

Annex C: Assessment of NLB and TH against Principles of Good Corporate Governance

Accountability

Statutory Accountability

Does the public body (PB) comply with all applicable statutes and regulations and other relevant good practice?

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| <p>The PB:</p> <p>1.1. complies with all statutory and administrative requirements on the use of public funds (including HMT Managing Public Money, and CO/HMT spending controls);</p> <p>1.2. operates within the limits of its statutory authority and in accordance with delegated authorities agreed with DfT;</p> | <p><u>Compliant</u> The Governance statement provided by NLB CEO to NAO for completion of accounts records compliance with the principles of good governance and internal control. This is acknowledged in an annual Audit Summary report from NAO. Further audits and reporting requirements include internal audits, DfT Framework Document and HMT budgeting controls applied through DfT.</p> <p><u>Compliant</u> The Governance Statement by NLB Chief Executive reviewed as part of audit of NLB Annual Report and Accounts. Compliance with statutory authority certified by NAO in approving the GLF annual accounts. NLB operates within a delegation of financial authority letter issued by DfT.</p> | <p><u>Compliant</u> TH receive an annual Audit Summary report from NAO. This records compliance with principles of good governance and internal control. Further audits and reporting requirements include internal audits, DfT Framework Document and HMT budgeting controls applied through DfT.</p> <p><u>Compliant</u> Compliance with statutory authority certified by NAO in approving the GLF annual accounts. TH operates within a delegation of financial authority letter issued by DfT.</p> |

1.3. operates in line with statutory requirements for the Freedom of Information Act;

Compliant

NLB is listed in and operates within the requirements of the FOIA. A disclosure log is available on the NLB website that lists all requests for information made under FOI alongside the responses since 2009.

In 2013, NLB responded to 4 FOI requests all of which were responded to within the 20 day target.

The first Publication Scheme was approved by the Information commissioners under the rules in force at the time and has been expanded since.

Compliant

A publication scheme is available on the NLB website at:

<https://www.nlb.org.uk/InformationCentre/FreedomOfInformation/Freedom-of-Information/#heading1>

Compliant

The NLB website includes a section which includes information that NLB makes publicly available. This includes its organisational structure, annual reports and accounts, the Commissioner's Handbook, policies; all linked from:

<https://www.nlb.org.uk/InformationCentre/FreedomOfInformation/Freedom-of-Information/#heading1>

Compliant

Staff understand their DPA obligations and are provided training as necessary.

1.4. has a comprehensive publication scheme;

Not applicable

TH is not subject to the Freedom of Information Act. However, it operates in line with the Act as set out on its website.

Not applicable

Although TH is not subject to the Freedom of Information Act, it has a comprehensive publication scheme which is available via its website under 'Legal Notices'.

Compliant

Some corporate information is published on the TH website including its joint GLA publications, annual reports, Board details and policies.

1.5. proactively releases information that is of legitimate public interest;

Compliant

TH submits a formal notification under the Data Protection Act to the Information Commissioner on an annual basis (on the register as the 'Corporation of Trinity House London'. In addition it has an Information Charter, which it publishes on its website (under 'Legal Notices') and

1.6. complies with data protection legislation;

1.7. complies with Public Records Acts 1958 and 1967.

Compliant

NLB is not listed in Schedule 1 to the Public Records Act 1958 or the Schedule to the Public Records (Scotland) Act 2011. However, NLB complies with the spirit of the statutory requirements and records are routinely reviewed and, where considered appropriate, are transferred to the National Records of Scotland. In essence, the Public Records Act 1958 does not cover bodies that operate solely or mainly in Scotland and the Public Records (Scotland) Act 2011 can only list bodies within its legislative competence.

provides staff with appropriate training. It is also periodically audited for compliance. HR policies and procedure also reflect data protection regulations as and when appropriate; emphasising to staff what protection is in place, in particular in relation to personal data.

Not applicable

TH as a private Corporation is not covered by the Public Record Acts 1958 and 1967. The Acts specify the bodies whose records are public records for the purposes of the Act by including a general definition of bodies, some exclusions, and list bodies which fall outside the general definition but nonetheless have been made public record bodies. TH is not on this list.

Accountability for Public Money

The Accounting Officer of the PB is personally responsible and accountable to Parliament for the use of public money by the body and the stewardship of assets. The answers to this section concentrate on the formal accountabilities for financial propriety and control. The issues relating to good financial management are covered under section 9 below.

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| 2.1 There is a formally designated Accounting Officer (AO) who in particular has a responsibility to provide evidence-based assurances required by the Principal Accounting Officer (PAO); | <p><u>Compliant</u> The NLB CEO is formally appointed as NLB's Accounting Officer by a letter from the DfT Permanent Secretary.</p> | <p><u>Compliant</u> The Executive Chairman is designated by the Principal Accounting Officer (the DfT Permanent Secretary) as Accounting Officer and receives a letter from the Permanent Secretary on appointment.</p> |
| 2.2 The role, responsibilities and accountability of the AO should be clearly defined and understood and the AO should have received appropriate training; | <p><u>Compliant</u> The role, responsibilities and accountability of the Accounting Officer role are set out in the appointment letter and in the Commissioners Handbook which refers to the Treasury's NDPB Accounting Officer Memorandum. The CEO undertakes mandatory training during induction regarding these responsibilities.</p> | <p><u>Compliant</u> The role, responsibilities and accountability of the Accounting Officer are set out in the job description, the Accounting Officer letter of appointment and in the Statement of Accounting Officer responsibilities in the Annual Report and Accounts, which are signed by the Accounting Officer. They are also set out in the Code of Conduct and Best Practice for TH Board Members (Section 6) (updated July 2013.). The Executive Chairman undertakes mandatory training during the induction into the role regarding the responsibilities of the Accounting Officer.</p> |
| 2.3 The PB should be compliant with requirements set out in Managing Public Money, relevant Dear Accounting Officer letters and other directions; | <p><u>Compliant</u> DfT Internal audit and NAO approval of the GLF accounts indicates that NLB is in compliance with these requirements.</p> | <p><u>Compliant</u> The Framework Document requires TH to comply with the requirements specified in MPM. NAO certify TH's Accounts to ensure compliance with MPM and other directions. There is also a programme of internal audits and quality audits.</p> |
| 2.4 The PB should establish appropriate arrangements to ensure that public funds: | <p><u>Compliant</u></p> | <p>2.4 <u>Compliant</u></p> |
| <ul style="list-style-type: none"> • are properly safeguarded; | | |

