



Department
for Transport



Commissioners of
IRISH LIGHTS | Navigation
and Maritime
Services



FRAMEWORK DOCUMENT FOR THE GENERAL LIGHTHOUSE AUTHORITIES

Trinity House

Commissioners of Northern Lighthouses
(Northern Lighthouse Board)

Commissioners of Irish Lights
(Irish Lights)

29 June 2017

Signing parties:

Roger Hargreaves, Director of Maritime, Department for Transport

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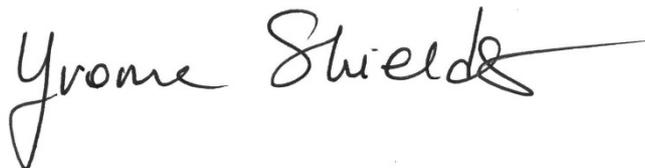
Captain Ian McNaught, Deputy Master, Trinity House

A handwritten signature in black ink that reads 'Ian McNaught' in a cursive style, with a horizontal line underlining the name.

Commodore Mike Bullock, Chief Executive, Northern Lighthouse Board

A handwritten signature in black ink that reads 'M Bullock' in a cursive style, with a horizontal line underlining the name.

Ms Yvonne Shields, Chief Executive, Irish Lights

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Contents

	Page
1. Defined Terms	
2. Introduction	12
2.1. Background	12
2.2. Revision of this document	14
2.3. Founding legislation, functions, duties and powers	15
2.4. Classification of GLAs, the GLF, and Light Dues	15
3. Aims, objectives and targets	17
3.1. Overall aims	17
3.2. Objectives and key targets	17
4. Governance and responsibilities	18
4.1. The Secretary of State for Transport and the Department for Transport	18
4.2. The General Lighthouse Authorities (GLAs)	20
4.3. DfT Nominations & Appointments to GLA boards	21
4.4. Corporate governance	23
5. Planning, budgeting and control	29
5.1. Background	29
5.2. The planning framework and Corporate Plan	29
5.3. Timetable for annual planning, funding and other requests	33
6. Financial reporting arrangements	35
6.1. Parliamentary GLF Consolidated accounts	35
6.2. DfT Resource Accounts (and Whole of Government Accounts)	35
6.3. Management Reporting	36
6.4. Transparency Reporting	36
7. Financial control and financial authorities	38
7.1. Background	38

7.2.Audit arrangements	44
7.3.Risk management	46
7.4.Insurance	47
7.5.Health and safety	48
7.6.Subsidiary companies and joint ventures	48
7.7.Financial investments	48
8. Human resources	49
8.1.Staff costs	49
8.2.Staff appointments	49
8.3.Pay Systems	50
8.4.Requirements on approvals for senior pay	50
8.5.Conditions of service	50
9. Commercial Services and Contracts	52
10. Communications	54
A. Contact points	55
A.1. Department for Transport	55
A.2. Trinity House	55
A.3. Northern Lighthouse Board	55
A.4. Commissioners of Irish Lights	55
B. Relevant legislation, duties, conventions, and guidance	57
B.1. Provision of aids to navigation	57
B.2. Compliance with instructions and guidance - relevant documents	60
C. Spending Controls	62
D. Delegation Table	64
E. Constitutional background of GLAs	67
E.1.The Corporation of Trinity House	67
E.2.Trinity House Lighthouse Board (TH)	67
E.3.The Commissioners of Northern Lighthouses (NLB)	67

E.4.The Commissioners of Irish Lights (IL)	67
F. Joint Strategic Board: Terms of Reference	68
G. Lights Finance Committee: Terms of Reference (March 2016)	72
H. Accounts direction	75

1. DEFINED TERMS

This document incorporates the definitions given below, unless otherwise defined in this document.

Annually Managed Expenditure: expenditure that cannot be made subject to firm, multi-year plans, and is subject to review twice a year.	AME
Aids to Navigation: any sort of marine markers which aid a traveller in navigation, including lighthouses, buoys and beacons.	AToN
Cabinet Office: UK Government Department responsible for supporting the Prime Minister and UK Cabinet.	CO
Clear Line of Sight: UK Government commitment to simplify its financial reporting.	CLoS
Comptroller & Auditor General: person responsible for supervising the quality of accounting and financial reporting of an organisation.	C&AG
Chief Executives' Committee: inter-GLA Chief Executives' Committee	CEC
Commissioners of Irish Lights: the General Lighthouse Authority with responsibility for the provision of marine aids to navigation around Northern Ireland and Ireland by virtue of the Merchant Shipping Acts 1995 and 1894.	IL
Departmental Expenditure Limits: firm, three-year plans set in spending reviews. All expenditure is in DEL unless HM Treasury has specified otherwise.	DEL
Department for Transport: UK Department with responsibility for maritime safety.	DfT
Department of Transport, Tourism and Sport: Irish Department with responsibility for maritime matters.	DTTAS
Financial Reporting Manual: the Government's technical accounting guide to the preparation of financial statements.	FReM

General Lighthouse Authorities: the three UK Authorities with responsibility for providing marine aids to navigation for the UK, Ireland, Gibraltar and the Isle of Man.	GLAs
General Lighthouse Fund: the fund into which light dues are paid. The Merchant Shipping Act 1995 legislates in respect of the Fund.	GLF
Government Procurement Service: an executive agency of the Cabinet Office of the UK Government charged with procurement management.	GPS
Government Resources and Accounts Act 2000: UK Act of Parliament making provision on government resources and accounts.	GRAA
Head of Internal Audit: person responsible for advising the General Lighthouse Authorities on governance, risk management and control.	HIA
Information and Communications Technology: information technology and unified communications.	ICT
Inter-GLA Committee/s: Tri-General Lighthouse Authority committee.	IGC/s
International Association of Marine Aids to Navigation and Lighthouse Authorities: a non-profit, non-governmental international technical association aiming to harmonise aids to navigation worldwide and ensure the safe, expeditious, cost effective and environmentally-friendly movements of vessels.	IALA
International Financial Reporting Standards: common global language for business affairs enabling company accounts to be compared across international boundaries.	IFRS
International Maritime Organization: the United Nations specialised agency with responsibility for the safety and security of shipping and the prevention of marine pollution by ships.	IMO
Isle of Man: a self-governing British Crown Dependency, located in the Irish Sea. The Northern Lighthouse Board is the General Lighthouse Authority responsible for the provision of marine aids to navigation around its coast.	IoM
Joint Strategic Board: a non-statutory board established in April 2010 to drive forward the co-ordination of General Lighthouse Authority activity in the most effective way.	JSB

Joint User Consultative Group: comprises representatives of the three General Lighthouse Authorities and the users of their services to enable a mutual exchange of information and views on major policy matters of common concern within the field of aids to navigation.	JUCG
Lights Advisory Committee: acts as an advisor to the Secretary of State on light dues matters. It is convened by the UK Chamber of Shipping, and comprises representatives of payers of light dues. Port operators and cargo interests who are affected by light dues are also represented.	LAC
Lights Finance Committee: an advisory Committee established to make recommendations to UK Ministers on an appropriate level of light dues for the following financial year.	LFC
LOng RAnge Navigation: a terrestrial radio navigation system which enables ships and aircraft to determine their position and speed from low frequency radio signals transmitted by fixed land based radio beacons, using a receiver unit.	LORAN
Merchant Shipping Act: Acts of Parliament, which were passed in 1894 and 1995 establishing the responsibilities of the three UK General Lighthouse Authorities with regard to marine aids to navigation.	MSA
Maritime Safety and Environment division: division within the maritime directorate of the UK Department for Transport with policy and sponsorship responsibility for the General Lighthouse Fund and three UK General Lighthouse Authorities.	MSE
National Audit Office: an independent Parliamentary body in the United Kingdom which is responsible for auditing central government departments, government agencies, and non-departmental public bodies.	NAO
Non-Departmental Public Body: classification applied to a body denoting its arms-length status from Government.	NDPB
Non-Executive Director: the term Non-Executive Director/Commissioner is used to describe non-executive appointments to the boards of the General Lighthouse Authorities. Although the method of appointment can differ, their responsibilities to the board of the General Lighthouse Authority to which they are appointed are identical and are set out in section 4.3 of this document.	NED

Northern Lighthouse Board / Commissioners of Northern Lighthouses: General Lighthouse Authority responsible for the provision of marine aids to navigation for Scotland and the Isle of Man.	NLB
Northern Ireland Audit Office: supports the Comptroller and Auditor General for Northern Ireland.	NIAO
Office of the Commissioner for Public Appointments: the guardian of the processes used to make Ministerial public appointments in England and Wales.	OCPA
Office for National Statistics: a non-ministerial department charged with the collection and publication of statistics related to the economy, population and society of England and Wales at national, regional and local levels.	ONS
Property, Plant & Equipment: as defined in the FReM.	PPE
Public Sector Internal Audit Standards: standards intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.	PSIAS
Research & Radionavigation Directorate: the Tri-GLA research and development function.	R&RNAV
Ireland: A sovereign, independent, democratic State. The Commissioners of Irish Lights are the General Lighthouse Authority for Ireland and Northern Ireland.	IRL
Transport Scotland: Scottish Department with responsibility for maritime matters.	TS
Trinity House: General Lighthouse Authority with responsibility for the provision of marine aids to navigation for England, Wales, the Channel Islands and Gibraltar.	TH
UK Generally Accepted Accounting Practice: the overall body of regulation establishing how company accounts must be prepared in the UK.	UK GAAP

UK Parliamentary Committee of Public Accounts: a select committee of the House of Commons responsible for overseeing government expenditure.

UK PAC

UK Safety of Navigation Committee: co-ordinates the UK's contribution to the International Maritime Organization.

UK SON

Value for Money: Government aim to secure better quality services at lower cost.

VfM

2. Introduction

2.1. Background

- 2.1.1. This Framework Document has been drawn up by the Department for Transport (DfT) in consultation with the three UK General Lighthouse Authorities (GLAs). References to “TH” or “Trinity House” should be read as references to Trinity House in its capacity as a GLA only except where otherwise stated. References to “NLB” and to “IL” are references to the Commissioners of Northern Lighthouses (the Northern Lighthouse Board) and the Commissioners of Irish Lights (Irish Lights) respectively. This document has been adapted from the HM Treasury model Framework Document for Executive Non Departmental Public Bodies (NDPBs) (*Managing Public Money*).
- 2.1.2. This Framework Document sets out the relationship between the Secretary of State for Transport (via the Department for Transport) and the GLAs in matters of business and finance and aims to provide a clear understanding of their respective duties and statutory responsibilities under legislation set out at [Appendix B](#).
- 2.1.3. The GLAs have a duty to deliver a modern, reliable and economical aid to navigation (AtoN) service to assist the safety of all classes of mariners in general navigation. The operating costs of the GLAs are met from the General Lighthouse Fund (GLF). The income to the GLF comes mostly from light dues that are charged at UK, Isle of Man (IoM) and Republic of Ireland (IRL) ports. The GLAs also generate some commercial income. There is no direct provision for UK Exchequer funding but DfT does cover the financial risk if GLAs default on their borrowing repayments. In the case of IL, Irish exchequer funding is provided as a contribution to running costs for activities in IRL.
- 2.1.4. The DfT (on behalf of the Secretary of State for Transport) has a duty to ensure the effective management of the GLF and to enable the adequate provision of AtoN at the least cost and to deliver Value for Money (VfM).
- 2.1.5. The GLAs will be designated annually to the Department for Transport by an instrument made in exercise of the powers conferred by section 4A of the Government Resources and Accounts Act 2000. This order gives effect to part of the Clear Line of Sight (CLoS) reforms by specifying which bodies form part of departmental groups for the purposes of Estimates and resource accounts.
- 2.1.6. The CLoS reforms make it clear that the distinctive characteristics of the GLAs will remain unchanged as a result of consolidation into the DfT departmental group. The GLAs will continue to be separate corporate entities with statutory responsibilities under the Merchant

Shipping Act (MSA) 1995, as amended. They will continue to be independent in their executive decision-making in accordance with those responsibilities. What will change is the accountability to Parliament for the use of the funds. Parliament will not be voting funds to the GLAs. Parliament will continue to vote funds to the department, but with a requirement that the expenditure of the department and its NDPBs does not exceed the voted limit.

2.1.7. It is the DfT's responsibility to ensure that it makes arrangements through this Framework Document for GLA aggregate expenditure to be within the total authorised. Controls are used not only to meet budgetary limits, but also to provide parliamentary accountability. The GLF prepares its own accounts, which are presented to Parliament.

2.1.8. The MSA 1995 is primary legislation and the Designation Order under section 4A of the Government Resources and Accounts Act 2000 is secondary legislation. In the event that the GLAs, either individually or collectively, identify a potential conflict between the requirements under the two pieces of legislation then this must be raised immediately with the DfT with the aim of resolving the issue quickly, having regard inter alia to the primacy of the MSA 1995.

2.1.9. This Framework Document incorporates:

- a Management Statement that sets out the relationship between the Secretary of State for Transport and the GLAs in matters of business and finance, and;
- a Financial Memorandum that describes the financial regime that the boards of the GLAs and DfT are to operate. This is in addition to and does not substitute for any specific financial objectives or other directives that the Secretary of State for Transport is entitled to set the GLAs or any other directions they are empowered to give under the MSAs of 1995 and 1894, or any specific financial objectives or other directive that the Minister for Transport, Tourism and Sport sets IL in relation to their activities in Ireland.

