

# NORTHERN LIGHTHOUSE BOARD

## MANAGING BOARD

### MINUTES – 15 March 2010

<b>PRESENT:</b>	Andrew Cubie	Chairman
	Bruce Kerr	Commissioner
	Alistair Mackenzie	Commissioner
	Robert Quayle	Commissioner
	Alistair Whyte	Commissioner
	Roger Lockwood	Chief Executive
	Phil Day	Director of Marine Operations
	Douglas Gorman	Director of Finance & Administration
	Moray Waddell	Director of Engineering
	Jill Bennett	Secretary to the Board

#### 1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Alastair Dunlop.

#### 2. MINUTES OF THE PREVIOUS MEETING

The Minutes of the Managing Board meeting held on 25 January 2010 were agreed as a correct record and could now be published on the website, subject to the amendment of the title of Item 4e to read "Pay 2010 – Shore-based staff".

*Action: Secretary to the Board*

#### 3. MATTERS ARISING

##### Helicopter Contract

The Managing Board noted the helicopter contract had been awarded to Bond Air Services and that the Contract had a start date of 1 December 2010 for five years with a further two year option.

#### 4 CURRENT MAJOR MATTERS

##### 4a GLA Assessment

The Managing Board noted that the final Steering Group meeting had taken place on 9 March 2010 and that the publication of the Report by the Department for Transport (DfT) was imminent. The Chairman advised that challenges were ahead for the GLAs in order to demonstrate changes in ways of working. It was noted that the first meeting of the Joint

Strategic Board would take place on 20 and 21 April 2010 replacing the Joint Consultative Group meeting.

#### **4b GLA Fleet Review**

The Managing Board noted that formal approval was still awaited from the DfT on the inter-GLA proposals for the adoption and implementation of Co-ordinated Fleet Management. However, it was noted that although that approval had not been secured work was progressing on the implementation of the proposal.

The Managing Board noted that a business case for proposed efficiency modifications to NLV Pole Star – as identified in the report prepared by marine consultants in 2008 – was being prepared for submission to the DfT by the end of April 2010.

*Action: Directors of Finance/ Marine Operations*

#### **4c Light Dues Debate**

The Managing Board noted that the Minister had reduced the second part of the increase of Light Due rates that was approved in July 2009, by 2p per ton. This restricted increase would take place from 1 April 2010. It was noted that the GLA Assessment Report had recommended the title “Light Dues” be replaced by “Marine Navigation Levy”.

#### **4d Corporate Plan 2011-2014**

The Managing Board noted and approved the Planning Assumptions, circulated with the agenda, to underpin the Corporate Plan 2011 – 2014. It was noted that the Financial Planning Assumptions would be shared with the other GLAs.

The Managing Board noted the proposal to apply an RPI running cost reduction formula and the proposed increase from a three to five year view of financial targets. It was noted that the proposal might change following discussion at the JSB in April 2010, and that it was crucial that a uniform approach was adopted with all three GLAs. It was agreed that the Executive would continue to develop the proposal and that an indication along these lines should be given to budget holders and the proposal shared with the other GLAs.

*Action: Director of Finance*

The Managing Board asked that a paper analysing the effect of the GLA Assessment propositions on the assumptions made within the Corporate Plan be submitted to the next meeting.

*Action: Chief Executive*

#### **4e Civil Service Compensation Scheme - Reform**

The Managing Board noted the changes to the Civil Service Compensation Scheme effective from 1 April 2010 and that NLB operated the Civil Service Compensation Scheme on a “*by analogy*” arrangement which meant that NLB staff would have the same compensation terms as civil servants.

It was agreed to make the following amendments to the Northern Lighthouse Compensation Scheme to ensure it remained “*by analogy*” with the CSCS:

##### **Compulsory Severance Arrangements – *delegated to Chief Executive***

- Compulsory Redundancy will be paid as a lump sum payment only
- Staff earning up to £30,000 will be paid 3 times pay up to a £60,000 maximum. Staff earning over £30,000 will be paid 2 times pay.

- Calculation based on 1 month's pay per year of service up to maximum above
- Pay is calculated as the average of actual pay received over last 2 years of service
- All service counts as full time regardless of whether full time or part time.
- For those over pension age (60 in NLPS and NLPPS and 65 for NLPS (2007), maximum lump sum of 6 month's pay or £15,000 as they have immediate access to pension benefits
- For those within 2 years of pension age there will be tapering of lump sum payment.
- Those made compulsorily redundant over age 50 and before pension age have the right to draw their pension benefits immediately under actuarial reduced terms. These individuals can use their lump sum to top their pension benefits to the full value. NLB has discretion to pay an additional lump sum if the original lump sum is not enough to top up the pension benefits. This discretion will be exercised on advice by the Chief Executive.
- Staff who were in a mobile grade in 1987 and who are made redundant before reaching age 50 currently have reserved rights to more beneficial severance payments (up to 6 times salary). These staff will retain certain reserved rights up to 2015.

#### **Voluntary Severance Arrangements – *delegated to Chief Executive***

This covers any other early severance that is not compulsory.

