

# NORTHERN LIGHTHOUSE BOARD

## BOARD MEETING

### MINUTES – 27 April 2017

<b>PRESENT:</b>	Graham Crerar	Chairman
	Captain Michael Brew	Vice-Chairman
	Sheriff Principal Ian Abercrombie QC	Commissioner
	Sheriff Principal Craig Turnbull QC	Commissioner
	Sheriff Principal Marysia Lewis	Commissioner
	Captain Alastair Beveridge	Commissioner
	Captain Mike Close	Commissioner
	The Rt Hon James Wolffe QC	Commissioner
	Alison Di Rollo QC	Commissioner
	John Ross CBE	Commissioner
<b>In Attendance:</b>	Mike Bullock MBE	Chief Executive
	Mairi Rae	Director of Finance & Administration
	Karen Charleson	Acting Secretary to the Board

#### 1. APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

Apologies for absence were noted from Commissioners Mackenzie, Stephen, Pyle, McCallum and Wilson. Apologies for absence were also noted from Phil Day the Director of Marine Operations.

The Chairman welcomed Commissioners Wolffe, the Lord Advocate and Commissioner Turnbull, Sheriff Principal for Glasgow and Strathkelvin to their first meeting.

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 25 October 2016 were agreed as a correct record and the Board agreed that the minutes could be published on the website.

*Action: Secretary to the Board*

#### 3. MATTERS ARISING

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

##### Expense Claims

Inter-GLA Committee 2 – Financial Planning - is working to align the format of Commissioners Expenses to be published on Trinity House and NLB websites.

*Action: Director of Finance*

### Outages

The Board noted that a number of KPIs are now being provided to the Managing Board and Navigation Committee regarding HSE, availability, faults, maintenance, financial and project delivery. Further work is to be completed as part of the Organisational Review to introduce “dashboards” of key information.

## **4. CHIEF EXECUTIVE’S REPORT**

The Board noted the report from the Chief Executive, highlighting items from the Departmental reports backed up by the full reports. Discussion took place on the following matters:

### Safety

It was noted that there has been one reportable incident since the last meeting. The previous work related reportable injury occurred in November 2015.

### Evacuation of Casualties from Towers

The Board noted that the new equipment including stretchers and descenders has been purchased and training completed. A joint exercise with the Coastguard has been organised for May 2017 and the lessons from this will determine if any alterations require to be made to stations.

### Medical Screening of At Risk Workers

The Board noted that the Policy and Procedures for the screening process have been circulated to the Trade Unions and final endorsement will be sought at the Managing Board on 25 May 2017. Briefings will be arranged for staff directly affected.

### HSE Inspection Reports

It was noted that the NLB Intranet (SharePoint) is being trialled as the platform for health, safety and environmental inspections. This will raise visibility throughout NLB and KPIs, when work is completed, will be available more easily.

### PHAROS

The Board noted that a large package of work had been carried out during the 10 yearly dry-dock in February 2017. Final costs had exceeded the corporate plan budget figures because of additional work undertaken but this had been identified in the months leading up to the docking and additional budget allocated.

### POLE STAR

The Board noted that the engine room alarm system had failed and is no longer supported by the manufacturer. An additional engineer officer is being carried to provide cover for watches at sea to meet a condition of Class requirement. There have been no issues with availability of staff. Procurement is underway to replace the system. It is envisaged that much of the work to install the new system could be done whilst the vessel is operating.

### Helicopter

The Board noted that the contractual issues had now been resolved. GIAA have carried out an audit of the GLA helicopter non-operational aspects of the contract. The report is awaited but a verbal briefing indicated no particular areas of concern.

It was noted that the Managing Board had been concerned at the delay in reporting hazards by the contractor and had requested that in future reports were passed on as soon as they are received. The contractor has acknowledged the issue and has improved their reporting.

### Oban Base

Repairs to the underdeck voids beneath the jetty have been undertaken. Repairs to the piling will commence this spring. It was noted that there had been no deferral of berthing during the works. Planning is being progressed on alterations of the Oban office to create an open plan space.

### Oban Port Development

The Board noted that the new Code of Conduct for Oban has been finalised. Charting and publication amendments have been passed to UKHO and a new edition is expected in early June. A Port Manager has been recruited by CalMac who will continue to progress the changes.

### Solar Stations

It was noted that all solar powered stations have recovered from the winter power deficit and are showing healthy increases in battery voltage at this early stage in the solar cycle. The two failures, attributable to insufficient solar power reserve, are both on the list of small projects for this year.