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| <ul style="list-style-type: none"> • are used economically, efficiently and effectively; • are used in accordance with the statutory or other authorities that govern their use; • deliver value for money for the Exchequer as a whole; <p>2.5 The annual accounts are laid before Parliament after certification by the Comptroller and Auditor General</p> | <p>NLB's internal controls and processes are fully documented and regularly reviewed by internal auditors. NLB has exceeded its targets over the past 4 years to cut costs under an RPI-X% funding formula.</p> <p><u>Compliant</u> Separate GLA Accounts are consolidated into GLF annual accounts, certified by the NAO then laid before Parliament. Also from 2013-14 NLB will be included in the DfT Group Accounts also laid before Parliament. NLB publishes its own accounts on its website.</p> | <p>The principles are set out in the Code of Conduct and Best Practice for TH Board Members (Sections 3, 11 &14) to which all Board Members are required to comply. Compliance is regularly reviewed by internal auditors.</p> <p>TH has exceeded its targets over the past 4 years to cut costs under an RPI-X% funding formula.</p> <p><u>Compliant</u> Annual Accounts are laid before Parliament as part of the GLF Consolidation following audit by the NAO. Also from 2013-14 TH will be included in the DfT Group Accounts also laid before Parliament. TH own accounts are published on the TH Website.</p> |
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Ministerial Accountability

The Secretary of State is ultimately accountable to Parliament and the public for the overall performance of the public body

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| <p>3.1 The Secretary of State and Sponsor should exercise appropriate scrutiny and oversight of the PB;</p> <p>3.2 Appointments to the board should be made in line with any statutory requirements and, where appropriate, with the <i>Code of Practice</i> issued by OCPA;</p> | <p><u>Compliant</u> There are frequent Ministerial meetings with the NLB CEO. Dates of these meetings were provided to the review team. The CEO also meets the DfT DG of the ISE Group for a 1:1 meeting annually. Regular day to day contact is with the DfT Maritime Director. There are regular meetings between the NLB senior managers and the sponsorship and policy teams in DfT. Ad hoc meetings are arranged as necessary involving other areas of DfT as necessary for example, estates, finance or procurement. The NLB submits its corporate plan annually for DfT agreement. Decisions going beyond NLB's delegated financial authority are also submitted to DfT for endorsement.</p> <p><u>Partial</u> The appointment of Commissioners is set out in statute (Merchant Shipping Act 1995). These appointments are not covered by the Code of Practice published by the Commissioner for Public Appointments. Some of the Commissioner roles are ex-officio appointments. There are six co-opted Commissioners. These, and the executive Board appointments are made in line with OCPA Code of Practice through an open and transparent competition. The DfT are invited to participate in</p> | <p><u>Compliant</u> There are frequent Ministerial meetings with the TH Executive Chairman. Dates and agendas of these meetings were provided to the review team. There are regular meetings between the TH senior managers and the sponsorship and policy teams in DfT. Ad hoc meetings are arranged as necessary involving other areas of DfT as necessary for example, estates, finance or procurement. A DfT official attends meetings of the GLA's Joint Strategic Board (JSB). The TH submits its corporate plan annually for DfT agreement. Decisions going beyond TH's delegated financial authority are also submitted to DfT for endorsement.</p> <p><u>Partial</u> The process for Board appointments is set out in the Articles (see 3.3). These appointments are not covered by the Code of Practice published by the Commissioner for Public Appointments. All executive Board appointments are made in line with OCPA Code of Practice through an open and transparent competition. 3 NED appointments are made in line with OCPA Code of Practice through an open and transparent competition. The DfT are invited to</p> |

3.3 The Secretary of State will normally appoint the Chair and all non-executive board members of the PB and be able to remove individuals whose performance or conduct is unsatisfactory;

3.4 The Secretary of State should be consulted on the appointment of the Chief Executive and will normally approve the terms and conditions of employment;

the recruitment process acting as the external assessor.

Not compliant

The Board of Commissioners has legal responsibility for its statutory functions as a GLA. The membership of the Board of Commissioners is set out in statute (Merchant Shipping Act 1995). The Secretary of State appoints only one non-executive member of the Board to represent the Isle of Man interests on the Board. The Secretary of State nominates one NED who is subsequently elected by the Board. The DfT Sponsorship team is responsible for the management of appointments and submission of names to Ministers.

All other NEDs are either ex-officio or are co-opted; the latter are selected following a full open competition (as are the two noted above) and are elected by the Board.

Appointment letters note that Board Members may be removed from office by the Secretary of State on grounds of incapacity or misbehaviour or a failure to observe the terms and conditions of the appointment.

Partial

During the recent recruitment of a new Chief Executive, NLB consulted DfT on the job description and salary but not on the detailed terms and conditions as the Secretary of State has no statutory role in appointing the Chief Executive.

participate in the recruitment process acting as the external assessor.

1 of the 4 NEDs is an ex-officio appointment from the Corporate Board (and represents the Corporation of Trinity House) but is himself appointed following an open competition exercise.

Not compliant

The Corporation of TH has legal responsibility for its statutory functions as a GLA. Although the governing body of TH (The Court) continues to have overarching responsibility, it has delegated its responsibility as a GLA to the TH Board, which it created for this purpose and to which the Board is accountable.

To take account of the legal and constitutional position of TH, it therefore appoints the Members who serve on that Board. However, as set out in the Board's Articles of Constitution and Terms of Reference ('the Articles') (updated January 2014), the Secretary of State nominates up to three of the eight Members on the Board.

The Articles empower the governing body of TH (The Court) in consultation with the Secretary of State in the case of those Members nominated by the Secretary of State, to remove Members whose performance or conduct is unsatisfactory.

Compliant

A Non-Executive Director nominated by the Secretary of State jointly chairs the Selection Panel. A DfT Director on behalf of the Secretary of State participates in the Panel, which selects the Executive Chairman and is consulted on the

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| <p>3.5 The Secretary of State should meet the Chair and/or Chief Executive on a regular basis;</p> | <p><u>Partial</u> There are frequent Ministerial meetings with the NLB CEO. Dates of these meetings were provided to the review team. The current NLB Chair was scheduled to meet with the Minister of State in late 2013 during a visit to the NLB operations base but the visit was cancelled and still needs to be rescheduled.</p> | <p>terms and conditions of employment as appropriate.</p> <p><u>Compliant</u> The Executive Chairman meets the Minister on appointment and thereafter as required including at Maritime London and other events. The Chairman also meets the DfT Director General, International, Security and Environment for a 1:1 meeting annually. Regular day to day contact is with the DfT Maritime Director. The TH Corporate Communications & PR Strategy recommends that the Executive Chairman should meet the Minister annually but in practice contact is more frequent.</p> |
| <p>3.6 Parliament should be informed of the activities of the PB through publication of an annual report;</p> | <p><u>Compliant</u> NLB publishes its own Annual report and Accounts on its website although it does not have its own audit certificate. The three GLA annual accounts are consolidated into GLF accounts which are certified by the NAO and then laid in Parliament. NLB accounts are also consolidated into DfT Group Accounts.</p> | <p><u>Compliant</u> TH reports to Parliament through inclusion in the General Lighthouse Fund Accounts and from 2013-14 as part of the DfT Group Accounts. Both sets of Accounts are Audited by the NAO. TH accounts are published on its website.</p> |
| <p>3.7 A range of appropriate controls and safeguards should be in place to ensure that the Secretary of State is consulted on key issues and can be properly held to account (e.g. Business Plan, power to require information, a general or specific power of Ministerial direction over the PB, a power for</p> | <p><u>Compliant</u> NLB has a rigorous Internal Audit System overseen by independent Audit & Risk assurance Committee and delivered by the DfT Audit and Risk assurance team. NLB completes a 6 monthly Management Assurance Statement in accordance with DfT requirements. The Statement provides evidence that NLB has effective management and controls in place to manage and mitigate risks and to</p> | <p><u>Compliant</u> Rigorous Internal Audit System overseen by independent Audit & Risk assurance Committee and using a mix of external (DfT ARA) and TH own staff depending on elements subject to audit. TH completes a 6 monthly Management Assurance Statement in accordance with DfT requirements. The Statement provides evidence that TH has effective management and controls in place to manage and mitigate risks and to</p> |

