

NORTHERN LIGHTHOUSE BOARD

BOARD MEETING

MINUTES – 26 April 2018

PRESENT:	Graham Crerar	Chairman
	Captain Michael Brew	Vice-Chairman
	Sheriff Principal Craig Turnbull	Commissioner
	Sheriff Principal Marysia Lewis	Commissioner
	Sheriff Principal Derek Pyle	Commissioner
	Sheriff Principal Ian Abercrombie	Commissioner
	Sheriff Principal Duncan Murray WS	Commissioner
	Councillor Bill Lobban	Commissioner
	Captain Alastair Beveridge	Commissioner
	Rob Woodward	Commissioner
	Alison Di Rollo QC	Commissioner
	Elaine Wilkinson	Commissioner
In Attendance:	Mike Bullock MBE	Chief Executive
	Mairi Rae	Director of Business Services
	Phil Day	Director of Operations
	Fiona Holmes	Communications Officer (Agenda Item 7)
	Karen Charleson	Senior Executive Assistant (Minutes)

The Chairman welcomed David Storrie and Nicola Pidgeon from EY to provide a session on Board Governance and the Role of Non-Executives.

EY Presentation

EY led a session covering:

- Corporate Governance Landscape
- Requirements of the Board and additional NLB Requirements
- Recent consultation on UK Corporate Governance Code
- NLB Board evaluation and discussion

The Board discussed the following points:

Role of the Chairman – The Board discussed the role of the Chairman. It was agreed that an update from the Chairs of Committees should be given at Board meetings.

Role of Non-Exec Directors - The Board discussed the tiered structure and how the Board and Managing Board fit together. They also discussed the Dashboard and how the Board gets its assurances from other Committees. It was agreed that Board members require to remind themselves of the Board's Terms of Reference.

Progress on Board Diversity – The Remuneration Committee discussed the NLB Gender Pay Gap Report at its recent meeting and a copy of the report will be circulated to all Commissioners and staff. A copy will also be published on the NLB website for transparency. The Board are working to address

diversity within its own make-up but acknowledge this will not happen overnight partly due to the constitution of the Board.

Board succession and the work of the Nomination Committee – The Nomination Committee discuss relevant replacement of Commissioners and the current status of Co-opted Commissioners at each meeting. Any proposals are submitted to the Board for approval.

Purpose and Impact of Board evaluation – There is a strong sense that the Board is performing at the right level with the correct skills, level of support and clear Strategic Objectives. Feedback from the recent Annual Board Evaluation will be discussed more fully at Agenda Item 8.

Information flows to the Board – Following discussion it was agreed that the Board required a more regular form of communication in respect for wider marine matters e.g. Chamber of Shipping/Maritime Newsletters, to help provide industry context to meetings. Highlights of activity at other GLAs and Inter-GLA Committees would also be beneficial. It was also agreed to circulate the Managing Board agenda prior to issuing the meeting papers so that the Board members can raise any issues they would wish included.

It was agreed to consider inviting EY to another meeting in the future.

Commissioner Di Rollo left the meeting at this point.

1. APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

Apologies for absence were noted from Commissioners Pyle, Wolffe, Di Rollo, Stephen, Scoullar, Bolander, Ross and Crockett.

There were no potential conflicts of interest other than those already declared at previous meetings and in the Annual Report.

2. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 11 October 2017 were agreed as a correct record and the Board agreed that the minutes could be published on the website.

Action: Senior Executive Assistant

Fiona Holmes, Communications Officer, joined the meeting for Agenda Item 7.

3. MATTERS ARISING

The Board noted the status report on matters arising from previous meetings. In particular the following was noted:

Slips, Trips and Falls/Manual Handling

Commissioner Brew raised the issue of the noted increase in slip, trips and falls/manual handling incidents at the HSE Meeting in November 2017. Further training has now been arranged for relevant staff.

4. CHIEF EXECUTIVE'S REPORT

The Board noted the new format of the report from the Chief Executive which brings together the key Operational and Strategic level issues from the individual Departmental Reports into a single document. Full Departmental Reports are still provided within the meeting papers however Key Performance Indicators (KPIs) which had previously been reported are now consolidated into the Dashboard.