### Projects

The Board noted the effort that had been made to ensure the 2016/17 financial year projects were progressed to completion. The majority of spend was within the financial year demonstrating a significant improvement. Planning for financial year 2017/18 is much more advanced than in previous years with a number of projects ready to start.

### Asbestos

The Board noted that a comprehensive investigation had been undertaken following the identification of an issue with poor record keeping. A programme of replacing lamp arrays containing asbestos has been completed. Surveys for stations have been progressed and records updated within the Engineering Management system (Q4).

### Access Systems (HCL)

It was noted that a phased plan to bring the Access System back into service has commenced. The inspections will be carried out in-house by trained and certified staff.

### Electricity

The Board noted that a technical author familiar with IET requirements has been contracted to review and write a compliant policy, procedures and work instructions for NLB electrical system management and maintenance. Work to complete overdue inspections has continued.

### Nickel Metal Hydride Batteries

The Board noted that NLB had developed and tested a solution to stop batteries overheating at charge cycle stations. Area teams will be given training to carry out modifications across the estate.

### Monitoring

A number of meetings have been held regarding the Tri-GLA monitoring solution which will integrate NLB and possibly IL into the existing Trinity House system. Final costings are awaited before a Single Tender Action request can be submitted to DfT.

### Management Development Programme

The Board noted that the contract had been awarded for the delivery of the Management Development Programme. The programme will "launch" in May 2017 and training will commence in June 2017.

### Year End Accounts

It was noted that the NLB Accounts for 2015/16 had been laid before the Scottish Parliament for the first time in accordance with the Scotland Act 2016. This increase in visibility within Holyrood of NLB's work and contribution is expected to have positive results.

### Corporate Plan

The Board noted that the previous Chairman of the Board (Alistair Mackenzie) and Chief Executive had been in London for the Annual Corporate Planning meeting with the DfT and LAC on 1 December 2016. This meeting was also attended by the other GLA Chief Executives and Chairs. It was noted that feedback from both the DfT and LAC on NLB's Plan for 2017-2022, achievements over the last year and initiatives had all been very positive.

### 2017/18 Budget Sanction

Formal sanction of the 2017/18 budget from the Secretary of State was received on 31 March 2017.

### Pay Remit

The Committee noted that the 2016 Pay Remit has been approved by the Secretary of State. Negotiations have now commenced with the Trade Unions.

### Review of Framework Agreement

The Board noted that Treasury had now fed back to the DfT on the Framework Agreement. Due to the distinct characteristics of the three GLAs the Treasury has indicated a requirement for each GLA to have individual Agreements. DfT have pushed back on this but a full review of the Framework Agreement is likely to be required in due course.

### Year End Accounts

It was noted that year end work was underway. NAO have completed their interim audit and will complete their final audit in June 2017.

### Year End Spend

The Board noted that NLB is expected to attain the sanctioned Capital spend budget, however a small underspend of the overall budget is anticipated and it is likely NLB will exceed the 5 year RPI-X target. The Board acknowledged the amount of legacy of work that is still being rectified and noted the good improvement in financial control but highlighted that further improvements would still be required.

### Risk Management

It was noted that a new risk framework and methodology has been developed by the Risk, Quality, Assurance and Compliance Manager. Following a pilot within the ICT Team the new Risk Management Framework had been approved by the Audit & Risk Committee in February. Further roll-out of the Framework to operational teams will run through to summer 2017.

### Meeting with Lucy Chadwick, DfT

It was noted that the previous Chairman (Alistair Mackenzie) and Chief Executive had a very positive meeting with Lucy Chadwick on 19 January 2017.

### IALA

The Board noted that the change of IALA's status to an International Intergovernmental Organisation is maturing. The Chief Executive along with Chris Angell, DfT, attended a diplomatic conference on 18-19 April as the UK delegation. IALA will become increasingly important during Brexit and beyond as this will give UK important access and influence with EU neighbours. NLB will continue to invest time and resource to support IALA activity.

### Visit of DfT Officials to NLB

The Board noted that four DfT officials had visited Oban Base on 28 February and 84 George Street on 1 March 2017. The DfT had been very impressed by the leanness of the NLB and the enthusiasm and quality of the staff that they had met.

### Patron

The Patron will open the Stevenson Rooms and attend a short briefing from Commissioners on the afternoon of 25 May 2017. The Patron will also be onboard PHAROS from 28-30 July 2017.

