

NORTHERN LIGHTHOUSE BOARD
BOARD MEETING

MINUTES – 17 October 2018

PRESENT:	Graham Crerar	Chairman (via telephone)
	Captain Michael Brew	Vice-Chairman
	Sheriff Principal Marysia Lewis	Commissioner
	Sheriff Principal Duncan Murray WS	Commissioner
	Sheriff Principal Derek Pyle	Commissioner
	Councillor Bill Lobban	Commissioner
	Captain Alastair Beveridge	Commissioner
	Rob Woodward	Commissioner
	The Rt Hon James Wolffe QC	Commissioner
	Alison Di Rollo QC	Commissioner
	Elaine Wilkinson	Commissioner
	Hugh Shaw	Commissioner
In Attendance:	Mike Bullock MBE	Chief Executive
	Mairi Rae	Director of Business Services
	Phil Day	Director of Operations
	Karen Charleson	Senior Executive Assistant (Minutes)

Due to Commissioner Crerar being unable to attend in person it was agreed that Commissioner Brew would Chair this meeting of the Board of Commissioners.

The Chairman welcomed Commissioner Shaw to his first meeting of the Board of Commissioners and also noted that James Baldwin (GIAA Audit Manager) and Phil Huggett (GIAA Senior IT Auditor) were in attendance to observe the meeting as part of the Government Internal Audit Agency Governance Audit.

1. APOLOGIES FOR ABSENCE & DECLARATION OF INTERESTS

Apologies for absence were noted from Commissioners Stephen, Woodward, Turnbull, Abercrombie, 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 26 April 2018 were agreed as a correct record and the Board agreed 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. In particular the following was noted:

HSE Report Incidents

The request from Commissioner Brew to remove actions where they are outstanding because the remedial work is either scheduled for the next re-engineering of a light or during an upcoming visit by Technicians and instead record them in Q4 has been passed to the respective managers to progress and will be reported on at a future meeting.

Action: Director of Operations

Annual Review of Board Effectiveness

Commissioner Crerar discussed Board effectiveness with the GIAA Auditors and agreed that if in the course of the Governance Audit there is anything they feel that other organisations are doing that should be included as part of the Board effectiveness it will be highlighted as part of the audit findings.

Nomination Committee

It was noted that Commissioner Hugh Shaw had been appointed to replace Commissioner Mackenzie on 1 August 2018.

Slips, Trips and Falls/Manual Handling

Commissioner Brew highlighted that the issue of the increase in slip, trips and falls/manual handling incidents had been discussed at the HSE Meeting in November 2018. Further training has now been arranged for relevant staff.

4. CHIEF EXECUTIVE'S REPORT

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

Safety

There have been two reportable 'over 3 day injuries' on the vessels since the last meeting. It was noted that there have been a number of incidents and near misses on both ships which have been investigated and meetings held to raise awareness. The issue was highlighted and discussed at the last Managing Board and will be followed up at the next meeting.

HSE Report

DNV-GL Audit

It was noted that an external audit was carried out in late August. The findings were very positive and signposted a positive leadership culture. Site visits showed good controls are in place.

Evacuation of Casualties from Lighthouse Towers

A casualty rescue exercise was held at Tiumpan Head on 26 April with teams from NLB and HM Coast Guard (HMCG) participating. A further exercise with HMCG is planned for 21 November.

Environment

The Board noted the work summarised in the HS&E report and the useful graph which captures the carbon footprint reduction over the last 20 years facilitated by NLB's ongoing programme of solarisation and shift to LEDs.

Operations Report

NLV POLE STAR

It was noted that NLV POLE STAR had provided 28 days support to Trinity House while THV PATRICIA was on light vessel tow duties and THV ALERT was out of service.

NLV POLE STAR Dry Dock

NLV POLE STAR has been in dry-dock for intermediate survey and the overhaul of thrusters and azimuth units. The vessel is now undocked and alongside awaiting return of repaired motors. This has caused a 3 to 4 week delay, with the vessel currently expected to return to service on 20 October 2018. A lessons-learnt exercise will be carried out once the vessel has been returned to service.

NLV Morale Issues

The Board noted that some morale issues on NLV POLE STAR have emerged through the staff engagement survey and individuals. These are being addressed by the Marine Operations Manager.

Rating Apprentices

It was noted that the first two Apprentices will qualify shortly and will take up posts as Seaman on the vessels. Two new Apprentices have been recruited and have started training at City of Glasgow College in September 2018.

