

**NORTHERN LIGHTHOUSE BOARD
BOARD MEETING
MINUTES – 21 April 2021**

PRESENT:

Captain Alastair Beveridge	Chair
Elaine Wilkinson	Vice-Chair
The Rt Hon James Wolffe QC	Commissioner
Alison Di Rollo QC	Commissioner
Sheriff Principal Duncan Murray	Commissioner
Sheriff Principal Craig Turnbull	Commissioner
Sheriff Principal Mhairi Stephen	Commissioner
Brian Archibald	Commissioner
Hugh Shaw OBE	Commissioner
Rob Woodward	Commissioner
Captain Michael Brew	Commissioner
Councillor Philip Braat	Commissioner
Councillor Bill Lobban	Commissioner
Mike Bullock OBE	Chief Executive

In Attendance: Mairi Rae	Director of Business Services
Phil Day	Director of Operations
Karen Charleson	Senior Executive Assistant (Minutes)

The Chair thanked Commissioner Brew for his excellent Chairmanship over the last couple of years and welcomed Councillor Philip Braat to his first meeting. Due to COVID-19 the meeting was held via Teams.

1. APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

Apologies for absence were noted from Commissioners Pyle, Lewis, Kinniburgh and Anwar.

Declaration of Interest

Given NLB's relationship with CMAL and the Scottish Maritime Cluster, Commissioner Wilkinson advised that she has been invited to sit on a project oversight group by Transport Scotland that is looking at an independent review of the governance arrangements and legal structures between the tripartite arrangement of David MacBrayne, CMAL and Transport Scotland. However, it is not envisaged that there will be any conflict of interest.

2. MINUTES OF PREVIOUS MEETING

The minutes of 14 October 2020 were agreed as a correct record and the Board were content that the minutes could be published on the website.

Action: Senior Executive Assistant

3. MATTERS ARISING

The Board noted the status report on matters arising from previous meetings.

Cyber Security Presentation – This is now an annual event and will be included in future Agendas.

4. CHIEF EXECUTIVE'S REPORT

The Board noted the report from the Chief Executive which brings together the key Operational and Strategic level issues from the individual Departmental Reports and also provides a roundup of cross Directorate business and external engagement. Discussion took place on the following matters:

Safety

There has been no reportable incident since the last Board of Commissioners.

HS&E Report

Greening Government Commitments - With the lowering of the Greening Government Commitments (GGC) de-minimis employee numbers from 250 to 50 employees, NLB now falls within scope of being required to report on a number of areas linked to sustainability and the wider environment as a whole and demonstrate what is being done to reduce the impact on the environment.

The significant challenge will be NLB's operational imperative e.g. the need to fly the helicopter and operate the ships. In this regard, the Director of Operations recently responded to a consultation paper on future fuels, in particular looking at HVO in terms of biofuels and whether maritime should be included.

Given the success of the Maritime Mutual Support Group (MMSG) set up during the initial stages of the global COVID-19 Pandemic, NLB has now established the Future Maritime Fuels Group (FMFG). The FMFG's purpose is to provide a forum to bring together Government and public service organisations who either operate vessels or have a role in supporting maritime operations in Scottish waters in order to consider Future Maritime Fuels in the context of sharing knowledge, plans and ambitions and to provide a unified lobbying voice to seek support or change from Scottish and UK Government Departments.

In the meantime, NLB is very alert to the new GGC requirement and is forging ahead with things that are possible e.g. the introduction of electric vehicles and continues to work closely with Zero Waste Scotland.

It was noted that NLB had been approached by Environmental Standards Scotland (ESS). As NLB's function is a Reserved Matter and is an Arms' Length Body answerable to a UK Government Department, it has been confirmed by DfT that NLB should report via GGC. The Chief Executive has written to ESS and it was agreed to wait on a response to understand their position before seeking any advice on legal compliance under Scottish Environmental law.

