NORTHERN LIGHTHOUSE BOARD
GOVERNANCE BOARD
MINUTES – 24 AUGUST 2023

PRESENT:	Elaine Wilkinson	Chair
	Hugh Shaw	Vice-Chair
	Brian Archibald	Commissioner
	Dick Welsh	Commissioner
	Jamie Finlay	Commissioner
	Aisha Anwar	Commissioner
	Sean Murphy	Commissioner
	Nigel Ross	Commissioner
	Bill Lobban	Commissioner
	Rob Woodwrd	Commissioner
	Gillian Wade	Commissioner
	Maurice Corry	Commissioner
	Mike Bullock	Chief Executive
	Phil Day	Director of Operations
	Mairi Rae	Director of Business Services
IN ATTENDANCE:	Jim McBrier	Risk & Improvement Manager
	Darren Cordner	Finance Manager
	Karen Charleson	Senior Executive Assistant (minutes)

1. WELCOME, APOLOGIES AND INTRODUCTION

Apologies for absence were received from Commissioners Bain, Charteris, Aldridge, Cameron, Maclaren, Dowdalls and Pyle.

The Chair welcomed Commissioner Wade to her first meeting of the Governance Board.

It was noted that this would be Commissioner Woodward's last Governance Board and on behalf of the Commissioners and Executive, the Chair thanked Commissioner Woodward for his service over the past six years and the contributions he has made.

2. DECLARATIONS OF INTERESTS

There was no declaration of interests raised for noting.

3. MINUTES OF THE PREVIOUS MEETING

The minutes of the Governance Board held on 11 May 2023 were approved and can be published on the website.

Action: Senior Executive Assistant

4. MATTERS ARISING

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

HQ Refurbishment – It was noted that there has been some overrun of both in time and costs of the project because of additional safety and asbestos related works. An understanding of the overall total cost of the investment in 84 George Street once the project has finished will be provided to the Board in due course.

Action: Chief Executive

5. ORGANISATIONAL PERFORMANCE

Overview

The Chief Executive, who is also the Accounting Officer, gave an overview of the main issues since the last meeting. The overview covered:

- Health and Safety
- Climate Emergency/Greening Government Commitments
- HQ Refurbishment
- Vessel Replacement Project
- Aviation Services Project
- Capital and Revenue Projects
- Pay
- Corporate Plan 2024-2029

NLB have had a series of incidents since the last Governance Board. None have resulted in serious injury nevertheless each highlighted a number of lessons that have been captured and shared. The incidents were promptly reported and there has been complete transparency. Safety reminders have been issued and time taken out to consider safety.

Since the last Governance Board there have also been two 24 hour strikes which affected the vessels and to a lesser extent Oban Base. A number of Commissioners and the Chief Executive had the chance to talk to both full time Union Officials and the team members on the picket line and the atmosphere was very positive with no hint of animosity.

Commissioner Archibald asked whether an award had been made for the 5 year dry dock framework. The Director of Operation advised that the dry dock market is buoyant and there is a lot of activity. Unfortunately, the winning bidder subsequently declared they were unable to meet the dates which has resulted in some extra costs for flag and class inspection requirements. Clear communication and engagement with the yard will continue around the window for dockings.

Commissioner Anwar joins the meeting.

KPI Dashboard

The Commissioners noted the KPI Dashboard included in the meeting pack. It was noted that Category 1 performance was now back above the IALA target but as this is a 3 year average it could dip again.

6. HEALTH, SAFETY AND ENVIRONMENT PERFORMANCE

The HS&E Committee is attended by representatives from across the organisation and continues to be an open and transparent forum.

Health & Safety Assurance

NLB's HS&E Committee met 3 August 2023. The agenda included the required subject headings.

The Committee confirmed that: assurance was received in relation to all key issues; transparent

reporting of incidents and near misses is taking place; necessary steps are being taken to identify and share lessons in order to prevent further incidents; Legislation is being tracked and compliance reviewed; dialogue is being maintained with external authorities; introduction of new equipment is being addressed; there is positive and open dialogue between Management and the Workforce on the full range of H&S issues.