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| <p>the Secretary of State to be consulted on key financial decisions.)</p> | <p>ensure compliance with legislation and the DfT/GLA Framework Agreement. Ministers must consent to all costs incurred by NLB in delivering its functions through the corporate planning process. The annual Corporate Plan is scrutinised by the DfT Policy Team. In addition the Plan is reviewed and challenged by the Light Advisory Committee before Ministers agree the corporate plan. The practical application of this legislation is set out in the DfT / GLA Framework Document.</p> | <p>ensure compliance with legislation and the DfT/GLA Framework Agreement. The SoS must consent to all costs incurred by TH in delivering its functions through the corporate planning process. The annual Corporate Plan is scrutinised by the DfT Policy Team and as well as DfT Finance, in addition the Plan is reviewed and challenged by the Light Advisory Committee before Ministers agree the corporate plan. The practical application of this legislation is set out in the DfT / GLA Framework Document.</p> |
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Roles and Responsibilities

Role of the Sponsoring Group

DfT ensures that there are robust governance arrangements with the board of each PB setting out the terms of their relationship, and how they will be put in place to promote high performance and safeguard propriety and regularity.

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| <p>4.1 The Department's Board should scrutinise the performance of the PB. There should be appropriate systems and processes to ensure effective governance, risk management and internal control in the PB;</p> <p>4.2 There should be a Framework Document in place which sets out clearly the aims, objectives and functions of the PB and the</p> | <p><u>Compliant</u> The Department scrutinises NLB's performance through:</p> <ul style="list-style-type: none"> • Receiving Board minutes • Incorporation of NLB risks into Directorate risk register with escalation within DfT as required; • Regular meetings between NLB and DfT senior management; • Performance against KPIs is contained in the Corporate Plan and annual Report. • Six monthly assurance review submitted to DfT • Monthly Accounts are submitted to DfT Finance, TH Board and Executive Committee. <p>NLB delivers effective governance, risk management and internal control regimes through its Audit and Risk Assurance Committee and programme of internal audits. It exercises effective risk management which is reviewed by the Executive and Audit & Risk Assurance Committee and the Board.</p> <p><u>Partial</u> The Framework Document was most recently revised in 2013. It includes all the elements listed. However, the review commitment is five years</p> | <p><u>Compliant</u> The Department scrutinises TH's performance through:</p> <ul style="list-style-type: none"> • Receiving Board minutes • Incorporation of TH risks into Directorate risk register with escalation within DfT as required; • Regular meetings between TH and DfT senior management; • Performance against KPIs is contained in the Corporate Plan and annual Report. • Monthly Accounts are submitted to DfT Finance, TH Board and Executive Committee <p>TH through its Audit and Risk Assurance Committee and programme of internal audits, ensures effective governance, risk management and internal control. It exercises effective risk management which is reviewed by the Executive and Audit & Risk Assurance Committee and the Board. The Chair of the Audit & Risk Assurance Committee attends the DfT Group Audit Committee.</p> <p><u>Partial</u> The Framework Document was most recently revised in 2013. It includes all the elements listed. However, the review commitment is five years</p> |

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| <p>respective roles and responsibilities of the Secretary of State, the Sponsoring Group and the PB. It should be regularly reviewed and updated and follow relevant CO and HMT guidance. The Framework document should include a Financial Memorandum as an appendix. A review of the Framework document should be carried out every three years and in line with the Triennial Review.</p> <p>4.3 There should be a dedicated sponsor team with the Department and there should be regular and ongoing dialogue between the Department and the PB. Senior officials from the Department may as appropriate attend board and/or committee meetings. There may also be regular meetings between the Department and the PB.</p> | <p>instead of three years or as necessary in the intervening period should significant changes occur.</p> <p><u>Compliant</u></p> <p>There is a dedicated DfT sponsor team. Regular meetings are held between the Executive Chairman and Senior DfT officials and Finance Director and policy/sponsorship teams.</p> <p>Senior officials from the DfT are invited to observe both Board of Commissioners and Managing Board meetings, most recently in January 2013.</p> <p>A DfT official also attends meetings of the JSB, except where the GLAs have yet to agree their recommendations, but receives the full minutes of the meeting. The JSB Chair also briefs DfT after each meeting.</p> | <p>instead of three years or as necessary in the intervening period should significant changes occur.</p> <p><u>Compliant</u></p> <p>There is a dedicated sponsor team. Regular meetings are held between the Executive Chairman and Senior DfT officials and Finance Director and policy/sponsorship teams.</p> <p>Senior officials from the DfT attended three Board meetings (in whole or in part) in 2013 (May, September & November).</p> <p>A DfT official also attends meetings of the JSB, except where the GLAs have yet to agree their recommendations, but receives the full minutes of the meeting. The JSB Chair also briefs DfT after each meeting.</p> |
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Role of the Board

The PB is led by an effective board which has collective responsibility for its overall performance and success, and provides strategic leadership, direction, support and guidance. The board has an appropriate balance of skills, experience, independence and knowledge, with a clear division of roles and responsibilities between Executives and Non-Executives