COVID-19 – NLB Response Update

NLB Business Continuity Team continue to meet at least weekly or as circumstances dictate. Policy and Risk Assessments have been updated to respond to new information and changing policy. NLB staff continue to be kept aware of the situation via policy updates, by a weekly email sent by the Chief Executive and there is also a Friday coffee break via Teams at which all staff can attend to keep in touch with other NLB staff. Mental health training has been included in the Health Working Lives programme and Senior Managers continue to be alert to any potential problems. External help is also available through the Employee Assistance Programme. However, Staff morale continues to be assessed as good with positive feedback.

Project Restart - The project plan developed to capture every aspect of NLB business continues to be maintained with the Project Restart Group meeting every 2 weeks to conduct a review of activity. Attention is now turning to the return to the office, hybrid working and to more “normal” operations.

Maritime Mutual Support - The NLB instigated Maritime Mutual Support Group continues to provide a very helpful forum with fortnightly meetings. Information exchange and sharing best practice on issues including testing, vaccinations and mariner travel deliver significant benefit to partner organisations.

Operations Report

Outages - Since the last meeting there has been 17 outages over 72 hours. Earls Hill DGPS has a broken antennae wire resulting in low power transmissions, but whilst all other overlapping DGPS stations remain operational this is not an issue. There have been a number of outages most notably at Skerryvore which has taken up significant effort and re-resources. This is rooted in current weakness at the station due to reduced battery capacity. A project to replace these batteries is being planned for the summer. Dubh Artach experienced a generator failure but has been operational after the use of a portable generator and ongoing improved solar charging. Preparation work to replace the generator is ongoing.

NLV PHAROS – The vessel undertook a self-maintenance period in February 2021. The long running fault on Starboard windlass clutch has been resolved and it is now fully operational.

NLV POLE STAR – The vessel has been operational throughout. There have been a few equipment damage incidents and a minor injury during the period. It has been discovered that the operating weight that NLV POLE STAR’s crane lifts require to be reduced to avoid further repeated damage. NLV PHAROS will be tasked to undertake larger lifts in the future and NLV POLE STAR will continue to operate the normal statutory buoys fleet and the smaller commercial buoys. This is another constraint that has had to be introduced due to aging and obsolescence.

Staffing - Eric Smith Master retired from NLV POLE STAR in March 2021. Chris Somerville an experienced offshore Master has been conducting a thorough handover and took command on 1 April 2021. The HR Manager will attend the next Managing Board to provide an update on career development for ships’ officers.

Apprentices – The Apprentices programme has been resumed after a year’s halt due to COVID-19. Two Apprentices will start in September 2021.

COVID-19 – The impacts of COVID-19 e.g. shielding, etc, is coming to an end and it is hoped to get back to some sort of normality in terms of crewing of the vessels.

Helicopter - The helicopter has been utilised for AtoN defects and support to project work. Three pilots are available with a fourth available for passenger transfers. Weather and one aircraft mechanical breakdown have disrupted a number of activities including delays in attending outages and project support.

EU Exit - The Director of Operations provided an update on the current situation with regard to the helicopter contract.

Programme and Renewals - Construction of Rubha Cuil-cheanna was completed and light lit on 29 March 2021. Portain Beacon has also been completed and a Notice to Mariners was issued on 14

April 2021. Other works have been affected by the pandemic and subsequently there has been a lot of weather delays experienced.

Delivery and Planning - Technicians continue to operate in bubbles and are avoiding overnight accommodation in hotels etc. Maintenance is continuing but on a reduced basis due to these constraints.

Oban Bay - The Director of Operations provided an update on progress in developing a Trust port.

The Board noted the land-based oil spill which entered the harbour area from the Black Lynn Burn. There was a good level of collaboration from the harbour operators with the MOU for oil spill incidents being initiated and good liaison with MCA and SEPA. The MOU is being reviewed and OCHDA will be invited to be either in the MOU or included in the communication plan.

Business Services

Pay and Reward - Cabinet Office published the 2021/22 Civil Service Pay Remit Guidance on 25 March 2021. The guidance reiterates the pay pause previously announced by the Chancellor for anyone earning £24,000 or more. For NLB this means that most staff will receive no pay increase this year. A Performance Related Bonus Payment is still allowed within the guidance. Discussions with the Trade Unions have still to be take place.