2.1.10. The parties are:

1. the Secretary of State for Transport¹.
2. the General Lighthouse Authorities (GLAs), namely

¹ DfT is used throughout this document as a convenient short-hand for the Department for Transport, the Secretary of State for Transport and other Ministers, and the Maritime Safety and Environment division (the policy division within DfT which is responsible for GLA matters) unless the context demands more clarity, for example when discussing accountability to Parliament.

- a. the Corporation of Trinity House London² (TH) for England, Wales, the Channel Islands and Gibraltar;
- b. the Commissioners of Northern Lighthouses (operating as the Northern Lighthouse Board) (NLB) for Scotland and the Isle of Man (IoM);
- c. the Commissioners of Irish Lights (IL) for Northern Ireland and the Republic of Ireland (IRL).

2.1.11. The parties' respective addresses and appropriate contact points are shown in Appendix A. The constitutional background of the three GLAs are set out at Appendix E.

2.1.12. This document sets out the broad framework within which the GLAs will operate, in particular:

- the rules and guidelines relevant to the exercise of the GLAs' statutory functions, duties and powers;
- the conditions under which public funds are paid to the GLAs (the term "public funds" includes the GLF but also any other funds generated by approved activities or falling within the stewardship of the GLAs); and
- how the GLAs are to be held to account for their performance.

2.1.13. The Framework Document does not convey any legal powers or statutory responsibilities.

2.1.14. The GLAs or DfT may propose amendments to the Framework Document at any time. Any such proposals by the GLAs shall be considered in the light of their statutory powers and duties, evolving departmental policy aims, wider strategic aims and current objectives, operational factors and the track records of the GLAs themselves. The guiding principle shall be that the extent of flexibility and freedom given to the GLAs shall reflect the quality of their internal controls, their operational needs and their powers and duties under the MSAs and other relevant legislation.

2.2. Revision of this document

2.2.1. DfT, in consultation with the GLAs, will determine what changes, if any, are to be incorporated in the document. Legislative provisions shall take precedence over any part of the document. Significant variations to the document shall be cleared with the HM Treasury or Cabinet Office as appropriate. The definition of "significant" will be

² See Appendix E for the distinction between the Corporation of Trinity House in its role as a General Lighthouse Authority, and its other capacities. TH's functions other than as a GLA are outside the scope of this document.

determined by DfT as sponsor department, in consultation with the HM Treasury and the Cabinet Office.

- 2.2.2. In accordance with the Cabinet Office guidance on “lighter touch” reviews, the provisions of this document will in any case be reviewed after a period of not more than three years from the date of this document.
- 2.2.3. DfT will resolve any question regarding the interpretation of the document after consultation with the GLAs and, as necessary, with HM Treasury and the Cabinet Office.
- 2.2.4. The Framework Document is to be signed and dated by DfT and the GLAs. Copies of the document and any subsequent substantive amendments shall be placed in the Libraries of both Houses of Parliament and the library of the Scottish Parliament. Copies will also be made available to members of the public on the GLAs’ respective websites and on the UK Government website, www.gov.uk.

2.3. Founding legislation, functions, duties and powers

- 2.3.1. An outline of the governing legislation, functions, duties and powers of the GLAs is set out at [Appendix B](#).

2.4. Classification of GLAs, the GLF, and Light Dues

- 2.4.1. The GLAs are separate corporate entities with statutory responsibilities given to them by Parliament through the MSAs 1995 and 1894, as amended. They are independent in their executive decision-making in accordance with those statutory responsibilities. For administrative purposes the GLAs are treated as if executive NDPBs by agreement and only to the extent that this does not conflict with their respective statutory positions and legal status.
- 2.4.2. The GLAs’ operating costs are met from the GLF. The income to the GLF comes mostly from light dues that are charged at UK, IoM and IRL ports. The GLAs also generate some commercial income. There is no direct funding from the UK Exchequer, but DfT does cover the financial risk if GLAs default on their borrowing repayments. In the case of IL, Irish Government exchequer funding is provided as a contribution to running costs for activities in IRL. Ministers also have no powers to dissolve the GLAs.
- 2.4.3. By mutual agreement, as part of a three year trial from 1 April 2015. IL’s activities in the Republic of Ireland are funded from IRL sources. During this period, IL will continue to operate within the GLF with the Irish Government making a contribution to the GLF such that all IL expenditure in IRL is wholly matched by income from Irish sources. During the period of the pilot, light dues collection arrangements will remain unchanged except the rule that ships must pay light dues in

the jurisdiction where they first become liable will be strictly enforced. The effectiveness of these arrangements in achieving the agreement on IL funding will be monitored and the results of the pilot, and any continuation of the arrangements, will be discussed between the UK and Irish Governments once the pilot period ends.

- 2.4.4. In December 2011, the GLAs were classified as central government bodies by the Office for National Statistics (ONS). This brought the GLAs within central government budget boundaries and meant their inclusion as subsidiary bodies of DfT for financial reporting purposes. The GLF was created by statute in 1898. It is mainly funded by light dues, which ONS have reviewed and reclassified as D.29 taxes, not sales of services. This means the GLF is consequently reclassified as a non-market body in the Central Government sector for National Account purposes from the introduction of the National Accounts in 1946. The three GLAs, with the reclassification of the GLF, and light dues, also become non-market bodies and are reclassified as central government bodies for National Account purposes
- 2.4.5. References to the GLAs include all their subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and the GLA(s).

3. Aims, objectives and targets

3.1. Overall aims

- 3.1.1. The DfT has a duty to ensure the effective management of the GLF and to ensure value for money in the provision of AToN. The provision of an AToN service delivers the UK's and Ireland's responsibilities under the Safety of Life at Sea Convention (SOLAS) 1974 (see section B.1.2).
- 3.1.2. DfT's primary aim is transport that works for everyone. In support of this aim it will improve the policy, advisory and regulatory framework for maritime activities to deliver enhanced safety and environmental protection at sea.
- 3.1.3. The GLAs' primary aim is to fulfil the statutory obligations given to them by Parliament to deliver a reliable, efficient and cost effective AToN service for the benefit and safety of all mariners.

3.2. Objectives and key targets

- 3.2.1. The GLAs' objectives and key targets will be agreed by their respective boards and their performance assessed within their respective corporate and business planning process (paragraph 5.2.1).

4. Governance and responsibilities

4.1 The Secretary of State for Transport and the Department for Transport

The General Lighthouse Fund (GLF)

- 4.1.1. The Secretary of State for Transport (the Secretary of State) is responsible for the management of the GLF. As part of that management, they will agree financial objectives that the GLAs will meet in exercise of their functions in accordance with the relevant legislation.
- 4.1.2. The Secretary of State will review the financial operations and establishments of the GLAs annually. They will review, and set the level of UK light dues with the approval of Parliament. They will establish annually, for each GLA, an expenditure sanction for the following financial year having regard to the statutory responsibilities of each GLA. The Minister for Transport Tourism and Sport sets light dues in IRL.

Accountability to Parliament

- 4.1.3. The Secretary of State is answerable to Parliament for the resources that they allocate to the GLAs and for the financial framework under which they require the GLAs and their staff to work. In practice, the Parliamentary Under Secretary of State for Transport responsible for maritime matters, will normally answer to Parliament on matters relating to the GLAs, their organisations and work.
- 4.1.4. In matters concerning the GLAs' operations, the Secretary of State or the Parliamentary Under Secretary of State will, whenever it is reasonable, refer to the relevant GLA for comment on such enquiries and representations as they may receive from UK Parliamentarians (including Parliamentary Questions) and others. The GLAs and their staff will stand ready to provide information reasonably required to enable them (or their equivalent in Ireland and Scotland) to carry out their function.
- 4.1.5. Where the relevant GLA receives enquiries and representations direct from IRL members of the Dail or from Members of the Scottish Parliament, wherever possible draft responses should be discussed with DfT and TS or DTTAS as appropriate.
- 4.1.6. In accordance with the Scotland Act 2016 (s66) the Commissioners of Northern Lighthouses may be required to attend before the Scottish Parliament.

DfT Accounting Officer

- 4.1.7. The Permanent Secretary of DfT, as Accounting Officer for the GLF, is responsible to the Secretary of State for the resources made available to the GLAs and is liable to be summoned to give evidence to the UK Parliamentary Committee of Public Accounts (PAC) or any Parliamentary Committee in respect of these responsibilities. They must ensure that:
- a. the GLAs comply with the financial conditions set out in this Framework Document and in the annual Sanction Letter;
 - b. their officials monitor compliance by the GLAs and their staff;
 - c. the financial and other management controls applied by DfT and the GLAs conform with the requirements of propriety and regularity and delivery of value for money;
 - d. the Accounts of the GLF and the records maintained by the GLAs comply with the requirements of *Managing Public Money*, HM Treasury “Dear Accounting Officer” letters and the Financial Reporting Manual (FReM) as issued by HM Treasury;
 - e. the budgets of the GLAs are agreed with and reported to DfT, and comply with the Consolidated Budgeting Guidance as issued by HM Treasury, and the MSA 1995; and
 - f. the terms of the appropriate sections of the concordats between the DfT and the devolved administrations.
- 4.1.8. IL will meet any requirements laid down by the Irish Dail. NLB will meet the requirements as detailed in the Merchant Shipping Act 1995 as amended by the Scotland Act 2016.
- 4.1.9. In accordance with requirements set out in *Managing Public Money*, the DfT Accounting Officer is responsible for the overall organisation, management and staffing of DfT as sponsor Department and for ensuring that there is a high standard of financial management in DfT as a whole. The DfT Accounting Officer is also accountable to Parliament for the stewardship of the GLF.
- 4.1.10. In particular, the DfT Accounting Officer will ensure that:
- the financial and other management controls applied by DfT to the GLAs are appropriate and sufficient to safeguard public funds and deliver value for money, and that the GLAs’ compliance with those controls is effectively monitored;
 - the internal controls applied by the GLAs conform to the requirements of regularity, propriety and good financial management;
 - GLAs’ performance against their objectives is sufficiently monitored on a continuous basis;

- arrangements are in place to bring any concerns about any individual GLA to the attention of the relevant authority's full board and for it to seek explanations and assurances that appropriate action has been taken;
- arrangements are in place to ensure GLAs are kept informed on relevant Government policy; and
- the GLA accounts are consolidated into the DfT's accounts and comply with the requirements of the Government FReM.

The sponsoring team in DfT

4.1.11. Within DfT, the Maritime Safety and Environment (MSE) division is the sponsoring team for the GLAs. The team, in consultation as necessary with the departmental Accounting Officer, is the primary source of advice to the Secretary of State on the discharge of their responsibilities in respect of the GLF. The team is also the primary point of contact for the GLAs in dealing with DfT, although there may be occasions where GLAs contact others in DfT directly, for example for financial or budgetary matters. Appendix A.1 sets out the arrangements for routine matters. The MSE division carries out its duties under the Deputy Director responsible for maritime safety who is the senior civil servant with primary responsibility for overseeing the activities of the GLAs.

4.2 The General Lighthouse Authorities (GLAs)

4.2.1. For the purposes of the GLF, DfT deal with the GLAs as if they were Executive NDPBs where this does not conflict with the statutory positions of the GLAs or the interest of the GLF. DfT and IRL's DTTAS liaise on major matters to ensure that there is no conflict between IRL law and practice and the requirements placed by DfT on IL, and the boards of the GLAs. Similarly, DfT and TS liaise on major matters to ensure that there is no conflict between Scottish legislation and practice and the requirements placed by DfT on NLB.

4.2.2 In performing their duties under statute, each of the GLA boards is to ensure that: -

- a. it is able to discharge its responsibilities under the relevant Acts and with conformity to this document;
- b. all financial, manpower and other administrative resources are used economically, efficiently and effectively;
- c. financial considerations are taken fully into account at all stages by its officers in framing and reaching decisions, and in their execution; and
- d. it follows best human resources management practices.

4.2.3 Each of the GLA boards is expected, for the proper stewardship of the GLF, to:

- a. ensure that proper accounting records are maintained and annual accounts are prepared in accordance with the Accounts Direction at Appendix H;
- b. observe any reasonable conditions laid down by DfT for the administration of the GLF;
- c. safeguard all GLF funds and assets in its charge;
- d. ensure that such funds are applied only to the purposes approved by Parliament under MSA 1995 or MSA 1894 as amended, as the case may be;
- e. put in place a sound framework of corporate governance which ensures high standards of propriety and regularity;
- f. ensure that it and its staff meet the requirements of Government Accounting Regulations, the Government FReM, and good accounting practice, including any appropriate:
 - i) general guidance issued by HM Treasury or the Cabinet Office;
 - ii) recommendations accepted by Government, Parliamentary Select Committees or another Parliamentary authority;
 - iii) administrative practices applicable to public funds as DfT may specify;
 - iv) advice on NDPB financial management responsibilities as set out in *Managing Public Money* and published NDPB guidance;
 - v) in the case of IL requests for relevant information from DTTAS; and
- g. on completion of the GLF audit, each GLA will publish its annual report and accounts on their respective website.

4.3. DfT Nominations & Appointments to GLA boards

4.3.1. Each GLA has its own legally empowered board, chaired by a person selected by each Authority. The Secretary of State for Transport makes the following nominations/appointments to the GLA boards:

Trinity House

The Secretary of State nominates not more than three Non-Executive Members with a commercial or maritime background, following an open competition exercise. Nominees are appointed by the Court of Trinity House as Associate Members of the Corporation to hold office.

Northern Lighthouse Board

The Secretary of State appoints two Commissioners³, one on the nomination of the Lieutenant Governor of the Isle of Man. Under the Scotland Act 2016 Scottish Ministers will appoint one Commissioner.