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| <p>The Board of the PB should:</p> <p>5.1 meet regularly, retain effective control over the PO, and monitor the SMT, holding the CEO accountable for the performance and management of the PB;</p> <p>5.2 be appropriate in size with membership from a diverse background;</p> | <p><u>Compliant</u> The Managing Board meets 6 times a year (see 5.2). It scrutinises the work of the CEO and senior management team in delivering the agreed strategy. Governance of the NLB is authorised and registered through a “Commissioners’ Handbook” which is reviewed by each incoming Chairman and is available on the NLB website. This document specifies the responsibilities of Commissioners, matters reserved to the Board, Terms of Reference and composition of individual committees, recruiting arrangements for co-opted Commissioners and many other issues pertinent to the governance and financial security of the NLB.</p> <p><u>Partial</u> The size and make-up of the Board of Commissioners is laid down by MSA95 and consists of the two Law Officers of Scotland, the six Sheriffs Principal, five civic leaders and six co-opted Commissioners who are selected through open competition. The number of ex-officio appointments limits the degree that Board diversity can be influenced. The prime factor in</p> | <p><u>Compliant</u> The Board generally meets 8 times a year (a minimum of 4 times a year). It scrutinises the work of the CEO and senior management team in delivering the agreed strategy. The Non-Executive Directors receive a copy of the Executive Committee minutes after each meeting adding further to their oversight of the Executive. The Code of Conduct and Best Practice for TH Board Members (Sections 5 & 6) places the responsibility for the ultimate performance and management of TH with the Executive Chairman. His job description does likewise. The Remuneration Committee, consisting of Non-Executive Directors, review and assess the Executive Chairman’s performance against objectives, referring to a standard appraisal system.</p> <p><u>Compliant</u> The Board comprises 8 Members - 4 Non-Executives, 3 Executive Directors and an Executive Chairman commensurate with the relatively small size of the organisation, allowing business to be conducted efficiently and effectively. The Articles require Non-Executive Directors to have wide experience of, and capability in, a number of prescribed areas in particular marine,</p> |

5.3 establish a framework of strategic control specifying what matters are reserved for the collective decision of the board. This should be reviewed regularly. Establish arrangements to ensure it has access to relevant information, advice and recourses to carry out its role effectively;

5.4 establish formal procedural and financial regulations to govern the conduct of its business;

appointing the co-opted Commissioners is a candidate's experience and expertise. All Commissioners act as NEDs of the Board. The Board of Commissioners meets on three occasions a year and has reserved to itself approval of the Corporate Plan and the Annual Report and Accounts. Day to day business is delegated to a Managing Board; this consists of seven Commissioners (of whom five are co-opted), the Chief Executive and the three executive Directors. The Managing Board meets on six occasions a year and is effectively the "working" Board of the NLB. The Managing board currently comprises of 1 woman and 10 men, with no one coming from a BME background. The appointment process for Board members complies with Equality legislation to ensure positions are open to all.

Compliant

The responsibilities of the Board of Commissioners and Managing Board are set out in the Commissioners' Handbook. It also sets out the responsibilities of Board Committees including their respective terms of reference, which are approved by the Board.

The Handbook has recently been updated by the Chair of Commissioners.

Information and advice are provided to the Board by its Executive Directors in sufficient detail to ensure it can carry its role out effectively and efficiently.

Compliant

This is set out in the Commissioner's Handbook and the GLA/DfT Framework Document. NLB has a Board approved Finance Manual.

finance and commercial. This is the overriding criterion for appointment. The current composition is 1 woman, 7 men, with no one being from a BME background. The appointment process for Board members complies with Equality legislation to ensure positions are open to all.

Compliant

The Articles set out the matters reserved to the Board and are reviewed regularly. The responsibilities of Board Committees are set out in their respective terms of reference, which are approved by the Board.

Information and advice are provided to the Board by its Executive Directors and the Board Secretary in sufficient detail to ensure it carries its role out effectively and efficiently. External advice is commissioned where required, such as in respect of the transfer of GLA pensions to the PCSPS.

Compliant

The Articles set out the formal procedures to be followed. TH has a Board approved Financial Policy and Finance Manual.

5.5 make senior executives responsible for ensuring appropriate advice is given on financial matters, procedures are followed, and that all applicable statutes and regulations and other relevant statements of best practice are complied with;

5.6 establish a remuneration committee to make recommendations on the remuneration of top executives. Information on senior salaries should be published and rules for recruitment and management of staff provide for appointment and advancement on merit;

Compliant

The CEO is ultimately responsible for financial advice to the Board and prepares the annual Governance Statement based on advice from Finance Director as part of the process of completing the annual report and accounts. In practice most of the responsibility falls to the Director of Finance who prepares a full financial report and forecast for every Board of Commissioners and Managing Board mtg.

Compliant

A Directors Remuneration Committee is established with Board approved terms of reference. Its members are all Non-Executive Directors with no financial interest in the decisions of the Committee. Senior salaries are published in the Annual Report and Accounts. The NLB staff manual makes clear that appointments and promotions are made on merit.

Compliant

The Code of Conduct and Best Practice for TH Board Members places the responsibility for TH's procedures in financial and other matters with the Executive Chairman (Section 5), together with ensuring appropriate advice is given to the Board (Section 6). It also puts an obligation on all Members to follow the Code and statutory and other requirements relating to TH and the use of GLF funds (Section 14). The Board Secretary is responsible for ensuring that Board procedures are followed and best practice complied with. Job descriptions also clearly identify roles and responsibilities.

TH has a Board approved Financial Policy and Finance Manual.

Compliant

A Remuneration Committee sits under the Board with Board approved terms of reference. Its members are all Non-Executive Directors with no financial interest in the decisions of the Committee. Senior salaries are published in the Annual Report and Accounts.

A review of senior pay is conducted every other year by external Pay Consultants. Data is then presented to the Remuneration Committee with clear recommendations based on the appropriate market data. Performance reports are also submitted and considered by the Committee to aid their decisions regarding Executive Directors' remuneration.

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| <p>5.7 ensure the Chief Executive is held accountable to the Board for the ultimate performance of the PB and implementation of Board policies.</p> | <p><u>Compliant</u></p> <p>The Commissioners' Handbook clearly sets out that responsibility for NLB's performance and implementation of Board decisions ultimately rests with the CEO. As described above, the Remuneration Committee also reviews performance of all Executive Directors every six months against objectives on an annual basis using standard, transparent processes. It uses a report from the Chair to assess the CEO's performance and CEO reports to assess the Executive Directors performance.</p> | <p><u>Compliant</u></p> <p>The Code of Conduct and Best Practice for TH Board Members (Sections 5 & 6) place the responsibility for the ultimate performance of TH and implementation of Board Policies with the Executive Chairman. His job description does likewise. As described above, the Remuneration Committee also reviews performance against objectives on an annual basis using standard, transparent processes.</p> |
| <p>5.8 be evaluated annually, including an evaluation of the chair and board members.</p> | <p><u>Compliant</u></p> <p>This process is set out in the Commissioners' Handbook. A review of Board and all Committees under it, is carried out annually. The Chair and the Directors are subject to formal review and appraisal by line managers and the Remuneration Committee twice a year – March and October.</p> | <p><u>Compliant</u></p> <p>A review of Board effectiveness is carried out annually. The Executive Chair and the Directors are subject to formal review and appraisal. On a 6 monthly basis; through a mid-year review of performance in September via line management and an end of year review in March by line management and the Remuneration Committee.</p> |

Role of the Chair

The Chair is responsible for leadership of the board and for ensuring its overall effectiveness

