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Date: 29 November 2017

Dear Sir/Madam

You are invited to the following meeting:

Harbour Board
Council Chamber, Town Hall, Lerwick
Wednesday, 6 December 2017 at 10am

Apologies for absence should be notified to Leisel Malcolmson, at the above number.

Yours faithfully

Executive Manager – Governance and Law

Chair: A Manson
Vice Chair: D Simpson

AGENDA

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest - Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.

- (d) Confirm minutes of meetings held on (i) 28 August 2017, (ii) 14 September 2017, and (iii) 4 October 2017 (enclosed).
1. Ports & Harbours - Performance Report 2017/18 – Q2
PH-22
 2. Management Accounts for Harbour Board: 2017/18 – Projected Outturn at Quarter 2
F-089
 3. Management Accounts for Harbour Board Pilotage Account: 2017/18 – Projected Outturn at Quarter 2
F-084
 4. Capital Maintenance and Replacement Programme
PH-24
 5. Capital and Revenue Projects Reports
PH-25
 6. Toft Pier – Outline Business Case
PH-18
 7. Harbourmaster's Report
PH-23
 8. Ports & Harbours Business Programme
PH-20



Meeting(s):	Harbour Board	6 December 2017
Report Title:	Ports & Harbours Performance Report 2017/18 – Q2	
Reference Number:	PH-22-17F	
Author / Job Title:	John Smith / Acting Executive Manager Ports & Harbours	

1.0 Decisions / Action required:

- 1.1 The Harbour Board should discuss the contents of this report and the achievements of the service, progress against the priorities set out in the Ports & Harbours service plan, and contribute to the planning process for future years.

2.0 High Level Summary:

- 2.1 This report summarises the activity and performance of the Ports & Harbours service for Q2 - 2017/18, enabling members to analyse its performance against service objectives and the Corporate Plan outcomes.

3.0 Corporate Priorities and Joint Working:

- 3.1 Effective Planning and Performance Management are key aspects of Best Value and features of “Our Plan”, the Council’s Corporate Plan 2016-2020.
- Our performance as an organisation will be managed effectively, with high standards being applied to the performance of staff and services. Poor performance will be dealt with, and good service performance will be highlighted and shared.

4.0 Key Issues:

- 4.1 Ports & Harbours share the outcomes the Infrastructure Directorate aims to deliver;
- reliably and safely deliver our day to day services that meet the needs of our customers;
 - meet our statutory requirements and deliver compliant services;
 - deliver our objectives to ensure the Corporate Plan commitments are met;
 - maintain our existing assets;
 - protect the environment and reduce the environmental impact of our activities;
 - address inequality- supporting those most in need and not making inequalities worse;
 - provide best value for the public funds invested in our services and infrastructure;

4.2 Corporate Plan Outcomes – “Our Plan”

“Our Plan” recognises that Shetland’s future prosperity is dependent on maintaining a sustainable economy. Whilst Shetland is currently in a strong position in terms of employment, earnings, output and growing population, this is likely to be affected in future as the energy industry boom passes and the public sector continues to contract.

Shetland is a group of islands and “Our Plan” identifies transport links to and from, and within, the islands as our life blood. Shetland’s ports and harbours are the conduit for much of that activity. People, products, goods and supplies go in and out of Shetland and move around the islands by sea. If we do not have the right Ports & Harbours infrastructure and services in place that cannot happen and new associated business opportunities and wealth creation cannot take place.

Economy & Housing

If we are to enjoy a strong economy with well-paid jobs we have to make sure that we have the Port infrastructure and services required to support key business sectors, especially those depending on the utilisation of local resources, meet individual and business needs and deliver economic growth.

Economy and Housing objectives detailed in “Our Plan” include:

- “We will have clarified the council’s future role in the port of Sullom Voe, and, after having taken a robust business model approach, we will be seeing the best possible returns from our investments.”
- “We have an economy that promotes enterprise and is based on making full use of local resources, skills and a desire to investigate new commercial ideas.”
- “We will be investing development funds wisely to produce the maximum benefit for Shetland’s economy.”

Community Strength

When it comes to individual communities, very often complicated socio-economic conditions exist which cannot be controlled by any one agency. As this plan is about making better use of the resources we have available, we can no longer provide money in the hope that it will fix things. Instead, we feel that a better approach would be to actively support communities to understand the reasons for the challenges they face and help build capacity to take positive steps to address them.

Community Strength objectives detailed in “Our Plan” include:

- “Communities will be making use of the provisions contained in the Community Empowerment Act, taking ownership of best use.”

Connection and access

The transport services we provide are the lifeblood of these islands. They enable us all to go about our daily business and take part in community life. Young people highlight transport as one of their top priorities, along with housing and jobs. Similarly, businesses also raise transport as a key requirement, essential to maintaining their current activity and achieving future growth.

Connection and access objectives detailed in “Our Plan” include:

- “We will have a clearer understanding of the options and the investment required to create a sustainable internal transport system over the next 50 years.”

4.3 Medium & Long Term Financial Plans – Harbour Account and Reserve Fund

The Council has powers to operate ports and harbours and this makes a significant contribution to the availability of funding to deliver Council Services. Income is generated from the fees and charges raised on users of those ports and harbour areas and accounted for in the Harbour Account.

The Councils Medium Term Financial Plan (MTFP) describes this in more detail and maintains a prudent approach to the surplus that can be used for supporting Service costs and that a constant surplus of approximately £6 million will be generated annually.

This will provide a continuing level of income to the General Fund Revenue Budget to support Services and provide time for a greater level of information and knowledge to be obtained to inform future financial modelling and pricing policy.

4.4 Summary of Ports & Harbours Performance – Q2 - 2017/18

Progress on key Service Actions and Performance Indicators are set out in Appendix 1

4.5 Risk and Service Challenges

Performance monitoring and performance reporting must also consider the areas of risk arising from our operations, the challenges the service faces, actions and projects which have not progressed as planned and where we don't meet Performance Indicator Benchmarks:

- A reduced budget surplus is projected, due to fewer tanker movements as east of Shetland production declines. Clair Ridge and associated tanker movements will not come on stream until 2018/19; **Corrective Action:** Monitor costs closely and give early notice to Council of any projected failure to meet the budgeted surplus so that remedial action can be planned and undertaken to recover the deficit in future years;
- While the updated management structure and arrangements have been implemented, they will require significant time to bed in and become fully resilient **Corrective Action** Careful induction and familiarisation programme and continued availability of support arrangements;
- The handover of SVT operation from BP to Enquest will mean change from an arrangement which has been in place for some 40 years with associated risk as well as opportunity. **Corrective Action-** Close communications to be established with Enquest and active involvement in relevant handover work streams.

4.6 The Service Risk Register in Appendix 2 sets out the main risks which might prevent Ports & Harbours from achieving its objectives in 4.1. The Harbour Board should consider whether additional control measures could be applied to reduce the risk of circumstances giving rise to a negative impact on service performance.

5.0 Exempt and/or confidential information:	
5.1 None	
6.0 Implications :	
6.1 Service Users, Patients and Communities:	Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public. The service uses a range of customer engagement forums, customer feedback and complaint analysis to drive service change and service improvement.
6.2 Human Resources and Organisational Development:	There are a number of actions in this service plan with staffing implications. Care is taken to ensure that staff are involved and informed about changes that might affect them, that Human Resources are closely involved and that relevant Council policies are followed. Ensuring staff feel valued and supported especially through periods of challenge and change is a key consideration for the Ports & Harbours management team.
6.3 Equality, Diversity and Human Rights:	The service uses Equalities Impact assessment to ensure its services are supporting those most in need and not making inequalities worse;
6.4 Legal:	Ports & Harbours delivers statutory services, monitoring performance provides assurance that statutory requirements are met and the Council complies with its duties. Legal advice and assistance is mainly provided in-house but specialist external marine legal assistance is procured when required.
6.5 Finance:	The actions, measures and risk management described in this report are projected to be unable to be delivered within approved budgets at quarter 2, predominantly due to loss of tanker traffic income. See Management Accounts report also on this agenda for further information.
6.6 Assets and Property:	Ports & Harbours staff manage a range of high value assets used to provide service, including the Tug Fleet and Tanker Jetties at the Port of Sullom Voe. A number of the actions in the Ports & Harbours service plan relate to maintenance and replacement of these assets for the delivery of commercial services. Capital Programme staff are closely involved in that capital planning and procurement.
6.7 ICT and new technologies:	No corporate ICT issues at this time, however the new Vessel Traffic Services Port Information system utilises a complex mix of Radar, AIS, radio and other communications technology.
6.8 Environmental:	The Infrastructure Directorate leads the delivery of the Council's Carbon Management Plan and delivers a programme of works to reduce energy usage across the Council's assets including those managed by Ports & Harbours.

6.9 Risk Management:	<p>Embedding a culture of continuous improvement and customer focus are key aspects of the Council's improvement activity. Effective performance management is an important component of that which requires the production and consideration of these reports. Failure to deliver and embed this increases the risk of the Council working inefficiently, failing to focus on customer needs and being subject to negative external scrutiny.</p> <p>Risk management is a key component of the performance cycle and Ports & Harbours service actions seek to strike a balance between the pursuit of priorities and management of service risks.</p>	
6.10 Policy and Delegated Authority:	<p>Harbour Board</p> <p>Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.</p> <p>Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.</p> <p>Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council.</p>	
6.11 Previously considered by:	<i>None</i>	

Contact Details:

John Smith, Acting Executive Manager - Ports & Harbours,
jrsmith@shetland.gov.uk

Appendices:

Appendix 1 –Actions & Performance Indicators
Appendix 2 – Risk Register

Background Documents:

- Our Plan 2016-2020
- Medium Term Financial Strategy
- Infrastructure Services Directorate Plan 2017/18
- Ports & Harbours Service Plan 2017/18

Harbour Master & Port Operations - Service Plan Actions

This shows the links between the Service's Actions and the Corporate Plans Themes and Aims.





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OUR PLAN 2016-2020

C) ECONOMY & HOUSING

2) Diverse businesses

We will have a culture of helping new businesses to start up and businesses to grow, as well as having a thriving 'social enterprise sector' of businesses that give something back to the community.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-17 Small Port Life Extension / Development / Disposal	Consider and agree general and individual options for redevelopment / rationalisation	Programme of reviews of the Councils Small Ports and Piers (including Ferry Terminals) to examine options for each including works required for life extension, incentives for development or options for disposal. These reviews will be phased over time and conducted in partnership with Transport Planning, Ferries, Economic Development. Reviews would be expected to develop appropriate business cases and report recommendations to Council.	Planned Start	01-Apr-2017		Ports & Harbours Strategic Overview as considered by committee in October 2017 recommended that disposal of the Councils smallest ex foot passenger piers should be considered. Ports & Harbours are also working with Transport Planning and Ferries on initial internal transport Outline Business Cases for priority transport routes and progressing Scalloway Harbour and Toft Pier business cases.
			Actual Start	30-May-2017	<div><div>70%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018	 Likely to meet or exceed target	
			Completed Date			
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-18 Toft Pier Redevelopment / Demolition	Consider and agree redevelopment or demolition plans for Toft Pier	Evaluation of the options for the future of Toft Pier are considered and recommendations made to Council.	Planned Start	01-Apr-2017		An Outline Business Case has been prepared with assistance from Economic Development, Finance and Capital Projects. See seperate report on this agenda.
			Actual Start	30-May-2017	<div><div>50%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	12-Dec-2017	 Likely to meet or exceed target	
			Completed Date			

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-20 Scalloway Fishmarket Redevelopment	Agree redevelopment option, obtain permissions, procure works, implement and commission	Determine and implement the preferred option for the future of Scalloway Fishmarket	Planned Start	01-Apr-2017		Outline Business Case approved by Council in October 2016. Full Business Case to be completed with support from Finance / Capital Programme / Procurement and approved by Council in October 2017. Implementation being planned with target completion end 2019.
			Actual Start	30-May-2017		
			Original Due Date	31-Oct-2019	Expected success	
			Due Date	31-Dec-2019		
			Completed Date		Likely to meet or exceed target	








Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-21 Scalloway Harbour Development Opportunities	Investigate, agree and progress Scalloway Harbour development opportunities	Evaluation of further development issues and/or opportunities at Scalloway Harbour as identified in the Scalloway Harbour Strategic Outline Case with recommendations to Council.	Planned Start	01-Apr-2017		Scoping work being initiated by Ports & Harbours
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	18-Sep-2018		
			Completed Date		Likely to meet or exceed target	









Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-22 Scalloway and Small Ports Marketing and Business Development	develop marketing and business development strategic to sustain and grow Scalloway and small port business	Programme of marketing and business development activity for Scalloway Harbour and small ports developed and implemented.	Planned Start	01-Apr-2017		Skipper Expo May 2017, Cruise Summit August 2017, Offshore Europe September 2017.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	




6) Sullom Voe future We will have made the council's future role in the port of Sullom Voe clear and we will be seeing the best possible returns from our investments.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-01 BP Handover to Enquest	Support handover of SVT operator from BP to Enquest	Engage in and support handover process as required to maintain safety of operations and develop forward arrangements.	Planned Start	01-Apr-2017		Ports & Harbours actively involved in a number of transition workstreams. Handover target of 1st December 2017 understood to still be on schedule.
			Actual Start	30-May-2017		
			Original Due Date	30-Nov-2017	Expected success	
			Due Date	31-Dec-2017		
			Completed Date		Likely to meet or exceed target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-02 POSV Contract Operations	Consider options for contracting out services at the Port of Sullom Voe	Evaluation of potential for contract operations and/or improved internal arrangements for delivery of aspects of Ports & Harbours activities at the Port of Sullom Voe	Planned Start	01-Apr-2017		Workstream identified in PoSV SOC, scoping work being undertaken with HR / Finance / Legal / Procurement.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-03 POSV Marketing and Business Devt	Participate in and support marketing and business development activity to sustain and grow business at the Port of Sullom Voe	Business development, marketing and promotional programme developed and implemented with key partners including BP & Enquest.	Planned Start	01-Apr-2017		Attendance at Offshore Europe September 2017. Further activity planned with Enquest following SVT Operator handover.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-04 SV Harbour Area / Yell Sound Review	Review of the traffic and activity within the SV Harbour Area and Yell sound with particular examination of aquaculture exclusion policy	Recommenations on current and future restrictions on activity within the Sullom Voe Harbour Area including consideration of whether the current general exclusion of Aquaculture should be continued or varied.	Planned Start	01-Apr-2017		Review of Sullom Voe Harbour Area navigational requirements and restrictions initiated by Harbourmaster / Deputy Harbourmaster. Report to Harbour Board with recommendations planned for February 2018.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-05 POSV 2017/18 Jetty Maintenance Works	Maintain port operational capability and plan for medium / long term	Annual phased maintenance programme for Council assets within the Port of Sullom Voe including cathodic protection, fendering, structural repairs, painting, navigational aids and shore infrastructure.	Planned Start	01-Apr-2017		Maintenance programme being delivered in line with schedule (further details in Team Leader - Port Engineering progress report).
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-06 Jetty 3 "Life Extension" Berthing Dolphin Works	Renovate concrete on Jetty 3 berthing dolphins	Remove decayed concrete, fit rebar cathodic protection and reinstate concrete to Jetty 3 berthing dolphins to maintain and extend active operational life.	Planned Start	01-Apr-2017		J3 berthing dolphin concrete repair and rebar cathodic protection works completed.
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017		
			Completed Date	21-Nov-2017	Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-07 Jetty 2 "Life Extension" - Soft Fenders	Procure replacement fenders for Jetty 2	Fit "softer" fenders to Jetty 2 as interim measure to continue export operations until export capability is reinstated on an alternative Jetty. At that point berthing dolphin life extension works will be undertaken on Jetty 2.	Planned Start	01-Apr-2017		Agreement from partners reached, indicative quotations recieved, formal procurement planned early 2018.
			Actual Start	30-May-2017	<div><div>60%</div></div>	
			Original Due Date	31-Dec-2017	Expected success	
			Due Date	31-Dec-2017		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-08 MultraTug 29 in service	MultraTug 29 in operational service	Replacement tug operational to replace "Tirrick" which went out of service June 2017.	Planned Start	01-Apr-2017		Vessel in service from June 2017. All performance requirements met, four operational crews progressing through training and familiarisation programme for alongside, on bow and on the stern operations.
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-May-2017	Expected success	
			Due Date	31-May-2017		
			Completed Date	01-Aug-2017	Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-09 MultraTug 29 Purchase Options	Consider MT29 purchase options	Evaluation of options to purchase MultraTug 29 within the charter contract with recommendation to Council.	Planned Start	01-Apr-2017		Business Justification Case confirming satisfactory performance and summarising financial options confirmed through AIG and recommendation to be purchase approved by Council in August 2017. Purchase completed October 2017.
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017		
			Completed Date	21-Nov-2017		


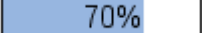




Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-11 Procurement of 2nd Tug progressed	Consider Shalder replacement options and progress as appropriate	Completion of evaluation and negotiation process for "Lot 2" of Tug replacement programme with the intention of replacing Tug "Shalder" with a suitable alternative vessel before she goes out of service in June 2018.	Planned Start	01-Apr-2017		Preferred supplier for "Lot 2" of Tug replacement tender identified and completion of contract for delivery in March 2018 proceeding.
			Actual Start	30-May-2017	<div><div>70%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date			
Likely to meet or exceed target						
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-12 VTS Radar and Comms Upgraded	Procurement, Installation and Commissioning of new VTS system	Replace ageing VTS Radar and Port Communications systems with modern alternatives.	Planned Start	01-Apr-2017		Supplier identified and implementation underway. Likely completion date now end Feb 2018 (weather dependant) - delay due to late award of tender
			Actual Start	30-May-2017	<div><div>60%</div></div>	
			Original Due Date	31-Dec-2017	Expected success	
			Due Date	28-Feb-2018		
			Completed Date			
Likely to meet or exceed target						
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-13 Gluss Leading Lights Replaced	New leading light installation completed and in service	Replace ageing "floodlight" style leading lights with modern LED technology to improve reliability, efficiency and environmental impact.	Planned Start	01-Apr-2017		Equipment sourced, ground works being undertaken. Likely completion now March 2018 due to weather delays.
			Actual Start	30-May-2017	<div><div>60%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Mar-2018		
			Completed Date			
Likely to meet or exceed target						
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-14 Review and Update of Harbour Charges	Annual review and update of charges with particular focus on future oil export volumes and aquaculture	Annual review and update of Ports & Harbours charges in line with Council charging policy.	Planned Start	01-Apr-2017		Review of Harbour Charges undertaken in line with Council Charging Policy. New proposals developed, consultation meetings held with users, Council updated as part of Financial seminars. Final proposals being prepared for Council budget setting meeting cycle in February 2018.
			Actual Start	30-May-2017	<div><div>90%</div></div>	
			Original Due Date	30-Sep-2017	Expected success	
			Due Date	14-Feb-2018		
			Completed Date			
Likely to meet or exceed target						

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-15 Marine Staff Training and Development	Short, Medium and Long Term Training Plans	Analysis and programme of training and development for all Ports & Harbours staff developed and implemented.	Planned Start	01-Apr-2017		Programme and recording mechanism to be developed and populated
			Actual Start	30-May-2017		
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017		
			Completed Date	08-Nov-2017	Likely to meet or exceed target	

E) CONNECTION & ACCESS

5) Sustainable transport arrangements

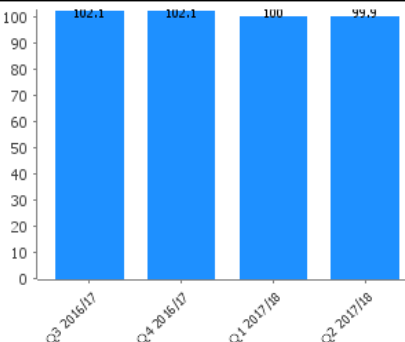
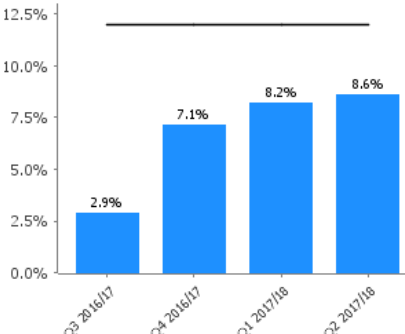
Our communities will feel better connected using new community transport solutions developed by communities themselves.

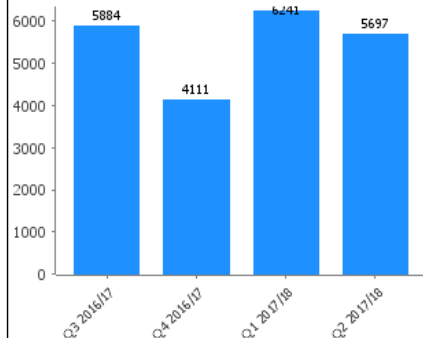
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-16 Small Pier and Terminal Maintenance Works 2017/18	Maintain small port operations and plan for medium and long term	Annual phased maintenance programme across all small harbours and piers including cathodic protection, fendering, structural repairs, painting, navigational aids and shore infrastructure.	Planned Start	01-Apr-2017		Maintenance programme being delivered in line with schedule (further details in Team Leader - Port Engineering progress report).
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-19 Ferry terminal Life Extension / Development / Rationalisation	Consider and agree general and individual options for maintenance / redevelopment / rationalisation of ferry terminals	Work with Transport Planning and Ferries to ensure that consideration of options for future terminal developments, consider pier and harbour requirements and issues and that life extension works and maintenance is planned and programmed in a co-ordinated fashion.	Planned Start	01-Apr-2017		Contribution to Transport Planning Outline Business Cases on Fair Isle and Whalsay Routes being planned.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	

Harbour Master & Port Operations - Council-wide Indicators

These indicators are reported for every Directorate and Service in the Council.

