

DAVID MACBRAYNE LIMITED

MINUTES of a BOARD MEETING

Held at the Ferry Terminal, Gourock, PA19 1QP on Tuesday 4 April 2017 at 10.10 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)
- R Drummond (RD)
- S Hagan (SH)
- J Stirling (JS)
- A Tait (AT)

In attendance:

- G Laidlaw (GL) (Transport Scotland)
- J Beckett (JB) Interim Finance Director (items 4.2 – 6)
- L de Wolff (LdW) HSQE Director, CFL (item 7)
- P Osman (PO) (Interim Company Secretary)

Item	Action
1. <u>Preliminaries</u>	
1.1 Welcome and apologies for absence	
	DM welcomed Graham Laidlaw and all others present to the meeting and reported that apologies for absence had been received from Mike Comerford (MC), Martin Dorchester (MD) and Richard Hadfield (Assessor).
1.2 Safety moment	
	PO reminded the meeting that it was the 30 th anniversary of the Herald of Free Enterprise disaster (which had been mentioned at the last Board meeting), but also the 50 th anniversary of the Torrey Canyon incident resulting in massive environmental damage due to oil leakage. MD had raised this at another meeting recently as an example of an event leading to legislative and regulatory change. He would be initiating work to ensure that, in future, the introduction of new laws and rules was fully anticipated by CalMac.

1.3 **Declarations of interest**

There were no further declarations of interest on the part of directors, other than those previously made.

2. **Minutes, matters arising and Action Log**

2.1 **Minutes from 8.3.17**

These were approved, subject to one amendment.

2.2 **Matters arising**

5.1.1 – Legislative changes – RD – LdW was already working on this with particular reference at present to emissions and waste water. A big challenge in the foreseeable future would be fuel emissions (see item 1.2 above).

5.1.4 – Ardrossan/Troon – the meeting planned for 9.3.17 with the Leader of North Ayrshire Council had taken place.

2.3 **Action Log from 8.3.17**

Please see attached latest version.

3. **Chairman's Remarks**

3.1 **Ferry review**

DM reported that meetings had taken place recently on this subject with Richard Hadfield and GL and he wanted to reinforce CalMac's willingness to help Transport Scotland as appropriate in this connection.

3.2 **Ardrossan/Troon**

The consultation period for comments on TS's proposals for this possible service had ended on 3.4.17. The outcome of this process was awaited with interest.

4. **Group Reports**

4.1 **Group CEO Report**

RD outlined the contents of MD's Report mentioning particularly:-

- 4.1.1 *Transition* – good progress had been achieved on Ports and HR, but less had been achieved on Asset Management largely due to the lack of an asset director and an under-staffed team.

The new Asset Director, Julie Philpott, was reviewing procurement and overhauls. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**

AT stated that he had attended the recent Project Management Board meeting from which it was clear that the IS team were critical in making progress with certain major initiatives. RD explained that CalMac continued to face difficulty in recruiting suitable IT staff due to the extended bid environment the business had faced over some years leading to uncertainty of employment for such individuals. This was now compounded by the recent IR35 issue which had resulted in a number of contractors, particularly within IS, ceasing to work for CalMac after 5.4.17. However, he was now encouraging existing staff to train up to project management, a step already taken by two graduates in the Contact Centre.

4.1.2 *Sleat* – RD had visited the community recently when concern was expressed that it was unlikely that any major change to service would occur until new vessels became available in 2019/20. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)]**.

4.1.3 *IR* – CalMac’s relationship with the unions would continue to be monitored. GL noted that the Minister wished to meet with the 4 unions together as a group. MD had meetings with two of the unions during the following week. MD

4.1.4 *Audit Scotland* – this report was expected to be published in the autumn, though a review panel, of which RD was a member, would see the draft before release.

4.1.5 *New Executive team* – this was now in place and the next challenge was to strengthen the middle-management group, for which recruitment and appointments were taking place.

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

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

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

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

4.1.10 *Marchwood* – the search for a permanent port director continued. Bosch Verdi would remain in an interim role to allow for a 6 month recruitment exercise to be carried out. He would not be counted as a voting member of the SGL Board during this period.

Trading results were well ahead of Plan due to additional berthing days being booked by the MoD.

4.1.11 *MCA* – RD would be meeting the MCA next week.

4.1.12 *Board training day* – MD was canvassing support for this from other interested parties, but MD

any such event would be tailored to CalMac's business and might include TS representatives.

- 4.1.13 *Management churn* – concern had been expressed recently about the apparently high level of change in senior management personnel. The note on this in MD's Report indicated that, despite the challenges of bidding for CHFS, there was, in fact, some long service in the Executive Director team, a valuable asset at a time of change and transition to CHFS2.