Civil Service Compensation Scheme 2010 – The terms of the scheme have been extended to 31 December 2021. Consultations are continuing this year however Cabinet Office has highlighted the requirement for organisations to exhaust other redeployment options internally and within the wider Civil Service. The GLAs have not previously been subject to this redeployment requirement so are seeking clarification on this matter.

2019/20 Annual Report & Accounts - The GLF accounts were laid in Westminster Parliament on 10 December 2020. NLB's accounts were laid in the Scottish Parliament on 19 January 2021 and are now available on the NLB website.

2020/21 Annual Report and Accounts and Audit - NAO successfully undertook their interim testing remotely w/c 25 January 2021 with no errors identified. NAO currently plan to complete their final audit work remotely on w/c 12 July 2021.

Sanction 2021/22 - The 2021-2026 Corporate Plan has now been approved by the formal sanction letter from the Minister dated 11 December 2020.

Light Dues Announcement - During the Chamber of Shipping Virtual Conference on 11 February 2021 Maritime Minister announced a 1p increase on Light Dues to 38.5p per net registered tonne from 1 April 2021.

2020/21 Management Results - The Management Reporting Pack (MRP) for period 12 (to 31 March 2021) was included within the meeting pack. The final figures are expected to reflect an underspend as forecast mainly related to the impact of COVID-19.

ICT - The fire suppression system is now fully operational in George Street server room and the Storage Area Network (SAN) which was suspected of creating the smoky haze which previously set off the fire alarm has been replaced.

Office 365 - The O365 project has now transferred all user email accounts into the Cloud. The plan is to slowly build on NLB teams as considerable consolidation work is required as users are transitioned. The plan is to transfer existing SharePoint data onto the new platform before utilising the document management and collaboration elements of Teams.

Procurement - Following the UK exit from the EU there is still a high level of uncertainty surrounding the new procurement regulations which will be implemented. One area of concern is the future of tri-GLA procurement contracts. It is anticipated that this issue may have to be raised with the DfT and DoT to determine if a solution can be found which may require new legislation.

Business Development – The Director of Business Services provided an update on business development. Despite COVID-19 restrictions buoy maintenance and new contract deployments has continued and vessel activities involving third parties joining vessels has re-commenced subject to testing and crew feedback.

HR Report

Hybrid Working Project - The pandemic has brought about changes to the way many of our employees have been working. Part of the Engagement Survey last year asked staff specific questions about how they wished to work in the future. The majority of employees stated that they would like to work from home for at least part of the week. A number of steps are being taken to offer hybrid working. A draft set of “home working principles” has been discussed at the Executive Group and now individual meetings are being held with Senior Managers to discuss specific departmental considerations. The final principles will be shared with the Trade Unions and then individual consultations will be taking place with employees to identify who wishes to become a hybrid worker and the operational impact of this. This will be a six-month trial to ensure the right balance of home working/office working is achieved.

Young Persons Guarantee - The Young Persons Guarantee is a Scottish Government initiative that encourages employers to provide six-month work placements for young people aged 16-24. NLB is looking into providing two placements at NLB Oban and outlines for these roles have been drafted and are with Marine Operations to review prior to progressing with Argyll and Bute Council.

Organisation

Inspection Voyages - Due to COVID-19 Inspection Voyages have been cancelled for 2021. If feasible a road-trip Inspection, most likely to the Dumfries and Galloway area, will be arranged for later in the year.

Patron - The Chief Executive wrote a letter of condolence to the Patron on behalf of Commissioners and Staff following the death of HRH The Duke of Edinburgh. Flags were lowered to half-mast in-line with Scottish Government direction.

Commissioner Induction Briefings - Induction briefings have been completed for David Kinniburgh (Provost Argyll and Bute) and Philip Braat (Lord Provost Glasgow).

84 George Street Refurbishment - Fire Stopping work is currently underway and will be completed by late April. The floor layout has been through a number of iterations with input from the Stakeholder Group and was reviewed by the Managing Board. The scope has now been frozen and work is underway on the tender for the detailed design phase.