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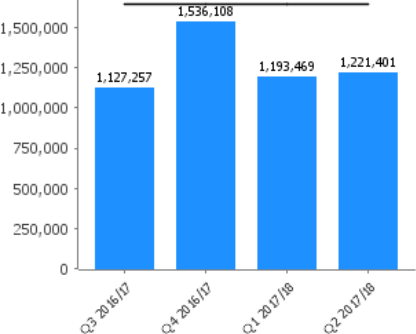
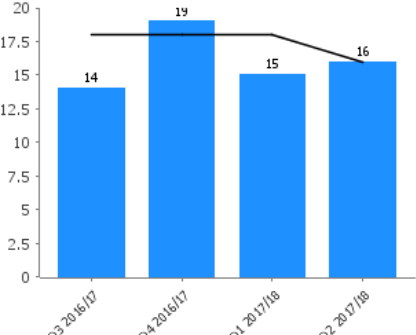
	Previous Years			Current year (to date)			
Code & Short Name	2014/15	2015/16	2016/17	2017/18		Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Target		
OPI-4A-HM Staff Numbers (FTE) - Harbour Master & Port Operations	93.1	98.4	102.1	100.2			Performance Staff numbers are within budget and at a level necessary to provide the expected service. Improvement Key posts are identified and succession planning is in place to avoid Service issues in the future.
OPI-4C-HM Sick %age - Harbour Master & Port Operations	3.1%	2.2%	1.2%	2.8%	4.0%		Performance Sickness % has risen this calendar year due to 1, 2 and then 3 long term absences. All policy options have been investigated for these absences and successful return to work achieved where possible. Improvement We will continue to apply the Council's "Maximising Attendance" policy for all absences.

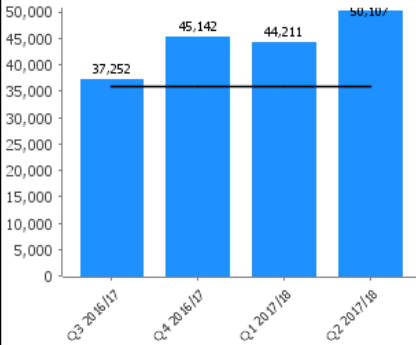
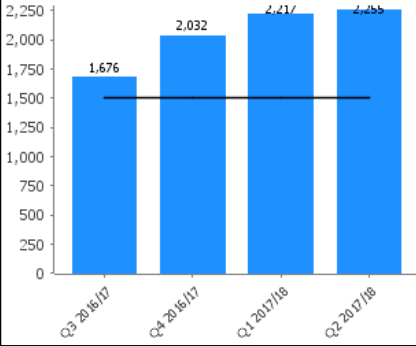
	Previous Years			Current year (to date)													
Code & Short Name	2014/15	2015/16	2016/17	2017/18		Graphs	(past) Performance & (future) Improvement Statements										
	Value	Value	Value	Value	Target												
OPI-4E-HM Overtime Hours - Harbour Master & Port Operations	11542	20149	21010	11938		 <table border="1"><thead><tr><th>Quarter</th><th>Overtime Hours</th></tr></thead><tbody><tr><td>Q3 2016/17</td><td>5884</td></tr><tr><td>Q4 2016/17</td><td>4111</td></tr><tr><td>Q1 2017/18</td><td>6241</td></tr><tr><td>Q2 2017/18</td><td>5697</td></tr></tbody></table>	Quarter	Overtime Hours	Q3 2016/17	5884	Q4 2016/17	4111	Q1 2017/18	6241	Q2 2017/18	5697	<p>Performance Overtime is only used where necessary to provide a service, or when it represents Best Value for the work required. The amount of overtime has been running at a higher than desirable level for recent periods. This is due to a combination of contractual overtime required by shift arrangements, the training requirements of STCW and acquisition of an ASD tug which has required considerable crew retraining, some long term sicknesses which required shift cover and a vacancy in Marine Pilots.</p> <p>Improvement Recent management actions have included a recruitment exercise for a "bank" of suitably qualified and experienced marine staff to provide cover in place of overtime and a Marine Pilot recruitment exercise to co-incide with anticipated increases in tanker traffic during 2018. These measures should reduce the dependency on overtime going forward.</p>
Quarter	Overtime Hours																
Q3 2016/17	5884																
Q4 2016/17	4111																
Q1 2017/18	6241																
Q2 2017/18	5697																

Harbour Master & Port Operations - Service Performance Indicators

These are Service Level indicators and include statutory and/or compulsory indicators where these apply

Generated on: 22 November 2017

Code & Short Name	Previous Years		Quarters				Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18			
	Value	Value	Value	Value	Value	Value	Target		
PH-01 SVT Crude Oil Export Tonnage		5,910,787	1,127,257	1,536,108	1,193,469	1,221,401	1,650,000		
PH-02 SVT Crude Export Tankers		72	14	19	15	16	16		

	Previous Years		Quarters						
Code & Short Name	2015/16	2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q2 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Target		
PH-03 Scalloway Market Fish Boxes		158,444	37,252	45,142	44,211	50,107	36,000		
PH-04 Scalloway Market Fish Tonnage		7,129	1,676	2,032	2,217	2,255	1,500		
SPPI05c-H Contracts delivered in-house/private sector - Ratio in £s - Ports & Harbours									

	A	B	D	E	F	G	H
1	Risk Ref	Risk type	Risk Details	Control Measures	Current Profile	Risk Rating	Target Profile
2	P0001	Escape of pollutant	Pollution incident from shore or operations, collision, grounding, uncontrolled release from vessels.	Safety Management System (SMS) , Vessel Traffic Service, Compulsory pilotage, Qualified and competent staff....	Medium	4	Low
3	P0005	Staff /skills shortage	Service relies on a range of specialist staff with different skills, experience and qualifications	Workforce planning project, restructure being implemented.	Medium	6	Low
4	P0009	Storm, Flood, other weather.	Severe weather stops staff getting to/from place of work	Adverse weather policy, Business continuity plans in place	Low	3	Low
5	P0016	Loss of revenue	Loss of income from downturn in business	Budget controls, monthly monitoring, ongoing attention to markets, working with customers to maintain demand.	High	12	Medium
6	P0022	Loss of IT facilities	ICT link is between Sellaness and Lerwick, and had been known to fail for up to two days. Service relies on ICT link for email, forecasts, etc to deliver service to customers safely,	Adverse weather policy, Business Continuity Plans in Place	Low	4	Low
7	P0026	Fire, lightning, explosion	Loss of facilities due to fire or other incident	SMS, Business Continuity Planning, Fire Risk Assessment	Medium	4	Low
8	P0028	Terrorism /Activists	Port services cover a large geographic, dispersed area which cannot have 24 hour security. Ships are often unmanned	SMS, ISPS, BP's security plan, SIC business continuity plan and approved security plan	Low	3	Low
9	P0030	Professional Errors and Omissions	Professional error of judgement anywhere in ports and harbours.	Training, Workforce Development, Audit	Low	3	Low
10	P0032	Industrial action	Operations stopped through strike by staff group	Effective employee engagement arrangements in place, effective workforce development	Low	3	Low
11	P0035	Failure of Key supplier	Port operations rely on various suppliers and services including fuel, key components, sub-contractors	Financial Controls, implementation of Council procurement arrangements	Medium	6	Low
12	P0048	Breach of Legislation - Data Protection,	Failure to deliver a statutory duty or comply with legislation including EU procurments legislation, Carbon reduction	Awareness raising, training and monitoring in place, staff have a better understanding of requirements, more pre-planning for...	Low	3	Low
13	P0050	Financial Governance	Failure to plan for the future investment required in infrastructure replacement, repairs or maintenance	SIC Medium Term Financial Plan, Ports & Harbours Strategic Overview, SIC Charging Policy, Business Case Model.	Medium	6	Low

	A	B	D	E	F	G	H
14	P0051	Accidents /Injuries - Staff/ Clients/Others	Safe Operations - Ports and Harbours delivers a range of heavy engineering and transport services.	Health and Safety systems, safe systems of work in place, inspection, Audit	Medium	6	Low
15	P0052	Economic - Other	Engagement and contribution to the transfer of SVT operations from BP to Enquest	Appropriate engagement in handover workstreams	Medium	9	Low



Meeting(s):	Harbour Board	6 December 2017
Report Title:	Management Accounts for Harbour Board: 2017/18 – Projected Outturn at Quarter 2	
Reference Number:	F-089-F	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

1.1 The Harbour Board RESOLVES to:

- 1.1.1 review the Management Accounts showing the projected outturn position at Quarter 2; and
- 1.1.2 agree the actions set out by the Director in paragraph 4.3 to mitigate the projected reduction in surplus.

2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Harbour Board to monitor the financial performance of Ports & Harbours Operations to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This report shows the projected financial consequence of the service performance detailed in the Ports & Harbours performance report, and allows the Board the opportunity to provide early instruction to officers to address any forecast overspends in order that the budget is delivered by year-end.
- 2.2 On 15 February 2017 (SIC Min Ref: 7/17) the Council approved the 2017/18 revenue and capital budgets for the Council (including the General Fund, Harbour Account, Housing Revenue Account and Spend to Save) requiring a draw from reserves of £12.252m. It is vital to the economic wellbeing of the Council that the financial resources are managed effectively and expenditure and income is delivered in line with the budget, as any overspends will result in a further draw on reserves and would be evidence that the Council is living beyond its means.
- 2.3 This report forms part of the financial governance and stewardship framework which ensures that the financial position of the Council is acknowledged, understood and quantified on a regular basis. It provides assurance to the Corporate Management Team and the Board that resources are being managed effectively and allows corrective action to be taken where necessary.
- 2.4 Since the approval of the 2017/18 budget, revisions to the budget have been incorporated for the Council's budget carry-forward scheme. Therefore this report refers to the revised budget that is now in place for each of the services.

3.0 Corporate Priorities and Joint Working:	
3.1	There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.
4.0 Key Issues:	
4.1	This report presents the projected outturn position for 2017/18 as at the end of the second quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant budget responsible officers.
4.2	Although the projected revenue outturn position for the Harbour Board is an increase in surplus of £557k, this outturn position includes £970k of revenue funding for capital projects which are anticipated to slip to future years and are not a real underspend. Once the slippage funding is removed from the projected outturn this results in an overall reduction in surplus of £413k, which means that Ports & Harbours Operations are not on course to provide their budgeted surplus to reserves.
4.3	The most significant contribution to the reduced surplus is reduced tanker traffic at Sullom Voe Terminal. Harbour dues for tanker movements are set based on industry projections and, as there is a substantial deficit in the budget due to reduced tanker movements, the deficit will be recovered in setting the budget for future years.
4.4	The projected capital outturn position for the Harbour Board is an underspend of £2.788m, with a requirement for slippage of £2.781m resulting in an overall underspend of £7k. This means that Ports & Harbours Operations are projected to spend less than their Council approved budget.
4.5	The projected outturn position for the Shetland Gas Plant is an increase in income of £28k.
4.6	See appendices 1 and 2 attached for detailed information on the revenue and capital outturn positions.
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.2	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.

Human Resources and Organisational Development:	
6.3 Equality, Diversity and Human Rights:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.4 Legal:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.5 Finance:	<p>The 2017/18 Council budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means. To achieve this, a one-off underspend from the 2016/17 budget has been used to balance the General Fund. This is a one-off solution for 2017/18.</p> <p>For every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m with fund managers to make a return. It is therefore vital that the Council delivers its 2017/18 budget.</p> <p>This report demonstrates that Ports & Harbours Operations are not projecting to achieve this, and the remedial actions described in paragraph 4.3 of this report will be required to ensure ongoing financial sustainability for the Council in line with the Medium Term Financial Plan.</p>
6.6 Assets and Property:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.7 ICT and new technologies:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.8 Environmental:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.9 Risk Management:	<p>There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.</p> <p>From a financial perspective, risks are an integral part of planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.</p> <p>The main financial risks for Ports & Harbours Operations are:</p>

	<ul style="list-style-type: none"> any reduction in tanker traffic at Sullom Voe; reliance on oil and gas prices for the throughput element of the rental agreement for both Sullom Voe Terminal and the Shetland Gas Plant; and increasing maintenance requirements on ageing tugs and other port infrastructure. <p>This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.</p> <p>A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for significant unforeseen events.</p> <p>Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.</p>	
6.10 Policy and Delegated Authority:	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Board may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2017/18 financial year. This report provides information to enable the Board to ensure that the services within its remit are operating within the approved budgets.</p> <p>The Council's Financial Regulations state that the Executive Manager - Finance has a responsibility to ensure that detailed monitoring by Directors and Executive Managers is carried out and that the Council will determine the reporting content, timescale, frequency and receiving committee(s) required for monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p>	
6.11 Previously considered by:	n/a	n/a

Contact Details:

Brenda Robb, Management Accountant, brenda.robbs@shetland.gov.uk, 21 November 2017

Appendices:

Appendix 1 – Harbour Board Projected Revenue Outturn Position for 2017/18

Appendix 2 – Harbour Board Projected Capital Outturn Position for 2017/18

Background Documents:

SIC Budget Book 2017/18, SIC 15 February 2017

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=20520>

Harbour Board

1. Projected Revenue Outturn Position 2017/18

Projected Outturn Variance at Quarter 1 (Adv)/Pos £000	Service Area	Revised Annual Budget at Quarter 2 (Adv)/Pos £000	Projected Outturn at Quarter 2 (Adv)/Pos £000	Budget v Projected Outturn Variance Quarter 2 (Adv)/Pos £000	Revenue Funding Reduction for Capital Slippage £000	Overall Projected Outturn Variance Quarter 2 (Adv)/Pos £000
(1,053)	Sullom Voe	(7,801)	(7,611)	(190)	400	(590)
9	Scalloway	271	(61)	332	0	332
(49)	Other Piers	118	(37)	155	0	155
(456)	Terminals	(1,547)	(1,807)	260	570	(310)
0						
(1,549)	Total Ports & Harbours	(8,959)	(9,516)	557	970	(413)
0	Shetland Gas Plant	(550)	(578)	28	0	28
(1,549)	Overall Total	(9,509)	(10,095)	585	969	(385)

The projected outturn variance figures at quarter 1 are included above for reference. The main reasons for the changes from the quarter 1 projected outturn variance to the quarter 2 position are:

- revenue funding requirement for capital projects not required in 2017/18 due to slippage to 2018/19 and savings from tender prices being lower than anticipated; and
- additional income from fish and salmon landings due to increased fishing industry activity.

An explanation for the main variances by service area is set out below.

1.1 Sullom Voe – projected outturn variance (£590k) (8%)

This variance is due to:

- reduction in tanker traffic for several offshore production interruptions in the East Shetland Basin (£1m);
- additional overtime and training costs for Towage staff to inspect a second new Tug in anticipation of requirement for chartering in early 2018 and for 4th crew tug cover (£175k); offset by
- part year underspends for vacant engineering posts which now have mostly been filled £102k;

- additional income from accommodation barge berthed at Sella Ness which was not anticipated £78k;
- underspend on vacant Pilot post which is unlikely to be filled this year until requirements for future shipping needs and terminal operating hours have been established £70k;
- reduction in rates following the Assessor's 2017 valuation review £69k.

Revenue funding reduction for capital slippage

- Tug Jetty Cathodic Protection capital project to slip to 2018/19 until detailed surveys and feasibility options have been investigated £400k.

1.2 Scalloway – projected outturn variance £332k (122%)

This variance is due to:

- additional income from fish and salmon landings in line with general increase in fishing industry activity £258k;
- reduction in revenue funding requirement for the pier cathodic protection capital project due to tender less than anticipated £175k; offset by
- work to refender the South Quay was scheduled to be done in 2016/17 but has run into 2017/18 (£40k).

1.3 Other Piers - projected outturn variance £155k (131%)

This variance is due to:

- fendering works for Symbister Pier which slipped to 2017/18 for contractor availability, with additional unexpected repairs also discovered on initiation of project (£135k); offset by
- additional income from fish and salmon landings due to a buoyant market £135k;
- reduction in revenue funding requirement for the Baltasound old pier pile repairs capital project due to tender lower than anticipated and scope of works reduced £81k;
- additional income from new charge introduced for pelagic boats £63k.

1.4 Terminals – projected outturn variance (£310k) (32%)

This variance is due to:

- overspend for emergency works identified on Insurers' inspection of Fair Isle harbour slipway rails (£150k);
- increase in rates following the Assessor's 2017 valuation review (£139k);
- work to fenders at Gutter Terminal slipped to this year due to contractor delays (£70k);
- Foula ferry terminal transferred to Ports from Transport Planning resulting in additional budget requirement (£40k);

Revenue funding reduction for capital slippage

- revenue funding for the Lerwick, Bressay, Belmont and Gutcher terminal capital life extension projects not required until 2018/19 due to availability of technical expertise £570k.

1.5 Shetland Gas Plant - projected outturn variance £28k (5%)

Throughput income higher than anticipated due to increase in gas price £28k.

Harbour Board

2. Projected Capital Outturn Position 2017/18

Overall Projected Outturn Variance Quarter 1 (Adv)/Pos £000	Service	Revised Annual Budget at Quarter 2 (Adv)/Pos £000	Projected Outturn at Quarter 2 (Adv)/Pos £000	Budget v Projected Outturn Variance Quarter 2 (Adv)/ Pos £000	Slippage required in 2018/19 £000	Overall Projected Outturn Variance Quarter 2 (Adv)/ Pos £000
0	Ports & Harbours Operations	12,861	10,073	2,788	2,781	7
0	Total Controllable Costs	12,861	10,073	2,788	2,781	7

The projected outturn variance figure at quarter 1 is included above for reference.

2.1 Ports & Harbours Operations – projected outturn variance £7k (0.1%)

An explanation for the significant variances are detailed below:

- additional spend for MT29 Tug vessel purchase due to low exchange rate on transaction date and unbudgeted broker fees (£234k), offset by:
- Scalloway East Finger and Fishmarket Piers cathodic protection tender lower than anticipated £160k;
- Baltasound old pier pile repairs tender less than anticipated and scope of works reduced £81k.

Slippage

A total of £2.781m expenditure will be slippage into 2018/19 as follows:

- Scalloway fish market rebuild - Full Business Case approved by Council in October, anticipating tender to be awarded in 2018/19 £1.811m;
- Belmont, Bressay, Gutter and Lerwick ferry terminal life extensions due to availability of technical expertise £570k;
- Tug jetty cathodic protection for detailed surveys and feasibility options investigation £400k.



Meeting(s):	Harbour Board	06 December 2017
Report Title:	2017/18 Pilotage Accounts – Projected Outturn at Quarter 2	
Reference Number:	F-084-F	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 The Harbour Board RESOLVE to review the Pilotage Accounts showing the projected outturn position at Quarter 2.

2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Harbour Board to monitor the financial performance of the pilotage services provided by the Council.
- 2.2 There is a requirement to prepare accounts relating to pilotage under Section 14 of the Pilotage Act 1987. The details of what must be included in these accounts are set out in regulations (The Statutory Harbour Undertakings (Pilotage Accounts) (Regulations) 1988, SI 1988/2216).
- 2.3 The accounts must show the details of revenue from pilotage charges and the use of pilotage exemption certificates; and total expenditure incurred in providing the service of a pilot, providing, maintaining and operating any pilot boats and administrative or other associated costs.

3.0 Corporate Priorities and Joint Working:

- 3.1 It is a corporate priority to ensure that the Council has excellent financial management arrangements.

4.0 Key Issues:

- 4.1 This report presents the projected outturn position for 2017/18 as at the end of the second quarter.
- 4.2 The projected outturn position is net surplus of £957k which is a reduction of £61k (6%) when compared to the annual budgeted net surplus of £1.019m.
- 4.3 The projected outturn Pilotage Accounts for 2017/18 are attached as Appendix 1 to this report.