- 4.3.2. Nominations / appointments to the NLB and TH boards by the Secretary of State will be based on good practice and guidance issued by the Commissioner for Public Appointments (CPA). New appointments under paragraph 4.3.1 will usually be for three years and a maximum of two terms with re-appointment for the second term to be formally agreed between DfT and the appropriate GLA in good time. The sponsoring team will meet with each GLA's Secretary of State nominated/appointed board members at least once a year, providing an opportunity for feedback to DfT on their work.
- 4.3.3. DTTAS and DfT are members of the nominations committee for purposes of commissioner appointments to IL's board. Such appointments are subject to negative resolution by the Taoiseach. New commissioners to the board of IL are appointed for a five year term with the possibility of a renewal for another five years.
- 4.3.4. Each GLA board will:
- ensure that all members of the board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
 - take account of the need to ensure a proper balance of professional and financial expertise when considering board appointments; and
 - periodically assess the performance of its board members.
- 4.3.5. Each GLA board will also ensure that a code of practice for board members is in place, based on the Cabinet Office's *Code of Conduct for Board Members of Public Bodies*. The Code commits the

³ NLB has Board Commissioners rather than Non-executive Directors. There are five types of NLB Commissioner:

Ex-Officio- appointed by virtue of another office

Co-opted- appointed by the Secretary of State – the Isle of Man Commissioner

Co-opted- nominated by the Secretary of State and appointed by the Board of Commissioners

Co-opted – appointed by Scottish Ministers – the Scottish Commissioner

Co-opted- appointed by the Board of Commissioners.

Chairman and other board members to the Seven Principles of Public Life set out by the Nolan Committee on Standards in Public Life, and includes a requirement for a comprehensive register of board members' interests that is available for review by the DfT, TS and the Irish DTTAS as appropriate. In the case of IL, board members must comply with the standards of corporate governance set out in the Code of Practice for the Governance of State Bodies (2016).

- 4.3.6. Each GLA board shall undertake an annual review of its effectiveness and report the outcome to DfT. It shall also provide a summary assurance report.
- 4.3.7. Communications between the board and DfT will normally be through the Chairman or Chief Executive⁴ but can be delegated as the Chair or Chief Executive sees fit. The Chairman or Chief Executive will ensure that the other board members are kept informed of such communications.
- 4.3.8. The Permanent Secretary or other appropriate Senior Civil Servant will have an annual discussion with the Chair of each GLA board. Chief Executives and in the case of TH the Deputy Chairman, will attend as appropriate.
- 4.3.9. DfT will bring any concerns about the activities of the GLAs to the attention of the full board (via the Chair/Chief Executive) of the individual GLA in question, and require explanations and assurances from the board that appropriate action has been taken.

4.4 Corporate governance

- 4.4.1. GLA boards should act in compliance with the principles of good corporate governance, as set out in Cabinet Office guidance and in the case of IL, the Code of Practice for the Governance of State Bodies (2016). In pursuit of their wider corporate governance responsibilities, each GLA board will;
 - ensure that DfT is kept informed of any changes which are likely to impact on its strategic direction or on the attainability of its targets, and determine the steps needed to deal with such changes;
 - ensure that any statutory or administrative requirements for the use of public funds are complied with; that the board operates within the limits of its statutory authority and any delegated authority agreed with DfT, and in accordance with any other conditions relating to the use of public funds;

⁴ The Trinity House Executive Chairman combines the role of Chairman and Chief Executive. For the purpose of this document the term "Chief Executive" should be taken to include the Executive Chairman.

and that, in reaching decisions, the board takes into account guidance issued by DfT;

- ensure that the board receives and reviews regular financial information concerning the management of the GLAs; is informed in a timely manner about any concerns about the activities of the GLAs; and provides positive assurance to DfT that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times. This includes setting up an independent audit and risk committee as a sub-committee of the GLA board to help them address the key financial and other risks they face, in accordance with the Cabinet Office's the Code of Conduct for Board Members of Public Bodies and HM Treasury's Audit and Risk Committee guidance; and
 - the boards of NLB and IL and the Court of Trinity House shall each appoint a Chief Executive.
 - the GLA boards shall set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use of public monies.
- will provide the assurance information required by the DfT Assurance Framework and complete a formal year end Management Assurance exercise as requested by DfT.

4.4.2. Individual board members will act in accordance with their wider responsibility as members of the board – namely to:

- comply at all times with the Code of Practice that is adopted by the GLAs and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the board's rules on the acceptance of gifts and hospitality, and of business appointments. The GLAs have Hospitality Registers and Gift/Hospitality acknowledgement forms. These may be reviewed by internal and external audit; and
- act in good faith and in the best interests of the GLA.

The Joint Strategic Board (JSB)

4.4.3. By the joint authority of the three GLA boards, a board known as the Joint Strategic Board (JSB) was established in April 2010 to drive

forward the co-ordination of GLA activity in the most effective way. The JSB is not an independent or statutory entity, but has the authority of the three GLA boards to undertake its functions. The Terms of Reference for the JSB are appended for information at [Appendix F](#).

- 4.4.4. The three GLA boards may by unanimous agreement, in consultation with the DfT, TS and DTTAS make, amend or withdraw the terms of reference for the JSB. There is reserved to each board the right to recall its authority to the JSB in which case any terms of reference then in force will cease to have effect.

Joint User Consultative Group (JUCG)

- 4.4.5. The Joint User Consultative Group (JUCG) comprises representatives of the three GLAs and the users of their services to enable a mutual exchange of information and views on major policy matters of common concern within the field of AtoN.

The Chief Executives' role as Accounting Officers

- 4.4.6. The boards of the GLAs may, as they see fit, delegate their day-to-day duties to their Chief Executives as may be appropriate for the purpose.
- 4.4.7. The GLAs' Chief Executives act as the GLA Accounting Officers for their respective bodies and have responsibility for compliance with the relevant provisions of *Managing Public Money* and of *Regularity, Propriety and Value for Money*, both issued by HM Treasury. An Accounting Officer letter setting out the responsibilities of the role will be issued by the DfT at the time of appointment of the respective GLA Chief Executive.
- 4.4.8. The GLA Accounting Officer is responsible for safeguarding the public funds for which they have charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the respective Lighthouse Authority.
- 4.4.9. As GLA Accounting Officer the Chief Executive will exercise the following responsibilities in particular:
- i) on planning and monitoring -
 - establish, in agreement with DfT, the GLA's corporate plans;
 - agree budgets with DfT annually, in accordance with the GLA Corporate Planning approval process, Government formats and requirements;

- provide outturn and forecast data to DfT monthly, in accordance with Government formats and requirements;
- ensure that support systems are in place to fulfil reporting requirements of the DfT to agreed deadlines; and
- notify DfT promptly if overspends or under spends outside of the tolerances listed in Appendix D are likely, ensuring that corrective action is taken; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DfT as soon as reasonably practicable;
 - ii) on advising the board -
 - advise the board on the discharge of its responsibilities as set out in this document, in the founding legislation, and in any other relevant instructions and guidance that may be issued from time to time;
 - advise the board on the GLA's performance compared with its aims and objectives;
 - ensure that financial considerations are taken fully into account by the board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques are followed as far as is practical;
 - take action as set out in *Managing Public Money*, the NDPB Accounting Officer Memorandum and if the board, (or its Chairman, in the case of IL or NLB), is contemplating a course of action which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration, efficiency or effectiveness;
 - iii) on managing risk and resources -
 - ensure that a system of risk management, fit for purpose, is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
 - ensure that an effective system of programme and project management and contract management is maintained;
 - ensure that all public funds made available to the GLA are used for the purpose intended, and that such monies together with the assets, equipment and staff, are used economically, efficiently and effectively;
 - ensure that adequate internal management and financial controls are maintained by the GLA including effective measures against fraud and theft;
 - maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations; and

- ensure that effective human resource policies are maintained;
 - iv) on accounting for the GLA's activities -
- sign the accounts and be responsible for ensuring that proper account records are kept and ensure accounts are properly prepared and presented in accordance with any directions issued by DfT;
- sign a Statement of Accounting Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding the GLA's system of internal control, for inclusion in the annual report and accounts;
- sign the Management Assurance return in support of the Governance Statement;
- ensure the completion of the GLA's DfT consolidation packs and supporting disclosures;
- ensure that effective procedures for handling complaints about the GLA are established and made widely known within the GLA;
- act in accordance with the terms of this document and with the instructions and guidance in *Managing Public Money* and other instructions and guidance issued from time to time by DfT, HM Treasury and the Cabinet Office - in particular, HM Treasury documents Regularity, Propriety and Value for Money, which the Chief Executive shall receive on appointment. Appendix B of this document refers to this and other key guidance;
- give evidence, normally with the DfT Accounting Officer, when summoned before the Committee of Public Accounts or any other Parliamentary Committee on the use and stewardship of public funds by the GLAs; and
- give evidence, normally with the support of the DfT, when summoned before the Committee of Public Audit or any other Scottish Parliamentary Committee on the use and stewardship of public funds by NLB.

Other Chief Executive matters

- 4.4.10. The Chief Executive may delegate the day-to-day administration of their GLA Accounting Officer responsibilities to other employees in the GLA as per internal practices. However, they cannot assign absolutely to any other person any of the responsibilities set out in this document.
- 4.4.11. The GLF running costs sanction is not to be used by the GLAs on issues that are the Secretary of State's responsibility under the MSAs

1995 (UK) and 1894 (Ireland) as amended without the prior agreement of DfT.

- 4.4.12. The Chief Executives are required to report any irregularity or impropriety to DfT with or without the agreement of their Commissioners or boards.
- 4.4.13. Under the terms of section 214(4) and (5) of the MSA 1995, the Secretary of State is required to produce the accounts of the GLF. These consolidate the accounts of the three GLAs, the light dues collection accounts and GLF Fund accounts. The GLF Accounts will be signed by the Permanent Secretary of DfT as Accounting Officer for the GLF and laid before Parliament.
- 4.4.14. Legislation requires the GLAs to supply DfT with information necessary to produce the Accounts. The GLAs produce individual accounts, which are examined by the National Audit Office (NAO) or other professional body appointed by the NAO. The individual GLAs' accounts are signed by the Chief Executive and the Chairman for IL and NLB, and the Executive Chairman and the Director of Business Services for TH.

GLF Consolidation Officer

- 4.4.15. For the purposes of the DfT Resource Accounts and Whole of Government Accounts, the GLF Accounting Officer is deemed to be the GLF Consolidation Officer.

Parliamentary Ombudsman

- 4.4.16. The activities of TH and NLB within the UK are subject to independent review by the Parliamentary Ombudsman⁵ in the event of complaints from the public that the GLAs have not acted properly or fairly or have provided a poor service. *Managing Public Money* refers.
- 4.4.17. The Chief Executive is the Principal Officer for handling cases involving the Parliamentary Ombudsman. As Principal Officer they shall inform the Permanent Secretary of DfT of any complaints about the GLA accepted by the Ombudsman for investigation, and about the GLA's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

⁵ IL are an exempt body under the [Ombudsman Amendment Act 2012](#), Part 11, Second Schedule. The Minister does however answer Parliamentary Questions regarding IL when they arise.

5. Planning, budgeting and control

5.1. Background

- 5.1.1. The GLAs' corporate planning arrangements reflect the principal elements of HM Treasury guidance, *Managing Public Money*, –i.e., submission of draft plans, annually identified key objectives, performance reviews, performance reporting and consultation with the DfT. However, the GLAs have developed their own planning arrangements in consultation with DfT over time. They reflect the statutory requirements for securing funding from the GLF and not in the form of Grant in Aid. The corporate planning arrangements outlined in the following sections are consistent with the MSAs and the overall control framework for NDPBs as specified in the standard HM Treasury model.
- 5.1.2. The Consolidated Budgeting Guidance issued by HM Treasury, describes the budgetary control and reporting framework applicable to the GLAs as part of central government.

5.2. The planning framework and Corporate Plan

Annual planning framework

- 5.2.1. An outline timetable for the annual planning round is set out in section 5.3). The annual planning framework will include: -
- a. each GLA's individual Corporate Plan. This should include a review of performance and a description of future strategy, financial overview, targets, running costs, capital expenditure, and staff plan in sufficient detail for the reader to understand how policies will be put into effect;
 - b. for TH and NLB, a pay remit for approval of pay negotiations as required under annual civil service pay guidance published by HM Treasury;
 - c. GLA expenditure proposals provided in accordance with HM Treasury guidelines and formats to be considered by DfT for the Secretary of State's approval; and
 - d. the annual Sanction letter from DfT, including modifications, if any, of the aforementioned Corporate Plan and expenditure proposals by the agreed deadline.

Corporate plan

- 5.2.2 Each GLA Corporate Plan will be, as far as possible, in a common agreed format. It will:
- a. be the chief means by which DfT judges the forecast performance of each GLA on its own merits, and agrees or modifies financial and other targets for the following and future

years. Each GLA's annual accounts will be taken into consideration when setting these targets;

- b. help DfT appraise the present and projected performance of each GLA in key areas of business against previously agreed objectives and targets;
- c. be the basis on which DfT decides an appropriate amount of resources (capital expenditure and running cost expenditure) to be made available to fund an agreed programme;
- d. be annually reviewed by DfT to measure the overall effectiveness of each GLA in implementing the agreed programme; and
- e. be the chief means by which each GLA bids for resources each year and outlines the forecast for up to four subsequent years.

