

REDACTED MINUTES



CALEDONIAN MARITIME ASSETS LIMITED BOARD MEETING

Meeting	Caledonian Maritime Assets Ltd	Date/Venue	25 Sept 2018 CMAL Offices Port Glasgow
Meeting Chair	Erik Østergaard	Start Time	0900hrs
		End Time	1230hrs

Members Present		In Attendance	
Name	Title	Name	Title
Erik Østergaard	Chairman	Chris Kane (Minutes)	Executive Assistant
Morag McNeill	Non-Executive Director	Ramsay Muirhead	Head of Engineering
Paul Croucher	Non-Executive Director		
Tony Graham	Non-Executive Director		
Kevin Hobbs	Chief Executive		
Jim Anderson	Director of Vessels		
Gillian Bruton	Director of Finance		
Lorna Spencer	Director of Harbours		

1. MEETING OPENS – WELCOME AND APOLOGIES

The Chair welcomed those present to the meeting, apologies received from Graham Laidlaw as he was accompanying the Minister on other business. A conflict of interest was noted from Tony Graham as he is a Non-Executive Director for Cammell Laird Shipyard.

2. APPROVAL OF PREVIOUS MINUTES

The minutes of the previous meeting were approved.

3. REVIEW OF ACTION REGISTER

The Action Register was reviewed and a number were closed out. LS noted an action had been missed regarding her and JA's attendance at the next ARC meeting, LS asked for clarification. MM explained that she and JA would attend to discuss CHFS2, including the HOA.

4. PUBLIC SERVICES REFORM (Scotland) ACT

Members noted the PSR(S) Act Disclosures.

FOR DISCUSSION

5. RISK REGISTER REVIEW

The risk register has been updated with changes suggested at the last Board/ARC meetings. KH noted our highest risk still remains the Dual Fuel Vessels.

6. CEO UPDATE

MM asked what our agreement with Clark Communications is, as with recent negative press regarding FMEL their services may be required to a greater extent than we would normally expect. KH reported our arrangement is an hourly rate as well as paying a monthly fee for regular services such as collating all press coverage, updating web content relating to CMAL.

KH stated we have received the new surety bond for signing. KH will also inform TS that the Surety Bonds are ready for signature.

There are 2 loans made by SG to FMEL; namely £15m in Sept 2017 and £30m in June 2018. It is known through SG statements that the £15m was full drawn down in financial year 17/18 and that the £30m is being drawn down.

KH noted he will attend parliament (26/9/18) to give evidence to the REC committee and requested guidance from the board. KH is to be accompanied by JA. KH outlined his planned approach and this was agreed by the Board. KH asked the Chairman to sign a waiver allowing him to discuss confidential material regarding FMEL if asked by the REC Committee Members. This was duly signed by EO.

KH noted due to affordability (Capital and Revenue support) the MV Clipper Ranger will not be purchased by CMAL on behalf of the Scottish Government.

KH described the ministerial changes within Scottish Government relating to CMAL. Mr Matheson will be Minister for Transport and Infrastructure; Mr Wheelhouse will be minister for Islands. We understand Lifeline Ferry services will be Mr Wheelhouse's responsibility.

After these points were discussed the paper was noted as read.

Action: KH to meet with Ministers regarding the Surety Bond

7. HEALTH AND SAFETY UPDATE

The health and safety update was noted as read.

8. FINANCE UPDATE

GB advised that a half year forecast will be prepared.

GB then noted the statutory accounts have been approved by the ARC provided the agreed changes are made to the Risk Section and CEO statement. The accounts were signed on behalf of the Board. GB also requested that Caledonian MacBrayne Limited annual accounts has to be signed also – which they duly were.

PC updated the board regarding the outcome of the ARC, he noted that a discussion had taken place concerning an Internal Audit Function. It was felt that this should be a "light touch" given other audits that take place including ISO9001:2015. GB will report back to the ARC and the Board in due course with a recommendation.

After these points were discussed the paper was noted as read.

9. VESSELS UPDATE

JA reported that we have not seen the required progress at FMEL to meet the new delivery dates provided. This is a concern. Whilst resources have improved it is still insufficient in our professional opinion. We will carry out a formal review that will be shared with TS at the end of October which is 4 months from the SG Loan date.

JA noted the electrical sub-contractor at FMEL is a major concern – no tangible progress

JA stated he expects to go out to tender for the Islay vessel in Q2 of 2019.

LNG shore side infrastructure will be managed by CMAL, this was agreed because the infrastructure will last 25 years and CHFS operators are only contracted for 8 years. It therefore falls within the asset base of CMAL. EØ asked what Government approvals will be required, JA reported CalMac are dealing with this and are working with DNV GL regarding risk based analysis of the facilities required

After these points were discussed the paper was noted as read.

10. ENGINEERING UPDATE

RM reported that the Tender for Tiree works was currently being evaluated. CalMac have agreed on a timetable with a passenger only service and a Lo/Lo Service running alongside for freight deliveries. It is unlikely that there will be a provision for cars.

RM noted Lochaline had been delayed by Marine Scotland as they have re-set the Marine Licence Consultation this may be further delayed by Scottish National Heritage. We are working hard to expedite matters as this impacts the programme of works.

RM reported on recent inspections of Gourock and Oban No1 linkspan stating load restrictions will be required, notably a 6 tonne axle limit. The upgrade to Gourock linkspan has been on hold for many months pending the outcome of deliberations about the Gourock/Dunoon Ferry Services.

EØ asked if the issue with Brodick PAS has been resolved, RM reported the issues are becoming less frequent but when an issue arises Adelte is slow to respond. RM described some issues encountered which have given rise to outages. Lessons learned process underway.

After these points were discussed the paper was noted as read.

11. HARBOURS UPDATE

LS reported on the harbours updated, CMAL has agreed to put back any submission regarding the HRO at Oban and this will allow time for local concerns to undertake an appraisal of the merits of a Trust Port. There have been objections to the CMAL HRO and it was felt that politically and locally time should be allowed to explore alternatives

LS reported there has been no clarity from TS regarding the funding mechanism or settlement for the upcoming Skye Triangle works. This is likely to be delayed until the SG Budget in December 2018.

LS mentioned there may be rate changes to berthing charges to CalMac this year and requested that approval is sought to discuss this with TS in the first instance. This was agreed.

KH described challenges faced by CMAL with regards funding. GB reported there is a new budget process and that she can share the budget presentation. EØ suggested we share a RAG summary of projects to help show necessities- LS stated she already has a system in place within Harbours.

After these points were discussed the paper was noted as read.

12. CORPORATE

CK shared the proposed dates for 2019 Board Meetings. It was agreed CK would share a "Doodle" poll.

CK to invite board members to the forthcoming SSBA dinner.

After these points were discussed the paper was noted as read.

Action: CK to invite Board Members to SSBA Dinner

13. AOB

Finally, it was agreed CMAL staff would attend lunch after the November Board Meeting.

Action: CK to invite CMAL staff to November Board Meeting Lunch.

DATE OF NEXT MEETING

27 Nov 2018, CMAL Offices, Port Glasgow

Meeting Closed – 1230hrs