Safety

There have been two reportable 'over 3 day injuries' in the vessels since the last meeting.

HSE Report

Evacuation of Casualties from Lighthouse Towers

A joint exercise with HM Coastguard (HMCG) and NLB took place at Eilean Glas in January 2018. The exercise was a resounding success with all involved demonstrating professionalism, expertise and good teamwork. A further exercise with other NLB staff to practice in-situ rescue has been arranged and similar exercises will be carried out routinely.

Operations Report

NLV POLE STAR

When alongside at Stromness in early December the NorthLink ferry HAMNAVOE made contact with NLV POLE STAR's Starboard Quarter as the ferry was berthing in high winds. The damage will be repaired at the next dry-docking.

Helicopter

Routine operations have continued with all planned and unplanned activity being supported. It was noted that a pilot had resigned but a replacement pilot has been sourced. Until the replacement pilot became operational the contract functioned with three pilots.

Oban Base

It was noted that the concrete pier pile repair works have been completed and cathodic protection installed.

Navigation – Staffing

The Board noted the current staffing issues within the Navigation Team. Trinity House provided assistance through the loan of an experienced member of staff for a week and a Ship's Master has assisted for a few days. Recruitment for replacement staff is complete and two new Coastal Inspectors start on 8 May 2018.

Planning and Delivery Team

The Board noted the current technician capacity at Oban, Inverness, Orkney/Shetland and Edinburgh. The Director of Operations explained that the current shortages were largely because of promotions but recruitment in Shetland can be a problem due to full employment in the area.

Project Management

A recent GIAA audit of Project Management has given a SUSTANTIAL assessment. This is a major achievement and reflects the hard work to put in place a robust Project Management system and its adoption by staff.

2017/18 Programme

The 2017/18 programme was very largely delivered in-year with the exception of Copinsay which will be completed in the early part of FY18/19.

2018/19 and 2019/20 Programmes

Work on preparation of 2018/19 works has progressed with several projects ready to tender and start early in the year. Site surveys of 2019/20 projects have also commenced.

Fire Extinguishers

It was noted that following a review of fire extinguisher testing requirements, and to provide cost savings, Carbon Kevlar extinguishers have been purchased. They only require a simple annual check that can be undertaken by NLB staff and have a 10 year life before requiring a manufacturer's check.

Asbestos

The Board noted that building asbestos management surveys by accredited contractors are continuing. A recent GIAA audit of asbestos management was conducted which confirmed that the programme put in place to improve management of asbestos has been successful. The assessment was MODERATE which reflected the known issues of outstanding surveys and labelling at stations. Asbestos is now being managed to the required level.

Monitoring

Work on the project to replace NLB's monitoring system is ongoing. Given its importance the Managing Board has given considerable attention to this project. An updated Gantt chart will be presented to the Managing Board at its meeting on 16 May 2018. The Project Initiation Document will also be presented to the Managing Board for approval prior to starting the tendering process.

Business Services

Corporate Plan

The Chief Executive and Chairman attended the Multilateral meeting in London at the end of November 2017 to present the NLB bid for 2018/19. Feedback on the simplified Corporate Plan from Lights Advisory Committee (LAC) and Department for Transport (DfT) was positive. The Board noted that NLB should now meet its RPI-X target.

Sanction 2018/19

The sanction letter from the Department for Transport was issued at the end of January and confirmed approval of the full amount requested.

Annual Accounts 31 March 2018.

Every five years a full revaluation of NLB's fixed assets is carried out. The new Asset Management team has worked with other GLA teams to agree the various types and costings of lights. The District Valuation Service has provided NLB with their first draft report however a number of queries need to be addressed before finalising this process. NAO have advised that they remain concerned regarding the asset revaluation impact on the final audit and accounts due to the significant values involved.

The Board noted the year-end figures and discussed the underlying reasons for the anticipated underspend. The Chief Executive advised that the underspend was due to MNOPF S75 Pension released in 2016/17, better than forecast commercial income, staff vacancy gapping, delays in

organisational review recruitment and not requiring to use the contingency (which DfT had asked to be built in). Capital and Revenue expenditure came very close to budget.