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| <p>6.1 The Board should be led by a non-executive Chair, whose duties, roles and responsibilities, terms of office and remuneration should be set out clearly and formally defined in writing. Terms and conditions must be in line with CO guidance and any statutory requirement</p> | <p><u>Compliant</u> The roles and responsibilities of the Chair are set out in the Commissioners' Handbook. The remuneration for Commissioners, the Chair and Vice Chair have been agreed in writing with DfT and comply with CO guidance.</p> | <p><u>Not compliant</u> Trinity House combines the role of Chair and Chief Executive and is led by an Executive Chairman. This arrangement was put in place, reflecting the small size of TH, to ensure the efficient use of senior resources. This approach is reviewed periodically by TH NEDs to ensure that there is an appropriate balance of power between the CEO and the independent board members. Duties and responsibilities of the Executive Chairman are made clear in the job description. The role of the Chair is defined clearly within these responsibilities.</p> |
| <p>6.2 There should be a formal, rigorous and transparent process for the appointment of the Chair, which is compliant with the Code of Practice issued by OCPA. The Chair should have a role in the appointment of non-executives.</p> | <p><u>Partial</u> The appointment of a Chair and Vice Chair is set out in the Commissioner's Handbook. Both positions are appointed by the Board further to advice from the Nomination Committee and can be filled by ex-officio or co-opted Commissioners. Often the Vice Chair succeeds the Chair subject to satisfactory performance. DfT have no involvement in the selection and appointment of a Chair and Vice Chair. The Chair is involved in the appointment of all co-opted Commissioners.</p> | <p><u>Compliant</u> The recruitment of the Executive Chairman is in line with the OCPA Code of Practice as confirmed by an OCPA independent advisor who was involved in the selection process. The Executive Chairman sits on the panel responsible for nominating Non-Executive Directors in accordance with an agreed DfT / TH Board process.</p> |
| <p>6.3 The responsibilities of the Chair can include:</p> <ul style="list-style-type: none"> • representing the PB in discussions with Ministers | <p><u>Partial</u> The Chair: <ul style="list-style-type: none"> • has meetings with Ministers </p> | <p><u>Partial</u> The Executive Chairman must, as set out in his job description and the Code of Conduct and Best Practice for TH Board Members:</p> |

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| <ul style="list-style-type: none"> • advising the Sponsor Group/ Ministers about board appointments and performance of non-executive members • ensuring non-executives understand their responsibilities; are trained appropriately and undergo annual assessments. • ensuring the board takes account of guidance provided by the Secretary of State; carries out its business efficiently and effectively, has its views represented to the public. • developing effective working relationships with the CEO • subject to an annual appraisal by the Permanent Secretary or relevant Director General • appraising other board members ensuring they are performing to standard, following disciplinary procedures if necessary and ensuring they are committing the appropriate time to the work. <p>6.4 The role of Chair and CEO must be held by different individuals.</p> | <ul style="list-style-type: none"> • takes part in the recruitment of Board members • is involved in the induction of Board members • works closely with the Executive to give effect to DfT's guidance • has an effective working relationship with the CEO • conducts informal performance assessments of Board Members (proportionate to size and transparency of organisation); <p>An annual appraisal of the Chairman is carried out by the Nomination Committee which submits a report to the Board. DfT senior management are not involved in the appraisal process.</p> <p><u>Compliant</u></p> | <ul style="list-style-type: none"> • have meetings with Ministers; • take part in the recruitment of Board members; • be involved in the induction of Board members; • work closely with the Executive to give effect to DfT's guidance; • conduct informal performance assessments of Board Members (proportionate to size and transparency of organisation); • submits a formal assessment of the Non-executive Directors to the Secretary of State at the end of their initial term. <p>An annual appraisal of the Executive Chairman is carried out by the Remuneration Committee which is chaired by a SoS nominated NED. DfT senior management are not involved in the appraisal process.</p> <p><u>Not compliant – see 6.1</u></p> |
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Role of the Chief Executive Officer (CEO)

The CEO is responsible for leadership of the PB and for ensuring its overall effectiveness

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| 7.1 the PB should be led by a CEO, whose duties, roles and responsibilities, terms of office and remuneration should be set out clearly and formally defined in writing. Terms and conditions must be in line with CO guidance and any statutory requirement | <p><u>Compliant</u></p> <p>The NLB CEO role and responsibilities are described in the appointment letter and also in the Commissioner's Handbook. All T&Cs are in line with CO guidance and remuneration is agreed with DfT.</p> | <p>7.1 <u>Compliant</u></p> <p>The Executive Chairman has an Individual Service Agreement that clearly documents his terms and conditions of employment. This is accompanied by his job description that specifies his responsibilities.</p> |
| 7.2 there should be a formal, rigorous and transparent process for the appointment of the CEO. | <p><u>Compliant</u></p> <p>Selection of a new CEO has very recently been conducted; he is due to join NLB in April 2014. This involved a full open competition with advertisements in the press and on the Cabinet Office website. Interviews were conducted by four NLB Commissioners, joined by the current Chair of the JSB to provide an independent member. The Department was consulted throughout on the potential candidates, the interviewees and the result.</p> | <p>All T&Cs are in line with CO guidance and remuneration is agreed with DfT.</p> <p><u>Compliant</u></p> <p>The recruitment of the Executive Chairman, who carries out the role of Chief Executive, complies with the OCPA Code of Practice. See 6.2</p> |
| 7.3 the responsibilities of the CEO can include the responsibilities of the Accounting Officer, the Consolidation Officer and Principal Officer for Ombudsman which involve: | <p><u>Compliant</u></p> <p>NLB CEO is required to undertake all of the responsibilities as Accounting Officer as set out in the Commissioners Handbook, the letter of appointment and job description. These arrangements are subject to internal audit and to date no issues have been found to</p> | <p><u>Compliant</u></p> <p>The Executive Chairman is required through his job description and/or the Code of Conduct and Best Practice for TH Board Members to undertake all of the responsibilities as Accounting Officer, for</p> |

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| <ul style="list-style-type: none"> • Overall responsibility for the PB's performance, accounting for any disbursements of grant to the PB. • Establishing the PB's corporate and business plans and departmental targets. • Informing the Ministry of Justice of any complaints about the PB accepted by the Ombudsman for investigation if applicable. • management of senior staff within the PB ensuring they are meeting objectives and following disciplinary procedures if necessary • maintains accounting records that provide the necessary information for the consolidation if applicable. • (details of accounting officer covered under 10: Effective Financial Management.) | <p>evidence non-compliance with these responsibilities.</p> | <p>which the Chief Executive can be responsible, as set out in Section 7.3.</p> <p>The TH Accounts are audited by the National Audit Office for GLF consolidation purposes and no issues have been found to evidence non-compliance with these responsibilities.</p> |
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Role of the Non-Executive Board members

As part of their role, non-executive board members provide independent and constructive challenge