External Engagement

Director Maritime - The rescheduling of the cancelled meeting of the Chief Executive and Chair with Director Maritime for the annual Board Evaluation remains outstanding. It has been suggested that the meeting should address the latest information from the 20/21 evaluation and Management Assurance Report.

Maritime Minister – The Chief Executive met with Robert Courts MP on 9 November for an introductory discussion. An overview presentation was given including the Vessel replacement Project. The briefing was well received and the Minister expressed an interest in visiting Oban and sailing in one of the vessels when circumstances allow.

MCA Chief Executive – The Chief Executive and Director Operations had two very positive meetings with Brian Johnson in February and April with a general update from both sides. It has been agreed to hold similar routine meetings quarterly.

IoM Wreck Tabletop Exercise - A tabletop exercise was held on 12 January with participation from IoM Harbours, DfT, SOSREP and NLB. The scenarios promoted very good discussion and the feedback on the event was universally positive. A report containing 7 recommendations has been compiled by Hugh Shaw.

COP26 – The Chief Executive met Head of International Emissions Policy, Maritime Environment, Technology & International at Department for Transport, to discuss their plans for COP26 picking up on the outline plans that had been drawn up by NLB and the UK Chamber of Shipping for the 2020 event. This was used as an opportunity to introduce DfT to executive directors of the Scottish Maritime Cluster who will now take the lead.

Scottish Users Consultative Group (SUCG) - The annual meeting took place virtually in November 2020 with positive feedback received.

Museum of Scottish Lighthouses - A review of the financial position of the Museum led to a decision by the Northern Lighthouse Heritage Trust (NLHT) to suspend the financial support package they had been previously providing. The Chief Executive maintains regular contact with the Manager and is supporting her in meetings with Historic Environment Scotland to push for urgent building maintenance to be carried out to the lighthouse and surrounding buildings. The renewals team have very kindly provided civil engineering advice.

Sir Walter Scott – The Chief Executive has received an offer from Professor David Purdie to give an illustrated lecture on Sir Walter Scott and new information that has emerged about his association with NLB. The offer has been accepted and will be arranged when events can be hosted in the Stevenson Rooms.

Outreach

Outreach Presentations – The Chief Executive has given online presentations to the National Library of Scotland, Royal Society of Edinburgh, the Museum of Communication Burntisland and Corstorphine Rotary Club. Presentations are planned for the Association of Lighthouse Keepers and Chartered Institute of Logistics in May 2021.

Isle of Man visit - As social distancing measures were lifted on the Isle of Man, RLK Fred Fox and Commissioner Brew welcomed two students and teachers from St Ninian's Lower School to Point of Ayre Lighthouse last October.

Media Coverage – Since the last Managing Board there has been further and very positive coverage of NLB activity across all media types.

Managing Board Minutes

The Commissioners noted the minutes from the Managing Board meetings held on 12 November 2020, 27 January 2021 and 17 March 2021.

Dashboard

The Board noted the Dashboard that provides an overview of KPIs. This is scrutinised by the Executive Group and Managing Board at every meeting.

5. ANY CLARIFICATION (BY EXCEPTION) ON OPERATING REPORTS

Dashboard - Out of Service Hours

Commissioner Wolffe highlighted the number of out of service hours which has increased over the period and enquired whether the Board needed to be concerned in terms of ongoing issues. The Director of Operations advised that there are two statistics that are being monitored i.e. the IALA availability statistics and the accumulation of all AtoN out of service hours. NLB continue to exceed the IALA availability statistics however the out of service hours have increased due to number of AIS outages which are Cat 3 AtoNs and have a lower priority to repair compared to responding to a Cat 1 Pillar Rocks.

Dashboard – Sick Absence

The Chair highlighted that the green line – average – should actually be the total of the short-term and long-term absence. This will be rectified at the next iteration.

Action: Senior Executive Assistant

Minimising vessel trips

Commissioner Shaw noted the longer-term target to try and minimise voyages with the vessels and cut back on multiple trips to the same site. However, he highlighted that there has been a 9.6% increase in fuel consumption and asked whether this was a result of attending failures or if there was any other particular reason. The Director of Operations advised that there was a whole raft of reasons why the fuel consumption has gone up e.g. vessels visiting Denmark and Norway, less downtime, etc. The new vessel will provide a more flexible operating window in terms of weather and the amount of buoys/mooring equipment that can be carried and will reduce the number of return trips to Oban Base, etc significantly.