Commissioner Corry joins the meeting

The Committee wished to draw the Governance Board's attention to the following issues:

- During the period there were two reportable safety incidents.
- There was also an incident onboard PHAROS when a high pressure water jet being used during buoy operations caused minor injuries to a member of the crew.
- The Committee focused on the lessons and the action to be taken to remind everyone of their personal responsibilities for themselves and others. Ships crews are conducting time out for safety sessions to reflect on the occurrences and a notice is to be issued requiring all senior managers and team leaders to do the same with their teams.
- First hand assurance was provided on the positive safety culture seen onboard PHAROS, in particular the quality of the very obviously collaborative safety briefings, including helicopter operations, and the empowerment of the crew to stop a job.
- A near-miss has been reported with loose hoses identified during routine checks on the fixed CO2 fire drench system onboard PHAROS. A number of lessons have been identified and implemented.
- The introduction of Mental Health First Aiders is progressing with training. This provided assurance of NLB's commitment to care for the well-being of its team members.
- Following air quality monitoring undertaken at the Bass Rock by the Institute of Occupational Medicine (IOM) respiratory protective equipment (RPE) is now required to be worn by all staff visiting the Bass Rock. NLB have also circulated the associated report (and RPE requirements) to other key stakeholders (including the RSPB) to ensure that all reasonably practicable steps have been taken to protect wider site users.
- In line with the scheduled programme, the Committee Reviewed and updated as appropriate, Risk Card 11 - Health and Safety.

Commissioner Welsh raised a point on the pressure washing incident highlighting that not every organisation provides prescription safety glasses which results in either the individual wearing the own glasses which are not approved for work of that kind, using an over glass on top of their normal glasses, or using safety glasses and not having the best sight. It is worthy to note that NLB do provide prescription safety glasses which is a great thing to do and probably saved further injury.

Sustainability and Environment Assurance

The HS&E Committee Agenda covered Statistical Performance, Review of the activity of the Environmental Workgroup, Operational Activities Impacting on Carbon Emissions/Environment; GGC Reporting; Biodiversity and Biosecurity.

The Committee confirmed that: assurance was received in relation to all key issues: Delivery and reporting mechanisms for GGC Targets agreed with DfT are in place and operating effectively; Risks are being captured and managed; there is commitment across NLB to tackle the Climate Emergency in terms of both mitigation and adaptation; the importance of Biodiversity and Biosecurity is fully recognised by staff and reinforced via NLB's Performance Management System.

The Committee wished to draw the Governance Board's attention to the following issues:

- NLB has been shortlisted in the National Sustainability Awards as a finalist for the

Company of the Year Award. A small team from NLB will attend the award ceremony on 5 October 2023.

- The GGC reporting process continues. There are positive results covering the full 2022/23 performance year return, with reduction of MGO use year on year by 20% in lighthouses and 6% in the vessels, the latter being a demonstration of the great work from Masters, Chief Engineers and Crews to change established practices and to 'Eco-Steam' whenever possible. There was also a 20% reduction in the use of gas and improvement in Waste Management with 26% reduction in waste and 75% going into recycling streams. In overall terms for the 22/23 performance year, this demonstrates that NLB continue to meet and improve upon their agreed GGC target by some 789 tonnes of CO2e.
- It was noted that Q1 of the current year was not so successful with increases in the use of MGO compared to the same period last year.
- Liaison continues with DfT Officials responsible for GGC reporting but is hampered by the lack of sufficient resource within DfT making guidance, advice and clarity on reporting requirements hard to obtain.
- Two NLB vessel crews have received training from the Hebridean Whale and Dolphin Trust in the spotting and reporting of cetaceans. This was seen by all as a positive move and will be rolled out to the remaining crews. The initiative demonstrates NLB's commitment to biodiversity and protection of the natural environment.
- The decision has been taken to trial the use of HVO (Hydrotreated Vegetable Oil) using Lismore as the proof of concept. This will allow stations that have no alternative to the use of Diesel Engines to be Net-Zero Carbon with minimal investment.
- In line with the scheduled programme, the Committee Reviewed and updated as appropriate, Risk Card 13 - Environmental Impact.