- Voluntary redundancy - Benefits as with compulsory redundancy, however to attract volunteers NLB would have discretion to pay up to 2 x standard tariff (2 months pay per year of service), This discretion will be exercised on advice by the Chief Executive but will require Department for Transport approval under the Framework Document.
- Approved Early Retirement - The new discretionary terms allow the NLB to decide how they wish to calculate the benefits due under Approved Early Retirement. it is proposed to exercise this discretion by continuing the current arrangements after 1 April 2010, These arrangements are:
  - NLB can offer an unreduced pension and lump sum to staff over age 50 with at least 5 years service to improve efficiency and or improve promotion opportunities. The making of an offer will be at the discretion of the Chief Executive.
  - Staff can apply for an un-reduced pension and lump sum when aged 55 or over with at least 25 years service. Staff will have the scope to increase the lump sum through a pension reduction. The acceptance of an application will be at the discretion of the Chief Executive.
- Actuarial Reduced Retirement - NLB will continue to offer former scheme members with a preserved pension entitlement the opportunity to opt for actuarially reduced pension benefits prior to retirement age. – over 50 or 55 years of age depending on circumstances. There will be an approximate 5% reduction for every year before retirement age.

The Managing Board agreed that NLB will continue:

- to offer an unreduced pension and lump sum to staff over age 50 with at least 5 years service to improve efficiency and or improve promotion opportunities.
- Allow applications for an un-reduced pension and lump sum when aged 55 or over with at least 25 years service. Staff will have the scope to increase the lump sum through a pension reduction.
- to offer former scheme members with a preserved pension entitlement the opportunity to opt for actuarially reduced pension benefits prior to retirement age.

It was agreed that the consultation would be taken with Trinity House in order to ensure that the GLAs maintained similar terms.

**4f Budgets and Targets 2010/11**

The Managing Board approved and agreed the Income and Expenditure Budgets for 2010/11 and specifically approved the hospitality-related budgets in accordance with the requirements of the Schedule of Delegation - Corporate Events £11,200 and Hospitality £8,000.

**4g Board Objectives**

The Managing Board noted the review of achievement against objectives for 2009/10 and, subject to amendments agreed, approved the Board Objectives for 2010/11.

**5. REPORTS FROM THE NAVIGATION COMMITTEE**

The Managing Board noted the minute of the meeting of the Navigation Committee held on 5 March 2010.

**6. HERITAGE AND ESTATE ISSUES**

The Managing Board noted that the minute of the meeting of the Heritage and Estate Committee held on 11 January and agreed that they could now be published on the website.

*Action: Secretary to the Board*

The Managing Board noted the report on Heritage and Estate issues and in particular discussed the following items:

Calf of Man

The Managing Board agreed that the legal advice on the status of the lease and the land should be forwarded to Commissioner Quayle, together with a copy of the paper written by NLB's previous Factors.

*Action: Director of Finance*

It was agreed that NLB should give the required 12 months' notice of termination to Manx National Heritage, the site owner.

*Action: Director of Finance*

Kyleakin

It was noted that the Eilean Ban Trust Trustees were now progressing with the purchase of the lighthouse from NLB rather than extend the lease (as they had intimated earlier).

Cape Wrath

The Managing Board agreed that NLB should contact Durness Council to seek their intentions in order to ensure the correct process is followed under the community right to buy legislation.

*Action: Director of Finance*

Butt of Lewis Holiday Homes

The Managing Board noted that a paper clarifying differing viewpoints would be submitted to a future meeting.

*Action: Chief Executive*

The Managing Board also asked for the tri-GLA property policy to be submitted to the next meeting.

*Action: Director of Finance*

Elie Ness, Inchkeith and Fidra

The Managing Board noted that all three of these lights were due to be handed over to Forth Ports on completion of modernisation and that work was due to start on the first two shortly with handover this year; with Fidra likely to be handed over in 2011.

**7. ENGINEERING REPORT**

The Managing Board noted the report provided by the Director of Engineering and in particular that the redundancy programme for all Observers would be completed by 30 September 2010.

**8. MARINE OPERATIONS REPORT**

The Managing Board noted the report provided by the Director of Marine Operations.

It was noted that the weather caused problems with attending the extended outage at Ve Skerries.

**9. FINANCE AND ADMINISTRATION REPORT**

Financial Performance Report and Performance Indicators

The Managing Board noted the Financial Report covering the financial performance for 2009/10 to 28 February 2010 and the latest full year forecast.

Finance and Administration Report

The report was noted. In particular the Managing Board noted the update on the Merchant Navy Officers' Pension Fund.

**10. HR REPORT**

The Managing Board noted the report provided by the Human Resources Manager and that the final draft of the Disciplinary Policy and Grievance Policy would be circulated to the next meeting of the Managing Board.

**11. QUALITY, HEALTH, SAFETY AND ENVIRONMENT MATTERS**

The report by the QHSE Manager was noted.

## **12. ANNUAL REVIEW OF EFFECTIVENESS OF MANAGING BOARD PERFORMANCE**

It was agreed that the Managing Board, made up of Commissioners and the Executive Team, continued to provide an effective link between the Board of Commissioners and the Executive. It was agreed that, following the first meeting of the Joint Strategic Board, a paper would be submitted to the April Managing Board meeting outlining the effect, and requirements, that the new Board would have on responsibilities and timings within the NLB Corporate Calendar.

*Action: Chief Executive*

It was noted that an amendment was required to the Terms of Reference following the dis-establishment of the Heritage and Estate Committee with its work.

**Post meeting note: Suggested amendment below:-**

“To determine and develop policies for the best management or disposal of the Board’s heritable assets and estate. “

## **13. ANY OTHER BUSINESS**

### Overseas Travel

The Chief Executive advised the Managing Board that he had approved flights beyond Europe for the Electrical Engineer (Projects) to San Diego in May 2010 for an IALA AIS Working Group Meeting.

## **14. CORPORATE CALENDAR**

The Managing Board noted the Corporate Calendar and that the JCG Meetings in April and October would now become the Joint Strategic Board (JSB) meeting.