Rubha Cuil-cheanna

Commissioner Stephen wished to highlight the terrifically efficient operation, especially in the current circumstance, to construct and put into effect the new light (Rubha Cuil-cheanna) in such an extremely short timescale. A lot of credit should go to the Navigation Committee and Project Team for achieving this.

Barra Head

Commissioner Stephen enquired as to whether work at Barra Head was back on track. The Director of Operations advised that the glass reinforced plastic accommodation block had to be removed and accommodation has been rebuilt inside what was the engine rooms. The inside of the tower has

been refurbished and water ingress resolved. New generators are to be installed but there have been some delays in production. However, the project will be finished this year.

Skerryvore

Commissioner Stephen asked for an update on the planning for Skerryvore refurbishment. The Director of Operations advised that battery replacement and asbestos clean-up is on track to be delivered this Summer. The refurbishment of the tower has been scheduled into the Corporate Plan. However, Dubh Artach will be the first Pillar Rock to be refurbishment.

NLB Estate

Commissioner Woodward advised that there was an initiative that is being led with the Cabinet Office to centralise the management of all property. The Director of Business Services advised that NLB had been targeted to be involved in a previous property initiative but had demonstrated that the majority of the estate would not be appropriate to include with other Government buildings and properties. NLB HQ and Oban Base could be considered to be Government available property from the point of view that it is more useable for other parties.

Management Reporting Pack (Period 12)

The Chair highlighted a number of areas within the various reports that show major changes either in cost savings (e.g. T&S) and HS&E where there is a dramatic drop in incidents and felt there was room to examine why these savings are there while keeping the work going. The Chief Executive advised that Zoom/Teams have reduced T&S costs and this is an example of the types of thing that can be done differently going forward. The project work and ability to get to site for surveys is difficult to determine for the future. Whilst there may have been a reduction in costs this year it will have to be ramped up to catch-up on projects.

Social Values

Commissioner Wilkinson asked whether the incorporation of social values included any requirement for contractors to deliver Apprenticeships or if it was something being sought in future procurements. The Director of Business Services advised that companies NLB contract with now have to demonstrate what they are doing in terms of Apprenticeships, etc.

Home Working Principles

Commissioner Wilkinson asked whether any thought had been given to “Office Working Principles” at least in the initial stage until there is a new “norm”. Office Marshalls have been introduced in some organisations to remind people of social distancing, etc. The Chief Executive advised that protocols are in place and there is new draft Government guidance around the volume of people in the office, etc which NLB are following. NLB are very aware of maintaining COVID security and keeping it at the forefront of minds as staff are brought back in.

Commissioner Lobban asked whether NLB were ensuring that staff working at home have reasonable working conditions. The Chief Executive advised that there has been workstation review of everyone and those who are unable to provide good working conditions at home they will have to return to the office. During the lockdown period NLB has invested in equipment to allow staff to work safely from home e.g. chairs, monitors, etc.

Commissioner Woodward added that using virtual technology for the Industry Days in regard to the Vessel Replacement Project has been really positive and possibly attracted a greater level of interest and engagement than under normal circumstances. Commissioner Woodward asked NLB to think about what principles NLB planned to adopt for Stakeholder engagement e.g. GLAs, DfT, etc. The Chief Executive recognises the benefits driven by the reduction in carbon footprint and the drive for efficiency but a hybrid approach is required to maintain physical contacts from time to time. The Director of Operations flagged up that an element of fatigue has crept in as a result of the lack of

face-to-face interaction which has resulted in some friction. It was felt that there will be a huge benefit to getting back to some face-to-face time and building relationship with new staff.

Chief Executive's Weekly Briefing

Commissioner Wilkinson acknowledged the Chief Executive's leadership through the Weekly Briefing which is embracing everyone and making them understand that they are still part of the NLB family and felt that more insight into what goes on in the NLB has probably been given than previously.

