & E became detached. This was an example of a perfectly routine procedure becoming a possible disaster which had been unexpected. He asked the Board to think how CalMac Masters could be encouraged to review their routine operations on every occasion to reduce as far as possible the risk of any errors or mistakes taking place.
	MC outlined the concept of 'SPADs', another example of incidents when routine activities became the subject of unexpected errors in which deviations from normal practice could give rise to accidents. It was vital that Masters and crew should strive to avoid such incidents on every occasion.
1.3 Apologies for absence	
	These had been received from Jim Stirling.
1.4 Declarations of interest	
	There were no further declarations of interest on the part of directors, other than those previously made and known to all directors.

2. **Minutes and matters arising**

2.1 **Minutes from 14.12.16**

These were approved, subjects to amendments.

2.2 **Challenge received**

MD stated that no reply had yet been sent to a challenge received from a local politician about the Ardrossan ferry service. He asked the Board to consider how CalMac should respond to incorrect and misleading statements. After discussion, it was agreed that MD would circulate to the Board the letter from the local council and his proposals as to a reply.

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MD

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

3. **Action Log from 14.12.16**

Please see attached latest version, though the following entries were considered in some detail:

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

3.2 **Vessel replacement and deployment plan** – Action 56.16 – RH confirmed that this had now been published and was available on the TS website.

4. **Chairman's remarks**

4.1 **Tri-partite meeting**

DM reported that he had attended a tri-partite meeting between DML, CMAL and TS on the previous day at which it was confirmed that the Minister would be making a statement to the Scottish Parliament on Thursday, 3rd February announcing a detailed review of ferry services in Scotland. This would include consideration of the Teckal exemption about which Ministers had been in correspondence with the European Commission. Thereafter, TS would be sending a letter to DML explaining the purpose of the review following which an announcement would be made across the CalMac network.

A discussion then took place about the possible implications of this review and a number of points were made. It was accepted that no firm decisions or actions could be taken until the announcement had been made and its contents understood.

DM stated that he had raised the appointment of a new DML CEO at the tri-partite meeting and John Nicholls had undertaken to speak to the Minister on the issue after his statement to Parliament on Thursday.

4.2 **Executive Committee ('ExCo') meeting on 23.1.17**

MD thanked DM and JS who had attended the first of the new form of ExCo meetings and he would be speaking to the Executive Directors about how these might be structured in the future.

MD

4.3 **Appointments to Board Committees**

DM confirmed that all members of the Board had agreed proposals for those who would serve on these Committees as follows:-

Audit and Risk	AT (Chairman), SB and JS
Safety	JS (Chairman), MC and SH
Remuneration	SH (Chairman), SB and AT.

It was resolved that these appointments should take effect immediately.

5. **Group Reports**

5.1 **CEO Update**

This Report, dated 28.1.17, was noted. Points arising included:-

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

5.1.2 ***Marchwood*** – there remained the lack of a permanent Port Director, though second interviews were expected soon. Any salary would have to reflect market rates for the role.

RD commented that more income should be available than had been expected originally and a paper on this would soon be circulated. RD

MD asked that the Board should consider the contingency plans for the future delivery of this contract by the SGL joint venture in the event that this was required by any changes to the structure of DML as a result of the Scottish Government's review expected to be announced on the following day. BOARD

It was agreed that no action would yet be taken about a replacement director for MD on the SGL Board. Meanwhile, MD and RH would consider, outside the meeting, which invitees might be asked to attend the postponed opening ceremony at Marchwood. MD/RH

5.1.3 ***2017 summer timetable*** – MD warned the meeting of the possible reaction from communities to the new summer timetable and commented that ongoing personal abuse of CalMac staff could not be tolerated.

He noted that additional support for the Sleat service had been put in place.

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

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

5.3 Transition Update

RD reported that traction was now tangible following a slow start. For example, an internal communications hub on transition progress had been opened on IBM Connections and a prioritisation workshop had been held recently to rank up to 80 individual projects; this was now being reviewed by the Executive Directors. MC asked how all staff could be encouraged to visit the hub and MD stated that Graeme MacFarlan had been asked to propose other methods of promoting this. EPOS training had started and this should increase revenue. The catering offer was being reviewed and Compass was nearing completion

MC asked how BAU managers were engaged in transition and, whilst resource levels were a problem, a senior manager had been hired to assist in this process.

The Customer Experience project was progressing and the Company Management System project was being well managed by Louis de Wolff helped by extra resource to streamline documentation.

There had been a good initial response to the staff survey (26%) and a helpful seminar on values had been held with 25 senior managers on 20.1.17 at which there had been frank discussions and the Executive team had opened themselves up to challenge.

A new Head of Harbours had yet to be appointed and there was much work to be carried out in implementing changes to harbour management.

RD would be preparing a paper on dry docking processes and a decision would soon be required on the 2017 programme. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

5.4 CFL operating reports

The reports for HSQE, Operations, HR, CSM (Customer, Sales & Marketing), Community and Stakeholder, Finance, Client, IS and PMO and Asset Management were noted.

5.5 Opportunity and Risk update

AT confirmed that this report had been considered in detail at the previous Audit & Risk Committee ('ARC') meeting on 18.1.17. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**.

AT considered that the Risk Report now captured the major risks faced by DML and Punjab Singh was now preparing a paper on risk appetite.

The ARC meeting had reviewed PwC's report on the PMO and was concerned that its two reviews (1. Compass and Valiant and 2. Current practice) had been combined in a way which did not fully reflect the way in which the Office was functioning now. MD asked that managers should, in future, be involved with PwC in discussions on their reviews and findings.

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

7. **Any Other Business**

- 7.1 **SOSS** – MD confirmed that Denholms had agreed to continue supporting this charity.
- 7.2 **List of DML Board discussion points** – MD and RD would review this list and circulate it to Board members (and see item 5.1.4 above). MD/RD
- 7.3 **Network visits** – MD would circulate a list of these to the Board. MD
- 7.4 **Scottish Parliamentary Committee** – MD and RD had attended this and RD had given an excellent presentation. They had received a range of questions from MSPs some of which implied that there was a need for Committee members to be better briefed about the arrangements in place for delivering ferry services in Scotland and MD urged the Board to consider ways in which CalMac could work with the Government and Parliament to help increase politicians' understanding of these issues. BOARD

8. **Close**

There being no further business, the meeting was declared closed.

Signed:
D C McGibbon
Chairman

Date: 2017