Commissioner Welsh advised that he had witnessed firsthand the Master and Chief Engineer talking passionately about voyage optimisation, reducing fuel consumption and competing to just get better and better at this aspect. This was fantastically rewarding and great to see.

The Risk & Improvement Manager advised that Q1 figures had been investigated and the increase in vessel fuel use was a result of higher nautical mileage due to operational reasons. The consumption rate per nautical mile was down from last year. Figures will likely flatten out over the full 4 quarters in this reporting period.

Commissioner Archibald asked how often inspections across the 3 GLAs happened and if there were any fundamentally different ways of doing business particularly from a safety perspective. The Chief Executive advised that the Inter-GLA Committee for Safety (IGC8) meet in various locations for safety tours on an annual basis. However, due to COVID the visit to Ardnamurchan was the first in a while. Ideas around how things could be done better are shared during the visits.

Commissioner Lobban enquired whether, if the trial of HVO was successful and rolled out, there would be any financial implications. The Chief Executive advised that the amount of fuel used at stations is relatively small and in relative terms would be the best thing to do. Solarisation or the installation of a wind turbine would be significantly more expensive.

7. NAVIGATION AND OPERATIONS PERFORMANCE

The Navigation and Operations Committee met on 2 August 2023. The agenda covered key areas including: Navigation, Operations and Business Services reports; Recent marine incidents and assessment of AtoN adequacy; Engineering requirements for existing AtoNs and future options for forthcoming projects; NLB lighthouse tender fleet status and helicopter operations; and Climate Change operational adaption measures.

The Committee confirmed that assurance was received in relation to all key issues: The Executive provided the necessary assurance that CAT 1 AtoN availability had returned to just above the IALA recommended level and every effort was being made to ensure this continued; The Capital and Maintenance Programme remains under review and is subject to modification as operational priorities change; The Risk Cards for Aids to Navigation Provision, Asset Loss or Damage, Information Technology and Operational Technology, Technological Change and Obsolescence and Natural Events have been viewed by the committee and are updated on a regular basis.

The Committee wished to draw the Governance Board's attention to the following issues:

- The AtoN Category 1 availability is currently at 99.81% and has improved since the last meeting. Category 2 and 3 availabilities are well above the IALA Standard.
- The Orkney ferry EARL SIGURD struck the Galt Skerry buoy on 17 June 2023. The buoy sustained minor damage but was subsequently reported to be operating to character.
- At the end of June 2023, 295 Local Lighthouse Authority (LLA) AtoN had been inspected out of a possible 2368 (12.5%) during the reporting year (April-March). The annual inspection target is 70%.
- Over the same period 289 NLB AtoN had been inspected out of a possible 485 (59.6%).
- The draft NLB Local Aids to Navigation, Offshore Structures and Aquaculture Sites Annual Report (2022/23) was discussed. The Report was an excellent and very informative document and subject to a few additions, it was approved for distribution.
- The replacement helicopter aviation services project continues.
- The proposed timetable and principles for the 2025-2030 Aids to Navigation Review was discussed. The NavOps Committee will discuss the objectives and stakeholder engagement at the next meeting in October.
- At Start Point the mechanical and civil installation of a wind turbine has been completed with electrical commissioning taking place in the next month. This is the first wind turbine of substance to be installed at a NLB site. Its performance will be monitored to ascertain its suitability for other locations.