5.2.3 Key elements of the Corporate Plan will include:

- a. a strategy covering major future trends and a forward look at longer term strategic aims;
- b. the detailed bids for all categories of expenditure for the bid year of the plan;
- c. identification of individual capital projects in excess of the figure set out in Appendix D1 which are likely to impose heavy demands on the GLF, containing a full description with detailed narrative of all aspects of each project including a financial appraisal;
- d. particular attention to the search for savings from the capital investment programme, from the tailoring of the staff plan to changing circumstances, and from other savings in current expenditure;
- e. a full set of performance indicators including those set out in Appendix D2;
- f. explanation of any significant variations from the previous year's Plan, with supporting information;
- g. proposed expenditure for the bid year and four subsequent financial years in accordance with HM Treasury budgeting guidelines and formats;
- h. a staff plan, covering the preceding years, current year, bid year and four subsequent years; and
- i. forecasts for commercial income.

5.2.4 The budget categories for the Corporate Plan, are likely to include a structured analysis of running costs agreed between the GLAs. The Corporate Plan will also include:

- a. pensions contribution and national insurance costs included within running costs, although DfT recognises that the setting of these rates is outside of the control of the GLAs;
 - b. ship leasing;
 - c. redundancy costs; and
 - d. a structured analysis of capital costs agreed between the GLAs.
- 5.2.5 Expenditure to be undertaken on behalf of all GLAs:
- a. light dues collection costs;
 - b. research costs;
 - c. DfT resource accounting / reporting; and
 - d. any other appropriate tri-GLA expenditure.
- 5.2.6 The budget categories for HM Treasury purposes are; Resource Departmental Expenditure Limits (DEL) (Programme), Resource DEL (Depreciation), Resource DEL (Admin), Capital DEL and Annually Managed Expenditure (AME). Financial plans shall additionally be presented as an appendix in this format for Government budgeting requirements.
- 5.2.7 Activities undertaken on behalf of all GLAs and DfT are monitored separately. Although split into the budget categories for HM Treasury purposes above, they are not included in the individual GLA's figures, but reported on separate sheets as Tri-GLA and DfT expenditure.
- 5.2.8 DfT undertakes to give consideration to the movement in interest rates and their effect on ship leasing charges in determining cash limits. It further recognises the need to consider adjusting the running cost baseline to accommodate the first appearance of a new running cost item and movements in significant costs and market circumstances outside of the control of the GLAs including *inter alia* pension contributions, national insurance rates, exchange rates, fuel and commercial income.
- 5.2.9 Attention is to be drawn to each individual cost item in excess of the figure set out at Appendix D3. IL will bid in Euros (€s) and Sterling (£s).
- 5.2.10 In order to facilitate the Corporate Plan consolidation process, a Financial Summary page for each GLA's Corporate Plan based on an identical format should be attached.

Transfer of funds within budgets

- 5.2.11 HM Treasury controls apply to budget categories (paragraph 5.2.6) above a certain threshold. Transfers between these categories require DfT approval. Generally, unless other controls apply, transfers within these categories do not need DfT approval.

Virement

- 5.2.12 The GLAs may only vire expenditure between expenditure categories (agreed as per paragraph 5.2.6) with DfT's written agreement. DfT should be notified immediately if forecast expenditure on any sanctioned heading is likely to be exceeded. DfT should be told the reasons and how abatement of expenditure is proposed, for that or another sub heading, to prevent an overall overspend.

Grant or loan schemes

- 5.2.13 Unless covered by a delegated authority, all proposals to make a grant or loan to a third party, whether one-off or under a scheme shall be subject to prior approval by DfT, together with the terms and conditions under which such grant or loan is made. If grants or loans are to be made under a continuing scheme, statutory authority is likely to be required. Details of the evidence are needed to support a case by the GLA to DfT for an increase in the delegated limit.
- 5.2.14 The terms and conditions shall include a requirement on the receiving organisation to prepare accounts and to ensure that its books and records in relation to the grant or loan are readily available for inspection by the GLAs, DfT and the Comptroller and Auditor General (C&AG).

General conditions for authority to spend

- 5.2.15 Once the GLAs' budgets have been approved by DfT and subject to any restrictions imposed by the Cabinet Office, statute, by DfT or by this document, the GLAs shall have authority to incur expenditure approved in the budget without further reference to DfT, subject to the following conditions:
- the GLAs comply with the delegations set out in [Appendix D](#) (Delegation Table) of this document. These delegations shall not be altered without the prior agreement of DfT;
 - the GLAs comply with the conditions regarding novel, contentious or repercussive proposals; and
 - the inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal DfT approval where any proposed expenditure is outside the delegated

limits or is for new schemes not previously agreed.

5.3. Timetable for annual planning, funding and other requests

- 5.3.1. The GLAs will agree a Planning Assumptions document with DfT by the end of August of each year containing details of the assumptions that will be used in the Corporate Plan.
- 5.3.2. Once approved by the individual GLA board, each GLA is to present its full Corporate Plan to DfT no later than 31 October each year.
- 5.3.3. Each GLA will submit draft budgets to DfT, in the appropriate Government budgeting format, no later than 31 October each year.
- 5.3.4. The JSB will meet no later than 30 November each year to review the content of all three Corporate Plans, and consider whether any amendments to them would promote effective co-ordination of GLA activity.
- 5.3.5. A Corporate Planning Round meeting, chaired by DfT and comprising representatives from all three GLAs, TS, DTTAS, and the Lights Advisory Committee will be held no later than 31 December each year to assess the Corporate Plans, including any amendments made following the meeting of the JSB.
- 5.3.6. The DfT will review and finally agree the GLAs' budgets, usually in late January.
- 5.3.7. The Lights Finance Committee (LFC)⁶, meet to discuss the level of light dues funding required by the GLAs no later than February.
- 5.3.8. DfT will prepare sanction letters annually. The aim is to issue the GLF cash sanction letter no later than 28 February each year. This letter may also set out any financial or other objectives which the DfT expects the GLAs to meet in exercising their functions under the appropriate legislation. Drafting of the DfT main estimates sanction letter will start in April with the letter issued no later than 30 June each year.
- 5.3.9. DfT will endeavour to respond to all GLA requests within the time agreed between both parties and make efforts to facilitate timely responses from third parties.

⁶ The terms of reference of the Lights Finance Committee are at [Appendix G](#).

- 5.3.10. DfT will arrange for funding of the GLAs through the GLF accounts as appropriate, and approve the payment within one working day (except pensions). This will be in accordance with the GLAs' Directors responsible for Finance as delegated requests for GLF Drawdown. The GLAs will give three days' notice of their requirements. This notice will include a forecast of their funding requirements for the following twelve weeks.
- 5.3.11. There is also an obligation to have regard to the guidance in *Managing Public Money* that funding should be sought according to need and not in advance of need.
- 5.3.12. Total Drawdown, as adjusted for accruals and pre-payments, for the financial year shall not exceed the sanctioned expenditure. Whilst DfT will consider GLA requests for additional Sanction, there is no guarantee that such requests will be agreed, as there is an expectation that the GLAs will manage their expenditure within the Sanctions set before the start of the year in question other than in respect of wrecks, uninsured losses, or emergencies. DfT may, or may not, in such circumstances be prepared to grant an additional Sanction. Requests for additional Sanction must be accompanied by an appropriate justification and must, wherever possible, be presented with sufficient time for consideration.
- 5.3.13. Where GLA forecasts indicate that one or more of HM Treasury budget control totals will be exceeded (as described in paragraph 5.2.6) the GLAs and DfT will co-operate to identify offsetting savings within the GLAs or DfT. The final opportunity to make agreed changes to budgets is the Supplementary Estimate, which is normally finalised by December in each year.

6. Financial reporting arrangements

6.1. Parliamentary GLF Consolidated accounts

- 6.1.1. DfT prepares the annual GLF Accounts, for submission to Parliament and for publication. For this purpose, it will require, from each GLA, their accounts presented in a standard format that corresponds to the latest guidance issued by HM Treasury, via the FReM. The accounts of the GLAs will be prepared in accordance with the Accounts Direction (Appendix H to this document).
- 6.1.2. Each GLA's annual accounts will be the chief means by which DfT judges the past financial and other performance indicators of each GLA, on its own merits, in key areas of business against previously agreed objectives and targets.
- 6.1.3. Each GLA will submit a draft statement of their accounts to DfT as soon as possible after the end of the financial year and not later than 5 May.
- 6.1.4. The GLAs have agreed to adopt the NAO standardised Annual Accounts reporting framework for their own Accounts purposes both as a means of facilitating the NAO's examination and review and the GLF consolidation exercise.
- 6.1.5. DfT will then:
 - a. consolidate these into the GLF Accounts;
 - b. prepare, in consultation with the GLAs, a narrative covering the chief areas of activity of the three GLAs that will be included in the GLF Accounts; and
 - c. subject to all necessary information being available for the financial year by 31 May, reach agreement with auditors on the final version of the GLF Accounts by 30 June following the end of the financial year, subject to NAO availability.
- 6.1.6. Subject to paragraph 6.1.5 c, and to the DfT and NAO timetables, the Secretary of State will lay a copy of the GLF Accounts before both Houses of Parliament before the summer recess (usually mid-July). DfT will arrange for the GLF Accounts to be published once they have been laid before Parliament.
- 6.1.7. Paragraph 7.2 sets out the arrangements for external audit by the NAO.

6.2. DfT Resource Accounts (and Whole of Government Accounts)

- 6.2.1. The DfT Resource Accounts include the GLAs. Spreadsheet packs will be issued to each of the GLAs to complete and return to DfT. These packs will transform GLA data into standard DfT formats and

reports. DfT will issue a timetable for the return of the three sets of packs required each year as below:

- a. 6 months pack (November submission deadline)
- b. 9 months pack (February submission deadline)
- c. Year end pack (May submission deadline)

6.2.2. The GLAs will, at the year end provide details of balances and transactions with other Government bodies as directed by DfT.

6.2.3. The GLAs will provide draft accounts and additional disclosures as directed by DfT.

6.3. Management Reporting

6.3.1. The GLAs will submit monthly reports (worksheets), in government budget formats, to the GLF accountant by the fifth working day of each subsequent month. These will show, month by month, the actual outturn to date and the forecast for each subsequent period.

6.3.2. The monthly reports shall be submitted from May each year, and end with a period 13 year end report that is formally reconciled to the year end accounts pack.

6.3.3. The GLAs will provide monthly cash forecasts to the GLF accountant in formats and to deadlines as specified. Timing and quantity of any draw down requirements should be agreed with the DfT.

6.3.4. The GLAs send copies of routine financial reports to their respective GLA boards and to the GLF accountant each month. From time to time, DfT and GLAs will review and agree a common format for such reports.

6.3.5. The GLAs shall provide additional data and analysis as directed by DfT on a quarterly basis, as necessary to compile the Department's Quarterly Data Summary. This may include further analysis of expenditure, procurement and HR information.

6.4. Transparency Reporting

6.4.1 Trinity House and NLB shall provide monthly data of all individual invoices, expense payments and other transactions over the threshold (as defined by HM Treasury or the Secretary of State) to DfT by the fifth working day of each subsequent month. The content and format of this data shall be as directed by DfT. This data shall be published on data.gov.uk as part of the Government's Transparency commitment. Spending Control approvals above the Cabinet Office threshold shall also be published on the data.gov.uk website.

6.4.2 The GLAs shall provide other data to DfT as may be necessary to meet HM Treasury/Cabinet Office requirements for Departmental transparency reporting. This may include, but is not limited to, disclosure of exceptions to Cabinet Office controls, and any engagement of staff other than through payroll.

7. Financial control and financial authorities

7.1. Background

- 7.1.1. The following paragraphs set out the provisions of the GLAs' Financial Memorandum, which, with the Management Statement, forms part of the combined Framework Document, with which the GLAs are bound to comply. This section sets out in greater detail certain aspects of the financial framework within which the GLAs are required to operate.
- 7.1.2. The terms and conditions set out in the combined Management Statement and Financial Memorandum may be supplemented by guidelines or directions issued by DfT, the Cabinet Office, the Office of Government Commerce and HM Treasury in respect of the exercise of any individual functions, powers and duties.

Expenditure outside of delegated budgets

- 7.1.3. The GLAs shall not, without prior written DfT approval, enter into any undertaking to incur any expenditure which is subject to additional spending controls, falls outside the GLAs' delegations, or which is not provided for in the annual budgets as approved by DfT except in an emergency, in which case the DfT shall be informed as soon as possible thereafter.

Systems of financial management

- 7.1.4. Each GLA will establish and maintain systems of financial management to ensure compliance with this Framework Document, relevant legislation and any other Directions given by DfT, Cabinet Office, and HM Treasury. In addition the GLAs are to provide adequate safeguards against fraud, collusion and corruption, promote efficiency in the use of resources and secure VfM.
- 7.1.5. The GLAs will make every effort to stay within overall sanctioned expenditure levels. If at any time it appears possible that an overspend on sanctioned expenditure may occur, the GLAs must take appropriate action.

Losses, special payments and gifts

- 7.1.6. The GLAs shall keep a record of all losses (whether within the delegated powers or not) of cash, equipment, stores, abandoned claims, etc. All cash losses must be suitably recorded in the Accounting Records. Losses are disclosed in GLA, GLF and DfT Accounts.
- 7.1.7. The GLAs may not write off any losses (including income), however arising, or make gifts, donations, extra-contractual, ex-gratia and other compensatory payments which exceed the delegation levels set out in [Appendix D5](#) unless the prior approval of DfT has been obtained.