5.0 Exempt and/or confidential information:	
5.1	None
6.0 Implications :	
6.1 Service Users, Patients and Communities:	None
6.2 Human Resources and Organisational Development:	None
6.3 Equality, Diversity and Human Rights:	None
6.4 Legal:	The Council has statutory obligations to keep separate accounts in respect of the harbour undertaking and also separate pilotage accounts. Section 3(1) of the ZCC Act states that the harbour undertaking means "the harbour undertaking for the time being of the Council authorised by this Act". This means that the harbour undertaking must be considered only in terms of what the Council is authorised or duty bound to do under the ZCC Act. Pilotage is part of the harbour undertaking and income and expenditure is accounted for accordingly.
6.5 Finance:	<p>The projected outturn position is a surplus of £957k which is a reduction in net surplus of £61k against annual budget.</p> <p>The main reasons for the reduction in surplus are:</p> <ul style="list-style-type: none"> • reduced income for boarding & landing and pilotage dues at Sullom Voe, due to a reduction in tanker numbers as a result of offshore production interruptions in the East Shetland Basin (£126k); offset by • vacant Pilot post which is unlikely to be filled this year until requirements for future shipping needs and terminal operating hours have been established £50k.
6.6 Assets and Property:	None
6.7 ICT and new technologies:	None
6.8 Environmental:	None

6.9 Risk Management:	Failure to keep Pilotage Accounts would place the Council in breach of its legal duties.	
6.10 Policy and Delegated Authority:	Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Board may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council; more specifically referred to in paragraph 2.7.	
6.11 Previously considered by:	n/a	n/a

Contact Details:

Brenda Robb, Management Accountant, 744690, brenda.robbs@shetland.gov.uk, 21 November 2017

Appendices:

Appendix 1 – 2017/18 Pilotage Accounts Projected Outturn at Quarter 2

Background Documents:

None

2017/18 Pilotage Accounts - Projected Outturn at Quarter 2

F-084 - Appendix 1

	Sullom Voe			Scalloway			Overall		
	Annual Budget	Projected Outturn	Variance (Adv)/Fav	Annual Budget	Projected Outturn	Variance (Adv)/Fav	Annual Budget	Projected Outturn	Variance (Adv)/Fav
	£	£	£	£	£	£	£	£	£
Charges in respect of :									
Boarding & Landing	-633,600	-597,623	(35,977)	-10,000	-10,000	0	-643,600	-607,623	(35,977)
Pilotage Services provided as authorised by section 10(1) of the Pilotage Act 1987	-1,589,448	-1,499,504	(89,944)	-35,000	-35,000	0	-1,624,448	-1,534,504	(89,944)
Use of PEC issued as authorised by section 10(3) of the Pilotage Act 1987	0	0	0	0	0	0	0	0	0
TOTAL INCOME	-2,223,048	-2,097,127	(125,921)	-45,000	-45,000	0	-2,268,048	-2,142,127	(125,921)
Boarding & Landing	347,754	347,754	0	4,843	5,139	(295)	352,597	352,892	(295)
Pilotage	652,682	603,167	49,515	6,651	6,651	0	659,333	609,818	49,515
Sub-Total Employee Costs	1,000,436	950,920	49,515	11,494	11,790	(295)	1,011,930	962,710	49,220
Boarding & Landing	10,257	10,257	0	1,987	1,987	0	12,244	12,244	0
Pilotage	3,150	2,150	1,000	0	0	0	3,150	2,150	1,000
Sub-Total Supplies & Services	13,407	12,407	1,000	1,987	1,987	0	15,394	14,394	1,000
Boarding & Landing	63,807	50,796	13,011	10,338	10,338	0	74,144	61,134	13,011
Pilotage	4,070	5,270	(1,200)	0	0	0	4,070	5,270	(1,200)
Sub-Total Transport & Mobile Plant	67,877	56,066	11,811	10,338	10,338	0	78,214	66,404	11,811
Boarding & Landing	19,607	19,482	124	2,385	3,974	(1,590)	21,991	23,456	(1,465)
Pilotage	150	150	0	0	0	0	150	150	0
Sub-Total Property & Fixed Plant	19,757	19,632	124	2,385	3,974	(1,590)	22,141	23,606	(1,465)
Meeting Liabilities under Part III of the Act	0	0	0	0	0	0	0	0	0
Boarding & Landing	23,611	19,385	4,226	11,501	11,501	0	35,112	30,886	4,226
Pilotage	81,626	85,431	(3,805)	5,000	1,310	3,690	86,626	86,741	(115)
Sub-Total Admin and Other Costs	105,237	104,815	422	16,501	12,811	3,690	121,738	117,627	4,112
TOTAL EXPENDITURE	1,206,713	1,143,841	62,872	42,705	40,900	1,805	1,249,418	1,184,741	64,677
NET TOTAL	-1,016,335	-953,286	(63,049)	-2,295	-4,100	1,805	-1,018,630	-957,386	(61,244)



Meeting(s):	Harbour Board	6 December 2017
Report Title:	Capital Maintenance and Replacement Programme	
Reference Number:	PH-24-17F	
Author / Job Title:	Andrew Inkster Team Leader – Port Engineering	

1.0	Decisions / Action required:
1.1	That the Harbour Board APPROVE the projects in the Ports and Harbours Operations' Capital Maintenance and Replacement Programme for 2018/19.
2.0	High Level Summary:
2.1	This report sets out for approval the projects that fall within this functional Board's remit which form part of the Infrastructure Services Directorate's Capital Maintenance and Replacement Programme. These maintenance and replacement programmes are developed annually based on condition surveys of the service assets and are funded by an approved budget within the Council's 5 year Asset Investment Plan.
2.2	The detail of individual projects is agreed each financial year by the Harbour Board.
3.0	Corporate Priorities and Joint Working:
3.1	Our Plan 2016-2020 states "we will have prioritised spending on building and maintaining assets and be clear on the whole life costs of those activities to make sure funding is being targeted in the best way to help achieve the outcomes set out in the Corporate Plan".
4.0	Key Issues:
4.1	On 29 June 2016 the Council approved a revised "gateway process" for managing the Asset Investment Plan (AIP) Min. Ref. 48/16) which incorporated the five cases Business Case model. The guidance document on the Gateway Process for the Management of Capital Projects states that "where projects fall within a programme of Capital Maintenance, an annual budget may be included in the Council's Asset Investment Plan, covering several of these relatively low value projects. A Business Justification Case is required to establish such a programme, and the annual budget required, but the individual projects within such a programme are not listed and reported on as part of the Asset Investment Plan. The promoting service must however review the content of such programmes and submit these to the relevant service committee for approval annually."

4.2	The document in Appendix 1 sets out the individual projects forming the maintenance and replacement programmes in the AIP for Ports & Harbours Operations for the financial year 2018/19. These programmes were previously established in line with the guidance in paragraph 4.1 above, and have now been reviewed for 2018/19.
5.0	Exempt and/or confidential information:
5.1	None.
6.0	Implications :
6.1 Service Users, Patients and Communities:	There is a clear expectation from the Community and our stakeholders that the Council will plan to maintain and replace its infrastructure assets to ensure the delivery of frontline services and maintain transport connectivity.
6.2 Human Resources and Organisational Development:	None.
6.3 Equality, Diversity and Human Rights:	None.
6.4 Legal:	The regular maintenance of assets and replacement of end of life assets ensures compliance with legal duties and compliance with relevant regulatory and inspection regimes.
6.5 Finance:	The total budget required for the Ports and Harbours Operations capital maintenance programmes in 2018/19 is £390k. These will be incorporated into the 5 Year Asset Investment Plan 2018-2023 and will be funded from the fees and charges to Harbour users within the Harbour Account. The 2018-2023 Asset Investment Plan will be presented to Policy & Resources Committee in March 2018 for approval.
6.6 Assets and Property:	The routine maintenance and replacement projects within this programme are part of the Council's strategy to manage its existing assets in a functional condition and replace them at the end of their useful life.
6.7 ICT and new technologies:	None.
6.8 Environmental:	Ports and Harbours Operations is responsible for ensuring that its infrastructure and assets are managed in a way to prevent pollution and reduce carbon emissions. Routine maintenance programmes are a significant control measure to prevent accidental spills and pollution incidents.

6.9 Risk Management:	<p>Failing to adequately resource the maintenance of the infrastructure that underpins the delivery of frontline services and transport connectivity creates a risk of service disruption and associated reputational damage. The regular maintenance of assets and replacement of end of life assets ensure compliance with legal duties. Routine regular maintenance prevents the deterioration of assets and keeps them functional saving more significant replacement costs.</p>		
6.10 Policy and Delegated Authority:	<p>Harbour Board</p> <p>Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.</p> <p>Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.</p> <p>Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council</p>		
6.11 Previously considered by:	<table border="1"> <tr> <td data-bbox="531 1019 1139 1128">N/A</td><td data-bbox="1139 1019 1481 1128"></td></tr> </table>	N/A	
N/A			

Contact Details:

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Appendices:

Ports and Harbours Operations Capital Maintenance and Replacement Programme
2018/19

Background Documents: None.

END

Appendix One

Ports and Harbours Operations Capital Maintenance and Replacement Programme 2018/19

PCM 2101 Plant Vehicles and Equipment		
Service	Description	18/19 Cost
Sella Ness Workshop	1 Nr 7.5 Pickup	£30,000
	2 Nr 3.5 Pickups	£40,000
Programme Total Estimate		£70,000

PCM 2104 Ports & Harbours Navigation Aids		
Location	Description	18/19 Cost
Sullom Voe Harbours	Replace 8 No. Navigation Buoys	£70,000
Programme Total Estimate		£70,000

PCM 2163 Piers Cathodic Protection		
Location	Description	18/19 Cost
West Burrafirth Pier	Install cathodic protection anodes to steel sheet piling.	£250,000
Programme Total Estimate		£250,000



Meeting(s):	Harbour Board	6 December 2017
Report Title:	2017/18 Capital and Revenue Projects Report	
Reference Number:	PH-25-17F	
Author / Job Title:	Andrew Inkster Team Leader – Port Engineering	

1.0 Decisions / Action required:

- 1.1 That the Harbour Board discuss and highlight any areas of concern and note the content of the report and areas of progress made.

2.0 High Level Summary:

- 2.1 This report updates the Board on the significant engineering projects for Ports & Harbours Operations during the financial year 2017/18, and is an update to a report with the same title that was presented to the board on 14 June 2017 (Min. Ref. 11/17).

3.0 Corporate Priorities and Joint Working:

- 3.1 Prioritised spending on maintaining our existing assets is a key part of the Corporate Plan and Medium Term Financial Plan.

By ensuring that our facilities are safe, well managed and fit for purpose, we can ensure that service users experience excellent standards of customer care.

4.0 Key Issues:

- 4.1 In addition to its routine annual maintenance plans and regimes, Ports and Harbours has an interest in the following significant projects for the 2017/18 financial year.

4.2 Scalloway Fish Market

Full Planning Permission for the replacement Market has been gained and detailed design of the replacement Market is substantially complete.

The Building Warrant application is in progress and procurement arrangements are being finalised to allow a detailed programme to be created.

Options for a temporary facility are being assessed to minimise disruption to Market users during the demolition and construction period.

4.3 Sullom Voe VTS Radar Replacement Contract.

This contract will see the replacement of the radar scanner stations at Sella Ness, Brough and Vats Houllands, along with necessary upgrades to communications and

monitoring software and equipment in the Sella Ness VTS centre.

Works are currently progressing within agreed programmes and timescales.

It is anticipated that the equipment will be installed and commissioned in early 2018.

4.4 Tug Jetty Cathodic Protection Renewal

Funding was allocated in 2017/18 for the installation of a replacement cathodic protection system on the Tug Jetty .However, due to the unusual design of this Jetty, in comparison to most other SIC small Ports, further detailed examination of the structure and system design has become necessary.

Further inspection work continues to ascertain which, if any type of CP system will extend the structures life.

Whilst this inspection and design work continues, it is likely that any installation work will slip to next financial year, depending on the final design criteria.

4.5 Sheet Pile Repairs, Scalloway Harbour

This work has been completed by Ocean Kinetics on time and within the allocated budget.

4.6 Cathodic Protection, Scalloway Harbour East

Tenders within the allocated budget have been received and work will commence in late 2017 with completion before the end of the 2017/18 financial year.

4.7 Baltasound Sheet Pile Repairs

The first phase of this repair, scheduled for this financial year has been completed on programme and within the allocated budget by Tulloch Developments.

4.8 Navigation Aids

Ports and Harbours is responsible for the provision and maintenance of 133 individual aids to navigation across the whole of Shetland. These aids comprise mainly of fixed shore based leading lights, port entry lights, beacons, floating buoys and channel markers.

An annual programme of navigation aid upgrades is in place, and in recent years, the installation of L.E.D technology has resulted in significant increases in reliability and reduced maintenance.

These annual upgrades will continue with a particular emphasis on replacing the Skerries NE entrance Port Entry Light, and the upgrade of the Sullom Voe Harbour Gluss leading lights.

This work is ongoing and shall be completed within allocated budgets before the end of the 2017/18 financial year.

4.9 Plant Vehicles and Equipment

This budget has been used to replace vehicles at Sella Ness, in line with agreed Council renewal policies.

4.10 SVT Jetty Maintenance Project

The 2017 Summer Jetty Maintenance workscope has now been completed by Malakoff Limited, within agreed budgets and programmes.

4.11 SVT Jetty Three Berthing Dolphin Concrete Repairs

Malakoff Limited has now completed these repairs, within agreed deadlines and budgets.

4.12 Scalloway Harbour South Quay Fender Repairs

Ocean Kinetics has completed these repairs.

4.13 Symbister Old Breakwater Fender Repairs

Tulloch Developments have completed these repairs.

4.14 Toft Pier

Following the closure of the pier, a temporary pontoon has been installed as a short term measure, pending a decision on this assets future.

The project is covered in detail in separate reports to the Board.

4.15 Gutcher Ferry Terminal Fender Repairs

Malakoff Limited completed fender repairs to Gutcher Ferry Terminal within agreed budgets and programmes.

4.16 Foula Harbour / Ferry Terminal

Foula Harbour and Ferry Terminal has recently been added to the Ports asset list, and Initial inspections have revealed two areas of concern:

- The electrical system on the pier requires urgent upgrade, and these works are ongoing.
- The harbour water depth has reduced due to silting, and surveys are being carried out to confirm quantities and volumes in advance of a dredging operation to return the Harbour to its design depth during next financial year.

4.17 Fair Isle Ferry Slipway

The vessel cradle rails on the Fair Isle slipway have been replaced within deadlines set by the Councils insurers, and the final cost was lower than initial estimates.

A separate report on this project was submitted to the Board at its last meeting.

4.18 Small Port Major Fender Repairs

In addition to ad-hoc fender repairs during this financial year, large scale fender repair and replacement projects are planned to occur in:

- Mid Yell - Design work and tendering are ongoing at this time
- Collafirth – Tenders are due to be received in the near future.
- Baltasound – These works have been completed.

4.19 Sullom Spindrift – Generator replacement

The generators onboard Pilot Vessel “Sullom Spindrift” have been replaced by L&M Engineering.

5.0 Exempt and/or confidential information:

5.1 None.

6.0 Implications :

6.1 Service Users, Patients and Communities:	<p>Effective maintenance and repair strategies for all Ports assets will ensure that its facilities are fit for purpose and free from health and safety or environmental issues. Service users are encouraged to report defects whenever possible.</p> <p>As detailed in 4.2.1 of this report, the existing Scalloway Fish Market presents a risk to service users. Should the existing Market fail, an alternative would not be easily provided without significant disruption to service users.</p> <p>The temporary pontoon at Toft Pier is another area where any reduction in availability would create significant disruption.</p>
6.2 Human Resources and Organisational Development:	<p>The majority of projects detailed within this report will be completed by external Contractors. Health, Safety and Environmental considerations are all reviewed when such appointments are made.</p>
6.3 Equality, Diversity and Human Rights:	<p>The service uses Equalities Impact assessment to ensure its services are supporting those most in need and not making inequalities worse;</p>
6.4 Legal:	<p>Legal Services input is sought for all projects requiring formal Tendering procedures.</p>
6.5 Finance:	<p>The projects described in this report are projected to be completed within approved budgets except:</p> <ul style="list-style-type: none"> • Fendering works for Symbister Pier which required additional unexpected repairs of £135K; • Emergency replacement of vessel cradle rails on the Fair Isle slipway £150K: • Foula Harbour/Terminal works which were unbudgeted £40k:

	<ul style="list-style-type: none"> • Scalloway Harbour South Quay fender repairs which have overrun into this financial year £40k. <p>These additional cost and implications are fully described in the Management Accounts Report – Projected Outturn at Quarter 2 also presented on the agenda for this meeting.</p>	
6.6 Assets and Property:	None.	
6.7 ICT and new technologies:	No corporate ICT issues at this time, however the new Vessel Traffic Services Port Information system utilises a complex mix of radar, AIS, radio and other communications technology.	
6.8 Environmental:	Where applicable, environmental impact studies will be carried out as part of the planning process for major works. Contractors carrying out works on behalf of Ports and Harbours are expected to ensure the highest standards of environmental protection.	
6.9 Risk Management:	Routine maintenance and repair of assets will ensure that assets are safe for service users, meet current legislation and are free from environmental hazards. These measures contribute to Ports risk management strategies.	
6.10 Policy and Delegated Authority:	<p>Harbour Board</p> <p>Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.</p> <p>Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.</p> <p>Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council</p>	
6.11 Previously considered by:	None	

Contact Details:

Andrew Inkster
Team Leader – Port Engineering

andrew.inkster@shetland.gov.uk

20 November 2017

Appendices:

None.

Background Documents:

None.

END



Meeting(s):	Harbour Board	6 December 2017
Report Title:	Toft Pier – Outline Business Case	
Reference Number:	PH-18-17F	
Author / Job Title:	John Smith, Acting Executive Manager – Ports & Harbours	

1.0 Decisions / Action required:

1.1 That the Harbour Board;

- a) CONSIDERS the attached Outline Business Case which appraises the options for the future of Toft Pier and the preferred option, rebuild and extend Toft Pier, and provide their view and comment on this development proposal within the harbour undertaking;
- b) RECOMMENDS that the Asset Investment Group considers this proposal with a view to presenting it to Policy and Resources Committee, which in turn makes recommendations to the Council as to the proposals to be included in the Council's Asset Investment Plan;
- c) RECOMMENDS that the production of any Full Business Case includes a full and detailed consideration of likely long term usage, utilising specialist economic advisors if necessary; and,
- d) RECOMMENDS that the Policy and Resources Committee delegate authority to the Director of Infrastructure (or her delegate) to submit an application to the European Maritime and Fisheries Fund (EMFF) for financial support for the rebuild and extension of Toft Pier.

2.0 High Level Summary:

- 2.1 This report presents a draft Outline Business Case for the future of Toft Pier.
- 2.2 Resolving the future for Toft Pier has been a matter under consideration since 2014 and the subject of considerable activity and a number of reports to Committees.
- 2.3 This report now seeks discussion and comment from the Harbour Board on a draft Outline Business Case so that the Asset Investment Group and the Policy and Resources Committee can be fully informed of their views as part of the decision-making process.

3.0 Corporate Priorities and Joint Working:

- 3.1 The Ports & Harbours Strategic Overview recently considered by Council

committees describes the overall Council priorities for economic development and transport as they relate to marine activities.

- 3.2 The Development Committee is also being asked to consider this draft Outline Business Case to provide their view on the Economic Case for the redevelopment of Toft Pier. They are also being asked to comment on the fit of this development in relation to their strategies for the development of marine activity that contributes to the sustainability of the Shetland economy.

4.0 Key Issues:

- 4.1 Work has been ongoing for a considerable time to determine the best way forward for Toft Pier. When operational it had 66m of berthing face and a berthing depth of up to 5m. It was built in 1951 for the Yell Ferry Service, and rebuilt in 1971 with the current sheet pile structure. When the new ferry terminal was built alongside in 2000, the Council's Ferry Service stopped using the old pier. Since then it has continued to be used regularly by a number of shellfish boats and occasional other ad-hoc users.
- 4.2 While it has had safety and basic repair works from time to time, there has been no major maintenance in the last 30 years. Access to the pier was restricted to pedestrians in 2014 and closed to all users in December 2016 as there are now holes in the pier deck and infill is washing out of the steel piling.
- 4.3 A pontoon was deployed at Toft as a temporary measure following the 2016 closure. The pontoon is rented and allows some berthing and access for small fishing craft alongside the inner face of the pier. However this pontoon arrangement does not provide very straightforward loading or unloading to or from vehicles and is at best a stop-gap.
- 4.4 This arrangement cannot be a viable long term option as it is inevitable that further emergency works would be required on an ad-hoc basis when the pier structure collapses further. Eventually the pontoon will have to be removed on safety grounds and the pier closed completely.
- 4.5 The fundamental "Case for Change" regarding Toft Pier lies in the unavoidable need to take action because of its deteriorated structure, beyond that which can be rectified by maintenance repairs. The Council has statutory obligations under the Port Marine Safety Code as responsible Harbour Authority for the Sullom Voe Harbour Area, within which Toft Pier is located. In the near future, the pier will inevitably have to be either demolished and removed, or rebuilt, to be able to comply with those obligations.
- 4.6 The Council's Harbour Board resolved to "replace the Toft Pier with a similar structure and prepare the necessary documentation for the Council's Gateway processes" at its meeting on the 18th November 2014.
- 4.7 At the Harbour Board meeting on 18th August 2015 a further report on Toft Pier, accompanied by a socio-economic study was considered. The Board resolved to "note the content of the report and the options contained and agreed that the option to replace the pier with a new structure of a similar size be progressed to a fully costed business case for consideration under the Council's Gateway Process for capital project prioritisation."

4.8	Options to demolish and remove the pier, or to rebuild it, were re-examined in work undertaken during 2016 and into 2017, using standards and format for Business Cases, as defined in "Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016"
4.9	The results of that work are now being presented in the attached Outline Business Case.
4.10	This Outline Business Case has been informed by discussions with a range of Council colleagues, current and potential users, industry representatives and other stakeholders. Costs and benefits were investigated and analysed, both quantitative and qualitative; relating to Council only considerations, and for the wider community and economy.
4.11	Following this option appraisal the rebuild and extension of Toft Pier is recommended as the preferred option for the development of a Full Business Case, see the attached Outline Business Case for details. This option offered the potential for a range of commercial uses which could generate sufficient income to justify the cost of investment for the Council when wider economic benefits were taken into consideration.
4.12	The most challenging aspect of the option appraisal lay in estimating realistic and likely future usage across a range of sectors and across a long time frame. Sustained commercial usage is ultimately the key determinant of the viability of any development of this kind and therefore needs to be understood as completely as possible. There are unavoidably uncertainties concerning the uptake of any service that has not been previously available, but these must be qualified as well as they can.
4.13	It is recommended that realistic and likely long-term usage of the proposed facility be re-examined thoroughly during the development of the Full Business Case. Further detailed discussions should be held with potential users and industry representatives and the services of specialist economic advisors considered.
5.0 Exempt and/or confidential information:	
5.1	None
6.0 Implications:	
6.1 Service Users, Patients and Communities:	The proposals described in this report are intended to sustain and enhance marine services. They have been developed in partnership with the full range of industry partners and port users.
6.2 Human Resources and Organisational Development:	No implications arising directly from this report.
6.3 Equality, Diversity and Human Rights:	No implications arising directly from this report.
6.4 Legal:	No implications arising directly from this report.

