NORTHERN LIGHTHOUSE BOARD

GOVERNANCE BOARD – STRATEGY

MINUTES – 28 SEPTEMBER 2023

PRESENT:	Elaine Wilkinson	Chair
	Hugh Shaw	Vice-Chair
	Bill Lobban	Commissioner
	Brian Archibald	Commissioner
	David Cameron	Commissioner
	Dick Welsh	Commissioner
	Gillian Wade	Commissioner
	Jamie Finlay	Commissioner
	Sean Murphy	Commissioner
	Mike Bullock	Chief Executive
	Phil Day	Director of Operations
	Mairi Rae	Director of Business Services
IN ATTENDANCE:	Jim McBrier	Risk and Improvement Manager
	Darren Cordner	Finance Manager
	Fiona Holmes	Communications Officer
	Karen Charleson	Senior Executive Assistant (minutes)

1. WELCOME, APOLOGIES AND INTRODUCTION

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

2. ANNUAL REPORT AND ACCOUNTS TO 31 MARCH 2023

The Chief Executive, as Accounting Officer, provided an overview of the Annual Report and Accounts.

- Financial Year 2022-2023 was a remarkable period for NLB. The lasting consequences of the pandemic, UK exit from the European Union and the dreadful war in Ukraine all continued to bite. The NLB team have responded magnificently and rapidly adjusted to the new world situation while continuing to deliver NLB's vital safety service.

- Cat 1 AtoN availability continued to be significantly impacted by operational problems at two pillar rock lighthouses. This means the overall Cat 1 availability at year end remained stable at just below the IALA standard.

- NLB met and exceeded the International standards set by IALA for Aid to Navigation (AtoN) availability Cat 2 & 3.

- The accident incidence rate during 2022-23 remained commendably low. Robust procedures and regular audits are crucial elements to achieving this, but without doubt NLB's established safety culture of no blame, learning lessons and individual responsibility is ultimately what keeps people safe.

- NLB has seen a shift in the way people think about Sustainability. Collective efforts to meet and exceed the Greening Government Commitment targets set by DfT are paying off, supported by the bottom-up innovation led by the Environmental Working Group.

- Although there was inevitable veering and hauling due to the impact of extreme weather and ship/helicopter availability, the programme of Aid to Navigation refurbishment projects was delivered.

- The revised governance processes introduced in 2021-22 have now had a full cycle of operation. The empowerment of Committee Chairs to provide clear and evidenced assurance to the Governance Board has been a big step forward.

- Internal and external audit along with the Business Management System and the ethos of Continuous Improvement have continued to play an important and positive role in NLB's success.

- The contract for the new POLE STAR was placed in December 2022 and is on track for delivery of a state of the art hybrid vessel in 2025.

- The Aviation Services Project has robust Governance in place and good cooperation between the three GLAs established. The Note Verbale in place will provide the mechanism to procure with Irish Lights.

- DfT compliance, approvals, assurance and reporting requirements continue to place an increasing burden on NLB resources.

- NLB is not immune from the UK-wide dissatisfaction with Public Sector pay which has carried into this Financial Year and finding resolution to ensure we can continue to recruit and retain the talent remains a priority.

The Finance Manager gave a presentation on the position as of 31 March 2023.

- Sanctioned (Budget) to Full Year Actual Spend
- Financial Reporting Changes
- Initial NAO Close-Out/Feedback
- NAO Audit
- Timeline to Filing
- Annual Report and Accounts changes since Audit & Risk Committee review on 4 August 2023

It was noted that there will be a follow up discussion/lessons learned and to talk further about the timing of audits with NAO following the filing of the GLF Accounts.

Approval
The Governance Board approved the Annual Report and Accounts subject to nothing substantial coming from final audit deliberations. The Chair thanked the Finance Team for their hard work in delivering the Accounts and all who contributed in the production of the Annual Report and Accounts.

3. AUDIT YEAR GOVERNANCE HEADLINES

The Risk & Improvement Manager gave a high level overview of the assurance landscape.

There were 5 external audits undertaken during the year which all proffered "Substantial" ratings.

NLB arranges and selects audits taking a risk based approach and to probe/review areas that are felt to require additional assurance or have weaknesses. NLB work very closely with GIAA.

NLB's ISM Audit Framework.is provided by the Maritime and Coastguard Agency. Again, there was very strong performance during the 2022/23 year in terms of the Document of Compliance (DOC) revalidation. One or two areas were highlighted for improvement through the audit programme but these have now been closed out.

NLB's 3rd party audit provider is Lloyds Register Quality Assurance (LRQA). There are 2 main audit functions that take place within the context of ISO:

- ISO 27001 Information Management & Security – this is an ever increasing focus area for NLB and the scope is being expanded to include Operational Technology.
- ISO 9001. 14001, 45001 Quality, Health, Safety and Environment – certification has been maintained in this regard.