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| <p>Non-executive members should: 8.1 form a majority on the board.</p> <p>8.2 be appointed under a formal, rigorous and transparent process compliant with the code of practice issued by OCPA.</p> <p>8.3 have their duties, roles and responsibilities, terms of office and remuneration set out clearly and formally defined in writing. Their terms and conditions must be in line with</p> | <p><u>Compliant</u> All Commissioners, whether co-opted or statutory, act as NED of the Board and hold the full responsibilities accordingly. The Board has delegated day to day business to a Managing Board; this consists of seven Commissioners (five of whom are co-opted, openly recruited members of the Board) and four Executive Directors. This ensures that NEDs always form a majority.</p> <p><u>Partial</u> All co-opted Board members are appointed in line with the requirements of OCPA Code of Practice but are not regulated or validated by the OCPA. The remaining Board members are ex-officio members as set out in the MSA 95.</p> <p>Employment legislation is complied with throughout the process.</p> <p><u>Compliant</u> The role and responsibilities, term of office, remuneration (for co-opted Commissioners only) and other terms and conditions are set out covered in the Commissioner's Handbook. A</p> | <p><u>Partial</u> There is an equal number of Executive Directors and NEDs on the Board.</p> <p><u>Compliant</u> The Appointment of NEDs is set out in the Articles and agreed with DfT officials. These appointments are not covered by OCPA Code of Practice. 3 NEDs are nominated by the Secretary of State following a DfT agreed process in line with the OCPA code for Board appointments</p> <p>. 1 of the 4 NEDs is an ex-officio appointment from the Corporate Board but is himself appointed following an open competition exercise.</p> <p>Employment legislation is complied with throughout the process.</p> <p><u>Compliant</u> The duties, roles and responsibilities and term of office of the Non-Executive Directors are set out in their letter of appointment and person specification. Their remuneration is agreed in</p> |

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| <p>CO guidance and any statutory requirement.</p> <p>8.4 be independent of management;</p> <p>8.5 allocate sufficient time to the board with details of their attendance published.</p> <p>8.6 undergo proper induction led by the Chair, alongside regular reviews of training and development needs.</p> <p>8.7 their responsibilities include:</p> <ul style="list-style-type: none"> Establishing strategic direction of the PB and oversee development and implementation of strategies, plans, priorities and performance/financial targets. | <p>letter on appointment sets out their roles and responsibilities and remuneration.</p> <p><u>Compliant</u> All ex-officio and co-opted Commissioners are independent of the NLB's Executive team.</p> <p><u>Compliant</u> The expectations of all ex-officio and co-opted Commissioners are set out in the Commissioners Handbook. Co-opted Commissioners are expected to devote 20 days a year to NLB's business. This increases to 30 days for the Chairman. NLB publishes details of Committee membership and the attendance record of each Commissioner in its annual report available on its website.</p> <p><u>Compliant</u> There is a full induction process for new Commissioners as mandated in the Commissioner's Handbook.</p> <p>As part of the annual appraisal process, each co-opted Commissioner undertakes a self-assessment and the Chair then carries out annual assessments of their performance.</p> <p>This performance is used as the basis for considering if a co-opted Commissioner should continue in their role for a second 3 year term.</p> <p><u>Compliant</u> The responsibilities of all NEDs are set out in the Commissioners Handbook, letter of appointment</p> | <p>writing with DfT, following CO guidance and is set out in their letter of appointment.</p> <p><u>Compliant</u> All NEDs are independent of management.</p> <p><u>Compliant</u> Each NED is required to devote 30 days to TH's business annually. This is set out in their letter of appointment. Attendance of each Board member at Board and Committee meetings is published in the Annual Report and Accounts.</p> <p><u>Compliant</u> New NEDs are required to undertake a formal induction programme which covers legal, constitutional and governance issues as well as the TH's operations. They also participate in the annual AtoN inspection programme to increase their familiarity with operational issues. An informal annual review is carried out by the Executive Chairman.</p> <p><u>Compliant</u> The responsibilities, which include all activities listed, of all NEDs are set out in the Articles and</p> |
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- Ensuring the PB complies with statutory and administrative requirements on the use of public funds and operates within its statutory and delegated authority.
- Ensuring that high standards of corporate governance are observed.
- Representing the board at meetings and events as required.

and the Scottish Government publication 'On Board'.

the Code of Conduct and Best Practice for TH Board Members.
Examples were presented to the review team of NED representation at a variety of meetings.

Effective Financial Management

The PB has taken appropriate steps to ensure that effective systems of financial management and internal controls are in place

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| The PB should: | | |
| <p>9.1 publish on time an objective, balanced and understandable annual report which complies with Treasury guidance, and includes an Annual Governance Statement;</p> <p>9.2 comply with NAO requirements relating to the production and certification of their annual accounts;</p> <p>9.3 have effective systems of risk management as part of their systems of internal control;</p> | <p><u>Compliant</u> All NLB's annual reports since 2009 are available on the NLB's website. These reports include an Annual Governance Statement.</p> <p><u>Compliant</u> NLB's accounts are not certified by the NAO. However, their accounts are consolidated into the GLF accounts (amalgamating all three GLA accounts) which are certified by the NAO before being laid in Parliament.</p> <p><u>Compliant</u> NLB's risk register is reviewed regularly by the Audit and Risk Committee. There are 12 risk areas which are sequentially reviewed by the senior managers before being submitted to the Audit and Risk Committee. An audit of NLB risk management processes was last carried out by DfT internal auditors in March 2009 with ten minor recommendations all of which were implemented. There is also a Tri-GLA risk register for cross cutting risks, which is reviewed by external consultants who produce a report for the GLA Chief Executives.</p> | <p><u>Compliant</u> Accounts are published on the TH Website and presented to Parliament as part of the GLF consolidated Accounts. An Annual Governance Statement is included in both documents and audited by NAO.</p> <p><u>Compliant</u> TH receive an annual Audit Summary report from NAO. This records compliance with principles of good governance and internal control.</p> <p><u>Compliant</u> TH has a Board approved risk management policy. There is also a tri-GLA risk management policy (which mirrors the TH policy) and strategy, which is based on the DfT Risk Management policy and Guidance Document. TH has a hierarchal system of risk registers. All tiers are regularly reviewed and the results are reported back and discussed at the Executive Committee. They are also used to inform the Internal Audit Plan, which follows a risk based approach. Examples of each level of risk register was shown to the review team.</p> |

9.4 ensure an effective internal audit function is established which operates to Government Internal Audit Standards in accordance with CO guidance;

Compliant

NLB uses DfT's Internal Audit service which operates to Government Internal Audit Standards.

A regular programme of internal audits is agreed by the Audit and Risk Committee with DfT's internal audit team.