Helicopter

Routine operations have continued with all planned and unplanned activity being supported. It was noted that the number of pilots has been increased and there have been no further repeats of unavailability since July 2018.

The helicopter contractor suffered an unrelated (to the GLAs) aircraft incident during load lifting operations which resulted in the tragic loss of the pilot. Any applicable lessons will be considered by the GLAs.

Navigation – Staffing

The Board noted that the staffing issues had now been resolved. The two new Coastal Inspectors who joined in May have been undergoing training and have been involved with their first site visits and audits.

2017/18 Programme

Temporary lights remain from 2017/18 projects at Copinsay, Ardnamurchan, and Rubha Reidh. With the exception of Copinsay work is complete but installation of the new LED lanterns is awaited due to constraints within the delivery team. The Director of Operations reported that some structural issues had been identified at Copinsay and an inspection to assess the cracking is being arranged.

2018/19 and 2019/20 Programmes

The Board noted that projects were largely progressing well with the exception of Stroma. Works had been due to be completed at Stroma by the end of 2018 but delays now make this unlikely.

Irvine Beacon

Designs have been finalised and are progressing through the approval process. This has taken longer than anticipated and the final design is more substantial than first envisaged. Procurement will proceed as soon as possible but work and costs are likely to stretch into the 2019/20 financial year.

It was noted that in the last financial year NLB came in close to budget but further programme management work is still to be completed including planning lead-in time for procurement exercises.

Going forward there will be an Asset Management driven programme of works but there is still an element of legacy issues that are arising and being addressed.

DGPS

The Board noted the ongoing issues with the DGPS system which have been included in the Operations Department Risk Register. It was also noted that the DGPS system is due for replacement in 2025. The GLA Research and Development Team has issued a questionnaire to find out the usage of the current system. Once the data has been collated they will enter into discussions with DfT on the way forward.

Policy

NLB's Asset Management Policy was approved at the September Managing Board and had been signed-off by the Chief Executive. Roll-out to staff is currently underway.

Electricity

Work is ongoing regarding Electrical Safety Rules, training and procedures. A transition plan to move from the current arrangements has been developed and training and instruction materials are being prepared.

Fire Systems

Desk based fire risk assessments are being developed for all sites which will determine the need for fire detection and fire suppression systems. The first of a new non-CFC based suppression system is to be installed at Stroma as part of the refurbishment.

Monitoring

The existing monitoring system and servers continue to operate reliably. A technical specification for the replacement system was prepared and submitted to procurement on schedule in August. The tender documents are being finalised and will be issued shortly.

Procedures

The temporary Technical Writer, engaged to assist in the development and issue of Operations procedures, policy and strategy, resigned but is now due to return at the end of October to complete the project.

Oban Harbour

The Board noted that the Oban Bay Management Group (OBMG) has agreed to pause the option for CMAL to expand its harbour area to enable the stakeholder group to undertake an assessment of its preferred option of a trust port. Argyle and Bute Council (ABC) Harbour Committee have reconfirmed they do not want to extend their harbour area. This pause to enable an assessment of a trust port was welcomed by stakeholders at a public meeting in late September. NLB has now taken the chair of the OBMG and Commissioner Brew has agreed to support the group and stakeholders in the project.

Business Services

Pay

The Board noted that HM Treasury and Cabinet Office have now issued the Civil Service Pay Guidance for 2018/19 limiting increases to an average of 1%-1.5%. This is not a cap so awards may be above 1.5% but the overall average must be a maximum of 1.5%. A meeting was held with Trade Unions on 15 August to discuss any employee concerns relating to pay and conditions. PCS, FDA and Prospect Unions have been granted a Judicial Review over the UK Government's below-inflation pay guidance and lack of consultation. The unions advised that they expected that no further pay

awards would be sanctioned until after the judicial review which is likely to be around the start of October 2018. NLB remains in limbo with respect to making an offer to staff until DfT responds to the elevation of the risk posed by the current pay restrictions. The Chief Executive and Directors continue to raise the issue at every available opportunity with officials, including the Maritime Minister during her recent visit to Oban.

The Board discussed the consequences of being unable to recruit/retain staff and the morale of existing staff and was concerned that this could eventually impinge on NLB being able to undertake its statutory responsibilities. The Board wished it noted that the Executive have their full support on this issue and acknowledged that they are doing everything they can to progress.