- 7.1.8. DfT will review the delegation levels set out in Appendix D from time to time at the request of either DfT or the GLAs. GLAs will provide Annual Accounts to DfT including the notes of all losses, gifts and special payments.
- 7.1.9. Gifts by management to staff are subject to the requirements of Cabinet Office guidance.

Material financial dealings

- 7.1.10. The GLAs are to report any matters or financial dealings to DfT that may have an effect on the GLF Accounts as soon as possible once the risk of the liability materialising becomes clear.

Novel, contentious or repercussive items

- 7.1.11. The GLAs shall notify DfT before:
- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has, or could have, significant future cost implications, including on staff benefits;
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by DfT; or
 - making any change of policy or practice which has wider financial implications (for example, because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required. DfT should be consulted where there is some doubt as to whether items may fall into that category.

Purchase of property

- 7.1.12. Except in respect of exempt properties detailed in Appendix C the GLAs shall not purchase any freehold or leasehold property or enter into any individual lease or rental agreement of values in excess of the delegation or spending control limits set out in Appendices C and **D**, without the written agreement of DfT and Cabinet office where applicable.

Leasing

- 7.1.13. Before entering into any lease (including an operating lease) the GLAs shall demonstrate that the lease offers better value for money than purchase, and written agreement of DfT and Cabinet Office, where applicable must be obtained, where spending control limits apply.

Borrowing

- 7.1.14. The GLAs, in common with all NDPBs, are required to observe the rules set out in *Managing Public Money* when undertaking borrowing of any kind. The approval of the sponsor Department is required to ensure that it has any necessary authority and budgetary cover for any borrowing or the expenditure financed by such borrowing. Medium or long term private sector or foreign borrowing is subject to the value for money test in *Managing Public Money*. Borrowing is also subject to the provisions in the MSA.
- 7.1.15. Any GLA expenditure financed by borrowing must be in accordance with powers under section 215 (1) of the MSA 1995. The expenditure should be counted as DEL.
- 7.1.16. The GLAs may not, except with the written consent of DfT and HM Treasury, and within the requirements of the MSAs, borrow money for the purposes of defraying any expenses incurred or to be incurred by the authority in connection with the discharge of their functions.
- 7.1.17. The aggregate amount for all GLAs of any sums outstanding, will not at any time exceed the equity of the GLF excluding unrealised asset revaluation reserves. The GLAs may, in connection with any advance made to them, mortgage any land or other property belonging to them. Any sums payable by a GLA under the terms of an advance by way of principal, interest or otherwise shall be paid out of the GLF. The aggregate amount outstanding in respect of the principal of any sums borrowed shall not at any time exceed £100 million as set out in the MSA.

Reserves

- 7.1.18. Funds in any cash reserve may be a factor for consideration when Sanction is determined.

Lending Powers

- 7.1.19. The GLAs have no powers to lend or make use of unconventional financing arrangements. The only exception is an authority to make advances of salary to their staff to assist with home purchase in connection with a compulsory move, the purchase of travel season tickets or bicycles, or for the advance of travel and subsistence expenses, Christmas advances and exceptional welfare cases.
- 7.1.20. The GLAs may not lend money, charge any asset or security, give any guarantee or letters of comfort, or incur any other contingent liability (as defined in *Managing Public Money*), whether or not in a legally binding form, except with the advance written approval of DfT. Any financial guarantees and indemnities given by the GLAs under

the MSAs must be adequately covered against undrawn resources or insurance. (See also preceding sections on grant or loan schemes)

Specialist accountancy staff

7.1.21. DfT has sanctioned an accountant post to manage the GLF and to prepare the GLF accounts. Although seconded to DfT, this post is added to the complement of TH, who also provides office accommodation and professional accountancy support to the post-holder. Responsibilities will include preparation of the GLF Accounts, recording of GLA Sanctioning, and management of the GLF's Fund Accounts.

Banking

- 7.1.22. The GLAs will ensure that their banking arrangements are in accordance with the requirements of *Managing Public Money*.
- 7.1.23. GLAs shall be assumed to be self-sufficient in cash, subject to sanctioned additional funding. Sanctioned funds which are not drawn down by the end of the year shall lapse.
- 7.1.24. Accounting Officers are responsible for the credit risk to which public funds are exposed when held in commercial banks. It is important that they manage this risk effectively so that it is kept to a minimum.
- 7.1.25. A banking policy should exist for transmission of funds and deployment of working balances. This should be reviewed regularly to ensure it is up to date.
- 7.1.26. With the exception of IL, if commercial bank accounts are operated the guidelines for set up and operation in *Managing Public Money* must be followed (including for money transmission and foreign exchange transactions) and only members of relevant UK clearing bodies should be used.

Procurement

7.1.27. The GLAs' procurement policies shall reflect guidance from the Cabinet Office. The GLAs must ensure that they comply with any relevant EU or other international procurement rules (see paragraph 7.1.33 below).

Unconventional financing

7.1.28. Unless otherwise agreed with DfT, the GLAs must ensure that they comply with all relevant procurement legislation and rules.

Public / Private Partnerships

- 7.1.29. The GLAs shall seek opportunities to enter into Public/Private Partnerships where this would be more affordable and offer better VfM than conventional procurement. A full business case including cost benefit analysis must be undertaken and the GLAs shall consult DfT before entering into any such agreement.
- 7.1.30. Any partnership controlled by the GLAs shall be treated as part of the GLAs in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) and International Financial Reporting Standards (IFRS) and consolidated with them (subject to any particular treatment required by the FReM). Where the judgment over the level of control is in doubt, the DfT will consult HM Treasury (who may need to consult with ONS over national accounts treatment).

Competition and VfM

- 7.1.31. All procurement of works, goods and services will be based on VfM (including but not limited to quality, fitness for purpose and delivery against price). Unless agreement has been made with DfT regarding alternative procurement policies, contracts of above the figure set out at [Appendix D7](#) will be placed on a competitive tender basis and awarded to those providing demonstrable best value for money overall unless there are justifiable and substantiated reasons to the contrary. Quotations (verbal or written) will be obtained for contracts of values set out at [Appendix D7](#). All documentation including evaluation papers must be retained for all procurement transactions ensuring a full audit trail is provided. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.
- 7.1.32. Proposals to let single-tender or contracts will be subject to a specified delegated authority set out in [Appendix D9](#). Unless exceptional agreement has been reached the GLAs must seek DfT approval for each contract that exceeds the figure in [Appendix D9](#) providing justification and substantiation for the need to depart from competitive tendering.

Public Purchasing Policy and European Union Requirements

- 7.1.33. Guidance on good purchasing principles and the requirements of EU procurement legislation may be obtained from DfT Procurement or the Government Procurement Service (GPS). In the case of IL, guidance can be sought from the Irish Office of Government Procurement (OGP). NLB may also seek guidance from the Scottish Government's Procurement and Commercial Directorate. DfT's approval should be sought where it is proposed to depart from these principles in any project that exceeds the figure set out at [Appendix D8](#).

Payments to suppliers and timeliness in paying bills

- 7.1.34. The GLAs will collect receipts and pay all matured and properly authorised invoices in accordance with the terms of contracts or as required by the Prompt Payment Regulations and as provided for in *Managing Public Money*. The GLAs will also comply with the *British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890)*, the Late Payment of Commercial Debts (Interest) Act 1998 as amended, supplemented by the Late Payment of Commercial Debts Regulations 2002, and where appropriate, the Ireland Prompt Payments of Accounts Act 1997.
- 7.1.35. The GLAs should state their intended payment policy by way of a note in their Annual Statutory Accounts.

Theft, fraud and bribery

- 7.1.36. The GLAs will each draw up a Fraud and Bribery Response Plan and ensure that their accounting and other procedures contain all reasonable safeguards against theft, fraud and bribery. All significant cases of theft, fraud and bribery should be reported to DfT as soon as they are discovered. Further guidance is available in HM Treasury's publication, *Managing the Risk of Fraud 2003*.

Capital expenditure

- 7.1.37. Subject to being above an agreed capitalisation threshold, all expenditure on the acquisition or creation of Property, Plant and Equipment (PPE) shall be accounted for in accordance with the FReM applicable for the accounting period.
- 7.1.38. Proposals for large-scale individual capital projects or acquisitions will normally be considered within the GLAs' corporate planning process. Where applicable, spending control approvals for properties shall apply. Applications for approval by DfT, and if necessary by HM Treasury, must be supported by formal notification that the proposed project or purchase has been examined and duly authorised by the relevant board. Regular reports on the progress of projects shall be submitted to DfT.
- 7.1.39. Within its approved overall resources limit, each GLA has delegated authority to spend up to the figure at Appendix D3 on any individual capital project or acquisition. Beyond that delegated limit, more detailed evidence shall be provided in the GLAs corporate plans.

Property, Plant and Equipment (PPE)

- 7.1.40. In accordance with established DfT accounting practices, an up-to-date PPE register in respect of tangible non-current assets shall be maintained by GLAs. Each GLA may dispose of assets, which are surplus to its requirements. Assets will be sold for best achievable price, taking into account any costs of sale. High value assets shall,

be sold by auction or competitive tender unless otherwise agreed by DfT, and in accordance with *Managing Public Money*.

- 7.1.41. Assets with a net book value in excess of the value at Appendix D10 must not be disposed of without the agreement of DfT. The proceeds of every disposal are to be remitted to the GLF, unless offset against the next cash drawdown from the GLF is agreed with the GLF Accountant. For IL, DfT and DTTAS will agree the allocation of the proceeds between IL and the GLF.

Lighthouse estate property

- 7.1.42. The GLAs will hold, manage and maintain adequate lighthouse property for the operation of an efficient and economical lighthouse service and for the best financial benefit to the GLF, seeking GLF Sanction and supplementary grants where appropriate. The disposal of redundant lighthouse property shall be undertaken where appropriate by the most beneficial means available, without any due delay after the property has become redundant and wherever possible having due regard to:
- a. the need to transfer or reduce maintenance outgoings;
 - b. the operational, historical and cultural significance of lighthouse buildings (and their equipment) as part of the national industrial heritage and as a feature of the beauty and amenity of the coast environment;
 - c. the GLAs' Joint Framework for Lighthouse Property dated June 2015;
 - d. achieving the best possible disposal price by using open market sales unless there is demonstrable reason to negotiate the sale;
 - e. the need for DfT or Cabinet Office approval where applicable under spending control arrangements; and
 - f. achieving the best financial benefit to the GLF including generation of commercial income.
- 7.1.43. Schemes may be developed for the wider utilisation of operational lighthouse property provided that they are viable, self-funding and only developed under arrangements with responsible and self-sufficient conservation, environmental planning and other bodies, taking account of the essential requirements to safeguard the aids to navigation functions, the financial benefit to the GLF and avoid any improper charge on the GLF. These arrangements must comply with the GLAs' powers as laid down by the 1894 and 1995 MSAs, as amended. See also Chapter 9 (Commercial Services and Contracts).

7.2. Audit arrangements

External Audit

- 7.2.1. The C&AG audits the GLF financial statements, which consolidate the financial statements of TH, NLB and IL, that are laid before Parliament by the DfT in accordance with the MSA 1995. The National Audit Office (NAO) performs the audit of GLF on behalf of the C&AG. For the purpose of audit the C&AG has a statutory right of access to relevant documents as provided for in the Government Resources and Accounts Act 2000, including by virtue of any Order made under section 25(8) of that Act, and has the access and authority to carry out investigations into the economy, efficiency and effectiveness of the operations of the GLF and TH, NLB and IL under the authority of the same act.
- 7.2.2. The C&AG has agreed to consult DfT and the GLAs on who - the NAO or a commercial auditor – will undertake the actual audit on their behalf. The final decision rests with the C&AG.
- 7.2.3. The C&AG has agreed to share with DfT information identified during the audit process and the audit reports (together with any other outputs) produced at the end of the audit. This will apply, in particular, to issues which impact on DfT's responsibilities in relation to financial systems within the GLAs. The C&AG has also agreed, where asked, to provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.
- 7.2.4. The GLAs will permit the NAO and any person nominated by DfT or the C&AG to inspect the books, accounts, and related documents and records at any time, and will furnish any information relative to them.
- 7.2.5. The GLAs must keep accounting records for at least seven years.

VfM examinations

- 7.2.6. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the GLAs have used their resources in discharging their functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the GLAs are required to provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and to use their best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Internal Audit

- 7.2.7. Each GLA will establish and maintain arrangements for internal audit in accordance with HM Treasury's Public Sector Internal Audit Standards (PSIAS), which are based on the Chartered Institute of Internal Auditors (IIA) International Professional Practices Framework⁷. The audit service must conform to any internal audit framework specified by HM Treasury and/or the Department. Each Audit and Risk Committee will have terms of reference and a service level agreement/contract with their internal audit provider in order to set out the detailed arrangements to ensure the service will be required to a professional standard.
- 7.2.8. Where the GLA audit service is not part of a group model, the GLA will consult DfT (prior to confirming any appointment) to ensure that the latter is satisfied that the competence and qualifications of the Head of Internal Audit meet Public Sector Internal Audit Standards. Exceptionally, the DfT reserves the right of access to carry out independent reviews of internal audit in the GLAs.
- 7.2.9. The Accounting Officer and the Director responsible for Finance should routinely attend the Audit and Risk Committee. It is also normal for the Head of Internal Audit, currently the Government Internal Audit Agency (GIAA), and a representative of the External Auditor to attend. However, the Terms of Reference should also provide for the Audit and Risk Committee to sit privately without any non-members present for all or part of a meeting if they so decide.
- 7.2.10. Each GLA shall forward the Head of Internal Audit's annual opinion on risk management, control and governance as soon as possible to the DfT Group Head of Internal Audit for onward presentation to the DfT Group Audit Committee, copied to the DfT sponsor team. Where the Group HIA considers that a significant audit issue has arisen that should be brought to the attention of the DfT Group Audit Committee, this will only be done after appropriate consultation with the GLA Chief Executive and Audit and Risk Committee Chairman.