9.5 have appropriate financial delegations in place understood by all relevant staff and stakeholders. Effective systems must be in place to ensure compliance with these delegations and the systems are regularly reviewed;

Compliant

A system of financial delegations are set out in the Commissioner's Handbook which all staff are aware of and receive training on as necessary. Finance delegations was internally audited in 2013. Each budget holder receives a letter signed by the CEO which sets out their responsibilities.

9.6 have anti-fraud and anti-corruption measures in place, and clear published rules governing claiming of expenses, with systems in place to ensure compliance. Information on expenses claimed by board members and senior staff should be published;

Partial

The NLB publishes its anti-bribery policies on its website. This is reported against in the NLB annual report.

The NLB has a travel and expenses policy contained in Finance manual (which follows DfT T&S rules) which applies equally to all staff and Board members. The NLB does not publish the expenses paid.

A recent Corporate Governance and Risk Management audit by DfT internal audit (using PwC) resulted in no findings or recommendations.

Compliant

The TH Audit & Risk Assurance Committee operates its own system of Internal Audit in line with the Public Sector Internal Audit Standards (PSIAS).

TH uses DfT's Internal Audit service which operates to Government Internal Audit Standards.

A regular programme of internal audits is agreed by TH with DfT's internal audit team and approved by the Audit and Risk Committee.

Compliant

There is a comprehensive Authorisation Matrix which sets out the authorisation levels delegated to TH staff. All staff are aware of this matrix and receive training as necessary.

Budget holders receive a letter of delegation signed by the CEO which sets out their responsibilities. There is a process of monthly review of budget variances and Internal Audit (DfT and In house) help to ensure compliance.

Partial

TH has a Board approved fraud and bribery policy and a fraud and bribery response plan (both updated in late 2013) based on the DfT model, a regular programme of anti-fraud training and a fraud and bribery risk register.

A fraud return is submitted annually to the Audit and Risk Assurance Committee is responsible for reviewing on an annual basis, a fraud return, the TH hospitality register and the register of interests and any cases of whistle-blowing in the

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| <p>9.7 establish an audit (or audit and risk) committee with responsibility for independent review of the systems of internal control and external audit process;</p> <p>9.8 take steps to ensure objective and professional relationship is maintained with external auditors.</p> <p>9.9 ensure systems in place to supply financial and KPI data required by DfT in the formats required and to monitor progress against forecasts and targets set by DfT.</p> | <p><u>Compliant</u> The NLB has an Audit and Risk Committee that meets 4 times a year. Its terms of reference are included in the Commissioner's Handbook. The Committee has responsibility for independent review of systems of control and the external audit process.</p> <p><u>Compliant</u> The External Auditors are NAO who have a standing invitation to the Audit and Risk Committee (and a private session within the meeting), and regular meetings with senior NLB staff.</p> <p><u>Compliant</u> Strategic KPIs are included in the Corporate Plan, which is agreed with DfT. There are also Inter-GLA Strategic KPIs agreed at the JSB. Systems are in place to provide data and information to DfT. Data includes performance reporting against agreed KPIs, monthly returns to</p> | <p>past year (there haven't been any).</p> <p>TH's Travel and Subsistence Manual is detailed and in line with HMRC rules to ensure compliance. TH does not publish Board member and senior staff expenses.</p> <p><u>Compliant</u> The Audit Committee is chaired by a DfT nominated Non-Executive Director and membership includes another DfT nominated Non-Executive Director, receiving and reviewing reports from both internal auditors and NAO. There is a NAO Audit Planning Document and Audit Strategy and also a DfT Internal Audit Plan.</p> <p><u>Compliant</u> TH has an Audit & Risk Assurance Committee (all members are NEDs) with terms of reference (last updated in December 2013) based on the Treasury Audit & Risk Assurance Committee Handbook. The Committee is responsible for the review of systems of internal control and the external audit process. TH Audit Committee is attended by NAO as well as representatives of DfT Internal Audit. This includes one meeting a year where auditors (Internal & External) meet members of Audit Committee without Executive present.</p> <p><u>Compliant</u> An agreed schedule of strategic KPIs has been agreed by the Board. The KPIs are reviewed annually and included in the Corporate Plan. In addition, a schedule of Inter-GLA Strategic KPIs has been agreed with the JSB covering common performance areas across all three GLAs.</p> |
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DfT finance as well as other Ad Hoc reporting such as Contingent Liability returns.

Monthly returns in HMT format detail income & expenditure against budget to date as well as forecasts for year end. 6, 9 and 12 month consolidation packs are completed for the DfT Group Financial Consolidation exercise. Other Ad Hoc reporting is done when requested, such as Contingent Liability returns.

Communication and Engagement

The Public Body is open, transparent, accountable and responsive

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| The PB should: | | |
| 10.1 identify and establish clear and effective channels of communication with key stakeholders; | <p><u>Compliant</u> A Corporate Communications Strategy forms part of the supporting documents to the Commissioner's Handbook. This identifies its stakeholders and the channels of communication to effectively engage with them. Liaison with the Lights Advisory Committee, the Joint Users' Consultative Group, the Scottish Consultative Users' Group, an on-line Newsletter and regular dialogue with Harbours and Ports.</p> | <p><u>Compliant</u> TH has a PR and Corporate Communications Strategy (approved in 2011) which identifies and establishes the methods and channels for effective two-way communication with internal and external stakeholders.</p> |
| 10.2 make an explicit commitment to openness in all activities. Engage and consult with public on issues of public interest or concern and publish details of senior staff and board members with contact details; | <p><u>Compliant</u> The NLB has committed itself to openness in all its activities. Information about senior staff and Board Members is published on the NLB's website and in its Annual Report and Accounts.</p> | <p><u>Compliant</u> An underlying theme of the Communications Strategy is openness in all of TH's activities. It sets out a programme of meetings so as to establish effective relationships with stakeholders and interested parties. The Code of Conduct and Best Practice for TH Board Members requires openness of Board Members (Section 17). Information about senior staff and Board Members is published on the TH's website and in its Annual Report and Accounts.</p> |
| 10.3 consider holding open board meetings or an annual open meeting; | <p><u>Compliant</u> The Board has considered holding open meetings, but believes that this is satisfied by the User Groups above, particularly the Scottish Group where full details of the Board's performance are delivered and discussed.</p> | <p><u>Compliant</u> This has been considered by the TH Board. The decision was taken not to hold open Board meetings as it was felt that the targeted open meetings with representatives of the users of its aids to navigation was a more effective approach, for example through the Users Consultative Group.</p> |