4.2 **Group Finance Update**

[JB joined the meeting at 11.25 am].

JB outlined the contents of the management accounts to 28.2.17

- 4.2.1 **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)].**
- 4.2.2 *AFL – Year 6* – JB explained that 'contract management charges' included internal costs for support services, e.g. Finance, HR, IS, contract management.
- 4.2.3 **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)].**
5. **[FOISA Status - Exemption under Section 30 (Prejudice to Effective Conduct of Public Affairs)].**
6. **KPIs**

The KPIs paper was noted. JB explained that this was still in development with Executive Directors and was reviewed monthly at the Exco meetings. RD pointed out that the first page showed departmental KPIs and page 2 listed CHFS2 targets, these being goals which should be communicated to all staff.

The Board discussed whether weather should be included as a KPI and RD commented that it was important to show what effect this had on performance and customer experience even though CalMac had no control over it. This was accepted, though below target performance due to adverse weather conditions would no longer be shown as 'red'.

AT enquired why coach carryings were less than expected and GL responded that this was a reverse effect of RET. Now that it was cheaper than before to take cars, customers preferred to use their own vehicles, rather than use a coach. In addition, tourists had experienced difficulty in finding accommodation on some of the islands leading to a preference for day trips, rather than longer coach holidays.

[JB left the meeting at 12.03 pm].

7. **Policy Review Paper**

[LdW joined the meeting at 12.05 pm].

LdW explained that there was no formal review process for the Group's 'policies' at present and his paper aimed at providing a mechanism to ensure that this was carried out on a regular, annual, basis and that it covered all relevant policies of which there were about 40. He believed that the procedure set out in the paper provided an adequate governance structure for this exercise, since it would involve 4 layers of reporting and possible review.

The issue was discussed and the Board felt that the paper did not adequately state that the ultimate approval body for such policies should be the Board. In any event, JS believed that Scottish Government guidelines for boards of publicly owned companies required boards of such bodies to approve policies. It was accepted that the Board would not want itself to scrutinise the detailed wording in each of these policies, but it would want to retain the right to formally approve new policies and any material change to existing ones which, as the paper suggested, would be notified to it by a regular summary of changes proposed.

LdW agreed to amend his paper and re-circulate it to take account of these points. He explained that nearly all the current policies were now available to view on the Company Management System should Board members wish to see them.

LdW

(LdW left the meeting at 12.25 pm].

8. **Implementation and timing of CHFS2**

It had been agreed that this would be a regular agenda item for the Board, but relevant issues for this month had already been covered.

9. **Additional papers**

9.1 **Risk review**

This was noted, though SB suggested that IR should be included as a strategic risk to the business. RD explained that the review had been considered at the Exco meeting on 27.3.17, since when it had been agreed that other risks should be added including IR.

9.2 **Departmental reports and Exco Notes**

Reports from HSQE, Service Delivery, HR, Commercial, Technical, CSE and a Transition Update were noted, together with Notes from the Exco meetings on 3.3.17 and 27.3.17.

10. **Any Other Business**

10.1 *Meeting with Minister (18.4.17) (GL)* – GL reminded those present of the Board's meeting with the Transport Minister on 18.4.17.

10.1 *Ticketing system (GL)* – this would be reviewed today at a CalMac/TS meeting.

10.2 *Danish Ministry of Transport (GL)* – TS was liaising with RD about this visit in May.

10.3 *Ferry review (GL)* – TS would be holding road shows in 5 locations as part of this review, a

proposal of which Calmac should be aware.

10.4 *Events (GL)* – TS intended to mark the launch in August of new vessel 801 for which a celebrity was being identified and Derek Mackay, as Scottish Finance Minister, planned to ‘open’ the new port facilities at Brodick when work had been completed.

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

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

10.7 *Absence levels (AT)* – This, too, was covered in the departmental reports and RD stated that the collection of data was difficult from so many CalMac locations, but that HR was reviewing and strengthening its policies and procedures. SB commented that, according to Christine Roberts, part of the problem on absence was due to managers’ lack of knowledge about how to handle such situations, which HR was seeking to correct.

10.8 *Ferry review (JS)* – JS asked if this was expected to recommend a one size fits all approach to ferry services structure and GL replied that the outcome of the review may reflect the requirements of different parts of Scotland’s ferry network.

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

10.10 *Office accommodation (SB)* – SB enquired whether there were any plans for changing existing arrangements and RD confirmed that he was looking at ways in which the current Head Office building could be improved in the short term, although it was possible that CMAL were considering its redevelopment – a long term prospect, however.

RD

11. **Date of next meeting**

4.5.17 – Gourock – 1000.

12. **Close**

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

Signed:
D C McGibbon
Chairman

Date:

2017