7.3. Risk management

- 7.3.1. Each GLA will adopt a risk management approach in relation to the range of risks to which it is exposed, carrying out periodic reviews and careful analysis to confirm the basis of its strategy. It will ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and shall develop a risk management strategy, in accordance with HM Treasury guidance.

⁷ The term "Chief Internal Auditor" (used in the Standards) and term "Head of Internal Audit" (used in government) are considered equivalent and interchangeable for the purposes of this Framework.

- 7.3.2. The GLAs will jointly carry out a comprehensive risk management review, which shall include the key risks faced by the GLAs and a review of requirements at least every three years or earlier at the specific request of DfT. DfT is to be asked to agree any new or revised arrangements proposed.
- 7.3.3. Each GLA will adopt and implement policies and practices to safeguard itself against fraud bribery and theft, in line with HM Treasury's guide *Managing the Risk of Fraud*.
- 7.3.4. Each GLA will take all reasonable steps to appraise the financial standing of where there is a perceived risk in a higher value contract.
- 7.3.5. Each GLA will maintain a Strategic Level Business Continuity and Emergency Response Plan for responding to emergencies and incidents that may cause disruption to operational activities. Disaster recovery and business continuity plans shall be routinely tested and updated.

7.4. Insurance

- 7.4.1. The GLAs will continue their common approach on insurance as agreed by the DfT. Broadly the policy will be to insure commercially where:
- a. there is a legal or contractual requirement; or
 - b. the risk is medium to large; and
 - c. insurance is available and premiums remain cost effective having regard to the amount of indemnity offered and previous losses.
- 7.4.2. Insignificant uninsured losses, not covered by the excess will normally be met from operating budgets. Significant losses (to be defined by the GLAs) will be met from the GLF reserve.
- 7.4.3. The GLAs will consider the insurance requirements of the three GLAs and recommend to the Lights Finance Committee, for agreement, distribution between:
- a. items to be commercially insured, generally comprehensively, at the expense of the GLF; or
 - b. items which might best be insured as part of a joint GLA package or insured by each GLA on an individual basis; or
 - c. items to be carried as a self-insured risk as a liability on the GLF reserve; or
 - d. making a recommendation to the Lights Finance Committee on the amount of the uninsured loss reserve.

7.5. Health and safety

7.5.1. Each GLA will make known their policy on health and safety to its relevant stakeholders and take steps to ensure the management of health, safety and welfare is in accordance with all statutory requirements.

7.6. Subsidiary companies and joint ventures

7.6.1. The GLAs will not establish subsidiary companies or joint ventures without the express approval of DfT and subject to their having the necessary powers to do so. In judging such proposals DfT will have regard to wider strategic aims and objectives.

7.6.2. Any subsidiary company or joint venture controlled or owned by a GLA shall be consolidated with it in accordance with GAAP for public expenditure accounts purposes, subject to any particular treatment required by GAAP. Where the judgment over the level of control is a close one DfT will consult HM Treasury (who may need to consult with ONS over national accounts treatment). Unless specifically agreed with DfT and HM Treasury, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in this management statement and financial memorandum, and to the further provisions set out in supporting documentation.

7.7. Financial investments

7.7.1 The GLAs are not permitted to make any investments in traded financial instruments without the prior written approval of DfT, nor shall they aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures, which further the objectives of the GLA, shall equally be subject to DfT approval unless covered by a specific delegation. However, as part of the GLF's management arrangements, particular arrangements involving fund investments, where applicable, will be put in place.

8. Human resources

8.1. Staff costs

8.1.1. Subject to delegated levels of authority, the GLAs are required to ensure that the creation of any additional posts above agreed establishment does not incur forward commitments, which will exceed ability to pay for them. External recruitment of both permanent and contract staff is subject to spending controls ([Appendix C](#)). Vacancies should normally only be filled by the GLAs without reference to DfT only if the posts are in support of 'front line' activity or because they are critical roles to the business. The definition of both of these phrases is for heads of departments to determine in the context of their particular business objectives. All recruitment should be reported to DfT on a quarterly basis.

8.2. Staff appointments

8.2.1. Subject to paragraph 8.1.1, the GLAs have authority to make staff appointments, provided that sanctioned funds are available to meet the full costs. Appointments of board members are to be made by each GLA in line with their respective constitutions and in consultation with DfT regarding Secretary of State nominations/appointments. The arrangements for making staff appointments are specific to each GLA reflecting their respective different constitutions.

8.2.2. Within any cash limits laid down by DfT, manpower plans will be drawn up by each GLA and are subject to DfT approval as part of the Corporate Plan approval process. The GLAs will provide a statement in their Corporate Plans in accordance with the agreed format. The GLAs will then each submit a Pay Remit to DfT once HM Treasury guidelines are known. Trinity House and NLB must comply with the Pay Remit HM Treasury Guidance every year as far as possible; with the acknowledgement that different pay structures mean not all documentation can be completed as per set pro formas, when details regarding changes to Civil Service pay scales are required. In the case of IL, local market conditions are taken into account when arriving at IL's pay budget bid that is included in the Corporate Plan, therefore IL do not need to submit a separate pay remit to the DfT.

8.2.3. In general, and in accordance with its responsibility for the recruitment, retention and motivation of its staff, each GLA is required to ensure that:

- recruitment and selection processes are fully compliant with the legislation;
- the staffing structure, pay strategy and manpower plan are appropriate to its functions and the requirements of efficiency, effectiveness and economy;
- the performance of its staff at all levels is satisfactorily appraised and their performance measurement systems are reviewed from time to time;

- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the GLA's objectives;
- proper consultation with staff and representatives occurs;
- adequate grievance and disciplinary procedures are in place;
- a range of HR policies are in place to ensure full compliance with employment law;
- whistleblowing procedures consistent with the Public Interest Disclosure Act in the UK are in place;
- a code of conduct for staff is in place based on the Cabinet Office's *Model Code for Staff of Executive NDPBs* (Annex A within *Public Bodies: A Guide for Departments*); and
- HR policies will be subject to internal audit.

8.3. Pay Systems

8.3.1. GLAs will be responsible for determining their pay systems, placing emphasis on matching them closely to their business needs and linking pay to performance as specified in Corporate Plans. DfT approval will be required for annual remits for pay settlements as per paragraph 8.2.2. Smaller structural changes do not need DfT approval, provided they are within budget and covered by the manpower plan.

8.4. Requirements on approvals for senior pay

8.4.1. The GLAs are required to comply with guidance issued by HM Treasury for approving senior pay.

8.5. Conditions of service

8.5.1. The GLAs will ensure that appropriate provisions covering all Human Resources Processes and Policies are in place, and shall each determine their own pay related terms and conditions (for example, leave arrangements and fringe benefits). Terms and conditions of service determined by the GLAs shall take account of Government policy and legislation.

8.5.2. All forms of non-pay benefits, will be clearly identified as part of remuneration packages, and costed in money terms for pay bill purposes. The GLAs may be required to provide justification for the use of non-pay benefits on value for money grounds. The GLAs will also each put in place systems to ensure there are no abuses of such benefits.

8.5.3. Under NDPB rules, the travel expenses of board members are tied to the rates allowed to GLA staff. Reasonable actual costs are reimbursable.

- 8.5.4. The GLAs may operate performance-related pay schemes, which form part of the annual aggregate pay budget approved by DfT's Pay and Reward Team.
- 8.5.5. Under section 214 of the MSA 1995 (section 665 of the MSA1894 in IRL, as amended), the GLAs participate in the Civil Service pension arrangements.
- 8.5.6. DfT will ensure that light dues rates are established at a level that ensures that the GLAs' pension arrangements and GLF borrowing and future needs can be met.
- 8.5.7. Staff of the GLAs may opt out of the Civil Service pension scheme arrangements. A regime has been agreed for employer's contributions to appointed Civil Service Stakeholder pension arrangements (TH and NLB), Personal Retirement Savings Accounts (IL), and the Merchant Navy Officers Pension Fund.
- 8.5.8. Any proposal by the GLAs to move from the existing pension arrangements requires the approval of DfT.
- 8.5.9. Proposals from the GLAs to implement a number of compulsory redundancies as a result of major structural changes or compensation for loss of office require the approval of DfT, and are subject to spending controls ([Appendix C](#)). In the case of IL, IRL legislation requires consultation with employee representatives if more than 10% of the workforce is to be made redundant in any one period. These arrangements reflect employee consultation legislation whereupon, if over 20 employees are likely to be affected by any proposals, then DfT approval must be obtained prior to commencing the redundancy exercise.
- 8.5.10. All payments in respect of redundancy/early exit and/or 'discretionary exit terms' will be made by the GLAs in accordance with the limits laid down in the Civil Service Compensation Scheme, unless otherwise agreed with DfT.

9. Commercial Services and Contracts

- 9.1.1. The GLAs are permitted to exploit the reserve capacity of their assets for the purpose of earning net revenue for the GLF. The GLAs may retain, purchase or hire assets, and employ services for this purpose only in accordance with the requirements of this section.
- 9.1.2. In the UK, this is subject to the provisions of section 197 of the MSA 1995 (as amended), and section 197A (as inserted by the Marine Navigation Act 2013). In IRL, IL is permitted to exploit spare capacity of its assets for the purpose of earning revenue for the GLF subject to the provisions of the Merchant Shipping (Commissioners of Irish Lights) Act 1997, with the consent of the Minister of Transport, Tourism and Sport.
- 9.1.3. The GLAs will not enter into commercial arrangements that put at risk the delivery of the core statutory duties of the GLAs or that have a conflicting interest with these core statutory duties.
- 9.1.4. The GLAs will each be permitted, without DfT prior approval, to:
- a. provide and maintain aids to navigation on behalf of Third Parties;
 - b. undertake work on the aids to navigation and provide other maritime services on behalf of Third Parties;
 - c. hire out assets when not required for statutory duties;
 - d. enter into agreements or lease out property owned by the GLA where it is considered that the property cannot be sold, it needs to be retained for operational or commercial reasons or it is not for the time being expedient or profitable to realise the asset;
 - e. utilise assets to provide data and communication services;
 - f. undertake consultancy using existing resources; and
 - g. other commercial activities that are agreed in advance with DfT
- 9.1.5. Any areas of work outside those listed above must be approved in advance by DfT.

Consultation on contracts

- 9.1.6. To enable DfT to monitor the exposure of the GLF on a continuing basis, each GLA will (as per the limits in the delegation table at [Appendix D](#)):
- a. provide DfT, every six months with a report of all commercial contracts as per [Appendix D12](#);
 - b. provide DfT, every six months, with a report of all spot hire contracts as per [Appendix D11](#); and
 - c. consult the DfT before entering into a commercial contract expected to generate more than the limits in [Appendix D13](#).

9.1.7. All relevant contracts are subject to spending controls (Appendix C).

Restrictions on contracts

9.1.8. Any work so undertaken will be subject to the following restrictions:

- a. spot hire for assets of specific jobs can be undertaken on an ad hoc basis subject to the conditions stated in Appendix D11;
- b. agreements or leases may be entered into on a longer term basis subject to the conditions stated in Appendix D6;
- c. each GLA will make available to DfT when requested:
 - i. a copy of standard contract terms and conditions;
 - ii. copies of any contract in excess of the figure in Appendix D13;
 - iii. if requested, a copy of any individual contract;
- d. the GLA will consult DfT in respect of any contract that will generate in excess of the figure in Appendix D13 (gross of expenses) and provide details to DfT in respect of the proposed agreement and an assessment of the impact on the GLA's resources including details of any additional expenses to be incurred during the contract.

9.1.8 Each GLA will have a formal written policy and procedure for assessing; obtaining and managing any contracts under these provisions and such policy and procedures will be agreed with DfT.

10. Communications

10.1.1. DfT will give notice to the GLAs of any press releases or announcements in Parliament, which are likely to have a significant effect on the affairs of the GLAs, and vice versa. There will be a mutual exchange between the GLAs and DfT of relevant press or public announcements with prior consultation on matters of major policy.

A. Contact points

A.1. Department for Transport

Maritime Safety and Environment (MSE) division
Zone 2/29-33
Department for Transport
33 Horseferry Road
London
SW1P 4DR

Deputy Director of MSE division on major policy matters.

Head of Maritime Safety branch on routine policy matters.

Navigational Safety branch (GLF Accountant) on accounting and financial policy.

Maritime Secretariat on general governance issues and governance policy.

Group Financial Controller on Financial Reporting (Delegated to Head of Financial Accounts or Head of Management Reporting as necessary).

Business Partner (Deputy Director or International Strategy and Environment Business Support) on planning and budgeting.

Internal Audit Deputy Director on Internal Audit planning and actions.

A.2. Trinity House

Trinity House
Tower Hill
London
EC3N 4DH

Executive Chairman on policy matters, service affairs and legislation.

Director of Business Services on all financial policy management and accounting matters including financial sanctions and light dues, and on administrative and personnel matters.

A.3. Northern Lighthouse Board

Northern Lighthouse Board
84 George Street
Edinburgh
EH2 3DA

Chief Executive on matters of major policy and service affairs.

Director of Finance on other policy matters, service affairs, legal, administrative, human resource, financial management and accounting and related matters.