<u>Escalated Matters</u>

- The work to install a new generator at Dubh Artach has now been completed and the light was restored to its normal range of 20 miles on 25 May 2023. Battery issues at Hyskeir may lead to the early start of the refurbishment project and the establishment of a temporary light sooner than originally planned.
- On 8 July 2023 an electric hoist (SWL 80kg) with a load of 60kg of water suffered a hoist wire failure during a lifting operation on the Bell Rock lighthouse. Following an internal NLB review, additional safeguards have been put in place, the winch replaced, and the planned maintenance regime amended accordingly.
- The HQ refurbishment project continues. It is now anticipated that there will be a phased handover of the building in early November and completion around the end of November.
- Checks of the planned maintenance returns identified that a number of work orders had been closed without work being completed. Closed work orders are being reviewed and where necessary reopened.

<u>Escalated Risks</u>

- Three Human Resources escalated risks were brought to the attention of NavOps and the People Committees. These included Succession Management within the Assets Team (retirement), Recruitment/Retention of Electrical Project Engineers and Reduced Availability of Agency Crew to mitigate sick absence within ship's crew. The actions/mitigation measures were noted.

Commissioner Archibald asked whether the discussions with Trinity House around the Isle of Man and NLB taking responsibility for out to 12 nautical miles had been completely agreed and closed off. The Director of Operations advised that in practical terms this had been resolved however the associated document still required to be updated.

Commissioner Archibald advised that in a world where a lot of people think that physical and virtual aids to navigation are on the decrease due to GPS, etc the NLB Local Aids to Navigation, Offshore Structures and Aquaculture Sites Annual Report (2022/23) highlighted these were on the increase and the number of third party assets being inspected was rising. The Chair asked if there was sufficient resources in this area with the increase in workload. The Chief Executive advised that an additional resource had been included within the Corporate Plan. The Director of Operations added that the POLE STAR replacement will also help in this area.

8. VESSEL REPLACEMENT AND AVIATION SERVICES PROJECT UPDATE

Vessel Replacement Project (VRP)

The Chief Executive, as SRO, gave a verbal update to the Board. It was noted that the relationship with the Shipyard is positive, there is good cooperation and the design work is progressing. The rhythm of contract management is well established and working well and everything is on track to cut steel in October 2023.

The National Shipbuilding Office Chief Executive and his Deputy visited the yard in July 2023 and NLB continues to help other projects.

The Chair noted that in the key high level timetable the IPA Gate Review, CAB Stage 7 and Cabinet Office Digital Team had not yet started and asked if any delay would cause any problems. The Chief Executive advised that the IPA Gate Review was a self-imposed discipline and was nothing to be concerned about. Dialogue is ongoing around CAB Stage 7 and their intent is for some time early in 2024. The action lies with the Digital Team to come to NLB when they are ready.

Aviation Services Project (ASP)

The Note Verbale was exchanged on 22 August 2023. This is in force for 2 years which means any procurement with Irish Lights started within 2 years will be covered by this, the actual contract award can be outside this timeline.

The project itself is in good order. The Strategic Outline Business Case has been developed and been submitted to the Centres of Excellence for informal and formal review with very positive feedback.

In June 2023, the ASP project was confirmed as a Tier 2 and the project has been through 2 major reviews:

- Commercial Assurance Board (CAB) Stage 0 - An amber assurance was given based on the fact the Note Verbale was not in place at the time.
- Combined Tier 2 Investment Board - The SOBC was approved and permission given to move ahead to Outline Business Case Stage.

Commissioner Welsh asked for an update on additional resource. The Chief Executive advised that interviews had now taken place and a candidate has been selected and will commence employment in due course.

The Chair asked if there were any lessons learned around the assurance and approvals process

that could be raised with DfT. The Chief Executive has raised issues with Director Maritime and a meeting has also been arranged with Ann McChesney, Group Commercial, to discuss the CAB process.

9. AUDIT & RISK COMMITTEE

The Audit & Risk Committee met on 3 August 2023. Key issues considered included: an update on the quinquennial evaluation exercise; the Executive Report; Flash Result for year-end financial position; the Risk and Improvement Report; Risk Card Review; Compliance Officer's Report; Management Assurance Return; Internal audit plan for 2023/24; Internal audit reports and ARC forward work plan.