### Retirement of Ian Woodman

The Board noted that Ian Woodman, Director Maritime, will be retiring from the Department for Transport in the spring. Roger Hargreaves has been appointed to take over the role as of Monday 15 May 2017.

### Managing Board Minutes

The minutes of the Managing Board meeting held on 29 November 2016, 18 January 2017 and 23 March 2017 were noted.

## **5. ANY CLARIFICATION (BY EXCEPTION) ON OPERATING REPORTS**

### December 2016 – POLE STAR, Allergic Reaction

Commissioner Di Rollo enquired as to whether EpiPens were carried onboard NLB vessels in case of allergic reactions. The CE advised that EpiPens were carried and that the Master was unaware of the allergy. The whole evolution had been extremely well handled and demonstrated the professionalism of POLE STAR's Master and crew. Captain Mike Smith has since received a Special Recognition Award.

### 18.01.17 PHAROS, Helicopter Lifting Operations

Commissioners Di Rollo asked for further information about the incident at the Isle of May involving an underslung load. The CE explained that the issue of the contractor failing to report incidents had now been resolved and amendments have been made to the underslung procedure e.g. ratchet strapping of the short poles, use of a tie type heli bag. A communication will also be issued to staff.

### Light Dues reduction

The question was raised whether the NLB's performance to deliver spend against the allocation whilst other GLAs underspent risked the NLB being penalised with a reduction in funding. The Chairman explained the mechanism behind the funding of the GLAs and reassured the Commissioners that it would take something drastic to happen to impinge on NLB's funding.

### Monitoring of Lights

Commissioner Di Rollo asked what level of risks were involved with running the obsolete monitoring system and what sums of money would be involved in replacing it. The CE advised that NLB held spares which could support the system for the next 3-4 years. This would allow some grace to install the new system. The cost to the GLAs is anticipated to be around £2M-£3M. It was noted that this item was due to be discussed at the CECs meeting later in the day.

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

The Board discussed the Mission, Vision, Strategic Goals & Values circulated with the papers and agreed they remained relevant. It was noted that they had been circulated to the Staff Council at their meeting on 22 March 2017 and the Council had also agreed that no changes were required.

## 7. BREXIT AND INDYREF2

### Brexit

It was noted that the CE and Director of Finance had attended a Brexit seminar in March 2017. A Brexit Risk Register is being developed through the JSB. The main areas of concern for the GLAs are in Procurement and R&RNav EU funding for specific projects.

### IndyRef2

The CE requested that all Commissioners engage with people/organisations at every available opportunity to remind them of the efficient, professional and leading organisation that NLB is. The Commissioners discussed the risks and opportunities to NLB should there be a second referendum and agreed to discuss this item further at the October meeting.

*Action: All Commissioners*

## 8. NOMINATION COMMITTEE

The Board of Commissioners noted the minutes of the Nomination Committee meeting held on 13 March 2017. The Board approved the following recommendations made by the Nomination Committee:

- NLB Chairman:  
Commissioner Crerar tenure to be extended for 2 years to March 2020 to allow for staggered retirements.
- NLB Vice Chairman  
Mike Brew to be appointed Vice-Chairman to take effect from April 2017.
- Nomination Committee:
  - Commissioner Crerar to join the Nomination Committee from 1 April 2017.
  - Commissioner Mackenzie to step down with effect from 31 March 2017.
  - Commissioner Wolffe to replace Commissioner Ross in September 2017.
- Remuneration Committee:
  - Commissioner Crerar to become Chair as from 1 April 2017
  - Commissioner Brew to become Secretary as from 1 April 2017
  - Commissioner Mackenzie to step down from the Remuneration Committee with effect from 31 March 2017.
- Audit & Risk Committee:
  - Commissioner Mackenzie to become Chairman on Commissioner Ross' retirement in September 2017.
  - Commissioner Turnbull to replace Commissioner Close in June 2017
  - Commissioner Close's successor to replace Commissioner Ross in September 2017
- Managing Board:
  - Commissioner Crerar to take Chair of the Managing Board on 1 April 2017
  - Commissioner Mackenzie to remain on the Managing Board
  - Commissioners Close and Ross to be replaced on the Managing Board by the Co-opted successors
  - Commissioner Di Rollo to join the Managing Board.

- Health, Safety & Environment Committee (HSE)
  - Commissioner Brew to take over from Commissioner Crerar as member of the HSE Committee as from 1 April 2017.