A.4. Commissioners of Irish Lights

Commissioners of Irish Lights
Harbour Road
Dun Laoghaire

Chief Executive on matters of major policy, legislation and service affairs.

Director of Corporate Services on all financial policy management and accounting matters including financial sanctions and light dues, and on legislation, administrative and personnel matters.

B. Relevant legislation, duties, conventions, and guidance

B.1. Provision of aids to navigation

MSA 1995 (UK) and MSA 1894 (IRL) as amended

B.1.1. The relevant MSAs give the GLAs distinct duties and powers for managing and co-ordinating the provision of marine AtoN within their respective geographical areas. Each of the GLAs is required to operate entirely within their statutory framework when undertaking their work as a GLA.

Safety of Life at Sea Convention (SOLAS) 1974

B.1.2. The UK and Ireland are signatory States to the International Maritime Organization (IMO) SOLAS Convention 1974. SOLAS 1974 V/13 places general responsibility on contracting Governments for the adequate provision of AtoN in and around their respective areas for the safe navigation of shipping, according to the degree of risk and the volume of traffic. The UK input at IMO is co-ordinated by the Safety of Navigation Committee (UK-SON) which is chaired by a senior official of DfT and attended, among others, by representatives of the GLAs.

B.1.3. Because of their statutory powers and duties the GLAs assume responsibility for positive discharge of their respective Government's SOLAS 1974 V/13 obligations as regards the provision of AtoN. To assist this process, the GLAs may also take steps to:

- a. observe and record developments at IMO;
- b. actively participate at Council and Committee level as members of International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA), where compatible with their statutory duties;
- c. observe and record maritime developments within the European Union and elsewhere; and
- d. maintain links with the International Telecommunications Union, through the national radio licensing authority and IALA, regarding the allocation of radio frequencies in NW Europe.

Marine and Coastal Access Act 2009 and the Marine (Scotland) Act 2010

B.1.4. TH is a consultee on aids to navigation matters to the Secretary of State (whose powers have been delegated to the Marine Management Organisation where policy is reserved) and the Welsh Government in respect of marine activities which require a marine licence under section 66 of the Marine and Coastal Access Act 2009. The NLB is a consultee to the Scottish Government (Marine Scotland) where a marine licence is required under section 21 of the Marine Scotland Act 2010.

Energy Act 2004

B.1.5. TH is an advisor to the Secretary of State on the establishment and variation from time to time of navigational marking in respect of certain electricity works detrimental to navigation to which the consent of the Secretary of State is required under Part 4A of the Electricity Act 2004 (as amended by the Marine and Coastal Access Act 2009).

Planning Act 2008

B.1.6. TH is entitled to become an interested party to, and therefore able to take part in, the examination of applications for development consent for certain nationally significant infrastructure projects, such as offshore wind farms, under the Planning Act 2008, as amended.

Consultation under the Transport and Works Act 1992

B.1.7. TH is also a primary consultee on any aids to navigation matters arising from the application of the Secretary of State for Transport's order making powers for schemes in England and Wales proposed under the Transport and Works Act 1992.

Wreck Powers

B.1.8. In the United Kingdom, the GLAs have wreck removal powers under Sections 252 & 253 of the MSA 1995. In IRL, IL's powers are set out in the Merchant Shipping (Salvage and Wreck) Act 1993. The GLAs are empowered to take possession, raise, remove, destroy or mark a wreck where there is no harbour or conservancy authority empowered to deal with the wreck. The GLAs are empowered to recover the expenses incurred in the exercise of their wreck powers from the owner of the vessel at the time of the sinking, stranding or abandonment. They may also be directed to locate, mark or remove a wreck by the Secretary of State under Section 255 of the MSA 1995 as amended by the Wreck Removal Convention Act 2011. They may recover their costs in so doing.

Foreign Wrecks

B.1.9. The relevant GLA is to consult DfT (to enable the Foreign & Commonwealth Office to pursue diplomatic channels) on any action proposed in respect of a wreck of a foreign vessel outside territorial waters, prior to action being taken, where not covered by Section 255 of the MSA 1995 as amended.

Arrangements for External Audit

B.1.10. The statement of accounts will be audited by the National Audit Office (NAO) acting for the Comptroller & Auditor General (C&AG) under the GRAA 2000. The Northern Ireland Audit Office (NIAO) has a parallel role in the audit of IL on behalf of the C&AG.

Geographical extent of statutory responsibilities

B.1.11. The areas of jurisdiction of the GLAs are set out in the MSA 1995, as amended by the Marine Navigation Act 2013. With regard to IRL, IL's jurisdiction area is set out in the MSA 1894. In the UK, the area is to the extent of the UK Pollution Control Zone which is designated by orders under section 1(7) of the Continental Shelf Act 1964. The current map of the UK Pollution Control Zone is available on the UK Government's website. The division of geographical areas between the GLAs within this area is a matter for the GLAs.

Inspections of local aids to navigation

B.1.12. The GLAs have an obligation under section 198 of the MSA 1995 in the UK to inspect lighthouses, buoys and beacons belonging to, or under the management of, any local lighthouse authorities within their respective areas at regular intervals and communicate to each authority the results of these inspections. Having satisfied itself on relevant issues, annual reports on inspections are forwarded to DfT and in the case of NLB TS, before April each year which:

- a. describe the number and nature of any deficiencies;
- b. name faults which remained unrectified over the period; and
- c. highlight any trends and recommending action to ensure the safety of shipping in a particular area.

B.2. Compliance with instructions and guidance – relevant documents

B.2.1. The GLAs shall comply with the following general guidance documents:

- this combined Framework document;
- Code of Conduct for Board Members of Public Bodies;
- Managing Public Money, issued by HM Treasury;
- Public Bodies - a Guide for Departments, issued by the Cabinet Office;
- Public Sector Internal Audit Standards, issued by HM Treasury;
- Managing the Risk of Fraud, issued by HM Treasury;
- relevant Dear Accounting Officer letters;
- Regularity Propriety and Value for Money, issued by HM Treasury;
- other relevant guidance and instructions issued by HM Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- in the case of IL, agreements between DfT and DTTAS;
- specific instructions and guidance issued by DfT (and for IL only, DTTAS);
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, which have been accepted by the Government and which are relevant to GLAs;
- Government Financial Reporting Manual (FreM), issued by HM Treasury;
- Consolidated Budgeting guidance, issued by HM Treasury;
- Cabinet Office Spending Controls, issued by Cabinet Office;
- Transparency Reporting Guidance, issued by HM Treasury;
- Management of Risk: principles and concepts; HM Treasury;
- Appropriate adaptations of sections of corporate Governance in Central Government Departments: (Code of Good Practice);
- The Parliamentary Ombudsman's Principles of good administration;
- HM Treasury's Pay Remit Guidance; and

- for IL only, the Code of Practice for the Governance of State Bodies (2016).

C. Spending Controls

C.1.1. For the purposes of central Government spending controls, TH and NLB are treated as if NDPBs. These controls do not apply to IL.

C.1.2. DfT approval may be required for expenditure in these categories, or reports submitted. Above defined thresholds, further Cabinet Office approval & reporting is required. Relevant DfT leads have responsibility for approval and reporting.

Category	Scope of control	Cabinet Office Approval required
Advertising, Marketing & Communications	Advertising, marketing, digital activity, publicity, events, communications, Market research, conferences, exhibitions & public relations	> £100,000
Strategic Supplier Management	New expenditure, contract changes & disputes with Strategic suppliers (strategic.suppliers@cabinet-office.gsi.gov.uk)	> £5m
Commercial Models	Business disposal, contract outsourcing & creating new organizations	> £5m
ICT	All ICT including contracts, existing frameworks, licences proof of concept, pilot, projects & programmes Common infrastructure solutions including voice, data & Public Sector Network	ICT > £5m or £1m for back office/admin systems. PSN > £100k
External Recruitment	Quarterly Recruitment Activity to be reported to DfT.	No CO approval required GLAs required to Report - quarterly forecasts

Consultancy	Any Consultancy > £20,000	> £20,000 if > 9 months, & Procurement Consultancy Report: Value delivered statement
Redundancy & Compensation	All redundancy exercises requiring trade union consultation; i.e. effecting more than 20 employees	All effecting more than 20 employees (business case) to redundancyschemes@cabinet-office.gsi.gov.uk
Property	<p>The following types of property would be classified as non-mandated and exempt from the spending controls;</p> <ul style="list-style-type: none"> ▪ Lighthouses ▪ Land based beacons ▪ Differential Global Positioning System (fixed, ground-based reference stations) ▪ Land based fixed radar transponders ▪ LORAN (LONg RANge Navigation) terrestrial radio navigation systems ▪ Residential property ▪ Forward operating bases <p>The following would be expected to be classified as mandated and covered by the scope of the controls;</p> <ul style="list-style-type: none"> ▪ Offices ▪ Depots ▪ Maintenance workshops 	> £100,000
Digital Services	All	No CO approvals required

D. Delegation Table

These controls apply to the three GLAs⁸.

1	Para 5.2.3(c) (Corporate Plan)	All capital commitments in excess of £1,000,000 or €1,250,000 to be identified and a financial appraisal to be produced and included in GLA Corporate Plans.
2	Para 5.2.3(e) (Corporate Plan)	The following performance indicators to be prepared. Aids to Navigation Availability compared to IALA standards, AtoN Mean Time Between Failure, AtoN Mean Time To Repair Tender utilisation Running costs to constant prices Sickness & accident statistics
3	Para 5.2.9 (Corporate Plan)	Attention to be drawn to each item of expenditure in excess of £1,000,000 or €1,250,000.
4	Paras 5.2.4 & 5.2.5 (Corporate Plan)	Permitted expenditure overspends, within budget categories (5.2.6) subject to notification to DfT. Running costs Up to 5% Capital costs Up to 10%
5	Para 7.1.7 (Losses, special payments and gifts)	Maximum write off value permitted without reference to DfT of £150,000 or €180,000.
6	Para 7.1.12 (Purchase of Property) Para 9.1.7(b) (Restrictions on contracts)	Limit for the GLAs acquisition of freehold or leasehold property without reference to DfT is £150,000 (€180,000), except in respects of property classified as exempt from spending controls under <u>Appendix C</u> .

⁸ All controls shown in pounds sterling. The standard conversion rate to Euro should be used to calculate where controls apply to the Commissioners of Irish Lights.

7	Para 7.1.31 (Competition of VfM)	<p>The Procurement limits should be in line with DfT as follows:-</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left; padding-right: 40px;">£000's</th> <th style="text-align: left;">€000's</th> </tr> </thead> <tbody> <tr> <td>1 Oral Quote</td> <td><3 <4</td> </tr> <tr> <td>3 Oral Quotes</td> <td><10 <13</td> </tr> <tr> <td>3 Written Quotes</td> <td><50 <65</td> </tr> <tr> <td>Competitive Tender</td> <td>>50 >65</td> </tr> <tr> <td>EU Tender</td> <td>But below EU threshold Over EU threshold</td> </tr> </tbody> </table>	£000's	€000's	1 Oral Quote	<3 <4	3 Oral Quotes	<10 <13	3 Written Quotes	<50 <65	Competitive Tender	>50 >65	EU Tender	But below EU threshold Over EU threshold
£000's	€000's													
1 Oral Quote	<3 <4													
3 Oral Quotes	<10 <13													
3 Written Quotes	<50 <65													
Competitive Tender	>50 >65													
EU Tender	But below EU threshold Over EU threshold													
8	Para 7.1.33 (Public Purchasing Policy & European Requirements)	GLAs to seek DfT approval when proposing to depart from good purchasing principles in any project exceeding £50,000 (€65,000).												
9	Paras 7.1.32 & 7.1.33 (Public Purchasing Policy & European Requirements)	GLAs to seek DfT approval when the aggregate of single tender action in any project exceeds £50,000 (€65,000).												
10	Para 7.1.41 (Property, Plan and Equipment)	Assets with a net book value exceeding £100,000 (€130,000) must not be disposed of without the agreement of DfT.												
11	Para 9.1.6(b) (Consultation on contracts) Para 9.1.7(a) (Restriction on contracts)	Spot hire contracts to be reported to DfT every six months												

- | | | |
|----|--|--|
| 12 | Para 9.1.6(b)
(Consultation
on contracts) | Commercial contracts to be reported to DfT every six months |
| 13 | Para 9.1.7(c)(ii)
Para 9.1. 7(d)
(Restriction on
contracts) | Commercial contracts with an income in excess of £400,000 (€520,000) must be reported to DfT prior to agreement of the contract. |

E. Constitutional background of GLAs

E.1. The Corporation of Trinity House

E.1.1. TH is a private Corporation constituted by Royal Charter. Parliament has vested a statutory duty in TH, within the scope permitted by its various Charters and Grants, to carry on a public undertaking as a General Lighthouse Authority (GLA) according to Parts VIII & IX of MSA 1995.

E.2. Trinity House Lighthouse Board (TH)

E.2.1. The lighthouse function of TH is financed and operated separately from the Corporation's deep sea pilotage and other activities. The Court of Trinity House has overall responsibility for conduct of all elements of the Corporation's business and has delegated the responsibility for effective control of its functions and finances as a GLA to the Trinity House Lighthouse Board.

E.3. The Commissioners of Northern Lighthouses (NLB)

E.3.1 The NLB owe their origin to The Act 26 George III Cap 101, dated 1786. NLB is a corporate body now constituted by section 193 (3) of MSA 1995 as a GLA under Part VIII of MSA 1995.