Framework Document

The Director of Business Services advised that the a renewal of the GLA/DfT Framework Document is expected. It should have been reviewed last year but due to resources in terms of Brexit and COVID it was put on hold. This will be an opportunity to make some clear lines and define what is out with the scope of the GLAs. The Director of Business Services will keep the Board up to date as it progresses.

Action: Director of Business Services

HS&E Report

Commissioner Archibald asked whether foam protection had been put over the door combing as a result of the two incidents. The Director of Operations advised that measures have been undertaken to avoid this occurring in the future. It was noted that in the replacement vessel a door with a larger, higher combing has been specified to avoid this happening.

The Chair noted the dramatic drop in total accidents, damage, near misses and unsafe acts/conditions as a result of COVID. However, it was recognised that there are relatively small numbers and one incident can make a big change to the figures.

Muckle Flugga

Commissioner Stephen highlighted the incident involving the use of pyrotechnics by a third party on land adjacent to Muckle Flugga during Helicopter Load Lifting operations. It was noted that the issue was not with NLB operations. The incident was reported to the Police and has been dealt with. NLB continue to work closely with NatureScot in terms of restrictions and there is a growing/good relationship with RSPB.

Spending Review 2020

Commissioner Brew asked whether now that the Spending Review has been revised to only cover 2020/21 it would impact on the Vessel Replacement Project. The Director of Business Services advised that it is anticipated that NLB will be asked to complete another spending review which will include the vessel funding element. Different options are being looked at for funding if it is not received through the spending review.

6. ANNUAL REVIEW OF MISSION, VISION, VALUES AND STRATEGIC GOALS

As part of the preparation for the development of the Corporate Plan the Board reviewed NLB's Mission, Vision, Strategic Goals and Organisational Values to ensure that they remain fresh and relevant.

Discussion took place around the NLB Respect for others value in the context of Diversity and it was agreed that the Chief Executive would take the issue offline and seek your guidance from Commissioners Wilkinson and Di Rollo in adjusting the text.

Action: Chief Executive

7. ANNUAL REVIEW OF BOARD EFFECTIVENESS

The Board noted the summary of the Annual Review which has been included in the meeting pack.

Commissioner Brew advised that a good range of responses has been received. The Board of Commissioners were broadly content with how Board business is carried out however what was clear is that improvements could be achieved, and duplication avoided, by rationalising the number of meetings. This would also improve the relationship between the Managing Board and Board of Commissioners. Commissioner Brew recommend that a small Working Group is set up to look at whether the current structure of the Board of Commissioners and Committee meetings is effective.

The Board discussed and agreed to set up a Working Group, chaired by Commissioner Brew, to examine the current arrangements regarding the Board of Commissioners and the Managing Board with a view to streamlining the workings of both Boards and reducing the administrative burden on the Executive. The Working Group will submit their final report to the next Board of Commissioners in October 2021 and brief the Managing Board as appropriate in the intervening period. Thereafter Commissioners may wish to consider if there needs to be a consequential review of the various Committee's Terms of Reference and a more fundamental review of the Board of Commissioners structure and membership.

Action: Commissioner Brew

8. SCOTTISH INDEPENDENCE

The Board noted the high-level SWOT analysis which was circulated in the meeting pack. The SWOT has been updated to reflect latest developments. The Board considered whether any additional measures could be taken to ensure NLB is adequately prepared to mitigate potential risks as well as seize the opportunities that are likely to present themselves following a decision by the electorate for Scotland to leave the United Kingdom.

Commissioner Wilkinson is looking to arrange routine updates with Transport Scotland where Independence will be a standing agenda item to discuss.