Financial Results to 30 September 2018

The Board noted that actual year-to-date costs show an underspend against budget. The reasons behind the underspend were discussed. Pay forecast for the full year is in line with sanctioned budget. Current year-to-date underspend is mainly due to gapped posts and the delay with the pay remit. It was also noted that other non-pay variances for the full year were in line with the sanctioned budget except for a reduction in commercial activity costs. Capital expenditure for the full year is in line with the sanctioned budget. Overall the NLB is currently reporting a year-end expenditure in line with the sanctioned budget, bar the reduction in commercial income and a reduction in forecast redundancy costs incurred in the year.

Following discussion it was agreed that the Director of Business Services would look at presenting the capital expenditure figures split it into three categories, i.e. contingency, allocated and unallocated, rather than put all unallocated expenditure into contingency.

Action: Director of Business Services

Finance Team

It was noted that the new finance structure was complete and positions have now been filled.

Travel and Subsistence Guidelines

A review of the Travel & Subsistence Guidelines was undertaken and a new policy has been approved. The policy will be made available to all employees and a series of awareness and training sessions will be conducted, with the policy implemented on or before 1 November 2018.

Replacement of ERP and Payroll Systems

The Board noted that it has been decided to replace the financial management information system and HR/payroll system prior to the end of the current support and maintenance contracts. NLB is currently reviewing tried and tested systems to better inform the tender process.

Procurement & Supply Chain

The Board noted that GIAA had undertaken an advisory review of inventory held at Oban in July. In August 2018 the procurement requirements for purchases up to £10,000 were changed to reduce the burden on the procurement team and empower users to progress quotations for small value purchases. Further changes for purchases up to £25,000 are due to be implemented once the procurement team has prepared guidance templates to assist staff.

ICT

The Board noted the following update on ICT activities:

- GIAA were on site at 84 George Street in May to carry out the follow-up cyber security audit. GIAA were on site 30/31 August to complete the fieldwork. The final report is awaited. Work is underway to procure a cyber-security training programme for staff.
- ISO 27001 audit took place on 10 September which identified 2 non-conformities and 2

observations. Plans are in place for a disaster recovery test in September 2018 and penetration test in early December 2018.

- Staff across NLB reviewed and sanitised their files in advance of the GDPR deadline. SharePoint has now become the records management system for the organisation although there are still a few teething issues.
- The replacement satellite broadband contract has been awarded and the new system will be installed on NLV POLE STAR during the September dry-dock and on NLV PHAROS in October.

Business Development

The Commercial Income forecast for 2018/19 has been reduced. There is a possibility that additional work may become available however the combined fleet management and risk response priorities take precedence and may prevent this occurring.

HR Report

Recruitment

The Board noted the issues with recruitment of a Mechanical Technician in Orkney. It is intended to keep this post vacant until the New Year and then re-advertise.

Staff Engagement Survey

The online survey went live at the end of August and will remain open until mid-October to ensure all ship's staff have the opportunity to participate. Once the results have been analysed a report will be submitted to the Managing Board.

Performance Management System

During the Organisational Review it was identified that a new shore-based performance management system was required. The first stage is a focus group with Senior Managers to identify what they would like from the new system which is scheduled to be implemented from August 2019.

Organisation

Organisational Review

The Programme Board continues to oversee the progress of the detailed implementation plan. The new structure is fully in place and further work continues on developing and documenting end-to-end processes.

Leadership Development

The final phase of the programme has been completed and the benefits recorded.

General Data Protection Regulation (GDPR)

GDPR came into force in May 2018. Planned preparations were completed on schedule. An Internal Audit has been carried out and has not raised any areas of concern. An audit will be undertaken by GIAA in Q4 FY 18/19.

ISO Standards

It was noted that in late May an external accredited auditor assessed that NLB had successfully made the transition to the new standards - 2015 ISO Standard for 9001 (Quality Management) and 14001 (Environmental Management).

Business Continuity Exercise

The Board noted that a Business Continuity Exercise is scheduled for 7 November 2018.

External Engagement

Patron

The date of screening of the BBC One Show's filming of an interview with the Patron and her visit to Ailsa Craig is not yet decided but will be widely promulgated to staff, Commissioners and via social media channels when it is announced.

2018 Inspection Voyage - Departmental Officials

Senior Officials from DfT and Transport Scotland joined NLV PHAROS for two separate voyages. A request to be included in the 2019 programme has been received from the DfT.