Pay

Finalisation of the 2017 pay remit allowed for an additional bonus payment to be made to all Shore Staff and Mariners.

During March 2018 initial meetings with Trade Unions were held to identify any specific concerns or suggestions they may have which they would like the NLB to incorporate into the 2018 pay remit. To date HM Treasury have not published their normal pay guidance document. DfT Pay and Rewards team have now advised that they expect this guidance in spring 2018 and that no pay remits will be accepted or approved until it is issued.

The Board noted that the Chief Executive and Director of Business Services met DfT on 12 April and discussed the NLB Pay Remit for 2018 and any mitigations DfT was considering in relation to the escalation of NLB pay to the DfT Marine Risk Register. DfT intends to discuss the issue with HM Treasury to establish if there are any alternatives to the protracted business case process. In the meantime NLB plans to prepare a pay request in line with the Scottish Government's pay policy.

Finance Team

NLB continues to have a number of temporary staff in place until the new Finance Manager joins on 1 May 2018. The new Finance Manager will be asked to review the structure with a view to getting the vacant roles evaluated and interviews held in June/July 2018. The GLF Accountant and a TH Accountant remain able to assist with year-end should assistance be required.

ICT Update

The Board noted the actions undertaken by the ICT Team following the Cyber Security Audit. A follow-up audit on Cyber Security will be carried out in May 2018.

HR Report

Sick Absence

The Board noted the sick absence figures and acknowledged that the majority of NLB sick absence is long-term which continues to be managed in line with NLB's Sick Absence Policy.

Organisation

GDPR

Preparations are on track for the May deadline. Assistance and alignment has been sought with DfT and NLB is actively sharing policy and records compliance schedules with the other GLAs to facilitate best practice and alignment. An audit will be undertaken by GIAA in Q2 2018/19.

Risk Management

The Board noted that GIAA had carried out an audit of Risk Management in Q4 2017/18 which earned a SUBSTANTIAL assessment. The Board acknowledged that this is a significant endorsement of NLB's efforts to introduce a robust approach to risk across NLB.

External Engagement

Patron

The Patron will embark in PHAROS 21-23 July. Following a request from the BBC One Show to interview the Patron about her work with NLB arrangements are being made for this to take place on day 1 of the Patron's Voyage.

Visit of Lord Duncan

It was noted that Lord Duncan, Parliamentary Under-Secretary of State for Scotland visited Oban Base in February 2018. The discussions were very wide ranging and Lord Duncan was particularly interested in the challenges of pay in the face of the Scottish Government's 2018 Pay policy and the more restrictive pay policy of the UK Government.

Science, technology, engineering, and mathematics (STEM) and Year of Young People (YYP) 2018

It was noted that NLB had participated in a number of activities promoting STEM including primary school and Brownie groups. In addition 30 students from Inveralmond High School visited 84 George Street in November to present the results of their 'Lighthouse Project' which was a collaboration between one of NLB's engineers and the school to explore various aspects of design found in and around NLB's lights. The Chief Executive also participated at an YYP event at the Scottish Parliament.

Gaelic Policy

An enquiry was recently received about whether NLB had a Gaelic/Manx language policy. The Board noted NLB's response.

Dashboard

The Board noted the Dashboard which was circulated with the meeting papers. It now incorporates a number of changes made by the Managing Board which has directed that the Dashboard remains unchanged for a period to allow familiarisation to fully embed.

Managing Board Minutes

The Board noted the Managing Board minutes from the meetings held on 29 November 2017, 24 January and 21 March 2018.

5. ANY CLARIFICATION (BY EXCEPTION) ON OPERATING REPORTS

HSE Report Incidents

Commissioner Brew highlighted that some incidents were very old and either require action to be taken or the incident removed from the report. The Director of Operations recognised this point and explained that in most cases the outstanding action was waiting on the next re-engineering of a light or an engineer visit. It was agreed that in these circumstances the action required would be recorded in Q4 and removed from the list of outstanding HSE incident reports.