Action: Commissioner Wilkinson

9. NOMINATION/REMUNERATION COMMITTEE

The Commissioners noted the minutes of the Nomination/Remuneration Committee meeting held on 11 March 2021. The Commissioners discussed and endorsed the following recommendations made by the Nomination Committee:

- to reappoint Commissioner Shaw for second term.
- that Commissioner Brew's replacement should be a non-mariner, with a good breadth of business experience and ideally some marine knowledge.
- that no change is required to the current Committee Members. However, Commissioner Stephen's comment in regard to openness was noted.
- the performance of the Chair had been discussed and agreed to be entirely satisfactory
- the Appraisals of the Chief Executive and Directors were approved. The work of the Chief Executive and Directors has been outstanding. In particular, the Chief Executive's Weekly Briefing which has kept everyone in good spirits though out the last year.

- the Terms of Reference of the Committee have been amended to reflect the amalgamation of the Nomination and Remuneration Committee.

10. GIFTS AND HOSPITALITY

The Board noted and approved the NLB business gifts and hospitality register for Commissioners, Directors and Senior Managers for the period 1 April 2020 to 31 March 2021. A copy will now be published on the NLB website.

Action: Senior Executive Assistant

The Director of Business Services will look for some clarity around the reporting of declined gifts or hospitality and amend the wording if required.

Action: Director of Business Services

11. VESSEL REPLACEMENT PROJECT – VESSEL NAME

The Board noted the paper circulated in the meeting pack. The Board considered the reasons explained covering tradition, ease of communication, brand recognition and the community links to Stromness and endorsed the continuation of the name POLE STAR to a fifth vessel.

12. VESSEL REPLACEMENT PROJECT (VRP)

The Board noted the detailed overview included within the meeting pack. A huge amount of effort has been taken up to get through the approvals and assurance process. The project is now at a crucial stage with CAB Stage 2 being held on 20 April and Ministerial approval now being sought.

There is now a first-class concept design for the new vessel and the Selection Questionnaire is just about ready to go out to the market. Responses should be received in June/July 2021 and this will be followed by the Invitation to Tender going out in August 2021.

The Board discussed the project value and assessment of risk. It was noted that the VRP Project Board remain alert to any new or developing costs/risks and record as required.

13. STRATEGIC RISK REGISTER

NLB's Strategic Risk Register is subject to consistent and ongoing review by NLB's Executive Group on a rolling cycle. The status of all escalated risks is also reported to the Managing Board along with all relevant mitigating measures. The Chief Executive, as Accounting Officer, is satisfied that the NLB is in a good position with respect to risk.

Brexit Risk Register

The Brexit Risk Register is a Tri-GLA Document managed by the Inter GLA Committee 6 (Legal and Risk). This is also reported to the Managing Board, Audit and Risk Committee in addition to the Chief Executives Committee and JSB on a routine basis.

14. AUDIT & RISK COMMITTEE

Commissioner Wilkinson, as Chair of the Audit & Risk Committee provided a verbal update to the Board. Since the last meeting there has been 3 Internal Audit Reports completed providing one moderate and 2 substantial ratings. The Management Assurance Report for the year has been completed and was a very positive report.

It was noted that at the February 2021 Audit & Risk Committee Lloyd's Register, Business Development Manager, Business Assurance UK & Ireland was in attendance and provided an extremely encouraging status update. Compliance with the standards is good with the whole emphasis on continuous improvement, action and risk management approach which is bedded in within the overall business management. One of the key strengths of NLB is the commitment shown by the Senior Leadership Team to the development and continuous improvement of the Integrated Management System.

Audit & Risk Committee Terms of Reference

The proposal to change the Terms of Reference to allow the Vice Chair of the Board to also be the Chair of the Audit & Risk Committee was approved.

15. INTER-GLA MATTERS

Future Efficiency Targets

The Board noted the discussions around RPI-X at the JSB meeting on 18 November 2021. The Chief Executives Committee meeting on 22 April 2021 will be the key meeting to try and find a way forward.

16. ANY OTHER BUSINESS

Commissioners

The Chair proposed that, at Board of Commissioner meetings, those Commissioners who are appointed by their own administration report, under AOB, any information they feel is appropriate to the Board.

It was agreed that Commissioners Woodward, Wilkinson and Brew would establish routine contact with their administrations and feedback to future meetings.

Action: Commissioners Brew, Wilkinson and Woodward

16. CORPORATE CALENDAR

The Board noted the Corporate Calendar for 2021.