Visit of Maritime Minister to Oban

The Maritime Minister, Nusrat Ghani MP, visited Oban on 14 August 2018. Very positive feedback was received about the visit and there was also some good social media coverage.

Cabinet Secretary for Transport, Infrastructure and Connectivity

Michael Matheson MSP is scheduled to visit 84 George Street in December 2018 for a briefing on NLB's work and contribution to the economy.

London International Shipping Week (LISW) 2019

DfT has accepted the offer for NLV PHAROS to be berthed in the Thames (alongside HMS BELFAST) for London International Shipping Week 9-13 September 2019 to act as a venue and a visible symbol of UK shipping during the week. The offer was formally announced at the LISW 2019 launch reception on 11 September which was attended by the Chief Executive and Director of Operations. The intention will be to use NLV PHAROS to promote the Scottish Maritime Cluster and enable the Scottish Government to emphasise Scotland's contribution to the Maritime industry. A small steering group will be set up to deal with the planning and organising.

Call on DfT Permanent Secretary

The planned meeting with Bernadette Kelly in September 2018 was cancelled. The meeting has been delegated to officials and the Chief Executive and Chairman will try to fit this in with other planned activity in London.

Visit by DfT Sponsorship Team

In September two members of DfT's Sponsorship team received a briefing on NLB, followed by time onboard NLV PHAROS and a tour of the Oban Base which received positive feedback.

Doors Open Days

Following on from the success of last year, 84 George Street was open to the public on 29 and 30 September 2018 with nearly 1200 visitors which was more than last year. The event was extremely successful and enjoyed by all staff that took part.

20th Anniversary of Automation

A reception was held on the afternoon of 20 September 2018 in the Stevenson Rooms to mark the 20th Anniversary of Automation. Former Keepers, their partners and widows attended. Over 100 people attended and the event was very well received.

MNTB Apprentice Event

The Chief Executive, Chief Caterer Ned Kelly and our two Rating Apprentices participated in a Rating Apprentice event organised by the Merchant Navy Training Board (MNTB) at Liverpool Town Hall on 13 September 2018. The intention was to promote NLB's commitment to supporting investment in Ratings. It was noted that the Apprentices had spoken on a panel.

Exhibition and Reception at Scottish Parliament

NLB will be holding an exhibition of its role and activities at the Scottish Parliament building in the week commencing 17 June 2019 and will host an associated reception on Wednesday 19 June 2018.

Dashboard

The Board noted the Dashboard summaries of KPIs and the minor improvements which have been made to enhance it since the last Board of Commissioners.

Communications Update

The Board noted the written report provided by the Communications Officer and the significant drive to improve communications.

Managing Board Minutes

The Board noted the Managing Board minutes from the meetings held on 16 May 2018, 28 June 2018 and 20 September 2018.

5. ANY CLARIFICATION (BY EXCEPTION) ON OPERATING REPORTS

HSE Report Incidents

Commissioner Beveridge highlighted the rise in slip, trip and falls incidents reported on the ships. The Chief Executive advised that the increase of incidents had been raised at the HSE Committee and is being addressed. It was noted that overall the figures were much the same as previous years but it was acknowledged that there had been a spike on the ships and this was being addressed separately.

Commissioner Di Rollo noted that the expenditure on training had reduced. The Chief Executive advised that this was due to the Helicopter Underwater Escape Training (HUET) in previous years but stated that if training was required it would be provided.

6. ANNUAL REPORT AND ACCOUNTS

Commissioner Wilkinson (Chair of the Audit & Risk Committee) advised that that GIAA has recommended a "Moderate" assurance rating based on the adequacy and effectiveness of NLB's arrangements for corporate governance, risk management, and control processes. This is a welcome improvement from the limited assurance given for 2016/17 and included a substantial opinion in relation to risk management and programme management. The final NAO audit completion report on the 2017/18 Financial Statement Audit is awaited but the NAO anticipate recommending to the Comptroller and Auditor General (C&AG) that he should certify the 2017-18 GLF financial statements with an unqualified audit opinion, without modification.

The Audit & Risk Committee were satisfied that the Report and Accounts to 31 March 2018 had been duly audited and were a true and fair view of the NLB's financial standing subject to any final amendments to the Fixed Asset Valuations being minor. On that basis the Audit & Risk Committee recommended that the Board of Commissioners approve the Accounts.

A 'lessons learnt' meeting will be scheduled post-signing of the audited accounts, in order that process improvements may be noted and implemented to allow for a more streamlined and efficient audit to take place for the 2018/19 financial statements. The Chief Executives have suggested a tri-GLA approach to identify improvements and share experiences with the NAO.