NLB's Management Assurance Return was delivered in order to represent a full period 12 return for the 2022/23 reporting period. The areas assessed represented a "substantial" level of assurance across the board other than one aspect relating to automated document retention and compliance which is current under action.

Internal ISO Audits are carried out by volunteers and cover a range of risk based areas. There were 91 process improvements identified, the majority of which are opportunities for improvement.

DfT audit NLB's International Ship and Port Security Code and there has been one audit this year with minor findings.

Aerossurance conduct audits on both NLB's helideck condition and wider aviation requirements. There are no outstanding improvements in either of the 2 areas.

The Governance Board noted the extensive range of independent assurances provided throughout the year in support of the Governance statement in the Annual Report and Accounts.

4. COMMUNICATIONS UPDATE

The Communication Officer gave an update on the highlights of the past 12 months

- VRP – This was the "Big Announcement" of the year.
- NLB in the Press
- Filming/Broadcast media
- Social Media
- Outreach and Community Engagement
- POLE STAR Open Days
- Rewriting Women into Maritime History
- Campaigns
- Awareness Raising Days
- Anniversaries

It has been another busy year, full of opportunities to raise NLB's profile and meet the aims of the Communication Strategy.

5. ANNUAL REVIEW OF MISSION, VISION, STRATEGIC GOALS AND ORGANISATIONAL VALUES (MVS&V)

As part of the development of the Corporate Plan there is a requirement for the Governance Board to conduct a review of NLB's Mission, Vision, Strategic Goals and Organisational Values

(MVS&V) to ensure that they are fresh relevant. The MVS&V were last amended in 2020 to bring the Climate Emergency, Sustainability and the requirement to achieve Net Zero Carbon to the fore.

The revised MVS&V were well received by NLB staff members who have really embraced the need to tackle the existential threat presented by Climate Change. The MVS&V also attracted a positive response from wider stakeholders and the Values have also been incorporated into NLB's Staff Performance Management process.

It has been identified that although Mitigation to help address Climate Change is explicitly highlighted, Adaptation is not, therefore a minor amendment to bullet four of the strategic focus is recommended as follows:

- Continuous improvement of NLB's Assets, Governance, Service Provision and People ready to meet current and emerging requirements including Adaptation for Climate Change.

Approval
The Governance Board agreed that the MVS&V remain relevant, fit for purpose and have been fully embraced by NLB staff/key stakeholders, that they go forward to Corporate Plan 2024-29 unchanged except for the minor amendment to bullet four of the strategic focus to reflect the importance of Adaptation.

6. OVERVIEW OF STRATEGIC RISKS

The Risk & Improvement Manager provided an overview of the 15 organisational business risks that are reviewed through both the Committee structure with ongoing assurance statement provision to the Governance Board. These are underpinned by the risk management framework including project and departmental risk registers.

The 15 organisational business risks cover:

- Climate Emergency "Mitigation"
- Human Resources
- Information Technology and Operational Technology
- Natural Events
- Legislation
- Policy
- Resourcing
- Exploitation of Reserve Capacity
- Health & Safety
- Climate Emergency "Adaptation"
- Corporate Governance & Financial Management
- Environmental Impact
- Technological Change & Obsolescence
- AtoN provision
- Asset Loss/Damage

There are separate risk registers covering the Conflict in Europe and Tri-GLA High Level risks.

The Governance Board discussed the Strategic Risks and commended the Risk and Improvement Manager on the helpful and succinct presentation of this complex subject.

7. CORPORATE PLAN

The realities of the UK exit from the EU, war in Europe, extreme weather, inflation, increased likelihood of dramatic spikes in fuel and utility prices, less reliable Supply Chains, commodity shortages, contractor skills gap, increasing Cyber threats, difficulty recruiting/retaining staff, industrial unrest and the inevitable additional cost of living burden placed on the lower paid are all factors that have directly played into the Corporate Plan for 2024-2029.

NLB's Risk Management system has ensured the early identification of emerging challenges, and the risks are being managed. The plan for 2024-2029 seeks to manage the known challenges and through targeted investment ensure that organisational resilience is maintained which will allow NLB to respond effectively to the challenges and inevitable uncertainties ahead.

The bid set out in the plan is based on actual requirements and is submitted with the clear undertaking that NLB asks for what it needs and delivers what it promises.

The Finance Manager provided an overview of the Corporate Plan which covered:

- Risks
- Opportunities
- Plans
- Table of Changes
- VRP
- Marine Gas Oil
- Pay, Pensions and Redundancies
- Staff Compliment Plan
- Projects
- GLA Effectiveness

Approval
The Governance Board approved the Corporate Plan 2024-2029 subject to finalisation of figures around fuel and pay. The document will now be taken forward for discussion with DfT, Transport Scotland and LAC with formal submission to DfT on 31 October 2023.