Action: Director of Operations

HR – Gender Pay Gap Report

Commissioner Murray asked for an overview on the Gender Pay Gap Report. The Chairman reported that the conclusion of the paper was that the pay gap whilst at 20% hides that fact that there is equal pay for the same job. There is no pay inequality within the workforce. The 20% gender pay gap reflects that NLB is essentially a maritime and engineering business which are both heavily male-dominated professions. As a result most of the senior roles are occupied by men. A number of actions identified in the paper to address the gender pay gap are now in place or are being progressed, however it was noted that improving the current situation is likely to take some time.

6. REVIEW OF NLB'S MISSION, VISION, STRATEGIC GOALS & VALUES

The Board discussed and agreed the revised Mission, Vision, Strategic Goals & Values circulated with the papers subject to the following changes:

Organisational Values - *Safety and Health – We will fulfil our moral and legal duties to protect those we work with, others and the environment from harm.* So as not to deminimise NLB's legal duties it was agreed to revert to the original wording.

Action: Chief Executive

Strategic Focus - *Continuous improvement of NLB's assets, service provision and people ready to meet current and emerging requirements.* It was agreed to include Governance within the sentence.

Action: Chief Executive

The Chief Executive advised that the document would now be taken to the Staff Council and Executive Group to obtain staff input. A revised copy will be presented to the October 2018 Board of Commissioners meeting for approval.

Action: Chief Executive

7. COMMUNICATIONS STRATEGY

The Communications Officer gave a presentation on "developing a communication strategy" and invited Board members to suggest ideas and provide guidance which will help form the basis of NLB's Communications Strategy and highlight ways to maximise PR opportunities.

The following suggestions/comments were noted:

Aim

Amend the aim of our Communications Strategy - 'To raise awareness of our work, our people, our achievements, our contribution and our heritage.' - to include reference to NLB's 206 iconic assets/sites across the country, ships, helicopter, George Street, Oban Base, etc.

Action: Communications Officer

Key Messages

- Include wording to reflect NLB being value-for-money, best-in-class, efficient and modern, right and relevant, excellence, well-respected internationally, pioneering, world-class in engineering, technology and innovation.
- Add reference to tourism in Supporting Scotland's Economy
- Add "Curators of place, locations"
- Add "An organisation people want to work for"
- Add "Environment"

Target Audience

- Add "General Public"

Tactics

Additional suggestions from Board members included:

- Review signage at lighthouses to make to make them more interactive
- Consider scenic photo posts as per National Parks
- Consider creating a lighthouse trail

The Board agreed that a regular PR update would be useful for future meetings.

Action: Communications Officer

8. ANNUAL REVIEW OF BOARD EFFECTIVENESS

The Board noted the Annual Board Evaluation Aggregated Response Summary which was included with the meeting papers. It was felt that the discussion with EY had addressed some of the principle concerns arising from the responses. It was noted that some organisations are choosing to undertake a 360° appraisal e.g. asking for feedback from DfT/LAC, other GLAs, etc. It was agreed that including key stakeholders would be useful but there needs to be a distinction between a Board Evaluation and an Organisational Evaluation. Some further thought is required on what it is that is being asked and who it is the Board would be asking to complete the evaluation.

Action: Chairman

9. NOMINATION COMMITTEE

The Board of Commissioners noted the minutes of the Nomination Committee meeting held on 15 March 2018. The Board approved the following recommendations made by the Nomination Committee:

- Audit & Risk Committee
Commissioner Wilkinson will take over Chair of the Audit & Risk Committee and that Commissioner Abercrombie will replace Commissioner Mackenzie following his departure in July 2018.
- Joint Strategic Board (JSB)
Commissioner Beveridge will be appointed as JSB representative on the departure of Commissioner Mackenzie.
- Managing Board
Commissioner Mackenzie's successor will be appointed to the Managing Board.
- Navigation Committee
Commissioner Mackenzie's successor will be appointed to the Navigation Committee.