The Committee can confirm that:

- The financial status presented in the financial results dashboard for period 3 to June 2023 was considered to provide assurance on NLB's financial position.
- The Executive Report contains a great deal of information and continues to provide sufficient assurance on key issues.
- The comprehensive report received from the R&I Manager continues to provide a significant level of assurance that the risk management arrangements are effectively assessing and managing risk and continue to drive forward continual improvements.
- In line with the scheduled programme, the Committee Reviewed and updated as appropriate, Risk Cards - 1 Policy and & 2 Legislation.
- Internal Audit Programs for 2023/24 are progressing as planned.
- Audits for externally verified international standards are progressing as planned and provide assurance across a range of NLB activities and requirements in respect of Quality Health, Safety, Environment and Information Security. Valuable training on NLB's Assurance Framework and how it all fits together, was presented at the meeting by the Risk and Improvement Manager.
- The participation at ARC of auditors from NAO (National Audit Office) and GIAA (Government Internal audit Agency) continues to be of great value.
- Work continues on the replacement ERP and HR/Payroll platforms.
- NLB's Environmental Management System continues to drive a risk-based approach to monitoring and mitigating NLB's Environmental Aspects and Impacts, including NLB's response to the Climate Emergency.

The Committee wished to draw the Governance Board's attention to the following issues:

- The Annual Report and Accounts in its first draft, unaudited form was included in the meeting pack but not discussed. Comments/amendments were invited by members to the secretariat.
- The Aviation Services Project (ASP) has been confirmed to be a tier 2 project.
- The Note Verbale is nearing final approval.
- The Quinquennial Evaluation Exercise is progressing. It is deemed appropriate to await NAO's on-site work to commence before communicating the results to DfT.
- Pay continues to be a risk to the Organisation in terms of staff retention, recruitment and satisfaction. Risk Card 7 of NLB's Organisational Risk Register has been updated to reflect this increased risk in both probability and impact terms.
- Pension provision by 'MyCSP 'continues to be problematical. NLB Finance staff are making themselves available to provide advice to staff members who may be affected.
- Functional Standards – The R&I Manager has been leading for NLB with DfT on the development of a new cloud-based Assurance Reporting Tool (ART), which will replace the current annual Management Assurance Return spreadsheet. DfT have advised that it is their intention that the ART will also capture Functional Standards ratings to allow the building up of an assurance landscape across the 3 Lines of Defence.

- In GIAA's Annual Opinion and Report 2022/23, NLB received a 'substantial' classification across all five areas assessed in 2022/23. The report contains some excellent feedback: its executive summary states *"The organisation continues to benefit from the good governance and ongoing commitment of an experienced and dedicated senior management team". The report goes on to state "On the basis of this year's audit, we consider Oban Base an example of operational excellence."*

Commissioner Archibald asked whether the Framework Document has been received and will be available for the JSB in November 2023. The Chief Executive advised that the Director of Business Services is currently reviewing the document but there is quite a bit of work to be done. It is intended to brief the Governance Board in September 2023.

Action: Director of Business Services

The Chair commended the "Substantial" opinion received in GIAA's Annual Opinion and Report 2022/23 however NLB are not complacent and will continue to seek improvement.

10. PEOPLE COMMITTEE AND NOMINATIONS FOR APPROVAL

The People Committee met on 2 August 2023.

Part 1

Part 1 of the People Committee covered the following issues: Recruitment and turnover statistics; sick absence; Pay; Drug and Alcohol testing; Review of Staff Council minutes; Review of Escalated Risks and HR Risk Card.

The Committee can confirm that:

- Appropriate recruitment action is underway to fill vacancies.
- Sick absence levels continue to reduce.
- Pay remit for 2023/24 has been submitted to DfT following constructive input and discussion with Unions.