6.5 Finance:	<p>The proposed capital build cost of the project is £2.4m. An application will be submitted for EMFF funding support. However, Marine Scotland will make no funding decision until tenders for proposed works have been received.</p> <p>Should 50% funding be approved the capital cost to the Council would be £1.2m. If the funding bid is wholly unsuccessful the capital cost to the Council would be £2.4m.</p> <p>In line with the Council's Medium Term Financial Plan and Borrowing Policy, the capital cost to be met by the Council would be funded by borrowing and would add to the Council's external debt.</p> <p>The borrowing costs would be funded through the fees and charging structure within the Harbour Account.</p>
6.6 Assets and Property:	<p>The proposals described in this report are intended to enhance the quality of the Council's existing asset base and improve the efficiency and cost of operation at Toft Pier.</p>
6.7 ICT and new technologies:	<p>No implications arising directly from this report.</p>
6.8 Environmental:	<p>No implications arising directly from this report, however protection of the Shetland marine environment is one of the key priorities in all work planning within Ports and Harbour's operations.</p>
6.9 Risk Management:	<p>The deteriorating fabric of the current Toft Pier creates potential risks for the Council under their responsibilities as Harbour Authority under the Port Marine Safety Code and other health and safety legislation.</p> <p>Replacing the existing Toft Pier with a modern facility would mitigate the current risks of infrastructure failure.</p> <p>Any potential EMFF funding will not be confirmed until tenders are returned for a project and it is possible that any funding finally secured will not be at the 50% level requested. That may require a re-evaluation of the project at that stage in light of funding actually granted, any other potential funding sources and updated estimates of cost and projected income.</p> <p>Uncertainties relating to realistic and likely long-term usage of the proposed facility should re-examined thoroughly during the development of the Full Business Case. Further detailed discussions should be held with potential users and industry representatives and the services of specialist economic advisors considered. This will also better inform any EMFF application.</p> <p>General risk management arrangements will be in line with the Better Business Cases methodology and Prince 2 project management.</p>
6.10 Policy and Delegated Authority:	<p>The Harbour Board has strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of</p>

	<p>the Port Marine Safety Code.</p> <p>The Harbour Board acts as Duty Holder as required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.</p> <p>The Harbour Board must consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council.</p>	
6.11 Previously considered by:		

Contact Details:

John Smith, Acting Executive Manager – Ports & Harbours
 jrsmith@shetland.gov.uk
 26 October 2017

Appendices: Toft Pier Outline Business Case

Background Documents: Listed in Appendices

END



Shetland Islands Council



Toft Pier

Outline Business Case (OBC)

Version	Date Issued	Brief Summary of Change	Owner's Name
1	16/09/2016	Toft Pier Business justification Documentation	John Smith
2	23/12/2016	Toft Pier Business Justification Case	John Smith
3	08/01/2017	Yell Sound & Toft Outline Business Case	John Smith
4	10/02/2017	Yell Sound & Toft Pier Strategic Outline Case	John Smith
5	25/07/2017	Toft Pier Outline Business Case – User Consultation Draft	John Smith
6	20/10/2017	Toft Pier – Outline Business Case – Finance & Development Draft	John Smith
7	25/10/2017	Toft Pier – Outline Business Case – with NPV update	John Smith
8	31/10/2017	Toft Pier – Outline Business case – with covering reports	John Smith

1 Introduction and Background

This Outline Business Case has been prepared to review options and help determine a way forward for Toft Pier.

This report recognises the deteriorated physical state of the current Toft Pier as an issue that requires resolution, and seeks to inform the decision making process about what should be done.

It has been developed using the agreed standards and format for Business Cases, as defined in “Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016”. This will mean best value has been demonstrated between options, and that decisions can be taken on a well-informed basis.

Best value is not simply about financial factors. In order to achieve the outcomes to which the Council aspires, there is a need to consider other direct and indirect benefits. The Five Case Model understands and supports that.

The key areas which must be evaluated in the Five Case Model are;

- the **strategic case**. This sets out background, and explains the reasons why it is appropriate to consider change at this time. Part of that is understanding and documenting the investment objectives for the area under consideration.
- the **economic case**. This demonstrates that the Council has properly evaluated and selected the most economically advantageous option, the one which optimises value for money. This evaluation has to take into account both the Council's direct costs and benefits; and wider community costs and benefits.
- the **commercial case**. This sets out the content of the service required; and whether we can find a supplier or partner who can deliver the option the Council wants.
- the **financial case**. This describes the funding arrangements for the preferred way forward and confirms the affordability of that for the Council.
- the **management case**. This examines what the Council will have to do to deliver the preferred option and confirms how that will managed.

2 The Strategic Case

Part A: The strategic context

2.1 Organisational overview

The Port of Sullom Voe, Scalloway Harbour and a network of small piers and terminals stretching around Shetland are owned by Shetland Islands Council, and operated by the Council's Ports and Harbours service.

2.2 Business strategies

See Ports & Harbours Strategic Overview.

2.3. Other organisational strategies

See Ports & Harbours Strategic Overview.

Part B: The case for change

The fundamental "Case for Change" regarding Toft Pier lies in the unavoidable need to take action because of its deteriorated structure, beyond that which can be rectified by maintenance repairs. The Council has statutory obligations under the Port Marine Safety Code as responsible Harbour Authority for the Sullom Voe Harbour Area, within which Toft Pier is located. In the near future, the pier will inevitably have to be either demolished and removed, or rebuilt, to be able to comply with those obligations.

2.4 Investment objectives

The objectives listed below are those agreed by the Council at the initiation of the PwC strategic review of the Port of Sullom Voe.

They were also set out in the recent Ports and Harbours Strategic Overview reported to Committees and recommended as the key objectives when considering any Ports related business cases.

Environmental & Legislative:

- Protection of Shetland marine environment
- Maintaining biodiversity, geo-diversity, and protecting the built environment
- Compliance with health & safety and other statutory obligations

Economic & Social:

- Maximise existing revenue and identify new sources of revenue from Council ports and associated economic activity.
- Creating employment opportunities and benefitting the local economy
- Supporting social cohesion and maximising community benefits

Financial:

- Maximise long-term value of assets by maximising opportunity and exploring new sectors
- Optimise exposure to financial risk, including:
 - Minimise downside risk of major incidents, such as decline in business activity and any associated decommissioning/legacy costs
 - Retain potential upside from any growth in port operations
- Optimisation of fixed asset base and reduction in recurring maintenance costs

This outline business case is the first of a number of reviews, which will consider the harbours and piers around the main geographical areas of marine activity in Shetland, as set out in the recent Ports & Harbours Strategic Overview.

Toft Pier and the Sullom Voe Harbour Area is being considered now, as there are well-publicised and immediate issues with Toft Pier, which culminated in its recent deck closure.

The Port of Sullom Voe and the Council's Ferry Terminals continue to be the subjects of other significant review activity. Both are included within this review as far as required for the overall understanding of the availability of services within the Sullom Voe Harbour Area.

Toft Ferry Terminal, Ulsta Ferry Terminal and the Port of Sullom Voe have relevance to overall pier and harbour provision in the Sullom Voe Harbour Area / Yell Sound but this review will not seek to make any recommendations relating to their core crude oil export and internal transport functions.

It is well established that small ports, harbours and piers make a significant economic and social contribution right around Shetland, primarily in the fisheries, aquaculture and transport sectors, but also in their social and cultural significance. The whole aquaculture industry depends on a network of small harbours and piers, not all Council owned, and the inshore shellfish fleet operates mainly from small harbours and piers. Together those sectors have a significant value to the Shetland economy, and have particular significance in a number of remote and rural areas.

However the costs of providing and maintaining the Councils portfolio of piers is considerable and each location needs to be considered critically and evaluated realistically on its individual merits to determine that it continues to serve a valuable purpose, particularly when significant new investment decisions must to be made.

A substantive repair and maintenance programme approved in 2014 for the majority of Council piers and harbours is currently being implemented. It is designed to protect the Councils investment in existing piers and harbours, and enable them to continue to provide their important services. This maintenance programme is described in the Business Justification Case for ports capital maintenance and renewal, and is updated in supporting annual reports.

Toft Pier is not part of that maintenance and renewal programme as its structure has deteriorated to an extent where cathodic protection, fender replacement etc. are not sufficient. Decisions now need to be taken regarding the specific situation at Toft Pier with some urgency given its condition, this Outline Business Case focuses on that issue.

The justification for any spending by the Council on any service, including the provision of a pier or a small port, must demonstrate how that spending provides value for that cost. For Toft Pier, that means sustaining and maximising benefits to the Council and Shetland from activities in the marine sector, balanced against the cost of how that is done.

As the Council is the responsible Harbour Authority for its harbour areas, it also has statutory responsibilities to ensure its assets and services comply with the requirements of the Port Marine Safety Code, Health and Safety legislation and other relevant statutes. Toft Pier is within the Sullom Voe Harbour Area, the Council is the formal Harbour Authority for that area, and therefore the Council must discharge its statutory responsibilities in that respect.

Projects going beyond maintenance, i.e. those considering significant expansions of service, involving significant redevelopment costs, demolitions, removal of infrastructure or other more radical options, are typically subjected to a high level of scrutiny. The business case process is intended to provide that rigour.

These decision points about significant change need the assembly of a strong evidence base. They need to demonstrate that they either deliver significant benefits, for any costly service development; or have well understood and acceptable adverse impacts, for substantial reductions or removals of service. Only after that is as clear as possible, can significant changes be decided on by the Council and implemented.

This Outline Business Case seeks to assemble and present that evidence so that a well informed decision on the best way forward can be made.

2.4 Overview of main potential benefits from this investment

To demonstrate that investment to sustain, enhance or remove any service, Toft Pier included, is best value; then the benefits of that investment need to be identified and quantified, both for the Council and for the overall Shetland economy and communities.

Non quantifiable benefits and key risks also need to be identified so they can be considered when comparing options.

The table below sets out the main potential benefits against the investment objectives.

Investment objectives	Main benefits criteria by stakeholder group
Ensuring environmental protection and compliance with legislative obligations (effective)	<p>Clean and safe operations across the network.</p> <p>Quantifiable Reduced operating costs and maintenance Reduced need for reactive investment Reduced Carbon and other environmental impact</p> <p>Qualitative Improved public and community image</p> <p>Able to comply with legislative and quality accreditation criteria including the requirements of the Port Marine Safety Code and Health and Safety legislation.</p>

<p>Maximising Economic & Social benefits to the Council and Community</p> <p>(economic)</p>	<p>Contributions to maximising activity and profitability at individual piers, sustaining their operating life and their contribution to the Shetland economy.</p> <p>Quantifiable</p> <p>Additional income to primary producers from maintained / increased catches or other activity</p> <p>Resultant multiplier in Shetland economy for that increased economic activity</p> <p>Reduced or avoided producer costs in shorter steaming times etc.</p> <p>Qualitative</p> <p>Continued potential for additional commercial or social activity.</p>
<p>Supporting the Financial objectives of the Councils long and medium term financial plans by maximising income surpluses within available investment resources.</p> <p>(efficient)</p>	<p>Best value for the Council</p> <p>Quantifiable</p> <p>Best use of Council resources for the community overall</p> <p>Maximising income surpluses / minimising deficits from the piers within available investment resources.</p> <p>Qualitative</p> <p>Maintain and/or enhance valued community infrastructure.</p>

2.5 Current arrangements and main marine activities in the Sullom Voe Harbour Area / Yell Sound

Yell Sound is a significant navigation channel used by vessels crossing from east to west of Shetland and vice versa. It is also the navigation channel for oil tankers visiting the Sullom Voe Oil Terminal. The Council's northern isles ferries operate across Yell Sound, from Toft Ferry Terminal to Ulsta Ferry Terminal.

Most of Yell Sound is designated as the "Sullom Voe Harbour Area" including the Port of Sullom Voe, Collafirth Pier, Toft and Ulsta Ferry Terminals and Toft Pier. Conservancy, navigation and pier provision within the Sullom Voe Harbour Area is the responsibility of the Council's Ports and Harbours Service as the Sullom Voe Harbour Authority.

Contractual and legislative arrangements exist through the ZCC Act and agreements with the owners and users of Sullom Voe Oil Terminal to provide safe and suitable berthing and navigation within that area. That legislation and contractual arrangements provide for the costs of harbour facilities to be recovered from Harbour users rather than being a burden on general Council funds and funders.

There are crab and lobster fisheries in the northern areas of the Sound and significant scallop beds in a number of areas in the inner Sound, both north and east.

Those fisheries are prosecuted by a number of small (less than 15m) vessels who fish and land on a day-to-day basis from one of the local small harbours and piers with seasonal variation in the areas fished.

Aquaculture activity within the Sullom Voe Harbour Area, which covers most of Yell Sound, has been excluded since 1976.

"Fish farming will not as a matter of policy be permitted anywhere within the Sullom Voe Harbour Area (as amended in the Sullom Voe Harbour Revision Order 1980) for as long as its primary purpose is to accommodate vessels engaged in the carriage of hydrocarbons or other dangerous substances;"

This exclusion is currently under review by Ports and Harbours to determine whether it continues to be appropriate for current and anticipated circumstances and oil export volumes.

2.6 Overview of piers and harbours within the Sullom Voe Harbour Area and around Yell Sound

Collafirth Pier – Convenient for north end of Yell Sound – Lay-by berth for Altair pelagic trawler. Facilities at Collafirth are congested with little additional space there for more boats to berth. Satisfactory state of repair, cathodic protection and re-fendering planned as part of core maintenance programme. Potential location for user operated crane.

Ulsta - Ferry Terminal and Marina/Small boat facility – Mid Yell Sound – Some berthing space but no landing facilities. Satisfactory state of repair with no significant development planned in general port facilities. Also being considered as part of internal transport review.

Burravoe (Community Owned Pier) – Mid Yell Sound - Limited draught and entry/exit weather restrictions. No known developments planned.

Port of Sullom Voe / Sella Ness – Mid Yell Sound – Tanker Jetties, Tug Pier, Pollution Pier and Construction Jetty – Fully occupied by Sullom Voe tugs, pilot launches, mooring boats, work boats and pollution response craft and accommodation barge. Satisfactory state of repair, cathodic protection planned as part of core maintenance programme although some uncertainty about medium / long-term maintenance options for the Tug Jetty. Also under review through the Port of Sullom Voe strategic review process.

Toft Fishing Pier – East Yell Sound - when operational had 66m of berthage and a berthing depth of up to 5m. It was originally built in 1951 for the Yell Ferry Service and was rebuilt in 1971 with the current sheet pile structure. Ferry Service use stopped when the new ferry terminal was built alongside c2005. Since then it has continued to be used regularly by a number of shellfish boats and occasional other ad-hoc users. While it has had occasional safety and repair works it has had no major maintenance. Access to the pier was restricted to pedestrians in 2014 and closed to all users in December 2016 as there are now holes in the pier deck and infill is washing out of the steel piling.

Toft Ferry Terminal - East Yell Sound – Linkspan and breakwater serving the mainland end of the Yell Ferry Service. No general port facilities, also part of the Internal Transport review.

Setters Ness, Lunnaness – East Yell Sound - Greigs Seafood Aquaculture Shore Station – Fully occupied by Salmon farm vessels. No known developments planned.

Ollaberry Pier – Mid Yell Sound – (Private) Old stone pier with little berthage and little to no maintenance. No known developments planned.

North Roe Pier – North Yell Sound – (Private) Small pier very occasionally used by small fishing vessels/pleasure boats but with most preferring to use Collafirth. No lift capacity. No known developments planned.

Gaza Pier – Mid Yell Sound/Sullom Voe – (Private) – Built for the potential export of rock from the Sullom Quarry. Now in poor state of repair and access closed.

Whale Firth (Head) – West Yell – (Private) Large pontoon approximately 60m long and pier approximately 30m long primarily used by small fishing vessels. No heavy lift capacity. No known developments planned. 5m depth in the centre of the channel allows for good access to the berth.

Mid Whale Firth, Grimister - West Yell (Private) - Aquaculture shore station fully occupied with aquaculture vessels. No known developments planned.

Southlaide Voe – North Yell Sound – (Private) Small pier with limited access from land. No known developments planned.

Mossbank Pier – East Yell Sound (private) - Small pier with limited access from land. No known developments planned.

2.7 Recent usage of Toft Pier

Income and expenditure relating to Toft Pier over the last few years has been as follows:-

	2013/14	2014/15	2015/16	2016/17	2017/18 Apr to Oct Only
	£	£	£	£	£
Annual Dues	(372)	(881)	(964)	(772)	(830)
Shellfish/ Salmon Landing Dues	0	(475)	0	(2,864)	(1,896)
Wharfage/ Storage Charges	(2445)	(5,351)	(3,001)	(4,536)	(3,062)
Pleasure Craft/ Commercial Shipping Dues/ Others	0	(1,659)	0	(71)	(12)
Sub-total Income	(2,817)	(8,366)	(3,965)	(8,243)	(5,800)

Employee Costs	0	621	575	665	337
Repair & Maintenance	2636	7491	9213	131,673	16,946
Management Costs	4966	4866	71	0	0
Sub-total Expenditure	7,602	12,978	9,859	132,338	17,283
Net Total	(4,785)	(4,612)	(5,894)	124,095	11,483

Over a number of years, there has been very limited expenditure and modest income at Toft Pier. Costs rose considerably with the installation of a hired in temporary pontoon structure as a reaction to the requirement to close the pier deck in November 2016 due to its state of deterioration.

2.7.1 Caught Shellfish Landings and Income

Over recent years, some five or so inshore shellfish boats have used Toft Pier regularly to land their catches; in addition, there are other less frequent users.

From figures published by the Marine Management Organisation, the value of caught shellfish landed at Toft over the last few years was:-

	Crabs £	Lobsters £	Scallops £	Squid £	Whelks £	Total £
2014	11,000	2,000	305,000	3,000		320,000
2015	43,000	3,000	458,000		3,000	507,000
2016	1,000	3,000	470,000	4,000	14,000	491,000

There is evidence to suggest that the Council's income from landings could have been higher had landing charges been levied on a different basis and recovery activity had been more effective.

The main reason for the low level of income was a combination of the Councils charging mechanism and some issues around declarations and follow up on landings.

Under the Councils 2014/15 Harbour Dues all vessels under 15 gt were charged between £180 and £200 per annum for compound annual dues and all landings at Council owned piers, if they purchased an "Annual Fishing Disc".

That meant that the five boats that regularly used Toft Pier legitimately paid less than £1,000 between them for their whole year's berthings and landings, regardless of the volume and value of catches.

The "Annual Fishing Disc" arrangement was restricted to 5gt in 2016/17 dues, however it is not clear that the larger vessels fully declared their catch values for that year to the Council.

Those historic arrangements for low cost "Fishing Discs" without any declaration of activity, capped income at a low level. They also meant there was no mechanism for the Council to confirm directly the volume of activity at any pier, and no way of tracking the value generated for the wider Shetland economy.

From this year (2017/18) harbour charges have been revised to 2% ad valorem for all shellfish landings from small inshore boats (under 15m) and formal arrangements have been agreed and signed off with those small boats to fully declare landings through their agents or directly. Monitoring of compliance with these arrangements continues, but early returns show encouraging progress.

The MMO figures give an annual "Benchmark" potential income from shellfish landings at Toft of approximately £10,000 per annum (2% of £500,000) if landings continued at recent levels and dues on all landings were fully paid.

2.7.2 Salmon Aquaculture

There has also been historical use of Toft by both mussel and salmon farmers, particularly by those located in the area at the east end of Yell Sound. However, that has ceased in recent years due to the deteriorating state of the pier. Vehicular access to the pier deck was restricted in 2014 due to a partial collapse and all main deck access removed in 2016.

Salmon are harvested either by "live haul" of living fish by wellboats direct to the processing facilities, or "dead haul" of fish killed on site and then transported to the nearest suitable pier, where the fish are taken to a processing facility by trucks.

Since Toft Pier deck closure, attempts have been made to use the back of the Ferry Pier at Toft to land "dead haul" harvested salmon, however this has proved somewhat awkward due to the quayside height and the fendering arrangements. A reinstated Toft Pier would be capable of supporting "dead haul" operations better and would be very convenient for east Yell Sound production, with 15 minutes vessel steaming time as opposed to 2 hours plus to Lerwick.

There has been a significant shift in harvesting strategy in the past year by some producers from “live” to “dead” haul for a number of reasons. In the first six months of this financial year an additional 2,500 tonnes of Salmon / estimated value over £10m, which in previous years would have been “live hauled” by wellboat, have been “dead haul” harvested over Shetland Islands Council piers. This additional activity has generally been on the West side of Shetland so far and has resulted in an additional £35,000 landing dues.

It is uncertain at this time whether this change in harvesting strategy will extend further, however this possibility is examined within the economic case for the evaluation of Toft Pier options.

Salmon farming also depend on small boats to provide site support services. Feed provision through larger vessels and periodic fish management activities such as lice management typically utilises larger vessels. Small salmon farm vessels tend to work from private shore stations, the larger vessels need deeper berthing facilities.

2.7.3 Mussel Aquaculture

Mussel farming also depend on small boats providing site support services and larger vessels for harvesting operations. Again, the smaller vessels typically operate from private shore stations but the bigger boats require deeper berthing facilities.

There had also been historical use of Toft by mussel producers, the original pier deck failure in 2014 involved a forklift truck involved in mussel operations. However, their usage has also largely stopped since vehicular access to the pier deck was restricted.

2.7.4 Review of Sullom Voe Harbour Area Zoning

The Shetland Salmon Farmers Association and the Shetland Shellfish Association asked the Council to reconsider the exclusion of aquaculture from the Sullom Voe Harbour Area during the recent Local Plan consultation exercise.

The Sullom Voe Harbour Area covers most of Yell Sound and both bodies feel the current restrictions should be re-evaluated in light of reducing tanker movements, as there is potential for the expansion of aquaculture in this area.

Ports and Harbours currently reviewing the Harbour Area from a marine navigation perspective. Initial results of this review would indicate that there are areas of sea

where other activity could now be possible without adversely affecting tanker navigation.

The next step would be consultation with a key stakeholders to determine how further stages of the review should be progressed which could include the evaluation of potential demand for shore infrastructure should additional activity be allowed.

It is uncertain at this time whether this change will occur, however this possibility is examined within the economic case for the evaluation of the Toft Pier options.

2.7.5 White Fish

The opportunity to use Toft Pier by white fish vessels has also been very limited since vehicular access stopped in 2014. Before that, landings for consignment did occur from time to time, as did engineering and other ad hoc services and works.

There was a £10,000 landing value of cod between Collafirth and Toft indicated from the MMO 2016 figures, which might reflect an emerging inshore fishery, which is now becoming of some significance in other areas around Shetland. MMO figures show that a total of c£400,000 of white fish has been landed in Shetland by boats under 10m in the first 8 months of 2017, a breakdown of that by pier is not currently available.

