

DAVID MACBRAYNE LIMITED

MINUTES of a BOARD MEETING

held at the Ferry Terminal, Gourock, PA19 1QP on Wednesday 8 March 2017 at 10.30 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)
- J Stirling (JS)

In attendance:

- R Hadfield (RH) (Transport Scotland Assessor)
- P Osman (PO) (Interim Company Secretary)
- G MacFarlan (GM) (item 6 only)

Item	Action
1. <u>Preliminaries</u>	
1.1 Welcome and apologies for absence	
	DM welcomed Richard Hadfield and all others present to the meeting and reported that apologies for absence had been received from AT.
1.2 Safety moment	
	MC reminded the meeting that it was the 30 th anniversary of the Herald of Free Enterprise disaster when almost 200 people had lost their lives and urged the Board to be mindful of the heavy criticism of the Townsend Thoresen board made by the investigation into the disaster. Its directors had ignored warnings and requests for additional safety equipment and were not as fully aware of on board practices as they should have been.
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 1.2.17**

These were approved.

3. **Action Log from 1.2.17**

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

- 3.1 **CHFS2 Protocol** – Action 28.16 – RD – A protocol had been prepared, but not agreed yet with the TS contract team. As a result he would be escalating the matter within TS RD
- 3.2 **CHFS2 contract approvals** – Action 5.17 – RH confirmed that he had reported CalMac's concerns on this issue back to TS and RD agreed that some progress had been made. However, there remained a lack of understanding as to approvals procedure. It was agreed that the matter should be discussed further outside the meeting and, if necessary, escalated within TS. MD/RD/RH

4. **Chairman's remarks**

- 4.1 **Personnel** – DM noted that the new Asset Director, Julie Philpott, had started with CalMac on 6.3.17. He congratulated RD on his recent appointment as Service Delivery Director and assured him of the DML Board's support.
- 4.2 **Safety award** – DM congratulated the group and Louis de Wolff in particular for the recent Seahorse Project Maritime Safety award made to CalMac by the RINA and Lloyd's Register.
- 4.3 **Ferry review** – DM confirmed the Board's wish to contribute to and assist with the Scottish Government's ferry review with the aim of enabling the Government to achieve its goals.

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The meeting then discussed the implications of State Aid for the review.

5. **Group Reports**

5.1 **CEO Update**

This Report was noted. Points arising included:-

- 5.1.1 **Conferences attended** – MD had attended the Northern Powerhouse conference last week

from which it was clear that funds available for 'development' were reducing and this might have implications for future funding in Scotland.

A recurrent theme at the European Shipping Week was emissions and MD stressed the importance of CalMac having a clear policy on this and for it to be consistently applied. Changes to environmental and other legislation over the next few years would have a significant effect on CalMac's business and he would shortly be initiating work on identifying the extent of such changes.

MD

5.1.2 **Lloyds Register** – MD suggested the need for reviewing the service provided by Lloyds particularly with regard to LNG. RD stated that the Asset Management team was already considering this.

5.1.3 **IR** – The meeting reviewed the present state of industrial relations and noted the unions' current high level of activity in rail services, aviation and offshore.

5.1.4 **Ardrossan/Troon** – MD and team would be meeting the Leader of North Ayrshire Council on 9.3.17.

MD

5.1.5 **Pensions** – DM reminded the meeting that the Chairman of the Pension Scheme Trustees had asked for a meeting with the Board but, as an initial step, had been offered a meeting with MD and RD, which he had declined. DM would be meeting him on 9.3.17 and would strongly recommend a meeting with the Executive Directors; he (DM) would report back to the Board on the outcome of the meeting.

DM

5.1.6 **Sleat** – It was noted that the Sleat Transport Forum was now in place and assisting in improving relations with the community. BF had visited recently and RD would be there on 17.3.17 providing plenty of contact between CalMac and ferry users.

5.1.7 **Oban Times** – MD confirmed that, after internal investigation, there had been no reports of bullying of staff as had been reported in the press.