The Committee wishes to draw the Governance Board's attention to the following issues:

- Recruitment challenges continue to relate mainly to Technicians, although the non-specific geographical location has helped.
- There is a downward trend in Sick Absence levels with both long and short-term absences reducing. Short-term absence has been helped by hybrid working and improvements in long term sickness through resolution of individual cases. In response to increases in muscular skeletal related absence thought to be related to the older demographics of some staff groups, action will be taken to promote guidance on caring for your back and a refresher of manual handling training and awareness.
- Unite (the Union) remains in dispute for the 2022/23 pay resulting in two days of strike action in June and July. NLB received a notice of inducement in relation to NLB's decision to impose the 2022/23 pay award. However, relationships between staff members and NLB Management remain positive.
- Staff Council minutes evidence good relations and a positive response to staff concerns/ideas.
- The HR Risk Card was reviewed with no further amendments.
- The planned GIAA audit for the 2023/34 year on recruitment and retention has been split into two separate audits which, it is hoped, will help inform any future actions to improve recruitment and retention.

Part 2

Part 2 of the People Committee covered the following issues: Appointment of DfT Commissioner; Membership of Committees informed by Annual Board Evaluation; and the

Executive's Annual Appraisals for 2022/23 and objectives for 2023/34.

The Committee wished to draw the Governance Board's attention to the following issues:

- Commissioner recruitment: Two independent panel members have been nominated by DfT and an indicative timeline has been set out for shortlisting and interviews, but this is subject to Ministerial approval at different stages.
- The Committee recommends the Governance Board approves the following appointments to Committees:
  - People Committee - Bill Lobban and Brian Archibald
  - Audit and Risk Committee – New DfT appointed Commissioner in due course.
- It was agreed that Commissioner Anwar would discuss with Commissioner Pyle and the other SP Commissioners possible nominations to Audit and Risk and People Committees so that SPs are well represented on each committee.
- The Committee noted that the appraisals had been completed for the Chief Executive and two Directors recognising the exemplary performance of the Executive team.
- The Committee noted the Executives' Objectives for the 2023/24 year.

The Governance Board noted that since the People Committee meeting nominations were received from the SP Commissioners and as a result the following appointments were discussed and approved:

- People Committee – Commissioners Lobban, Archibald and Dowdalls will join the Committee.
- Audit and Risk Committee – Commissioner Anwar will step down and Commissioners Murphy, Wade and the new DfT appointed Commissioner will be appointed to the Committee.

11. MATTERS FOR APPROVAL

Matters for approval were covered under the appropriate Agenda Items.

12. STAKEHOLDER ENGAGEMENT

The Governance Board noted the Stakeholder Engagement update.

<u>BBC Alba</u>
BBC Alba are filming our former Master, Eric Smith who is a Gaelic speaker at Oban Base.

<u>Department of Transport Update</u>
Commissioner Wood updated the Governance Board on his recent meeting with Director Maritime. All key topics were covered.

<u>Isle of Man Government Update</u>
Commissioner Welsh updated the Governance Board on the work ongoing to look at NLB's attendance at future Territorial Seas Committee meetings.

<u>Transport Scotland Update</u>
The Chair advised that Fiona Hyslop has been appointed as the new Transport Minister and is currently scheduled to visit Oban including NLB's Oban Base. Ms Hyslop will also be making a keynote speech at the Scottish Maritime Cluster Reception in London International Shipping Week.

13. CORPORATE CALENDAR

The Governance Board noted the Corporate Calendar for remainder of 2023.

The next meeting on 28 September will be a Strategy Day to review the Annual Report and Accounts to 31 March 2023, Corporate Plan 2024-2029, Corporate Calendar 2024 and review the Annual Board Evaluation. This meeting will be in person with an option to join virtually.

14. ANY OTHER BUSINESS

Visit to Oban Base and Inspection Voyage

Commissioner Welsh highlighted how important and useful the experience had been. It provides a real insight into how the ships and organisation operates and gives Commissioners time to spend with the Executive and receive some great presentations.