2.7.6 Port of Sullom Voe contingency use

The Sullom Voe tugs use the Sellaness Tug Jetty for berthing and operations. This jetty is currently being investigated to determine what works will be required to ensure its operational life extend to 2050 and beyond. It is possible that significant structural works, which could take it out of service for an extended period, will be required at some point in the next few years.

If that were the case, then alternative berthing arrangements at a pier with sufficient depth would be required, 6m+. The Sullom Voe Construction Jetty has some capability but a redeveloped Toft Pier would provide a further contingency to secure the continuity of oil exports from SVT.

2.7.7 – Marine renewables

There continues to be potential for marine renewable development in Yell Sound as it is a high tide flow resource. Discussions are ongoing between Ports & Harbours,

Development Services and other stakeholders to determine how that potential can be quantified better.

2.7.8 Other Users / Potential Users

Other business users of the port include Shetland Crab at Ronas Voe, and QA Fish to collect shellfish, with some occasional use by engineering service firms, haulage, and fuel suppliers on a very ad-hoc basis as pier access is very constrained.

Interest has been indicated recently in the establishment of a possible net services facility located at Toft, which would provide services to the salmon industry including possible expansion into cage construction. Both service areas would generate activity across a suitable pier and benefit from its presence.

Potential also exists for the consideration of ice and fuel services if the number and nature of users expanded. Salmon harvesting and white fish landing both require significant ice supplies and all marine vessels require fuel-bunkering services.

Marine survey work is required from time to time on the pipelines coming in and out of SVT and a redeveloped Toft Pier would be a convenient working location for vessels involved in that activity.

Recreational use does not generate much in the way of harbour charges at Toft Pier however there is clearly some activity in the neighbouring area as indicated by the small boats at moorings and the private pontoon. A sea angling / tourist charter business has recently been established in the area with the intention of operating from Toft if possible.

A number of these areas have development potential, but will require further work to clarify their likelihood and possible impact, including any impact or requirements at Toft Pier. That work would be progressed in parallel with the development of any full business case.

2.8 Main Risks

All the technical options identified are relatively straightforward marine construction activities. Capital cost estimates, timescales and long-term revenue cost implications can be projected from a wide range of previous projects of a similar nature. Detailed technical or operational risks associated with any specific option will be identified and managed during later stages of any implementation project.

The Council continues to monitor carefully the risk of operating the current Toft pier interim arrangements for the requirements of the Port Marine Safety Code and other legislative compliance. This monitoring regime is expensive in itself and has already determined that these interim arrangements have a very limited lifespan before they will also have to be withdrawn.

Risks of uncertainty about the nature of likely future usage and business volumes seem to have prevented decisions being taken by the Council relating to Toft Pier in recent years. The options considered in this Business Case are essentially the same as those reported to Council in relation to Toft Pier since 2014.

The evidence assembled in this Outline Business Case and the “Better Businesses Cases” process in general should now help deliberations reach a conclusion on the way forward.

Risk	Risk Management Actions
A perception that the Council's overall investment objectives for small piers / ports / harbours lack some clarity which could complicate or tend to delay decision making.	<p>Clear proposals regarding investment objectives have been set out in the Ports & Harbours Strategic Overview recently considered by Committees.</p> <p>These have been built into this Outline Business Case to help present a clear explanation of why various options could be pursued and what the consequences are likely to be.</p>
Evidence and anecdotal opinion about the historic, current and projected usage of Toft Pier (and other small piers) are conflicting, this could complicate objective decision making.	<p>The most realistic estimates available have been used in this Outline Business Case with appropriate caveats and sensitivity ranges applied.</p> <p>Further action is being taken to enhance the robustness of these estimates in the work Ports and Harbours is doing on 2018/19 Harbour Charges.</p>
Without a decision on the preferred way forward safety, technical, commercial and planning uncertainties remain unresolved.	The balance of risks between active decision-making and further information gathering needs to be recognised and managed appropriately.

Risk	Risk Management Actions
Without active decision-making the lose / lose scenario of makeshift arrangements of the sort presently in place which result in economic loss to the businesses and financial loss to the Council continues.	The assembly of the best evidence available in this Outline Business Case will assist in decision-making.

2.9 Constraints and Dependencies

2.9.1 Usage data and Income recovery

The lack of detailed and dependable data on usage of this, and other small piers, over a number of years has hampered decision making regarding significant investment.

Even if the Council decided that it wanted to provide services at small piers free of charge, then it would still have to understand usage and value before it could demonstrate best value in any investment.

Usage and income from the Council's bigger ports, i.e. The Port of Sullom Voe, Scalloway and Cullivoe is very well understood and fully recovered. There is no fundamental reason why that cannot be the same at small ports.

Actions to improve this situation have been implemented as part of the 2017/18 revision of Harbour Dues and communication and consultation with harbour users will continue over the coming months as these are bedded in.

All Council services are required to undertake a comprehensive review of their charges and charging policies through the "Charging Framework Report" approved by Council in October 2016. Ports and Harbours have undertaken that process and have reported further proposals as part of Harbour Charges for 2018/19.

There is widespread understanding and acceptance across harbour users that fair and transparent charges for the use of valuable services for their provision, maintenance and investment in, by commercial operators is right and proper. It is a matter of designing and implementing those usage monitoring and charging regimes effectively to resolve this issue. Ports and Harbours are committed to working to achieve that.

2.9.2 European Maritime and Fisheries Funding

Pier development works to support fishing and aquaculture can apply to receive grant funding up to 50% from the European Maritime and Fisheries Fund (EMFF). Initial enquiries have confirmed that the sort of works proposed to rebuild Toft Pier would be within scope for that funding, although a robust business case and tender returns would have to be presented before any grant could finally be determined. A demolition and removal project would not be eligible.

EMFF funding is pot limited and time bound, last round for bids will be early 2018 and all eligible works will have to be completed by the end of 2020. Therefore any application and project would have to progress as promptly as possible once a decision has been made on a preferred option.

If redevelopment of Toft Pier is endorsed as the preferred option then delegated authority to submit an EMFF application will be sought at the same time.

2.9.3 Other External Public Funding

It not clear at this time whether there are any other sources of external public funding which could be accessed for investment at Toft. That matter will be pursued further with colleagues within the Council and elsewhere. It will be easier to target that research when a preferred way forward has been identified for further business case development.

2.9.4 Commercial or Community Partnerships

It is also uncertain at this stage whether a commercial or community partner could become engaged in a future development or operation of the Toft Pier or associated facilities. There are a number of successfully operated small commercial piers, mainly associated with aquaculture. There are also a number of successful community piers, e.g. Voe or Skeld.

Those enquiries and any subsequent discussions would also continue during the further full business case development process.

3 The Economic Case

This section documents and evidences that the most economically advantageous alternatives for the Council and wider economy as a whole have been considered and evaluated with appropriate consideration of risk.

3.1.1 Critical success factors

The critical success factors (CSFs) in this Outline Business Case have been aligned with the investment objectives previously described.

- 1 - All services and facilities the Council provides to the community must be of good quality and resilience. i.e. safe and fit for purpose, meet reasonable customer expectations and reasonable community aspirations and be able to cope with changes to legislation, technology and expectations etc. (effectiveness).
- 2 – Support businesses (existing and/or new) to be more competitive by helping improve quality, reduce costs, improve access to new product lines or markets, take opportunity of increased volumes etc. (economy).
- 3 - Any investment of public money on behalf of the community must be done as efficiently as possible in value for money terms; whole life costs and impacts etc. so that best value is obtained in all areas. (efficiency).

3.1.2 Alternative ways forward and short list of options

There have been a number of reviews and reports on the issues and options around Toft Pier over the years, notably in 2014 when a socio-economic impact assessment of small piers was undertaken by local independent consultants and reported to Council.

While no action resulted from these reviews and reports, together they formed a body of strategic option appraisal information which this Outline Business Case has drawn on.

From that information and subsequent research and analysis, the following main ways forward have been considered:

- Alternative 1 – do nothing at any of the existing small piers and harbours in the Port of Sullom Voe Harbour Area / Yell Sound other than the maintenance actions already planned.

- Alternative 2 – dispose of or demolish the Toft Pier and seek ways to accommodate the activity there by reorganising and/or enhancing facilities elsewhere.
- Alternative 3 - reinstate some, all or extended pier facilities at Toft.

These alternatives essentially frame the “long list” for options and the analysis below established six “short list” options which this Outline Business case assesses.

Alternative 1 – do nothing beyond existing maintenance plans

(This is in effect being implemented as a stopgap in respect of Toft Pier until some other medium / long-term decision is made.)

Option 1 - Due to the state of deterioration all public access to the main deck of Toft pier has now been restricted completely. Relatively soon mooring equipment, fenders and ladders will have to be removed, and permanent signage and barriers erected unless an alternative way forward is adopted.

An interim pontoon arrangement has been rented to allow some berthing and access for small fishing craft alongside the inside face of the pier. That however does not provide very straightforward loading or unloading to or from vehicles.

Ultimately, this arrangement cannot be a viable long term option as it is inevitable that further emergency works would be required on an ad-hoc basis when the pier structure collapses further. Eventually that will also require the current interim berthing facility to be removed on safety grounds and the pier closed completely.

Alternative 2 – remove Toft Pier and seek alternative provision at existing piers

Option 2 – If the Toft Pier can no longer fulfil a useful purpose that justifies its cost then it should be considered for removal. Practically this would have to be done through demolition. There is no identifiable interest from any other party in acquiring the existing Toft Pier given its deteriorated state. It would seem unacceptable for the Council to allow it to decay slowly over a long period of time as a hulk, given the Council’s environmental management and other safety obligations.

Apart from Toft Pier, the Council owned small harbour and pier facilities within the Sullom Voe Harbour Area / Yell Sound (Ulsta, Toft Ferry Pier, Collafirth and the Port of Sullom Voe) are generally in a satisfactory condition. There are also provisions in

the Council's core pier maintenance programme for cathodic protection, periodic refendering and other works to ensure that continues.

Both Collafirth and the small boat facilities at the Port of Sullom Voe are already congested and do not have obvious space for the permanent relocation of any further vessels for berthing, and in particular access to small boat landing facilities. Neither Toft Ferry Pier or Ulsta Ferry Terminal have provision for landing of catches or product.

There are no development plans under current consideration and no obvious opportunities for low cost expansion at neighbouring Council owned ports. The likely cost of adding significant additional berthing or landing space at Collafirth or the Port of Sullom Voe would be of a similar order or higher than the estimated costs of Toft Pier reinstatement.

These other Council piers are also less favourably located for access to the east Yell Sound scallop beds, the main fishing grounds of the Toft based boats, and for any east Yell Sound aquaculture activity. Boats would face extra costs to steam to either, in terms of additional fuel, and increased dead time, 1-1 1/2 hours extra each way.

The highest value fishery landing at Toft is currently scallops, this is regulated by the Shetland Shellfish Management Order (SSMO). Those management arrangements only allow fishing between 6.00 am and 9.00 pm therefore additional steaming time to and from the grounds either reduces fishing time or extends the working day.

There are also potential negative safety impacts travelling to and from other more distant piers both in terms of weather conditions when crossing strong tide conditions and crossing the tanker and other traffic navigation channels.

The other community or private piers and harbours on Yell Sound would not appear to offer many straightforward development options either. The active locations at Ulsta Marina, Burravoe and Settersness are either operating at capacity or have significant draught and landing restrictions. The other locations are now very infrequently used and have very limited or very old infrastructure.

Again the likely cost of adding significant additional berthing or landing space at any of these would be of a similar order or higher than the estimated costs of Toft Pier reinstatement, notwithstanding the complications of ownership and operation.

Full demolition and removal would also remove the breakwater action of the existing pier for the private pontoon and small boats anchored further inside Toft Voe. It is difficult to be precise about the ultimate impact of that as the effectiveness of the pier as a breakwater is only partial in any case, however it would clearly be negative.

Option 3 – As an alternative to demolition and complete physical removal, it could be possible to convert the remaining structure to a permanent breakwater by collapsing the existing structure and covering it on both sides with rock armouring.

This would have the same effect on fishing effort as removal, but would retain the sheltering action of the basic structure.

Alternative 3 – Reinstate some or all of the facilities at Toft pier

A number of options for the reinstatement of Toft Pier have been developed over time, there have been a number of discussions with users and ideas. Most of these options have been previously reported to the Council in various forums without conclusions being reached.

Options for partial / full reinstatement of Toft Pier

Option 4) Repair the inner quay face and rock armour the outer face

Option 5) Encapsulate the old pier with a new structure of similar size and shape

Option 6) Encapsulate the old pier with a new structure of extended size and shape

Further Analysis of the Short List

3.2 Economic appraisal

This section provides an overview of the main costs and benefits associated with each of the short list options. It includes an analysis of;

- quantifiable costs and benefits (both Council only and wider Shetland economy);
- qualitative costs and benefits, and;
- risks.

3.2.1 Quantifiable Costs

Costing assumptions

- One off costs for construction – Estimated costs of one off works – demolition/ construction from Ports & Harbours and Capital Projects marine engineering specialist staff and discussions with relevant contractors involved in similar recent construction / demolition works.
- Annual running costs – Estimated costs of operation and maintenance – analysed from component costs and benchmarked from costs of similar piers in Shetland.
- Calculation period– 50 years, the expected lifespan of a modern pier built to good quality standards and well maintained.
- Costs at other locations – No practical development or rationalisation opportunities have been identified at the other small piers within the Sullom Voe Harbours Area (Collafirth & Sellaness), at the Ferry Terminals (Ulsta & Toft) or at the private piers and jetties in the vicinity, Burravoe, Setters Ness, Ollaberry, North Roe, Gaza, Whale Firth or Southlaide Voe. Therefore no costs of development in these locations have been included in estimates. Should removal of all service at Toft Pier be the ultimate decision it is likely that some additional cost at Collafirth and/or Sellaness would have to be re-visited.

Option 1 – Close Toft Pier and Install a Temporary Pontoon

This is the de-facto option being implemented at the moment, it cannot however continue indefinitely as further deterioration in the pier is inevitable.

Berthing Length	: 30m (pontoon)
Berth Depth	: 3m
Deck Area	: 30m x 5m on pontoon
Lift Capability	: None

Council costs - There would be an ongoing requirement to monitor and manage the structure from an environmental and health and safety point of view. Survey work, fencing off the pier and installing the pontoon cost £50k for initial works. Annual cost of pontoon rental is £30k per annum.

- Pontoon costs are £30k per annum
- Regular survey and further emergency actions - £15k per annum
- Insurance premiums, rates and Crown estate charges would continue to be payable in some form, albeit at a possibly reduced rate if non-operational, c£5k per annum.
- Total £2.5 m over a 50 year lifespan (£50k per annum) although this option could not possibly be sustained for the medium / long term.

Some Council income and wider commercial income associated with wild shellfish catching will continue although the level of usage at Toft is uncertain given the limited berthing and landing facilities.

Council income and wider commercial benefits from other activity will not happen under this arrangement as the interim pontoon facilities only provides a service for small fishing boats.

As previously stated this arrangement cannot be a long-term solution as it is inevitable that further emergency works would be required on an ad-hoc basis as the pier structure collapses further. Eventually that will also require the interim berthing facility to be removed on safety grounds.

Option 2 – Demolish and Remove Toft Pier

To demolish the Toft Pier structure would entail removing the deck and infill from inside the sheet piled box, which would then be cut at seabed level and removed in sections.

Berthing Length	: 0m
Berth Depth	: 0m
Deck Area	: 0m
Lift Capability	: None

Council costs - The estimate for this option is in the region of £600k for the demolition works and no ongoing cost once that is complete. Income from harbour dues would become zero.

This is derived from discussions with the local contractor involved in demolition of the Shell pier in Lerwick recently, so has good currency.

Wider costs – An increase of time and fuel costs for affected vessels has been estimated as longer steaming times would be required to and from some fishing grounds.

Council income and wider commercial income associated with wild shellfish catching would be expected to reduce. Some activity would be expected to displace to other Council piers where they are the only option for continued fishing.

There is limited relocation space available and all relocation alternatives involve significant additional steaming time to and from the grounds normally fished from Toft.

Council income and wider commercial benefits from other activity could not happen under this arrangement as there would be no facilities.

Option 3 – Fully Convert Pier to a Breakwater

Convert the remaining pier to a permanent breakwater by collapsing the existing structure and covering it on both sides with rock armouring.

Berthing Length	: 0m
Berth Depth	: 0m
Deck Area	: 0m
Lift Capability	: None

Council costs - The estimate for this option is in the region of £500k for the collapsing and armouring works and an estimate cost of £2.5k ongoing cost as a breakwater may need to be lit, and some maintenance would be required.

Wider costs – An increase of time and fuel costs for affected vessels has been estimated as longer steaming times would be required to and from some fishing grounds.

Council income and wider commercial income associated with wild shellfish catching would be expected to reduce. Some activity would be expected to displace to other Council piers where they are the only option for continued fishing.

There is limited relocation space available and all relocation alternatives involve significant additional steaming time to and from the grounds normally fished from Toft.

Council income and wider commercial benefits from other activity could not happen under this arrangement, as there would be no facilities.

Option 4 - Rock armour outer face and repair inner quay face.

The inner quay face might be able to be repaired, utilising a combination of welded steel face panels, with a concrete infill behind although as time goes on the inner face may have deteriorated beyond the stage where this is feasible. This is similar to repair options used in Lerwick and Scalloway Harbours in recent years, albeit with piers in better condition.

The outer face of the structure has clearly deteriorated too far, and this repair option could not be completed there. A rock armour embankment could be installed, providing support to this side of the structure, however this would preclude berthing on the outside face.

Berthing Length	: 30m
Berth Depth	: 3m
Deck Area	: 40m x 10m
Lift Capability	: 5 tonne per sq metre

This option is estimated to have a capital build cost of £1.2m.

Annual costs of overheads, repairs and maintenance and services over the anticipated 50 year lifespan of a new pier of this scale would be expected to be in the order of;

- Revenue - Overheads: Insurance, rates, crown estate charges, electricity, water, inspection and general management - £8k per annum
- Revenue - Repairs & maintenance - Annual routine maintenance of electrics, deck, ladders, lights, safety equipment - £8k per annum.
- Capital - Full refender and larger items – £40k every 10 years
- Capital - Cathodic protection - £80k every 25 years
- Total £1m over 50 year lifespan (£16k per annum revenue costs plus £240k capital maintenance costs).

Council income and wider commercial income associated with wild shellfish catching would be expected to be close to the MS/SSMO benchmark as berthing and landing facilities would be adequate for the current shellfish boats.

Council income and wider commercial benefits from other activity would be very limited under this arrangement as the berthing and landing facilities are restricted to 3m and would often be fully occupied by shellfish boats.

Option 5 - Replace with new pier of similar size and shape.

To replace the existing structure with similar in the same position would entail removing part or all of the existing structure, and creating a new structure around the original footprint.

Berthing Length	: 80m
Berth Depth	: 3m inside – 5m outside
Deck Area	: 50m x 12m
Lift Capability	: 5 tonne per sq metre + heavy lifting pad

This option is estimated to have a capital cost of £1.6 million pounds.

Annual costs of overheads, repairs and maintenance and services over the anticipated 50 year lifespan of a new pier of this scale would be expected to be in the order of;

- Revenue - Overheads: Insurance, rates, crown estate charges, electricity, water, inspection and general management - £10k per annum
- Revenue - Repairs & maintenance - Annual routine maintenance of electrics, deck, ladders, lights, safety equipment - £10k per annum.
- Capital - Full refender and larger items – £50k every 10 years
- Capital - Cathodic protection - £100k every 25 years

- Total £1.3m over 50 year lifespan (£20k per annum revenue costs and £300k capital maintenance costs).

Council income and wider commercial income associated with wild shellfish catching would be expected to be at least at the MS/SSMO benchmark as berthing and landing facilities would be adequate for the current shellfish boats and additional space would be available.

Council income and wider commercial benefits from other activity could potentially increase somewhat under this arrangement, as there would be berthing and landing facilities beyond those occupied by shellfish boats for vessels up to 5m draught.

Option 6 - Replace with new pier of extended size.

Deeper and longer berthing facilities would be provided by adding a dog-leg at the end of the pier. This would also create better shelter from north-east wind and swell conditions on the inside faces of the pier.

Berthing Length	: 120m
Berth Depth	: 3m inside – 5m outside – 6m dog leg
Deck Area	: 70m x 12m
Lift Capability	: 5 tonne per sq metre + heavy lifting pad

This option is estimated to have a Capital cost of £2.4 million pounds.

Annual costs of overheads, repairs and maintenance and services over the anticipated 50-year lifespan of a new pier of this scale would be expected to be in the order of;

- Revenue - Overheads: Insurance, rates, crown estate charges, electricity, water, inspection and general management - £12k per annum
- Revenue - Repairs & maintenance - Annual routine maintenance of electrics, deck, ladders, lights, safety equipment - £12k per annum.
- Capital - Full refender and larger items – £60k every 10 years
- Capital - Cathodic protection - £120k every 25 years
- Total £1.5m over 50 year lifespan (£24k per annum revenue costs and £360k capital maintenance costs).

Council income and wider commercial income associated with wild shellfish catching would be expected to be at least at the MS/SSMO benchmark as berthing and

landing facilities would be adequate for the current shellfish boats and additional space would be available.

Council income and wider commercial benefits from other activity could potentially increase significantly under this arrangement as there would be berthing and landing facilities beyond those occupied by shellfish boats and berth depths would be increased to the point where they could accommodate the larger aquaculture support vessels, up to 6m draught.

3.2.2 Summary of Quantifiable Costs for each option

The following is a summary of the total costs to the Council for each of the options:

	1 - Current	2 - Demolish & Remove	3 - Breakwater	4 - Repair & Armour	5 - Rebuild	6 - Rebuild & Extend
Estimated Capital Cost	£0	£600k	£500k	£1.4m	£1.9m	£2.8m
Estimated Annual Revenue Cost	£50k	£0	£2.5k	£16k	£20k	£24k

3.3 Estimating benefits

The benefits include the direct benefit to the Council in terms of income and the wider economic benefit to Shetland and beyond.