E.4. The Commissioners of Irish Lights (IL)

E.4.1. The origins of IL date back to 1786. IL became a distinct corporate body constituted by the Dublin Port Act of 1867. IL is now a GLA under the provisions of the MSA 1894, which continues to be in force in IRL by virtue of the Constitution of Ireland 1937. IL are governed by the MSA 1995 in respect of Northern Ireland. There is provision for twenty one Commissioners including the Lord Mayor of Dublin, three Aldermen and seventeen co-opted members, all of whom are unpaid.

F. Joint Strategic Board: Terms of Reference

(Amended from time to time)

1. The Joint Strategic Board

1.1 There shall be established by the joint authority of the Trinity House Lighthouse Board (“TH”) and the Boards of the Commissioners of Northern Lighthouses (“NLB”) and the Commissioners of Irish Lights (“IL”) (collectively “the GLAs”) a board to be known as the Joint Strategic Board (the “JSB”).

2. Role

2.1 The role of the JSB shall be to drive forward the co-ordination of GLA activity in the most effective way. The JSB shall promote improvements and efficiencies in tri-GLA performance and thereby support the primary aim of the GLAs, which is to deliver a reliable, efficient and cost-effective aids to navigation service for the benefit and safety of all mariners and thereby command the confidence of the ship-owner.

2.2 The JSB shall have full regard to the role and interests of the UK Secretary of State for Transport in relation to the GLAs and the Irish Minister for Transport Tourism and Sport in relation to IL and the Scottish Minister for Transport and Islands and the Isle of Man (IoM) Minister for infrastructure in relation to NLB.

2.3 The JSB shall have similar regard to the roles and responsibilities of the three GLA Accounting Officers and the General Lighthouse Fund Accounting Officer. The Permanent Secretary of DfT, as Accounting Officer of the General Lighthouse Fund, is responsible to the UK Secretary of State for Transport for the resources made available to the GLAs and may be summoned to give evidence to the UK Parliamentary Committee of Public Accounts.

3. Functions

The JSB shall have the authority of the Boards of the GLAs to:

3.1 Strategy

- (i) Propose for consideration by the Boards of the GLAs tri-GLA strategy and policy approaches;
- (ii) Drive inter-GLA strategy and outcomes through the Chief Executives’ Committee (CEC) and the Inter-GLA Committees (IGCs), ensuring agreed outcomes are implemented accordingly;

- (iii) Provide the tri-GLA interface with the UK Department for Transport (DfT) and the Irish Department of Transport Tourism and Sport (DTTAS) and Transport Scotland on tri-GLA strategy and policy and other matters of common interest⁹; and
- (iv) Develop an overarching GLA Road Map.

3.2 Performance

- (i) Oversee and guide the CEC on the IGC structure so as to ensure that it provides for effective co-operation and synergies and efficiencies among the authorities;
- (ii) Propose for consideration by the Boards of the GLAs tri-GLA goals and targets and monitor performance accordingly;
- (iii) Benchmark performance across the GLAs;
- (iv) Oversee the work of the CEC, the GLAs' Joint User Consultative Group and R&RNAV Policy Committee;
- (v) Establish other Committees as necessary for the better performance of its functions; and
- (vi) Deal with any other relevant matters, or any issues referred to it by the Boards of the GLAs.

3.3 Risk management

Consider whether there are, or are likely to be, any changes to the risk profile of the GLAs arising from its conclusions and inform the Boards of the GLAs of any such changes for action, as they consider appropriate.

3.4 Finance

- (i) Make recommendations to DfT as to the level of funds required in the General Lighthouse Fund to meet minimum reserve requirements and the GLAs' expenditure plans, liaising with DTTAS in relation to CIL issues; and
- (ii) Provide advice to DfT as to the level of Light Dues required to maintain the GLF at an appropriate level, liaising with DTTAS in relation to CIL issues.

The CEC shall as required by the JSB act on its behalf. Matters delegated to the CEC shall include: monitoring the progress of previous decisions; considering areas or opportunities for future performance improvement; identifying efficiency initiatives; and investigating areas where common strategic approaches might achieve benefits and/or where services might be shared, for consideration by the JSB.

4. Membership

⁹ The interests of the IoM will be represented by the NLB Chairman and Chief Executive

- 4.1 The JSB shall comprise the Chairman and two other representatives from each GLA, all of whom, other than the Chief Executive from each GLA (Executive Chairman in the case of TH), shall be Non-Executive GLA Board Members.
- 4.2 Other GLA Board Members may attend meetings of the JSB, but not as Members, with the agreement of the Chair.
- 4.3 Each GLA shall notify the other GLAs of the names of its representatives on the JSB. It may change its representatives at any time on written notice to the other two GLAs.

The Chair of the JSB shall be selected from amongst the Commissioners or Non-Executive Board Members (other than the Chairman) of each GLA and will become the non-voting Chair. If the Chair is a Member of the JSB, the GLA from whom the Chair is selected may provide a further representative for the duration. The Chair will normally be appointed in April and will normally have a term of no longer than two years.

5. Accountability

- 5.1 The Members of the JSB shall report on its work to their respective Boards, to which they remain accountable. They may seek advice from their Board on any matters referred to the JSB.
- 5.2 The CEC shall report to the JSB.
- 5.3 The Chair of the JSB, together with another Member of the JSB, shall report to the UK Secretary of State, through the Minister responsible for maritime matters, on the JSB's work and achievements as appropriate.
- 5.4 The GLA Accounting Officers shall as appropriate report to the Permanent Secretary of the DfT, as Accounting Officer of the General Lighthouse Fund, on matters of direct concern relating to the fund and its allocation, and matters of propriety.

6. Meetings

- 6.1 The JSB shall meet up to three times each year including prior to meetings of the Lights Finance Committee. It may otherwise meet as necessary for the despatch of business. With the agreement of the Chair, urgent business may be despatched by correspondence or by such other means as may be appropriate without Members meeting in person.
- 6.2 DfT and DTTAS and Transport Scotland shall attend the JSB to discuss and to be briefed on strategic issues. The JSB will undertake

discussions without DfT and DTTAS and Transport Scotland present where the GLAs have yet to agree their recommendations.

- 6.3 The JSB may invite any other person to attend a particular meeting if it considers that such person may assist it in its deliberations.
- 6.4 Decisions shall normally be reached by consensus. However, if appropriate, determination may be made by a majority of votes. In the event of any Member being unavoidably absent, his/her vote may be cast by the Chair of the meeting in accordance with the duly signed proxy of the absent Member.
- 6.5 The quorum necessary for the transaction of business of the JSB shall be a minimum of two Members from each GLA. In the absence of the Chair, one of the other representatives of another GLA holding the chairmanship of that GLA may chair the meeting.
- 6.6 Minutes shall reflect decisions made by the JSB and actions to be taken and shall be sent to each Member as soon as reasonably possible thereafter.

7. Terms of Reference

- 7.1 Nothing in these terms of reference shall be deemed to amend, remove, or detract from, any of the statutory powers, duties and responsibilities of the Boards of the GLAs.
- 7.2 The Boards of the three GLAs may by unanimous agreement, in consultation with the DfT, DTTAS and Transport Scotland amend or withdraw these terms of reference. There is reserved to each Board the right to recall its authority to the JSB in which case these terms of reference will cease to have effect.

8. Review and approval

- 8.1 These terms of reference will be reviewed annually.

Signed _____ Joint Strategic Board Chair

Approved by JSB – 11 November 2016

G.Lights Finance Committee: Terms of Reference (March 2016)

(Amended from time to time)

AUTHORITY

The Lights Finance Committee has no executive responsibility and is advisory only.

PURPOSE

The purpose of the UK Lights Finance Committee is to make recommendations to HM Government Ministers on an appropriate level of UK light dues to be levied in the following financial year, and to propose considerations for Ministers to take into account when taking a decision accordingly.

The Lights Finance Committee may discuss only those matters relevant to formulate such recommendations.

MEMBERSHIP

The Lights Finance Committee shall comprise:

- The Department for Transport (UK).
- The Chair of the Joint Strategic Board.
- Non-executive Directors of Trinity House and the Northern Lighthouse Board nominated by the Secretary of State and the Scottish Government Ministers, and Commissioners of the Commissioners of Irish Lights as invited in relation to Northern Ireland.
- The Lights Advisory Committee.
- The Department of Transport, Tourism and Sport (Ireland).

In addition:

- Although not a full member, Transport Scotland is invited to attend and contribute to meetings as an interested observer.
- An executive from each General Lighthouse Authority (GLA) may be invited to attend when necessary to provide detailed advice.

CHAIR

The Department for Transport will chair the meeting.

SECRETARIAT

The Department for Transport will provide the Committee secretariat.

ROLES

Department for Transport

To present financial forecasts for the General Lighthouse Fund, to identify material considerations (including any changes to the statutory duties of the GLAs that have occurred or are anticipated), and to invite views from members on how the funding requirement for the coming financial year should be met.

The Chair of the Joint Strategic Board, and relevant Non-executive Directors and Commissioners of the General Lighthouse Authorities

To represent the views of the General Lighthouse Authorities.

The Lights Advisory Committee

To represent the views of light dues payers.

Department of Transport, Tourism and Sport

To participate in considering the overall impact of light dues on UK-Irish routes, and potential changes in the level of both UK and Irish light dues.

Transport Scotland

As an interested observer, to represent the views of the Scottish Government.

PAPERS FOR MEETINGS

Agenda agreement

The agenda shall be prepared by the secretariat after inviting contributions from members, the final agenda being approved by a representative of each organisation, or by the Chairman if there is disagreement. The agenda shall include an opportunity for members to raise other relevant light dues setting related business at the meeting.

Distribution of papers

All papers will be distributed by the secretariat at least seven working days before the meeting, and copied to the GLA Chief Executives for information.

FREQUENCY AND TIMING OF MEETINGS

The Committee will usually meet once annually, after the submission of the General Lighthouse Authorities' Corporate Plans and no later than February. However, occasionally the Department for Transport will call additional meetings where appropriate.

RECOMMENDATIONS

The Secretariat will draft a written record of the discussions, and will circulate it to those present at the meeting for confirmation. This will record the considerations raised, conclusions reached, and any recommendations that were made. When finalised, the record will be issued to all members and the GLA Chief Executives.

Departmental officials will report the Committee's recommendation (if any) and the substance of its discussion to Ministers.

CONFIDENTIALITY

The conclusions of the Committee, including any recommendation to Ministers, are confidential, until a Ministerial decision and announcement on light dues has been made.

Members may report to their constituents on recommendations made but any report back should be accompanied by the same confidentiality requirement that binds the Committee.

REVIEW OF TERMS OF REFERENCE

These terms of reference will be reviewed at each Committee meeting. Any agreed changes will be implemented by the secretariat.

H. Accounts direction

ACCOUNTS DIRECTION GIVEN BY THE UNITED KINGDOM SECRETARY OF STATE FOR TRANSPORT WITH THE CONSENT OF HER MAJESTY'S TREASURY, IN ACCORDANCE WITH SECTION 218 (1) OF THE MERCHANT SHIPPING ACT 1995 (SECTION 664 OF THE MERCHANT SHIPPING ACT 1894 FOR IRELAND).

1. This direction applies to General Lighthouse Fund, Trinity House Lighthouse Service, Commissioners of Northern Lighthouses (Northern Lighthouse Board) and Commissioners of Irish Lights.
2. General Lighthouse Fund, Trinity House Lighthouse Service, Commissioners of Northern Lighthouses (Northern Lighthouse Board) and Commissioners of Irish Lights shall prepare accounts for the financial year ended 31 March 2013 and subsequent financial years in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for the financial year for which the accounts are being prepared, together with any additional disclosure or other requirements as agreed with the department.
3. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs at 31 March 2013 and subsequent financial year-ends, and of the comprehensive income and expenditure, changes in reserves and cash flows for the financial year then ended;
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them;
 - (c) provide additional disclosures as set out in Schedule 1; and
 - (d) Where applicable comply with additional provisions that may be required under legislation of the Republic of Ireland.
4. Approval of the accounts shall be by the Chief Executive or Executive Chairman (signature of the Directors Report); Chief Executive or Executive Chairman and Director of Finance (signature of the Statement of Financial Position) and Chief Executive or Executive Chairman (signature of the Governance Statement).
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view, If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with, either the Merchant Shipping Act, or the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to ensure compliance with

legislation or to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed with the Department for Transport and HM Treasury.

6. This direction supercedes the direction dated 10 March 2003.

A rectangular box containing a handwritten signature on the left and a handwritten date on the right. The signature is 'David Buchan' and the date is '27 February 2013'. There are dotted lines below the signature and date.

David Buchan
Group Financial Controller, Department for Transport

Date

SCHEDULE 1 ADDITIONAL DISCLOSURE REQUIREMENTS

The following information shall be disclosed in the annual accounts as a minimum, in addition to the disclosure requirements set out in paragraph 3 of this direction.

1. Income shall be analysed between funding from the General Lighthouse Fund and other income.
2. Average number of employees in the year analysed by appropriate categories.
3. Particulars of any transaction, arrangement or contract (excluding contracts of service or employment), including at arm's length, entered into by the Authority with another party, exceeding £5,000 in value, in which party a board member, an executive, a senior employee (Note 1), or a person connected (Note 2) with any of the forgoing, at any time during the year who had a direct financial interest that was notified to the Authority.

Note 1: An employee whose emoluments (excluding pension contributions) exceed £50,000 or EURO 80,000.

Note 2: As defined in section 839 of the United Kingdom Income and Corporation Taxes Act 1988, or superceding legislation and including any member of the same household.