The Board agreed to approve the 2017/18 Accounts subject to Commissioner Wilkinson confirming that if any changes are required after the final report is received from the NAO that they are minor in nature.

Action: Commissioner Wilkinson

7. CORPORATE PLAN

The Board noted the revised “slimmed-down” format of the Corporate Plan for 2018/19 which has reduced the overlap between the Corporate Plan and Annual Accounts.

The Board discussed the impact on the RPI-X figure that the 2019-2024 budget assumptions received from DfT and Cabinet Office, including pay and pensions which are completely outwith NLB’s control. It was noted that the Joint Strategy Board (JSB) is looking at what may replace the RPI-X formula in the future.

The Board approved the Corporate Plan for submission to DfT.

8. CHIEF EXECUTIVES’ COMMITTEE – TERMS OF REFERENCE

The Board approved the Chief Executives Committee Terms of Reference which had also been approved by the JSB in June 2018.

9. NOMINATION COMMITTEE

The Board of Commissioners noted the minutes of the Nomination Committee meeting held on 3 October 2018. The Board approved the following recommendations made by the Nomination Committee:

- Mike Brew
Commissioner Brew will be recommended to the Lieutenant Governor of the Isle of Man for a third and final term.
- Appointment of Chair
Commissioner Brew will become Chair as from April 2019.
- Appointment of Vice-Chair
Commissioner Beveridge will become Vice-Chair as from April 2019 and reappointed for a third term of four years and one month to allow the necessary time to complete his appointment as Vice-Chair, and subject to Board approval, two years as Chair.

The Board congratulated Commissioners Brew and Beveridge on their appointments.

Membership of Committees

It was noted that the Nomination Committee had discussed the merits of the Board of Commissioners reviewing Committee Membership annually. The Board discussed the rotation of Commissioners on Committees and whether there should be a review of Committee Terms of Reference to include fixed terms. It was agreed that this would be a matter for the Nomination Committee to look at in more detail.

Action: Commissioner Pyle

The Chief Executive requested that Commissioners advise the Nomination Committee if they have a willingness to do more or less should their circumstances change. He reminded the meeting that there is also a space in the Annual Board Evaluation Forms to provide feedback.

Action: Commissioners

It was noted that Commissioners are welcome to attend any of the Committee meetings as and when they wish.

10. REMUNERATION COMMITTEE

It was noted that the Remuneration Committee had approved the Objectives of the Executive Team for the current year. The Chief Executive advised that it had been extremely useful to have had feedback and advice from the Remuneration Committee on the draft Travel and Subsistence Policy especially the concerns of the effect of changes in allowances might have on staff. The advice had led to a successful outcome.

11. BUSINESS GIFTS AND HOSPITALITY DECLARATION

The Board noted and approved the revised 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. SHIP PROCUREMENT

The Committee noted the paper on Ship Procurement prepared by the Chief Executive which had been submitted to the Managing Board in September 2018. The Chief Executive advised that NLB will await formal notification from DfT for single action procurement.

13. STRATEGIC RISK REGISTER

The Chief Executive provided an overview of the NLB's 13 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 a recent audit by GIAA had provided a "substantial" rating for Risk Management and also that the Tri-GLA Triennial Risk Management Scrutiny ("Tri-GLA Scrutiny"), which incorporated a perception survey of all shore based staff, found that NLB's approach compared favourably with the other GLAs. The Tri-GLA Scrutiny further noted a high level of risk maturity, positive staff survey results and more generally a high performance in comparison with other marine-based organisations.

14. REPORT FROM THE AUDIT AND RISK COMMITTEE

The Minutes of the meeting held on 31 August 2018 were noted.

15. BLACK BEQUEST

The Board noted the paper provided by the Director of Business Services. The Trust meeting on 16 November will consider the funds remaining and future activities of the Trust. However, it is anticipated that the Trust will be wound-up early in 2019 having utilised all its funds.

16. INTER GLA MATTERS

All Inter-GLA matters were covered earlier in the Agenda.

17. ANY OTHER BUSINESS

There were no items of any other business.

18. CORPORATE CALENDAR

The Board noted the Corporate Calendar for the remainder of 2018 and the Calendar for 2019. It was agreed to consider if it is possible to move the date of the Board of Commissioners meeting in October to avoid school holidays.

Action: Senior Executive Assistant