It is recognised that there are both quantitative and qualitative benefits from the options being considered, as separated below:

The wider benefits associated with each option were identified during discussions with the stakeholders in order to ascertain a full picture of the future options for the facility, consultation was undertaken with a number of stakeholders and interested parties.

The benefits identified fell into the following main categories.

Benefit type	Direct to Council	Indirect to Wider Community / Organisation(s)
Quantitative (or quantifiable)	<p>Low capital cost</p> <p>Reduced revenue expenditure</p> <p>Increased income from harbour charges</p>	<p>Reduced or avoided producer costs and time in shorter steaming times etc.</p> <p>Additional income to primary producers from maintained / increased catches</p> <p>Resultant multiplier in Shetland economy for that increased economic activity</p>
Qualitative (or non-quantifiable)	<p>Resolution of obligations and liabilities around a degrading item of Council infrastructure.</p>	<p>More secure and suitable berthing and landing facilities at a convenient location.</p> <p>Maintain or enhance community infrastructure.</p> <p>Continued potential for additional commercial or social activity.</p>

3.3.1 Quantifiable Benefits

These are benefits which can be measured and take account of all wider benefits to the UK, not just benefits to Shetland or the Council. It is recognised that not all benefits can be expressed in monetary values but as far as possible a monetary value has been given to benefits in order to enable a comparison between options to be achieved.

The main quantifiable monetary benefits that have been identified in discussion with Council staff, current and potential users and industry bodies are as follows:

- Income to the Council from harbour charges on usage and landings which would not otherwise have been obtained.
- Income to fishing vessels from landings they would not have made otherwise.
- Reduction in time and fuel costs of users steaming to and from other harbours.
- Income to companies engaged in aquaculture or other industries they would not otherwise have made, and/or costs saved.

Council Income

Harbour dues for shellfish landed at Council ports by vessels under 15m complying with the Council's landing declaration requirements is 2% of gross value. For wild shellfish landings the remaining 98% is shared between the boat and any other direct service providers.

Shellfish landing figures are based on MMO "benchmark" shellfish volumes at Toft over recent years and values and estimated reductions / increases in catch.

The estimates for other potential commercial activity and associated income are a combination of;

- Historical activity from the White Fish / Salmon and Mussel farming sectors which used Toft Pier prior to the restriction of vehicular access in 2014 and all deck access in 2016, and;
- Potential activity from expanded and extended inshore fisheries; increased salmon and mussel farming in Yell Sound and changes to Salmon management activities such as live fish washing and harvesting methods.

It is difficult to estimate precisely what level of activity would arise from reinstated pier facilities at Toft. Recent income levels at other similar sized piers around Shetland such as Cullivoe, Walls, Uyeasound, Baltasound, Mid Yell and West Burrafirth are listed below, the ranges are the levels achieved at individual piers;

- White Fish Dues – c£1,000 to £50,000 per annum
- Farmed Salmon Dues – c£10,000 to £90,000 per annum
- Farmed Shellfish Dues – c£500 to £1,000 per annum

- Storage Dues – c£2,000 to £25,000 per annum
- Wharfage Charges – c£1,000 to £2,000 per annum

Clearly there is a wide range of income levels achieved depending on the detailed usage of facilities.

Toft is conveniently located for main east Yell Sound shellfish and aquaculture areas. Boats would need to steam an additional 1 to 1.5 hours to Collafirth, Sullom Voe or Symbister with consequent loss of fishing time and increased fuel usage.

While there is some opportunity for displacement it is quite difficult to model that in detail as the actual effect is complex and unpredictable. For the purposes of this aspect of the calculations below displacement has not been included.

3.3.2 Overview of potential Council income (£ per annum).

	1 - Current	2 - Demolish & Remove	3 - Breakwater	4 - Repair & Armour	5 - Rebuild	6 - Rebuild & Extend
Council Income – Shellfish Landings	£5,000	£0	£0	£10,000	£10,000	£10,000
Council Income – Other Activity	£0	£0	£0	£2,000	£20,000	£68,000

Council income from shellfish would be expected to at least match the MMO benchmark with a repaired or rebuilt pier.

Council income from other areas (white fish / aquaculture / other commercial activity) could rise significantly if the services offered meet customer needs. Evidence from other piers such as Cullivoe and Walls have indicated that £50,000+ per annum Harbour Charge income is achievable.

Other commercial activity has been estimated at c£20,000 per annum for a rebuilt pier through a combination of salmon, shellfish aquaculture, white fish and other marine support services ad-hoc usage. Those activities would require at least a rebuilt pier to allow the 5m berthing depths required.

To achieve this income level there would need to be an average of a visit per week by a larger aquaculture or whitefish vessel, loading, landing or otherwise utilising the Pier and contributing c£400 per visit. (50 x £400 = £20,000).

As examples;

- A white fish vessel landing a catch of 200 boxes would pay around £500 at 2.5% ad valorem landing dues assuming an average value of £100 per box.
- The landing of 20 tonnes of salmon would generate a charge of around £400 at landing dues of 20 per tonne.
- Landing 10 tonnes of mussels would generate a charge of around £100 at a landing charge of £10 per tonne
- Transfer of 12 salmon nets to or from a vessel would incur charges of around £300 at £26.09 per net.

The most significant potential income at Toft would be if it became a commercially attractive landing point for “dead haul” salmon harvesting. It is estimated that there are some 5,000 tonnes of salmon annually harvested on average from sites in the immediate Toft Pier area. This is based on a bi-annual production of c10 - 12,000 tonnes from those sites. If all of that harvest was landed across the Toft Pier that could generate up to an additional £100,000 per annum based on a 20 per tonne charge.

Should aquaculture be permitted within the Sullom Voe Harbour Area it is possible that significant new production could be established there. If it was possible to replicate the scale of other local sites then industry estimates indicate a further 10,000 tonnes bi-annual production could be possible.

For the purposes of this appraisal an assumption has been made that around 2,350 tonnes, some 45% of estimated existing annual production, could be attracted to Toft if suitable facilities were available; i.e. a rebuilt and extended pier of sufficient berthing depth, up to 6m, and length of berthing face capable of accommodating large salmon support vessels. That 2,350 tonnes of landings would generate c£47,000 per annum at £20 per tonne landing dues. If additional Sullom Voe Harbour Area production is realised then these volumes and values could be significantly higher.

Wider Costs/Savings and Benefits

3.3.3 Overview of wider costs/savings and benefits shellfish fleet (£ per annum).

	1 -	2 -	3 -	4 - Repair	5 -	6 -
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	Current	Demolish & Remove	Break water	& Armour	Rebuild	Rebuild & Extend
Cost / Saving to Shellfish Boats	£0	Extra fuel & lubes for 225 trips @ £15 each way = -£6,750	Extra fuel & lubes for 225 trips @ £15 each way = -£6,750	Saving of fuel & lubes for 150 trips @ £15 each way = £4,500	Saving of fuel & lubes for 150 trips @ £15 each way = £4,500	Saving of fuel & lubes for 150 trips @ £15 each way = £4,500
Value of Additional Shellfish Landings to wider economy	£0	Reduction of 10% of landing value = -£50,000	Reduction of 10% of landing value = -£50,000	Increase of 10% landing value = £50,000	Increase of 10% landing value = £50,000	Increase of 10% landing value = £50,000

With the current pontoon arrangements some of the regular shellfish boats still use Toft Pier some of the time.

Without any Toft Pier these shellfish boats will have to incur additional costs for fuel to make the longer trip to and from another port when accessing East Yell sound fishing grounds, (assumption of three boats, three times a week for six months of the year).

With a rebuilt Toft Pier the boats which have been displaced to other ports would be expected to return to Toft (assumption of two boats, three times a week for six months of the year).

Without Toft Pier shellfish boats will need additional time to make the longer trip to and from another port when accessing East Yell sound fishing grounds thereby losing fishing time and reducing overall catch.

With a rebuilt Toft Pier shellfish boats will not need to make the longer trip to and from another port when accessing East Yell sound fishing grounds thereby gaining fishing time and increasing overall catch.

3.3.4 Overview of wider costs and benefits for other sectors (£ per annum).

	1 - Current	2 - Demolish & Remove	3 – Break water	4 - Repair & Armour	5 – Rebuild	6 - Rebuild & Extend
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Costs / Saving to other sectors	£0	£0	£0	£0	Saving of fuel & lubes cost on 50 trips @ £30 each way = £3,000	Saving of fuel & lubes cost for 250 trips @ £30 each way = £15,000
Value of time savings to other sectors	£0	£0	£0	£0	Saving of 1.5 hours time for 50 trips each way @ £200 each = £20,000	Saving of 1.5 hours time for 250 trips each way @ £200 each = £100,000

Other sectors cannot really use the current pontoon arrangements at all, and would not have much usage of a pier with only a 3m internal berthing face which was often occupied by other users.

With a rebuilt Toft Pier offering 5m berthing other users (Aquaculture and other commercial) will have the opportunity to save additional time and costs for the fuel required to make the longer trip to and from another port. (Assumption of one visit per week across 50 weeks of the year).

With a rebuilt and extended Toft Pier offering berthing up to 6m activities like salmon harvesting will be possible and users would save the time and costs required to make the longer trip to and from another port. (Assumption of one visit per weekday on average across the year).

3.3.5 Summary of wider costs and benefits (£ per annum).

	1 - Current	2 - Demolish & Remove	3 - Breakwater	4 - Repair & Armour	5 - Rebuild	6 - Rebuild & Extend
Cost / Saving	£0	-£6,750	£-6,750	£4,500	£7,500	£19,500
Value of decrease / increase in activity	£0	-£50,000	-£50,000	£50,000	£70,000	£150,000
Total	£0	-£56,750	-£56,750	£54,500	£77,500	£169,500

wider costs / benefits						
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The table above draws together the estimated costs / benefits to the shellfish sector, and other sectors.

3.4 Net Present Value (NPV) Analysis

The detailed economic appraisals for each option are attached as Appendices.

3.4.1 – NPV Assumptions

- A calculation period of 50 years has been used based on the expected lifespan of a well-constructed and well-maintained modern pier.
- Capital costs for each option are taken from the cost estimates described in section 3.2.1 and summarised in section 3.2.2.
- Revenue annual operating costs for each option are taken from the cost estimates described in section 3.2.1 and summarised in section 3.2.2
- Council estimated income for each option is taken from the income analysis described in 3.3.1 and summarised in 3.3.2.
- Estimated Wider Income / benefits for each option is taken from the potential usage analysis described in 3.3.3 and 3.3.4 and summarised in 3.3.5.
- Breakeven and 50 year NPVs for all options including Council and wider benefits are evaluated.
- 50% grant and/or other external funding is included for relevant options.
- A 3.5% discount rate is used across NPV calculations.
- NPV calculations have also been done with a +20%, optimistic scenario and a -20% pessimistic scenario as offsets from the realistic baseline for sensitivity analysis. (to be added).

3.4.2 - NPV Calculations over 50 Years (Baseline Realistic Cost / Income / Benefit Assumptions)

**(positive) /
negative
£000**

	Realistic
	£000
Option 1 - Current	
No Grant - Council Only	1,056
No Grant - Community Costs/Benefits Included	1,056
Option 2 - Demolish	
No Grant - Council Only	580
No Grant - Community Costs/Benefits Included	1,911
Option 3 - Breakwater	
No Grant - Council Only	542
No Grant - Community Costs/Benefits Included	1,873
Option 4 - Repair & Armour	
No Grant - Council Only	1,804
No Grant - Community Costs/Benefits Included	526
50% Grant - Council Only	1,002
50% Grant - Community Costs/Benefits Included	(276)
Option 5 - Rebuild	
No Grant - Council Only	2,037
No Grant - Community Costs/Benefits Included	219
50% Grant - Council Only	968
50% Grant - Community Costs/Benefits Included	(849)
Option 6 - Rebuild & Extend	
No Grant - Council Only	2,101
No Grant - Community Costs/Benefits Included	(1,875)
50% Grant - Council Only	497
50% Grant - Community Costs/Benefits Included	(3,479)

3.4.3 “Council Only” analysis of NPV results

All options have a negative NPV when only Council costs and income are considered, with or without grant.

Without any external funding, Option 3 - Collapse to Breakwater, closely followed by Option 2 - Demolish, have the least negative value over the 50 year period.

If 50% external funding was obtained for the capital build costs then the Option 6 - Rebuild & Extend becomes the least negative ahead of Option 3 - Collapse to Breakwater, from a Council only perspective.

3.4.4 “Wider Shetland Including Council” analysis of NPV results.

All rebuild options (Options 4, 5 and 6) have positive NPV outcomes when wider Shetland, community and economic costs and benefits are included and grant funding is obtained.

Option 6 – Rebuild and Extend has a positive NPV with or without grant funding, Options 4 – Repair & Armour and Option 5 – Rebuild require grant funding to become positive.

Attempting to sustain the Current Arrangements, Option 1, Demolition - Option 2 and Collapse to Breakwater – Option 3 all result in very negative NPV calculations when wider costs and benefits are included.

3.4.5 Overall NPV appraisal ranking:

Without Grant	Council Only NPV Ranking	Including Wider Costs / Benefits NPV Ranking
1 - Current	3	4
2 - Demolish	2	6
3 - Breakwater	1	5
4 - Repair & Armour without grant	4	3
5 - Rebuild without grant	5	2
6 - Rebuild & Extend without grant	6	1
With Grant (where available)	Council Only NPV Ranking	Including Wider Costs / Benefits NPV Ranking

1 - Current	6	4
2 - Demolish	3	6
3 - Breakwater	2	5
4 - Repair & Armour with Grant	5	3
5 - Rebuild with Grant	4	2
6 - Rebuild & Extend with Grant	1	1

3.5 Qualitative Benefits

The potential benefits associated with each option are wider than those quantified by income generation; economic growth; job creation; leverage or exports.

The additional benefits associated with each option were considered during discussions with internal and external stakeholders including individual meetings and a questionnaire circulated around current and potential users.

The main qualitative benefits identified were;

- Resolution of obligations and liabilities around a degrading item of Council infrastructure.
- More secure and suitable berthing and landing facilities at a convenient location.
- Maintain or enhance community infrastructure and continued potential for additional commercial or social activity.

3.5.1 Qualitative Benefits Appraisal

The initial appraisal of the qualitative benefits associated with each option was undertaken by;

- Identifying the qualitative benefits relating to each of the investment objectives and allocating a weight to each benefit with reference to the relative importance attached to it by stakeholders;
- Scoring each of the short-listed options against the benefit criteria on a scale of 0 to 10, 0 not delivering any benefits to 10 delivering the greatest value of benefits. This was informed by the analysis by stakeholders of how that option would deliver against that benefit.
- Benefits scores were allocated and agreed by discussion to confirm that the scores were fair and reasonable.

The results of the qualitative benefits appraisal are shown in the following table:

Factor	Resolution of obligations and liabilities around a degrading item of Council infrastructure.	More secure and suitable berthing and accessible landing facilities at a convenient location for local marine activity.	Continued existing, with potential for additional, community / social activity.
Weight	2	3	1

	Score	Total	Score	Total	Score	Total	Overall
Current	0	0	5	15	2	2	17
Demolish	10	20	0	0	0	0	20
Breakwater	10	20	0	0	2	2	22
Repair & Armour	10	20	8	24	8	8	52
Rebuilt Pier	10	20	9	27	10	10	57
Rebuilt & Extended Pier	10	20	10	30	10	10	60

3.5.2 Qualitative benefits appraisal conclusions:

	Qualitative Benefits Ranking
1 - Current	6
2 - Demolish	5
3 - Breakwater	4
4 - Repair & Armour	3
5 - Rebuild	2
6 - Rebuild & Extend	1

3.6 Risk appraisal

As discussed earlier it would seem that there are a number of the overarching risks relating to this project; about perceived uncertainty about objectives, uncertainty about impact, usage and value and concerns about decision drift. The result of that has been a failure to determine a way forward in recent years. Those overarching risks are recognised and addressed by using an approach like the “Better Business Case” methodology.

3.6.1 Risk Appraisal Results

A workshop attended by members of the project team was held to identify the main practical risks and assess these for each option.

The following table shows those risks and their scores as assessed against their likelihood and potential impact as allocated from the participants’ judgment and assessment of previous projects.

Risk	Safety of operation and compliance issues		Technical feasibility		Underprovision below level of economic activity		Overprovision above level of economic activity		
	How would each option address PMSC and H&S issues?		How technically feasible is each option?		Risk that an option is insufficient to meet future demand?		Risk that an option is underutilised and persistently operates at a loss?		
	P x I	Tot.	P x I	Tot.	P x I	Tot.	P x I	Tot.	Total
1 - Current	5x3	15	5x4	20	5x2	10	1x1	1	46
2 - Demolish	1x1	1	3x3	9	5x4	20	1x1	1	31
3 – Break water	1x2	2	4x3	12	5x4	20	1x1	1	35
4 - Repair & Armour	1x3	3	5x3	15	4x3	12	2x2	4	34
5 - Rebuild	1x4	4	3x3	9	2x2	8	3x2	6	27
6 - Rebuild & Extend	1x4	4	3x3	9	1x1	1	4x2	8	24

P = Probability - 1 very Low to 5 Very High and I = Impact using the same scale.

3.6.2 Risk appraisal conclusions:

	Qualitative Benefits Ranking
1 - Current	6
2 - Demolish	3
3 - Breakwater	5
4 - Repair & Armour	4
5 - Rebuild	2
6 - Rebuild and Extend	1

On the basis of the assessment of these risk factors the rebuild options (5 & 6) score highest, they are technically feasible, resolve the safety and compliance issues and on balance the risk of some over-provision against need compared to under-provision is prudent when considering a one off project with a long working life.

Continuation of current arrangements (Option 1) is the most risky from a combination of safety, compliance, technical factors and it is a poor match to user needs.

3.7 Summary of Economic Appraisal Results

Evaluation Results	Council Only Cost / Income Ranking (without grant)	Council Only Cost / Income Ranking (with grant)	Wider Cost / Benefit Ranking (without grant)	Wider Cost / Benefit Ranking (with grant)	Qualitative Benefit Ranking	Risk Appraisal Ranking	Aggregate Points	Overall Rank
1 – Current	3	6	4	4	6	6	29	6
2 – Demolish	2	3	6	6	5	3	25	5
3 – Breakwater	1	2	5	5	4	5	22	3=
4 – Repair & Armour	4	5	3	3	3	4	22	3=
5 – Rebuild	5	4	2	2	2	2	17	2
6 – Rebuild & Extend	6	1	1	1	1	1	11	1

The preferred option overall for this project when taking into account Council costs and benefits, wider community and economic costs and benefits, qualitative benefits and risks is therefore Option 6, Rebuild and Extend.

Option 6 scores highest across all appraisal criteria apart from NPV calculations of Council Only Cost / Income without grant.

Option 4 - Repair & Armour and Option 5 - Rebuild both score lower on Council only income and cost calculations than the removal options, (2 & 3) but score higher on wider cost benefit and qualitative benefits. Repair and armour was also judged a more risky technical exercise than a Rebuild due to uncertainty about how much further the existing structure will have deteriorated by the time any works commence.

Option 2 - Demolition and Option 1 - Continuation of the current arrangements ultimately end up with a similar overall score. The limited benefits of the current facilities are exacerbated by their ongoing high cost and risk. The lower capital and revenue costs of removal are more than offset by the loss of both quantifiable and qualitative benefits.

3.8 Sensitivity Analysis

3.8.1 Sensitivity Overview

It is likely that there is much greater scope for variation in income levels, especially around the rebuild options, than there is in costs estimates. It will also be more straightforward to qualify costs further, i.e. additional engineering investigations, than it is to qualify future income projections.

Predicting future usage of a facility that has not been previously available over a 50 year future is very challenging. 50 years ago, in 1967, there was no oil and gas industry, no aquaculture, no roll-on roll-off ferries. Extrapolating existing data and trends is of course necessary and valuable for the short and medium term, but becomes a less and less dependable tool as time horizons extend.

Changes in the environment, technology, customer demands and general economic conditions can all affect demand and usage radically.

The table below lists some of the potential future developments and indicates whether they might create positive or negative effects around any Toft Pier usage. It does not seek to translate these into specific financial consequences but may help consideration of whether an “optimistic” or “pessimistic” scenario is likely.

Item	Possible future developments	Possible consequences for any Toft Pier project
Long term viability of main sectors	Aquaculture and fish catching should be sustainable through the long term.	Generally positive. This would mean core economic activity, which continues to require services, and continues to have sufficiently profitable business models to afford 0.5% – 2.5% charges for those services.
Emergence of new sectors	Tidal power generation remains a potential development sector.	Generally positive. Yell Sound is a strong tidal resource and any business development of scale will require service support.
Fundamental changes in technology, business methods or competition.	Aquaculture may tend to move “offshore” with larger units and support vessel requirements. Harvesting methods may change further between “live haul” and “dead haul” and preferred landing / packing destinations. Fish catching might move to “floating factory” processing or direct landing to mainland markets.	Uncertain. Technical development can require specific support requirements, which could outclass or bypass a small harbour. However moving beyond 6m berthing requires very specialised and expensive infrastructure, which would tend to restrict moves beyond that scale. It would also seem unlikely that the market premiums currently achieved for freshness via local landing will be replaced quickly by offshore processing.
Changes in legislation or political factors	Yell sound aquaculture exclusion may change in future. Developments around Brexit may create new quota and access arrangements for local fishing fleets.	Generally positive. The aquaculture opportunity of increased access to Yell Sound could be positive and in line with overall production increase national policy. Fish catching developments are thought on balance to be mostly upside. Increased access and quotas in surrounding waters generally, perhaps inshore in particular.
Environmental changes	Conditions for aquaculture production may change and location of fish stocks might move.	Uncertain. Although technical development of production and catching technologies may be expected to cope with any gradual environmental change.

3.8.2 NPV Sensitivity analysis

Formal NPV sensitivity analysis of options has been conducted using optimistic (costs are 20% lower, income 20% higher) and pessimistic (costs are 20% higher, income 20% lower).