Discussions will commence with the GLF Accountant around the removal of Appendix 4 – Performance Indicators - in future plans following the introduction of the formalised GLA Effectiveness KPIs.

Action: Chief Executive/Director of Business Services

8. REVIEW OF BOARD EFFECTIVENESS

The Chair thanked all who had completed the review which had attracted a better response than in previous years (15 responses).

The Governance Board noted the summarised responses which were included in the meeting pack. The Chair provided a verbal overview covering the most salient points.

The following recommendations were discussed and agreed:

- Strategy and Remit – The Governance Board should have the opportunity at the September Strategy day to challenge and debate the 'draft' Corporate Plan with any relevant and agreed suggestions incorporated into final version and recognise any strategic objectives that emanate from JSB on a cross GLA basis.

- Governance Board – It was agreed to include a couple of slides on the role of non-executive in the induction pack presented by the Chief Executive. The Commissioners Training matrix will be updated to include an offer of another Chief Executive's induction after Commissioners have been in post.

  Action: Chief Executive

- Governance Board Meetings – The Director of Business Services to review schedule of committees to try to facilitate Audit & Risk Committee review of key reports before recommending to Governance Board, noting dependence on NAO timetable. A draft Corporate Calendar should be circulated early July each year seeking feedback with a view to finalising the corporate diary for following year at the Governance Board meeting in August.

  Action: Director of Business Services/Senior Executive Assistant

- Performance Management and Assurance – Work is in hand to improve capital project cost reporting.

- Audit & Risk Committee, Internal Audit and Corporate Reporting – Action is in hand to address the financial skills within the Board with the current DfT Commissioner recruitment.

- Hybrid, virtual or in-person meetings – It was agreed to hold in "exceptional" in person Governance Board meeting in February 2024. Thereafter designated in-person meetings will be May, September and November. There will be one in-person Committee meeting each year with any additional in-person meetings by exception.

- Stakeholder Engagement – The Chair and Chief Executive are seeking a meeting with the DfT Second Permanent Secretary to discuss some of the challenges. More exposure will be given to the JSB by sharing the minutes with the Governance Board.

- Evaluation Process - The Guide to Governance should be updated to set out how any annual review of the contribution of individual Commissioners will be taken forward, taking account of arrangements in other GLAs and the recording and holding of information.

  Action: Vice Chair

- WhatsApp - In light of public disclosures of Whatsapp messaging and any potential reputational damage, Teams Chat is recommended for informal communications and not WhatsApp.

- Diligent/BoardIntelligence/Convene – As a small organisation, NLB cannot justify a separate system for Board reporting.

- Regular One-to-One's between Chair and Commissioners – The Chair is available for one-to-ones as required.

- There was resounding support for the Weekly Briefing from the Chief Executive. This was felt to be an excellent form of communication.

9. REVIEW OF GOVERNANCE BOARD TERMS OF REFERENCE

The Governance Board reviewed the Terms of Reference and no amendments were identified.

4. ANY OTHER BUSINESS

Corporate Calendar 2024
The draft Corporate Calendar for 2024 was approved and will be circulated in due course.

IALA IGO Status
The transformation of IALA to an Inter-Government Organisation has significant implications in terms of membership and how the group operates. The biggest implication for the GLAs is around membership, currently the individual GLAs are the member of the organisation. It has now been established that the member will be State and through that DfT will be the member and will accredit the GLAs to undertake specific tasks. DfT will only be engaged directly when there is a General Assembly.

Framework Document
The GLAs submitted their proposed amendments to the new Framework document in February 2022. DfT returned an updated version of the Framework document on 4 August 2023. Once the GLA's CEC/Directors have reviewed and agreed the proposed document it will require to be approved by each GLA board before returning to DfT for final clearances with Cabinet Office and HMT.

Outline Tri-GLA Future Vessel Replacement Programme
The Director of Operations provided a presentation on the latest position in regard to NLV PHAROS replacement. It is anticipated that PHAROS will be replaced in 2032 which is aligned with the end of her lease period. This is taking into consideration obsolescence, reliability and the aim to reach Net Zero and move to new generation fuels.

The Governance Board discussed the options, cost implications and took account of other considerations and agreed that replacing PHAROS in 2032 was the correct option to progress. Developing the Business Case will determine the timeline.

JSB Review
The JSB Working Group met to review the work of the JSB and set out a new way of approaching the agenda. A paper will be brought to the next Governance Board meeting in November 2023.

Action: Chief Executive