5.2 **Group Finance Update – RD**

The management accounts to 31.1.17, circulated previously, were noted. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

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

JS asked about the adverse cost of vessel repairs and RD stated that Julie Philpott would be seeking ways in which to better control these in the future.

5.2.2 **AFL** – Full year profit was likely to be less than expected due to the age of vessels requiring substantial repairs. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

RD

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

5.2.4 **DML Q3 business review** – The Board noted this helpful report and thanked Janine Beckett for all her work on the revised set of management accounts.

6. **Events Policy – presentation by Graeme MacFarlan (GM)**

(GM joined the meeting at 1225).

GM gave a slide presentation on this subject which, he said, would review existing arrangements, explain how events might be further developed and propose that greater accountability should be applied to ensure that full value could be obtained from those events attended and supported.

Having given examples of good and poor events over the past year, GM recommended that there should be engagement with fewer events in the future and that a more rigorous analysis should be conducted of the benefits of those with which CalMac might be connected. Events should support the 7 strategic themes in the CHFS2 contract and responsibility for them would have to be split between him and Brain Fulton as the Communities Director.

Overall goals for 2017-18 included reviewing the selection criteria for events, improve capturing benefits to CalMac and ensuring that events were scalable. New sectors to target included logistics and environmental, customer service and experience and technology.

DM thanked GM for his presentation and MC asked for clarity on the strategic objectives of GM's proposals. GM replied that his suggestions were a starting point in developing these which, now, would be sharpened up to take account of business targets.

All present agreed that increased accountability for events should be introduced and SH commented that all NEDs should consider and propose to GM which events they could each valuably attend. It would be helpful if, in future, NEDs could be briefed before relevant events so that as much benefit as possible could be generated by their attendance. GM accepted this idea and agreed to circulate to the Board a calendar covering all the events to which CalMac was now committed.

GM

SB asked if social media were used to promote CalMac. GM replied that its website had received 130,000 hits to date and that the company offered support and presence to small businesses.

MD explained that GM had been concentrating over recent weeks on immediate tasks, but would be carrying out a strategic review of Customer, Sales and Marketing within CalMac once these had been completed.

(GM left the meeting at 1315).

7. **Additional papers**

7.1 A Transition Update and the reports for HSQE, Operations, HR, CSM (Customer, Sales & Marketing), Community and Stakeholder, Finance, Client, IS and PMO and Asset Management were noted. Minutes from the Audit & Risk and Safety Committees, from Caledonian MacBrayne Crewing (Guernsey) Limited and Notes from the CFL Executive Committee were also noted.

7.2 **DML tors – amendment**

It was resolved that a minor amendment relating to ‘corporate image’ be agreed. PO was instructed to revise the tors and issue the new version to Board members. PO

8. **Any Other Business**

8.1 **Gourock/Dunoon**

RD confirmed that he was preparing a base case for this contract.

8.2 **Ferry review**

RH suggested that MD might ask Graham Laidlaw at their meeting on 10.3.17 as to the progress made with this review.

8.3 **Bull Hole**

RH confirmed that he was aware of the issues at Bull Hole, but that TS could not provide assistance since it was not a TS responsibility.

8.4 **Staff survey**

RH asked about the level of response to the recent staff survey at 49% as mentioned in the HR Report. The Board was satisfied with this on the basis that this figure represented about the mid-point of responses generally to such surveys. SB pointed out that the survey had been conducted at a time of considerable uncertainty within CalMac.

8.5 **CMAL interviews**

SB reported that she had been asked to take part in interviews at CMAL for new NEDs. She asked RH if this could be regarded as ‘business as usual’. He replied that it was and that TS had decided that such appointments should be made notwithstanding the proposed ferry review as CMAL should not be left under-resourced in the interim. On this basis, the Board agreed that it had no objection to SB taking part in this process.

9. **Date of next meeting**

4.4.17 – Gourock – 1000.

10. Close

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

Signed:
D C McGibbon
Chairman

Date:

2017