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| <p>10.4 proactively publish agendas, minutes of board meetings and performance data;</p> | <p><u>Compliant</u> Agendas and minutes are published on the NLB website. A variety of performance data is published in the Annual Report and Accounts and in the annual Delivery Plan.</p> | <p><u>Partial</u> TH Board minutes are published in full on the Intranet and forwarded to the DfT. There is no restricted confidential element. Staff are also given verbal briefings on TH Board meetings. Performance data is published on the TH website.</p> |
| <p>10.5 establish and publish effective correspondence handling and complaint procedures, and make it simple for members of the public to contact them/make complaints. Complaints should be investigated thoroughly and be subject to investigation by the Parliamentary Ombudsman. Performance in handling correspondence should be monitored and reported on;</p> | <p><u>Compliant</u> NLB has a published Complaints Procedure set out in the Quality Control manual and the “contact us” page on its website sets out who to contact with different queries. NLB deals promptly with complaints and reports the number and nature of complaints to the Governing Board through the Health and Safety report. All complaints (and FOI requests) are handled promptly and are reported to the Board.</p> | <p><u>Compliant</u> TH has a comprehensive system for dealing with customer complaints and comments and contacts are listed on the website. All complaints are acknowledged, investigated and responded to within an agreed timeframe and all complaints are brought to the attention of all senior management along with a comprehensive annual review as part of the TH Management System review. This complaints handling procedure is subject to internal and external audit to maintain ISO accreditation. All customer complaints and feedback are reported to the Executive.</p> |
| <p>10.6 comply with any Government restrictions on publicity and advertising, with appropriate rules in place to limit use of marketing and PR consultants.</p> | <p><u>Compliant</u> NLB complies with all Government restrictions on publicity and advertising and does not make use of marketing and PR consultants to promote its own organisation. NLB do have a contract with an external Communications firm to provide communications advice in the event of an emergency.</p> | <p><u>Compliant</u> TH operates in line with the Cabinet Office controls on spending and as set out in the DfT /GLA Framework Document. TH does not exceed the threshold of £100K on publicity and advertising requiring Cabinet Office approval. TH does not routinely use PR consultants but are aware of the £20K per annum threshold requiring Cabinet Office approval.</p> |
| <p>10.7 have robust and effective systems in place to ensure the PB is not engaged in political lobbying, includes restriction on board members attending Party Conferences in a professional capacity.</p> | <p><u>Compliant</u> This is covered in the Commissioner’s Handbook.</p> | <p><u>Compliant</u> The Code of Conduct and Best Practice for TH Board Members prohibits political lobbying and places restrictions on Board Members in terms of party political activities (Section 14).</p> |

They are required to be, visibly to others, politically impartial and even-handed in their dealings with political parties. On matters directly affecting their work they must not make political speeches or engage in other political activity. Additional information is circulated to staff before an election.

Conduct and Leadership

The board and staff of the PB work to the highest personal and professional standards. They promote the values of the PB and of good governance through their conduct and behaviour

| Detail of Requirement | Northern Lighthouse Board | Trinity House |
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| <p>11.1 A Code of Conduct must be in place setting out the standards of personal and professional behaviour and propriety expected of all board members which follows the CO Code and form part of the terms and conditions of appointment;</p> | <p><u>Compliant</u> The standards expected of all Board members are set out in the Commissioners' Handbook. This follows the Cabinet Office code and for co-opted Commissioners, forms part of the T&Cs of the appointment as a Board member.</p> | <p><u>Compliant</u> The Code of Conduct and Best Practice for TH Board Members, a copy of which was provided to the review team, sets out the standards of behaviour required of all Board Members. This follows the Cabinet Office Code and forms part of the conditions of appointment as a Board Member.</p> |
| <p>11.2 the PB has adopted a Code of Conduct for staff based on the CO model Code and form part of the terms and conditions of employment;</p> | <p><u>Compliant</u> NLB have a Dignity at Work policy for staff which includes a code of conduct. NLB also has an HR manual for all staff and line managers.</p> | <p><u>Compliant</u> The TH HR Manual, a copy of which was made available to the review team, applies equally to all staff and contains a Code of Ethics. This HR Manual is cross referenced to terms and conditions of employment. All job descriptions are formatted around key behavioural competencies and Senior Management posts also contain a leadership competency.</p> |
| <p>11.3 there are clear rules and procedures in place for managing conflicts of interest. There is a publicly available Register of Interests for board members and senior staff which is regularly updated;</p> | <p><u>Compliant</u> A register of Interests is compiled for all Board members and senior managers and is inspected during audits by the NAO. Guidance on conflicts of interest for Board Members is set out in the Commissioner's Handbook. All senior managers and Board members have to sign a register of interests which is published on the public data section of the NLB's website and an annual declaration is made available to the NAO.</p> | <p><u>Compliant</u> Conflicts of interests are covered in Sections 18 and 19 of the Code of Conduct and Best Practice for Board Members. All Directors and Senior Managers are required to complete a declaration of interests annually and notify any changes in the interim. A register of those interests is maintained and regularly updated. The register is not available on the TH website but it does provide a contact name to enable someone to obtain a copy.</p> |

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| <p>11.4 there are clear rules and guidelines in place on political activity for board members and staff with effective systems in place to ensure compliance with any restrictions;</p> | <p>The NLB staff and line manager guide covers the issue of conflicts of interest for staff.</p> <p><u>Compliant</u> This is covered in part by the section on Standards in Public life in the Commissioner’s Handbook. Advice on political activity is issued to all Board members and staff at times of elections/referenda.</p> | <p>‘Conflicts of Interest’ is a standing agenda item at Board and Audit and Risk Assurance Committee meetings.</p> <p><u>Compliant</u></p> <p>Rules and guidelines on political activity are contained in Section 14 of the Code of Conduct and Best Practice for TH Board Members. Members are required, wherever possible, to consult with the Chairman before speaking to the media on TH matters. The TH media monitoring service has not found any cases of non-compliance.</p> |
| <p>11.5 there are rules in place for board members and senior staff on the acceptance of appointments or employment after resignation or retirement which are effectively enforced;</p> | <p><u>N/A</u> This does not apply to NLB’s business. There would be no commercial advantage solely derived from their NLB appointment, for an individual to accept an appointment elsewhere within the maritime industry on leaving NLB. There is therefore no need for restrictions.</p> | <p><u>N/A</u> This does not apply to TH’s business. There would be no commercial advantage solely derived from their TH appointment, for an individual to accept an appointment elsewhere within the maritime industry on leaving TH. There is therefore no need for restrictions.</p> |
| <p>11.6 Board members and senior staff should show leadership by conducting themselves in accordance with the highest standards of personal and professional behaviour and in line with the principles set out in respective Codes of Conduct.</p> | <p><u>Compliant</u> Responsibilities set out in Commissioner’s Handbook which states that Board members ‘...should adhere scrupulously to the Seven Principles of Public Life’.</p> | <p><u>Compliant</u></p> <p>The TH Articles state that a function of the Board is to ‘provide leadership’, The Code of Conduct and Best Practice for TH Board Members also requires Members to adhere to the Seven Principles of Public Life which includes leadership by example. All Senior Management Team members are required to adhere to the TH Leadership Competency which requires the highest standards of personal and professional behaviour.</p> |