3.8.3 “Council Only” sensitivity analysis of NPV results

Most options still have a negative NPV when only Council costs and income are considered, with or without grant under all scenarios.

Without any external funding, Option 3 - Collapse to Breakwater, closely followed by Option 2 - Demolish, continue have the least negative value over the 50 year period across all scenarios.

If 50% external funding was obtained for the capital build costs then the Option 6 - Rebuild & Extend becomes positive under the optimistic scenario, the only positive NPV from a “Council Only” perspective.

3.8.4 “Wider Shetland Including Council” sensitivity analysis of NPV results.

Rebuild options 5 and 6 continue to have positive NPV outcomes when wider Shetland, community and economic costs and benefits are included and grant funding is obtained. Option 4, Repair and Armour becomes negative under the pessimistic scenario.

Option 6 – Rebuild and Extend has a positive NPV with or without grant funding under all scenarios, Options 4 – Repair & Armour and Option 5 – Rebuild require grant funding to remain positive, and only does so under the optimistic scenario.

Attempting to sustain the Current Arrangements, Option 1, Demolition - Option 2 and Collapse to Breakwater – Option 3 all produce very negative NPV calculations under all scenarios.

3.9 Economic Appraisal Recommendation

Following cost benefit analysis, qualitative benefits analysis and risk assessment it is recommended that Option 6 - Rebuild and Extend is selected as the preferred option for Toft Pier.

Therefore, the Rebuild and Extend project for Toft Pier should be evaluated further by developing a Full Business Case.

That Full Business Case will allow costs and technical designs to be further analysed, potential usage and income to be investigated in more detail with key users and the opportunities for external funding to be better qualified.

That Full Business Case should include appropriate project plans, technical information and statutory consents sufficient to undertake relevant procurement and manage construction. It is also recommended that an application for funding support from the European Maritime and Fisheries Fund for the project is submitted.

The complete Full Business Case should then be reported through the Asset Investment Group for quality assurance and relevant Council Committees for final decisions on implementation.

4. The Commercial Case

4.1 Introduction

The purpose of this section is to describe how a deal for the preferred option could be procured and comment on the likely commercial appetite for such a deal and any associated issues.

4.2 Services required to deliver the preferred option

It is anticipated that the detailed design of a rebuilt and extended Toft Pier can be done by the Councils Capital Projects Service, in consultation with Ports and Harbours Engineering staff.

It is anticipated that the construction project would be capable of being undertaken by one of a number of local construction companies.

It is anticipated that project management services for procurement and construction can either be provided by Capital Projects or Ports & Harbours.

External assistance may be required to complete an EMFF application.

4.3 Potential for risk transfer

At this stage it would appear that the design, contracting and supervision of the works required to deliver this option would be most appropriately undertaken by Council officers. Construction works would be tendered for private sector competition.

The current assumption is that any remaining facility would continue to be owned and operated by the Council; however, there may be opportunities to investigate commercial and/or community participation during the full business case development process.

4.4 Personnel implications (including TUPE)

It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations 1981 – will not apply to this investment as outlined above.

4.5 Procurement strategy and implementation timescales

The procurement strategy for any construction or demolition activity would be through contracts placed following open tender with appropriately experienced companies.

It is likely that given the estimated budget that a fully EU compliant tender process will be undertaken under the relevant utilities regulations.

The preferred method of procurement will be finalised following advice from Capital Programme Service but is likely to be a Traditional Bill of Quantities / Lump Sum arrangement.

Assuming a Bill of Quantities / Lump Sum approach continues to be the preferred approach the construction project would be project led within the Council although consideration will be given to support from external architectural design and engineering advisors also appointed via tender if that is deemed necessary.

4.6 Accountancy treatment

Any construction project would result in the completed asset being held on the Council's balance sheet as a non-current asset under International Accounting Standard (IAS) 16 - Property Plant & Equipment and International Public Sector Accounting Standards Board (IPSAS) 17 - Property Plant & Equipment.

5.0 The Financial Case

5.1 Introduction

The purpose of this section is to set out the forecast financial implications of the preferred option, shown by the four scenarios outlined above.

5.2 Annual Income & Expenditure Implications:

The anticipated payment stream for the four scenarios over the 50 year life of the preferred option, Option 6 - Rebuild & Extend is set out in the following table:

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
	No Grant, Council benefits only	No grant, wider community benefits included	50% capital grant, Council benefits only	50% capital grant, wider community benefits included
	£000	£000	£000	£000
Expenditure	161	161	92	92
Income	(78)	(78)	(78)	(78)
Net Total	83	83	14	14

These are indicative costs and income and are described in the economic case section. These costs will be factored into the fees and charging structure within the Harbour Account.

5.3 Balance Sheet Implications

There will be an increase in the value of Long Term Assets of £2.4m and an increase in Long Term Liabilities for borrowing of £1.2m to £2.4m dependent on the achievement of grant funding.

5.4 Overall affordability

The proposed capital cost of the project is £2.4m with the possibility that up to £1.2m of this cost will be funded externally from EMFF. In line with the Council's Medium Term Financial Plan and Borrowing Policy, these costs would be funded by borrowing and would add to the Council's external debt.

Under the Local Government in Scotland Act 2003 there is a requirement that local authorities should adhere to The CIPFA Prudential Code for Capital Finance in Local Authorities. The Prudential Code seeks to concentrate primarily on ensuring that local authorities' capital spending plans are affordable.

The Council's approved Prudential Indicator for its authorised limit for external debt is to be updated in a mid year review to Council for authorisation in December 2017. If the review is approved, the authorised limit for external debt which should not be breached will be £98m, with the Council's existing external debt at £87m, , therefore this proposal would not breach the Council's authorised limit and is within affordable limits.

6. The Management Case

This section addresses the ‘achievability’ of the scheme by setting out the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.

6.1 Project Management Arrangements

The project will be managed in accordance with PRINCE 2 methodology.

Further details of project management arrangements will be developed through a Project Initiation Document prepared as part of the Full Business Case.

6.2 Outline Project Timetable

Milestone Activity	
Consideration of Outline Business Case by AIG and Council Committees	November & December 2017
EMFF application submitted (subject to choice of preferred option).	January 2018
Preferred option confirmed on Asset Investment Plan as part of budget setting processes	February 2018
Consideration of Full Business Case by AIG and Council Committees	March & April 2018
Works tendered and any EMFF grant award determined (subject to choice of preferred option).	May to December 2018
Works carried out	Spring / Summer / Autumn 2019
Works completed and any new structure in service (subject to choice of preferred option)	Spring 2020

6.3 Use of special advisers

Special Advisers

Specialist Area	Adviser
Financial	Finance Services
Technical	Capital Programme + External if required

Specialist Area	Adviser
Procurement and Legal	Capital Programme Service and Governance & Law Service
Business assurance	Ports & Harbours Operations
Other	Small Pier Users and other Key Stakeholders

6.4 Outline arrangements for change and contract management

The strategy, framework and plan for dealing with change and associated contract management will follow normal Council contract standards.

6.5 Outline arrangements for benefits realisation

Completion of the project will be managed by the Project Team reporting progress periodically to the Project Board who will update the relevant Council Services and Committees at least quarterly.

The main benefits that this project will deliver are set out in the table below along with targets and dates.

Following completion and commissioning, initial performance of the new arrangements will be monitored by Ports & Harbours through consultation and joint activity with operational management staff and key pier users.

The results of this monitoring will be reported to relevant stakeholders quarterly as part of performance reporting activity.

Description	Measurement	Target	Date	Cost
Commercial usage of the pier / Changes at other Yell Sound piers	Volumes and value of fish landed + other activity	Reach SM / SSMO benchmark + Additional activity	2020	£0
Council Income levels (Toft & other Yell Sound piers)	Income received	Reach SM / SSMO benchmark + Additional activity	2020	£0

Reduction in maintenance costs	Maintenance costs paid	Return to budget	2020	£0
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6.6 Outline arrangements for risk management

Further details of risk management arrangements will be developed during full business case evaluation.

6.7 Outline arrangements for post implementation review and post project evaluation

The outline arrangements for post implementation review (PIR) and project evaluation review (PER) will be established in accordance with standard Prince 2 practice.

6.8 Gateway review arrangements

All gateway reviews will be conducted using the agreed standards and format as set out in Shetland Islands Council - Gateway Process for the Management of Capital Projects - June 2016

6.9 Contingency plans

In the event that this project fails, the following arrangements will have to be put in place for continued delivery of the required services and outputs

While the detailed nature of contingency arrangements would depend on the particulars of why the project had stalled / failed, options include;

- Ongoing rolling repairs and ad-hoc actions to continue some operation at the Toft location, although that can only be for a limited time.
- Full withdrawal of services at Toft with further examination of any other local ad-hoc alternatives.

Signed: *John R Smith*

Date: *31st October 2017*

Acting Executive Manager Ports & Harbours

Stakeholder Consultation:

SIC Stakeholders;

- Ports & Harbours Service
- Finance Service
- Capital Programme Service
- Economic Development Service
- Estates Management Service
- Roads Service
- Planning Service
- Internal Transport Service
- Ferry Service

Other Public Sector Organisations

- Marine Scotland
- NAFC Marine Centre
- Shetland Seafood Quality Control
- Highlands & Islands Enterprise

User & Potential Users

- Shetland Shellfish Management Organisation
- Local Shellfish Boats
- Shetland Aquaculture
- Scottish Seafarms
- Cooke Aquaculture
- Grieg Seafoods
- Shetland Mussels
- Blueshell Mussels
- Delta Marine
- Swan Nets
- Ocean Kinetics
- LHD
- Shetland Fishermens Association
- BP SVT

- Total E&P

Community Organisations & Representatives

- Shetland North Ward Members
- Northmavine Community Council
- Delting Community Council
- Local Residents



Meeting(s):	Harbour Board	6th December 2017
Report Title:	Harbourmasters Report	
Reference Number:	PH-23-17F	
Author / Job Title:	Greg Maitland –Harbour Master Ports & Harbours	

1.0 Decisions / Action required:

- 1.1 That the Harbour Board resolve to consider the content of this report in its role as duty holder, and note that the necessary management and operational mechanisms are in place to fulfil that function.

2.0 High Level Summary:

- 2.1 Captain Trevor Auld is appointed as the designated person (HB Min. ref 29/12) provides independent assurance to the Duty Holder that the marine SMS for which the Duty Holder is responsible, is working effectively. Captain Auld's report is attached as Appendix 1.
- 2.2 4 incidents have been reported at Scalloway Harbour
- 2.21 On 9th August 2017, a Pilot on preparing to disembark from an outward bound vessel from Scalloway found the boarding arrangements were inadequate and did not comply with the provisions of SOLAS Reg. 23 Pilot Transfer Arrangements. The owners of the vessel have been written to and been advised that until adequate arrangements are put in place, that the vessel will no longer be provided with Pilotage Services. Owners have replied with a substantial set of plans to rectify the situation – these arrangements to be confirmed prior to calling at any SIC Ports or Harbours.
- 2.22 On 15th August 2017, Scalloway Small Ports Officers received a report of oil in the water in the West Quay area of Scalloway Harbour. On investigation they were unable to establish a source of a spill, but a light sheen was observed in the harbour. Sheen was monitored and dispersed naturally.
- 2.23 On 7th September 2017, Scalloway Small Ports Officers received a report of oil in the water in Scalloway Harbour. On investigation they were advised that a spill had occurred during the bunkering of fishing vessel Radiant Star LK-71. This was not reported by either the fishing vessel or road tanker (operated by LHD). Scalloway staff mobilised and used the Pilot Vessel to assist the natural dissipation of the oil. Letters have been send to both parties advising them of the need to report such events and that we are intending to recover our costs from responding to the incident. Meetings have been requested with LHD to check their procedures.

2.24	On 28 th September 2017, at Scalloway, a report was received that a forklift truck had collided with a door at the fishmarket causing damage, but no injuries. The forklift truck was being operated by an employee of Shetland Seafood Auctions. A report into the incident has been requested along with a meeting to discuss working practices.
2.3	A report on the towage fleet is attached as Appendix 2.
2.4	Overdue risk assessments are being addressed by review panel meeting scheduled for 6 th December 2017.
3.0 Corporate Priorities and Joint Working:	
3.1	<p>Effective Planning and Performance Management are key aspects of Best Value and features of “Our Plan”, the Council’s Corporate Plan 2016-2020.</p> <ul style="list-style-type: none"> • Our performance as an organisation will be managed effectively, with high standards being applied to the performance of staff and services. Poor performance will be dealt with, and good service performance will be highlighted and shared.
4.0 Key Issues:	
4.1	The bridging Document identified in the DP report is likely to be delayed due to EnQuest taking over the management of the terminal from BP – expected 1 st December 2017.
4.2	Radar system replacement – Xanatos/Marico continue with contract. Training system for VTS staff expected on site and operational by end of November 2017 and installation completed by end of February 2018. With only 1 radar operating at present, a risk to the service will remain until works have been completed.
4.3	Legal Service continue to work with officers from Ports and Harbours on changes required to the Sullom Voe Directions and Pilotage Directions.
4.4	<p>The Harbour Master attended the Scottish Cruise Summit in September to promote Shetland and follow up opportunities. Report Attached as Appendix 3.</p> <p>Ports & Harbours staff attended the Offshore Europe Exhibition in September to meet with various stakeholders in the oil & gas sector and to promote our facilities. Report attached as Appendix 4.</p> <p>Executive Manager & Harbour Master to attend Scottish Ports Group Meeting in Edinburgh in November.</p> <p>Harbour Master to attend UK Harbour Master’s Local Constituency Group Meeting in Edinburgh in November.</p>
4.5	The DP report highlights 53 overdue risk assessments. Under the current annual review period, these should have been reviewed by 24 th October 2017. However during the recent review of the Sullom Voe assessments it was agreed that the current mix of Navigational Safety and Health and Safety assessments in the Marnis system was both cumbersome and inappropriate. In addition the current risk assessment matrix was also felt to be unwieldy and a new matrix is currently out for consultation with users. A full review panel is required to make these proposed changes. Health & Safety assessments will be removed from the system, with a new matrix and database of assessments being created, while Navigational

Safety assessment will be converted to a new matrix. Of the 53 identified overdue assessments, these will be reduced to 35 with the removal of the Health and Safety Assessments and will be further reduced by an expected 25% by removing duplication.	
5.0	Exempt and/or confidential information:
None	

6.0	Implications : <i>Identify any issues or aspects of the report that have implications under the following headings</i>
6.1 Service Users, Patients and Communities:	That the SIC continues to provide a competent service to port users in line with the Service Plan.
6.2 Human Resources and Organisational Development:	Scalloway staff and shift arrangements under review for efficiency, customer focus and safety culture improvements.
6.3 Equality, Diversity and Human Rights:	None
6.4 Legal:	The Port Marine Safety Code states that organisations must develop, implement and maintain an effective Marine Management System (MSMS). The MSMS is intended to manage hazards and risks along with any preparations for emergencies and must be operated effectively and revised periodically.
6.5 Finance:	None
6.6 Assets and Property:	Assessment of Toft Pier interim pontoon arrangement carried out. Some remedial improvement of moorings and gangway carried out prior to winter.
6.7 ICT and new technologies:	None
6.8 Environmental:	A number of pollution incidents have occurred at Scalloway harbour in particular. A robust response is required to send a message to harbour users. Failure to do so may result in regulatory action.
6.9 Risk Management:	Failure to comply with the requirements of the Port Marine Safety Code could lead to regulatory action. Since the publication of the new Port Marine Safety Code and the Guide to the Port Marine Safety code, the Safety Management System (SMS) for ports and harbours is being reviewed and updated. The status of assessments may be taken

	into account by regulatory authorities when investigating any marine accident or incident. Depending on the nature and severity of the matters in question, failure to address overdue risk assessments exposes the Council to risk of unfavourable outcomes from any such investigations.	
6.10 Policy and Delegated Authority:	<p>The scheme of Administration and Delegations states that the role of the Harbour Board is:</p> <ul style="list-style-type: none"> • Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code. • Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function • To consider all development proposals and changes of service level within the harbour undertaking, including dues and charges, and make appropriate recommendations to the Council. 	
6.11 Previously considered by:		

Contact Details:

Greg Maitland, Harbour Master, 01595 744209, greg.maitland@shetland.gov.uk

Appendices:

Appendix 1 – DP report to Harbour Board

Appendix 2 – Towage report to the Harbour Board

Appendix 3 – Scottish Cruise Summit Report

Appendix 4 – Offshore Europe Report

Background Documents:

NONE

END

Designated Person Report: 6 December 2017

This Designated Person (DP) report is provided as an independent view on Shetland Islands Council's (SIC) performance against the requirements and standards under the latest edition of the Port Marine Safety Code (PMSC). The report is submitted to the SIC Harbour Board, and copied to the Harbour Master for information.

Introduction

Since my report to the Harbour Board meeting of 28 August 2017, I have maintained a dialogue on marine matters with SIC's Harbour Master through telephone calls and an exchange of emails. I have also monitored both SIC's website <http://www.shetland.gov.uk> and SIC's port specific website <http://www.shetland.gov.uk/ports> for items relating to the reported actions, involvement and decisions taken by the Harbour Board and SIC's appointed officers. Prior to writing this report I had a telephone conversation with SIC's Harbour Master and Deputy Harbour Master, in which we discussed the monitoring measures and effectiveness of the Marine Safety Management System (MSMS).

Recent Publications

The Duty Holder should be aware of the following publications.

1 Guide to Good Practice on Port Marine Operations.

The Guide to Good Practice on Port Marine Operations was updated in September 2017. The update included minor changes to text and was not a significant rewrite. Copy of the updated Guide may be downloaded from www.gov.uk

2 MCA Health Check Trends

The latest Port Marine Safety Code 'Health Check Trends' covering audit work by the Maritime and Coastguard Agency (MCA) has been published. This can be downloaded from www.gov.uk.

The 'Health Check Trends' summarises the findings from seven visits made by the MCA during 2016 and early 2017 to three Private Ports, three Municipal Ports and one Trust Port. Areas identified as needing improvement include: Duty Holder awareness of roles and responsibilities under the Code, risk assessment review following incident/accident reports and local customs and practices not being captured within the MSMS. The MCA encourage industry to take account of the enhancements mentioned in their report and consider if any might be applicable to their organisations.

3 Embarkation & Disembarkation of Pilots Code of Safe Practice 2017

The Embarkation & Disembarkation of Pilots Code of Safe Practice was revised in July 2017. The code is designed to assist Competent Harbour Authorities (CHA) and pilot organisations, in providing the basis for establishing safe operating procedures for pilot boarding and landing operations which should be derived by appropriate and thorough risk assessment. Copies of the revised Code may be downloaded from www.portskillsandsafety.co.uk

Monitoring Measures

The following report sections describe each monitoring measure in turn.

Technical Working Group: A meeting of the Technical Working Group (TWG) held on 12 October 2017, recorded the ongoing good practice of bringing together SIC personnel from different port disciplines and port stakeholders to discuss a range of safety and operational issues of common interest.

The minutes note that agreement was reached with HM Coastguard on the reporting procedure for vessels in the 'Area to be Avoided'. In future, vessels entering the 'Area to be Avoided' and on route to Sullom Voe will be contacted by Sullom Voe VTS; all other vessels will be reported to, and be contacted by, HM Coastguard.

In accordance with good practice, the TWG reviewed the latest MAIB reports and discussed a fatality incident in which a Port of London Authority sea pilot fell and was crushed between two vessels in the process of boarding one of the vessels from the pilot launch. [[MAIB investigation report -16/2017: Domingue and CMA CGM Simba](#)]

Examination and Technical Group: A meeting of the Examination Panel was held on 2 March 2017.

The meeting reaffirmed the Examination Panel's purpose (as stated in the SIC MSMS – G-SMSP-2024) to:

- Conduct the examination of all candidates for authorisation and revalidation of pilotage authorisation.
- Conduct investigation into any incident involving vessels within the Sullom Voe or Scalloway Harbour Areas or their approaches.
- When requested by the Harbour Master or Duty Holder, investigate any incident involving vessels within, or in the approaches to, any of the ports, harbours or piers under the remit of Ports and Harbours Operations and, where appropriate, provide recommendations to the Chair on any recommended possible actions within the service.
- Meet as required by the Harbour Master to consider any matters appropriate to its function.
- Regulate its proceedings (including Agenda and minutes)

The minutes show that the meeting also discussed a VTS equipment failure attributed to a BT fault, proposed alterations to the Pilotage Directions to take into account fish farm craft landing cargo at Sella Ness and Construction jetties. Plus the recent marine incident reports and the forthcoming attainment of Class 1 pilotage authorisation by the most recently recruited pilot.

Safety Sub-Committee: Ports: The 76th meeting of the Safety Sub-Committee - Ports was held on 24 October 2017. The draft minutes of the meeting continue to demonstrate the active involvement of marine personnel in all aspects of port safety. It was noted however that a number of apologies were received for the meeting, some at very short notice.

In matters arising, the draft minutes record that various training issues needed to be addressed and meetings were to be arranged to review all risk assessments for Sullom Voe and Scalloway. In accordance with good practice the safety sub-committee discussed the MAIB report (#16/2017) on the pilot fatality in London and reviewed a recent pilot boarding incident in Scalloway.

Small Ports: The table entitled 'Operational and Safety Visits to Small Ports & Harbours 2017', as posted on the website www.shetland.gov.uk, records site visits in September and October 2017 to: Walls, West Burrafirth, Sandness, Billister, Easterdale, Toogs and Hamnavoe. Site visits in September 2017 occurred at: Mid Yell, Cullivoe, Uyeasound and Baltasound. The operational and safety visits programme is currently under review.

Towage: It was noted that a copy of the Towage Operations Designated Person Ashore's report to the August 2017 Harbour Board meeting was posted on the website www.shetland.gov.uk as an appendix to the Harbour Master's report.

Incidents and Accidents: The following incident reports were recorded in the MarNIS database (Appendix A) in the period 1 August 2017 to 10 November 2017 inclusive.