It was noted that following interviews a candidate has been chosen to replace Commissioner Mackenzie on 1 August 2018. The Board gave their approval to offer the post to the successful candidate. It was also noted that the interview panel had been changed to include Commissioner Wilkinson.

Action: Chairman

10. REMUNERATION COMMITTEE

It was noted that the Remuneration Committee had approved the annual appraisals of the Executive Team, discussed staff pay and were supportive of the proposed 2018 pay plan and discussed the Gender Pay Gap Report.

11. BUSINESS GIFTS AND HOSPITALITY DECLARATION

The Board noted and approved the NLB business gifts and hospitality register for Commissioners, Directors and Senior Managers for the period 1 April 2017 to 31 March 2018. A copy will now be published on the NLB website.

Action: Senior Executive Assistant

12. ORGANISATIONAL REVIEW

The Board noted the update by the Chief Executive on the organisational review.

13. FLEET REVIEW

The Board noted the verbal update provided by the Director of Operations. Commissioner Mackenzie congratulated everyone involved for their work to get to this stage.

14. STRATEGIC RISK REGISTER

The Chief Executive provided an overview of the NLB's 14 Strategic Risk Cards. It was noted that all Risk Cards were reviewed and updated on a 6 month basis and reported to the Audit & Risk Committee or other relevant Committee. The Board noted that one risk – Pay – had been escalated to the DfT Marine Risk Register.

15. REPORT FROM THE AUDIT AND RISK COMMITTEE

The Minutes of the meeting held on 13 November 2017, 21 February 2018 and 10 April 2018 were noted.

The Chairman of the Audit & Risk Committee gave an update on the Audit & Risk Committee since the last meeting. The Board noted the current main topics were the valuation process, GDPR, Management Assurance Review and FOIs.

Commissioner Lewis asked if the issue with Licences had been resolved. The Director of Business Services advised that an internal audit had been carried out and the issue had been resolved.

Commissioner Turnbull requested an update on the replacement of the Finance System. The Director of Business Services advised that at the last meeting of the Audit & Risk Committee concern had been voiced that the September 2018 deadline may not allow enough time to develop the procurement project properly. The Director of Business Services is currently investigating an alternative route to utilise an existing Government Framework agreement which may satisfy NLB's needs and reduce the procurement burden.

16. BLACK BEQUEST

The Board noted the paper provided by the Director of Finance.

17. INTER GLA MATTERS

Joint Users Consultative Group (JUCG)

The Board noted the next JUCG meeting was due to be held at TH on 7 June. This meeting will launch the latest GLA Marine Navigation Plan 2016 to 2030.

Inter-GLA Forum

It was noted that NLB had hosted a very successful IGC Forum in February 2018. One of the key features of this meeting was dealing with cyber issues.

IALA

Work is continuing with the change of status, from a non-Governmental organisation into an IGO. It was noted that the Chief Executive, Director of Operations and Navigation Manager are due to attend the 4 yearly IALA conference in South Korea in May 2108. Each 4 years the Council is re-elected and TH has offered itself for re-election as the UK representative. NLB will support TH's re-election. NLB has observer rights to sit alongside TH during meetings of the Council which the Chief Executive exercises from time to time.

Joint Strategic Board (JSB)

The Board noted that Captain Nigel Palmer is due to retire as the Chair of the JSB but a proposal has been made for him to remain for an extra year to give continuity as the Fleet Review is concluded. Thereafter IL has proposed Mark Barr as Chair. Following the Chief Executive's recommendation the Board supported this approach.

18. ANY OTHER BUSINESS

Alistair Mackenzie

The Board noted that Commissioner Mackenzie would be retiring from the Board of Commissioners on 31 July 2018. The Board recorded their great appreciation to Commissioner Mackenzie for his work as Chair and Commissioner over the years and that his knowledge, experience and support would be missed.

18. CORPORATE CALENDAR

The Board noted the Corporate Calendar for the remainder of 2018 and the Calendar for 2019. Commissioner Turnbull asked if the date for the Audit & Risk Committee in April 2019 and the Board of Commissioners in October 2019 be changed to avoid the school holidays. It was agreed to review alternative dates.

Action: Senior Executive Assistant