#### Replacement for Commissioner Close – June 2017

The recruitment process for a Commissioner to replace Mike Close is underway with interviews due to be held mid May 2017. Following direction from the DfT on Commissioner Crerar's appointment as Chairman the post had been advertised as the DfT appointed Commissioner.

#### Replacement for Commissioner Ross – September 2017

There have been a series of meeting with Transport Scotland to start the recruitment process.

#### Appraisal of the Chairman

The Committee reviewed the performance of Commissioner Mackenzie and unanimously agreed that he had served the NLB very well during a challenging period. The Board noted and endorsed support for these words.

### **9. REMUNERATION COMMITTEE**

The Remuneration Committee, Chaired by Commissioner Mackenzie, had carried out their annual review of the Executive and their objectives. It was noted that the departure of the Director of Engineering had put considerable strain on the remaining Executive and the Chairman was pleased to report a strong performance and high commendation for all three Executive members.

### **10. ANNUAL REVIEW OF BOARD EFFECTIVENESS**

The Board acknowledged that the new format and approach taken with the review had made it easier to engage with. It was noted that the Chairman had held meetings with the individuals who had provided feedback to discuss their comments one-to-one prior to compiling his summary report that was circulated with the agenda papers. Overall the results were assessed to be strong B+ with a few areas that require further work.

During discussions around risk it was agreed that it would be beneficial for the Commissioners to have sight of the full Risk Register and it was agreed that all thirteen Strategic Risks should be presented to the next Board of Commissioners meeting in October.

*Action: Chief Executive*

### **11. REPORT FROM THE AUDIT AND RISK COMMITTEE**

The Chairman of the Audit & Risk Committee gave an update on the Audit & Risk Committee since the last meeting. The Board noted the continued improvement in the relationship and dialogue between the auditors and the NLB Executive and was encouraged by the greater transparency and identification of operational risks brought by the appointment of James McBrier, the new Quality, Risk, Assurance and Compliance Manager.

The Minutes of the meetings held on 7 November 2016, 9 February 2017 and 5 April 2017 were noted.

## **12. FLEET REVIEW**

The Board noted the verbal update provided by the Chief Executive on the Reference Group and the second phase of the Fleet Review. It was noted that the Co-ordinated Plan came into effect on 1 April 2017.

## **13. ORGANISATIONAL REVIEW**

The Board noted the presentation given by the Chief Executive on the Organisational Review. The presentation covered:

- Design Principles
- Current State Assessment
- Maturity Assessment Against Design Principles
- Key Finds
- Structural Options
- Selected Option – Option 1 Demand and Supply Matrix
- Rationale for Option 1
- Organisational Charts of new structure
- Next Steps

The Board recognised this was a comprehensive and exciting piece of work which would create an organisation fit to meet the challenges of the future.

## **14. BLACK BEQUEST**

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

## **15. CNL2000 TRUST**

The Board noted the update provided by the Director of Finance and the intention to dissolve the Trust by 25 May 2017.

## **16. INTER GLA MATTERS**

The Board noted the CECs were due to meet directly after the Board of Commissioners meeting today (27 April) and 28 April 2017. The NLB took over Chairmanship of the Committee and supporting IGCs as at 1 April 2017.

## **17. ANY OTHER BUSINESS**

### Commissioner McCallum

The Board wished to record their thanks to Commissioner McCallum for her active support of the NLB as a Commissioner.

### Commissioner Close

The Board noted that this was Commissioner Close's last meeting. The Committee thanked him for his valuable input and support provided to the Board as Chairman and Commissioner over the



years. His efforts to bring health and safety to the top of the Board's Agenda were particularly recognised.

#### Commissioner Ross

The Board gave great thanks to Commissioner Ross for his contribution to the Board and especially for his time on the Audit & Risk Committee. Commissioner Ross served two terms as Chairman of the Audit & Risk Committee and will be remembered for his fearless challenging of the Executive and Auditors. It was the Board's view that Commissioner Ross will be greatly missed.

## **18. CORPORATE CALENDAR**

The Board noted the Corporate Calendar for the remainder of 2017.

Due to a clash with IALA business it was agreed to reschedule the meeting on 18 October 2017. A revised date will be circulated out-of-committee.

***Action: Secretary to the Board***

***Post Meeting Note: The next meeting of the Board of Commissioners will now be held on 11 October 2017 at 12.00 noon.***