Date	Vessel / Location	Incident
9 August 2017	Geowave Commander	Incorrectly rigged pilot boarding ladder.
20 August 2017	Scalloway West Quay	Unreported spillage of diesel oil.

Both incidents have been reported to the MCA but were considered non-reportable to the MAIB.

Internal audits: No internal audits have been carried out since June 2017.

PMSC External Audit: The following recommendations from the external audit of the MSMS undertaken in October 2015 remain open:

- **Recommendation 2:** A bridging document between the Port and the Terminal (*at Sullom Voe*) has still to be discussed. It is acknowledged that this recommendation was made with regard to BP and the situation may change when EnQuest's position is established.
- **Recommendation 9:** A safety drill matrix for pilot boat crews has still to be produced.

Consultation: Proposals to update the Sullom Voe General/Pilotage Directions 2001 remain under review by SIC's legal services.

The Harbour Master has attended the following meetings as a Harbour Authority representative: Scottish Cruise Seminar, Offshore Europe and Scottish Ports Group.

Harbour Board Meetings: The public agenda for the Harbour Board meetings of 28 August 2017 and the decision note were posted on the website www.shetland.gov.uk in a timely manner.

Training: Following a review of all training matrices there has been a significant change in the Essential, Desirable and Information groupings. Factors once deemed desirable are now categorised as essential, resulting in many renewal or refresher requirements becoming date expired. Until such time as this situation can be addressed it would be unreasonable to continue to use essential training as a key performance indicator. Accordingly, the KPI table in the assessing measures section of this report shows only the number of employees in each Employment Group.

Marine Circulars and Notices to Mariners: No new marine circulars or Notices to Mariners have been promulgated in the period 9 August 2017 to 14 November 2017.

Assessing Measures

Key Performance Indicators (KPI):

1. Open Incident KPI Reports (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports: Open Incident status on the 10 November 2017

Location	Open Nautical Safety Reports	Open Port Efficiency Reports	Open Environmental Protection Reports	Open Crisis Management Reports	Open Personnel and Public Safety Reports
Sullom Voe	4	0	0	0	1
Scalloway	1	0	1	0	0
Small Ports	0	0	0	0	0
'Open' Reports which have yet to be closed formally by the Examination Panel or TWG.					

2. Risk assessments KPIs (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports for the period ending 10 November 2017

Location	Nautical Safety Assessments	Port Efficiency Assessments	Environmental Protection Assessments	Crisis Management Assessments	Mean Assessment Score
Sullom Voe	20	5	7	0	3.70
Scalloway	19	6	5	0	3.90
Small Ports	16	3	4	0	3.90
Totals	55	14	16	0	

3. Overdue risk assessments KPIs (from the MarNIS database) for Shetland (including Sullom Voe, Scalloway and the Small Ports) for the period ending 10 November 2017

Overdue Risk Assessment KPIs	Total Shetland*
Overdue Nautical Safety Assessments	35
Overdue Port Efficiency Assessments	9
Overdue Environmental Protection Assessments	9
Overdue Crisis Management Assessments	0
*Target KPI for overdue risk assessments is 0	

It should be noted from the above KPIs that there are 53 Risk Assessments overdue. An overdue review of a risk assessment is a non-conformity with Section 6.2.1 of the MSMS (but not necessarily with the PMSC). However, it should be noted that any investigation into a marine accident or incident (by the MAIB, MCA or the HSE) would look at the risk management process, including the status of assessments.

4. Number of port marine employees with in-date qualifications required for their job role, expressed as a percentage of the total number of employees undertaking port marine activities and requiring job specific qualifications

Employee Group	Group Number	Number Holding Essential In Date Qualifications	KPI (%)
Marine Pilots	5		
Vessel Traffic Service Officers (including relief VTSOs)	7		
Small Ports Officers (including relief SPOs)	6		
Launch Crews	15		
Total Overall	33		

5. Availability of Aids to Navigation (in three classification bands) expressed as a percentage of total availability over the three year period.

IALA Category	No of Aids	No of Failures	Availability (%)	Target Availability (%)
Category 1*	50	Data unavailable	Data unavailable	99.80
Category 2**	69	Data unavailable	Data unavailable	99.00
Category 3***	14	Data unavailable	Data unavailable	97.00
<p>Note: The availability of all aids to navigation exceeds the target set by the Northern Lighthouse Board (NLB).</p> <p>* Category 1. An aid to navigation that is considered by the NLB to be of primary navigation significance. It includes the lighted aids to navigation and racons that are considered essential for marking landfalls and primary routes.</p> <p>** Category 2. An aid to navigation that is considered by the NLB to be of navigational significance. It includes lighted aids to navigation and racons that mark secondary routes and those used to supplement the marking of primary routes.</p> <p>*** Category 3. An aid to navigation that is considered by the NLB to be of less navigational significance than Cat 1 and 2.</p>				

It has not been possible to comment on this KPI within the DP report as the availability statistics are currently not available.

Effectiveness of the Marine Safety Management System

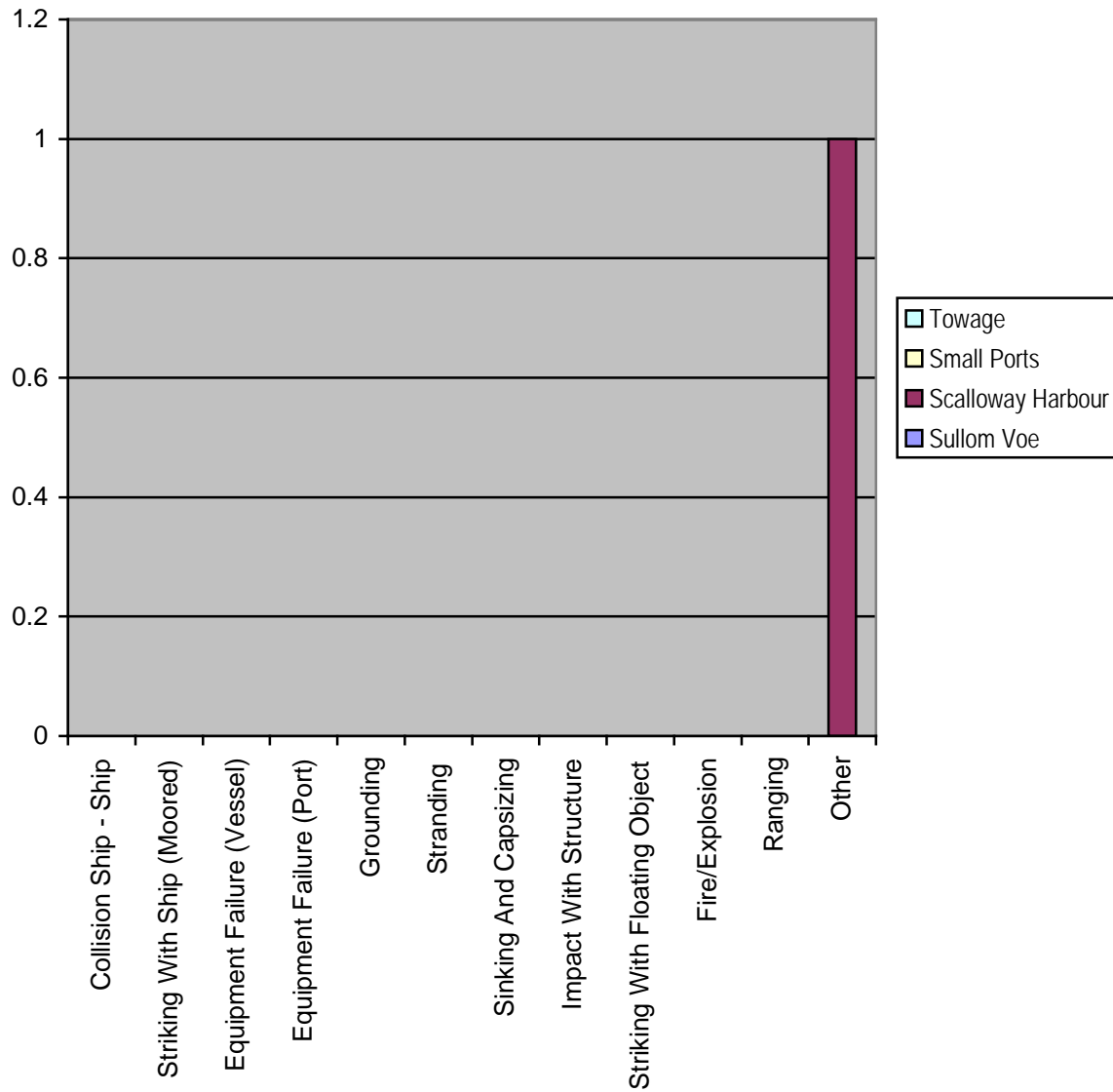
This report has identified a significant number of risk assessments are overdue, specifically: 30 in Scalloway and 23 in the Small Ports. It is acknowledged that arrangements are in-hand to address this situation, however until all the overdue risk assessments have been reviewed this must be reported as a non-conformity with SIC's stated position in the Scalloway and the Small Ports Marine Safety Management System. In this particular situation, the non-conformity does not mean non-compliance with the Port Marine Safety Code.

SIC's Marine Safety Management System are currently being rewritten to ensure they align with the current versions of the Port Marine Safety Code (published November 2016) and Guide to Good Practice on Port Marine Operations (published September 2017). The current version of the SIC Marine Safety Management System is written and audited against the March 2015 version of the Code. Until such time as the update is complete, it can be stated that SIC's Marine Safety Management System effectiveness relates to the Code version as published in March 2015.

The monitoring and assessing measures described in this report continue to provide assurance that the Marine Safety Management System for Sullom Voe, Scalloway and the Small Ports of West Burra (Hamna Voe); West Burrafirth; Housa Voe, Papa Stour; Mid Yell, Yell; Cullivoe, Baltasound; Unst; Uyeasound, Unst; Hamars Ness, Fetlar; Symbister, Whalsay Out Skerries (two separate areas: West Voe and South North-East Mouth); and North Haven (Fair Isle) are working effectively and in compliance with the Port Marine Safety Code as published in March 2015.

Captain Trevor Auld
Designated Person (PMS)

Appendix A: Accident/Incident Details



Accident / Incident Details

Date	ID Code	Incident / Potential	Externally Reported	Accident Category	Name and Detail
09/08/2017	SLW0008IVD	I	R	Transfer of personnel at sea	<p>Pilot Ladder arrangements on the Geowave Commander</p> <p>Pilot ladder arrangements on the Starboard side of the vessel were not in accordance with the requirements of SOLAS Reg23 Pilot Transfer Arrangements</p> <p>Primary Cause - Ship design/poor ship design Secondary Cause(s) - 1.Pilot ladder incorrectly rigged/unsuitable access</p> <p>Consequences (rated 0 to 4) for - People(0)/Property(0)/Planet(0)/Port(0) Marine incident / MAIB Reportable</p>

Number of Accidents listed = 1

For the period 01 August 2017 to 10 November 2017.

Shetland Islands Council
Towage Operations Designated Persons' Report



SIC Harbour Board December 2017

Under the ISM (International Safety Management) Code the responsibilities and the minimum authority of the Designated Person Ashore (DPA) is: To ensure the safe operation of each ship and to provide a link between the Company and those on board, every Company, as appropriate, should designate a person or persons ashore having direct access to the highest level of management. The responsibility and authority of the designated person or persons should include monitoring the safety and pollution prevention aspects of the operation of each ship and ensuring that adequate resources and shore-based support are applied, as required. Ref: ISM Code

Implementation of Tug “Multratug 29” into SV Harbour Operations

Masters and crew continually demonstrate good practice and align themselves to the advice provided by ‘Multraship’ training professionals. As a result of regular exercising, Masters and crew are now competent in Push/Pull mode alongside in a for’d position. The next phase of training which is ongoing has seen two such Tanker departure sailings with ‘Multratug 29’ positioned on the Bow.

Review of Sea Staff Training needs

A requirement of the ISM Code inter alia, is for the SIC to ensure that each ship is manned with qualified, certified and medically fit seafarers. In meeting compliance Towage Operations carry out staff appraisals annually to identify training needs. As a result, Towage Management have formulated a training plan for the remainder of 2017 and 2018. In following the Plan, Towage staff have underwent development in:

- Effective Team Working and Communication,
- Human Element Leadership and Management (Management Level),
- COSHH (Care of Substances Hazardous to Health) Risk Assessment,
- Fresh Water Safety,

Representations To / From Designated Person

No contact has been made to the Towage DPA since the previous Report.

External Survey and Inspection

In order to comply with Merchant Shipping (Survey and Certification) Regulations 2015, an external (MCA) survey of Ship Safety Equipment and accompanying documentation was carried out on 11th September. Several observations were noted by the attending Surveyor which are now rectified, amongst those were:

- Ship’s Rescue Boat requires load test
- Fire Fighting Training Manual not Ship specific
- Bridge Navigational Watch Alarm System not operational
- No Evidence of pressure testing of Fire Hoses

External Safety Management Audits and Safety Equipment Inspection surveys on all Tugs are planned for week commencing 4th December. Work is well underway to ensure all deficiencies found are closed out.

Internal ISM Audits

In order to proactively seek out improvements within Towage Operations, a program of ISM internal audits are scheduled for all Tug Masters and crew during week commencing 20th November. In order to cover aspects of managing delivery of the Towage Safety and Environmental Policy an Audit of Towage Management shall also be undertaken. The purpose of which is to better prepare for new standards of external auditing.

Management and Towage Staff engagement

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Monthly meetings between Masters, Chief Engineers and Management were held on 22 September, 13 October, 10 November. The agenda includes ISM related items in particular; auditing and the reporting of incidents, accidents and Near miss occurrences.

Accidents/Incidents

One 'near-miss' has been reported in this period concerning the parting of a Ship's heaving line whilst passing the Tug's towing line. Remedial actions include a review of Risk Assessments and confirmation of good practice by crew.

Appendix 3

Scottish Cruise Summit September 2017

SIC Ports & Harbours joined Cruise Scotland as a member in 2017 in order to promote Shetland, outhwith Lerwick Harbour, as a potential destination for the growing cruise market.

Transport Scotland hosted the Scottish Cruise Summit on Thursday 21st September 2017, with Mr Fergus Ewing, Cabinet Secretary for the Rural Economy and Connectivity, attending and giving a welcome speech.

The summit was well attended, with representatives from all sectors of the cruise industry.

Main points raised at summit;

It is a growth industry – 650,000 passengers expected in Scottish ports in 2017 compared to 400,000 in 2014. In 2018 numbers are expected to increase by 21% to 780,000.

Trend in growth is worldwide with cruise passenger numbers doubling in the last 10 years, with numbers to the UK trebling in the same time.

Bulk of cruise fleet will be increasing in size, with the larger ships moving from approx. 4000 passengers to 6000+. These are looking for deep water alongside facilities as numbers make tendering operations unviable.

There are increasing numbers of the smaller cruise vessels, ranging from boutique type vessels offering very high quality facilities & service to adventure type experiences for wildlife excursions, diving etc.

While weather will always remain a challenge, visitors are expressing views that misty lochs & glens are part of the mystery & attraction of Scotland. The expedition type tours are now looking to expand their customer experience outside of the summer months to take in the Northern Lights as one example.

Brexit uncertainty, with particular regard to customs arrangements, passport & immigration checks remain a concern to the industry.

Infrastructure & logistics – the ability to deal with growth in numbers. Passengers expect to see the best the location has to offer in a short time, not spending time queuing or in traffic jams. Toilets and waste facilities have to cope with demand. It is expected that a large cruise vessel could require 60+ coaches for shore excursions.

Community resistance to increasing tourist numbers is an increasing concern – cruise visitors are not spending in the local communities in the same way longer term visitors do, with congestion at the main tourist spots having the potential to put off the latter. Orkney Island Council & Highland & Islands Enterprise commissioned a study in Volume Tourism Management which explores the issues and opportunities in this sector (report link below)

http://www.orkney.gov.uk/Files/Committees-and-Agendas/Development%20and%20Infrastructure/DI2017/12-09-2017/I12_App1_Volume_Tourism_Management_Study.pdf

From this Ports & Harbours are likely to see an increase in small cruise vessels calling around the islands. Once the scale and requirements of these calls have been understood then plans for infrastructure development can be explored. This will need to meet the requirements for ISPS (International Ship & Port Facility Security) requirements, and Border Force for vessels calling from abroad. Another area of potential is in overland tours – passengers will disembark their vessel in one port e.g. Leith and embark again at another e.g. Invergordon. There is potential scope for passengers to disembark at Lerwick taking a tour through Yell to Unst, with the ship sailing from Lerwick to pick up later in the day, relieving pressure on the local attractions. Weather will be a major factor in this as there is the possibility of passengers being stranded – cruise calls for large vessels are booking years in advance.

Appendix 4

Offshore Europe 2017

The Aberdeen Offshore Europe exhibition was held on the 5th September 2017 through to 8th September 2017. This is the largest of its type to be held in Europe with over 800 exhibitors.

SIC Ports and Harbours division was one of around ten port authorities who were present at the exhibition, all hoping to attract business from both new and existing clients.

The exhibition was generally more positive than the previous event, held in 2015, with the industry coming to terms with the oil price drops of 2014. However only one oil major (Shell) had a stand at the event, with the majority of exhibitors hoping to promote sales for the predominantly upstream sector of the industry.

The SIC Ports & Harbours stand received a steady number of visitors throughout the event, the majority from companies promoting their own wares. However we did receive some interesting enquiries from companies looking for storage space in Scalloway for west of Shetland mooring equipment and also for the setting up of a vessel bunkering facility. Both of these would require large areas of the harbour to be made available and require careful exploration in conjunction with the new fishmarket construction planning.

It was a considerable benefit to meet make new contacts and see new developments in the supply chain in one location, especially in the engineering sector while we are engaged in projects such as pier & jetty maintenance and VTS upgrade.

It was felt that SIC would get more benefit from sharing a stand with the terminal operator in order to promote our facilities jointly for future events of this type.



Meeting(s):	Harbour Board	6 December 2017
Report Title:	Ports & Harbours Business Programme	
Reference Number:	PH-20-17F	
Author / Job Title:	John Smith, Acting Executive Manager – Ports & Harbours	

1.0	Decisions / Action required:
1.1	That the Harbour Board are asked to consider this report, comment on its contents within their remit, and NOTE the proposed reporting actions of the Ports & Harbours service in partnership with other Council services over the coming period.
2.0	High Level Summary:
2.1	This report provides the Harbour Board with an opportunity to consider the proposed Ports & Harbours work programme.
3.0	Corporate Priorities and Joint Working:
3.1	'Our Plan 2016 to 2020' states; "We will be an organisation that encourages creativity, expects co-operation between services and supports the development of new ways of working.
3.2	This report recognises the importance of cross Council co-operation in much of the work that Ports & Harbours is involved in and therefore looks to discuss that work with, and be informed by, key committees.
4.0	Key Issues:
4.1	There are a range of performance management, compliance and policy and project development matters which will require Harbour Board consideration over the coming months. Target reporting dates for these are laid out in Appendix A.
5.0	Exempt and/or confidential information:
5.1	None
6.0	Implications:
6.1 Service Users, Patients and Communities:	No implications arising directly from this report.

6.2 Human Resources and Organisational Development:	No implications arising directly from this report.
6.3 Equality, Diversity and Human Rights:	No implications arising directly from this report.
6.4 Legal:	Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report.
6.5 Finance:	<p>The Council has a very costly and very valuable estate of marine infrastructure and services. These are expensive to provide and expensive to maintain.</p> <p>To demonstrate that investment in non-statutory services like harbours and piers is best value; then the benefits of that investment need to be identified and quantified, both for the Council and for the overall economy and community.</p> <p>Ports & Harbours infrastructure and services are a significant cost centre and a very important income stream to the Council and community. Maximising impact and income when containing cost are both central to best value.</p> <p>There are no decisions with specific financial implications requested in this report. However generating a significant financial surplus and compliance with overall Council financial policies are key elements in all Ports & Harbours business planning and work programing.</p>
6.6 Assets and Property:	No implications arising directly from this report.
6.7 ICT and new technologies:	No implications arising directly from this report.
6.8 Environmental:	No implications arising directly from this report, however protection of the Shetland marine environment is one of the key priorities in all work planning.
6.9 Risk Management:	Work in the marine environment is intrinsically risky, both in health and safety and environmental protection terms. All activity must therefore be closely examined to ensure that it delivers the highest safeguards and standards.
6.10 Policy and Delegated Authority:	<p>Harbour Board</p> <p>Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.</p>

	<p>Act as Duty Holder as required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.</p> <p>Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council.</p>	
6.11 Previously considered by:		

Contact Details:

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Appendices:

Appendix A – Ports & Harbours Business Programme

Background Documents:

None

END

Ports & Harbours Business Programme - Agenda Management Dates 2017/18

Cycle 5					Update of Harbour Regulations Sullom Voe Harbour Area Exclusions Harbour Areas Update Toft Pier OBC / Update Report PoSV Contract Ops Update Report Harbour Board Business Programme	Devt by P&H and P&R by Capital Projects P&R by P&H
Committee	Drafts	Clearance	Meeting	Time		
EJCC	4 Jan	11 Jan	22 Jan	11 a.m.		
Development	19 Jan	17 Jan	5 Feb	10 a.m.		
Harbour Board	22 Jan	29 Jan	7 Feb	10 a.m.		
Policy and Resources	25 Jan	1 Feb	12 Feb	10 a.m.		

Cycle 6 – Q3 Performance Monitoring and Budget Setting Meetings					P&H Performance Report Harbourmaster Report Port Engineering Report Harbour Board Business Programme Ports & Harbours Service Plan 2018 Management Accounts (by Finance) Pilotage Accounts (by Finance) Ports & Harbours Budgets (by Finance) Final Tables of Dues (by Finance)	P&R and Council by Finance P&R and Council by Finance
Committee	Drafts	Clearance	Meeting	Time		
Harbour Board	15 Feb	22 Feb	5 Mar	3.30 p.m.		
Policy and Resources	16 Feb	23 Feb	6 Mar	10 a.m.		

Tuesday, 28 November 2017