



Shetland Islands Council

REPORT

To: Resources Committee
2003

2 ~~March~~ 6 March

From: Projects Unit Manager
Infrastructure Services Department

Links Projects Update

1. Introduction

- 1.1. This report presents to the Committee progress on various projects within the Ferry and Terminal Replacement Programme, the Bressay Bridge project and the Yell Sound and Bluemull Sound fixed link studies. Furthermore, it advises the Committee of key dates when final decisions need to be taken between ferries and fixed links on Yell Sound and Bluemull Sound.
- 1.2. The purpose of the report is to advise the Committee of the position of the various projects at the end of their current term and provides continuity of information between the outgoing Council and the new Council in order to effectively inform future decisions.

3.2. The Projects

3.1.2.1. Bressay Bridge

3.1.1.2.1.1. The Bressay Bridge project is progressing in line with expectations and continues to be developed under the following fundamental criteria: -

- Air draft of 40m
- Main span of 160m
- Completion required by December 2006 in order to maximise the potential to secure EU funding

3.1.2.2.1.2. Work is ongoing to look at the possibilities of integrating the work on the bridge project with LPA projects in order to exploit opportunities that could benefit both SIC and the LPA. These preliminary studies are not yet developed in sufficient detail to report anything of substance here but the Committee will

be advised in due course.

- 2.1.3. A report will be presented to the Committee in the first cycle of the new Council detailing the cost, scope and programme for the bridge project and will seek a decision on progress to the detailed design stage of the project.

2.2. Bluemull Sound Fixed Link

- 2.2.1. The consultation and socio-economic impact study, being carried out by A.B. Associates, is close to completion. The conclusions of the exercise will be available in mid April of this year and the study will be reviewed by officers of the Council in the context of the Capital Programme Method.
- 2.2.2. The assessment will be carried out in line with Council policy under the following five criteria: -
- Environment
 - Economy
 - Safety
 - Accessibility
 - Integration
- 2.2.3. The conclusions of the assessment will be presented to the Committee in the first cycle of the new Council when a decision will be sought on progress to the detailed design stage of the project.
- 2.2.4. The most recent estimate of cost for the Bluemull Sound fixed link remains at £16 million to £20 million.
- 2.2.5. The deadline for a decision on the choice between a fixed link and ferries on Bluemull Sound is the 3^d quarter of 2008. This will allow sufficient time to procure either solution in time to replace the current ferries and terminals, which will reach the end of their design life in the second half of 2012.

2.3. Yell Sound Fixed Link

- 2.3.1. The Yell Sound fixed link studies are at the same point as was reported to the Council on 27 November 2002 in report no. CN-52-F. There has been no further progress on socio-economic studies due to limitations on resources.
- 2.3.2. The most recent estimate of cost on the Yell Sound fixed link remains at £27 million to £33 million.
- 2.3.3. Recognising that the order of cost for the fixed link is significantly higher than that for Bluemull Sound and building on experience from studies on the Bressay and Bluemull Sound fixed link studies, it would be useful to carry out a high level analysis of the fixed link and ferries solutions in Net Present Value terms in order that a broad comparison can be made between the two options. This

would allow officers to assess the order of difference and establish whether further detailed work should be carried out and, if so, the type and detail of further studies necessary to allow the Committee to make an informed choice between ferries and fixed links.

2.3.4. It is proposed, therefore, that a simple but robust analysis of the fundamental elements of each of the ferry and fixed link capital and revenue cost characteristics be conducted and that the findings be reported to the Committee in the first cycle of the new Council with recommendations on the next steps to be taken.

2.3.5. The deadline for a decision on the choice between a fixed link and ferries on Yell Sound is the first quarter of 2004. This is driven by the need to replace ferries and terminals on the Whalsay route by April 2006 and therefore whether to cascade the new Yell Sound Vessels to Whalsay or build new vessels for the route.

3.1.3.2.4. Papa Stour Terminals

2.4.1. Tender issue for the Papa Stour Terminal is imminent. It is expected, subject to approval by the Council to issue tenders, that a contract will be awarded in early May with a start on site in early June with completion by the end of the financial year 2003/04. The value of this phase of the project is £1,600,000.

2.4.2. The West Burrafirth Terminal and its design is still the subject of ongoing dialogue with the local fishermen. The outcome of these discussions and their impact on the design of the new terminal will be reported to Committee in due course.

2.5. Yell Terminals

2.5.1. The Yell terminals project is progressing well and is in line with programme and budget.

2.5.2. The small craft facility has been developed to the point where amendments to the various consents are being sought and the outcome of these is not yet known. Progress will be reported in due course.

2.6. Skerries Ferry

2.6.1 Delivery of the new Filla is now scheduled for 22nd May of this year.

2.6.2 Delivery has been delayed by 3 weeks due to difficulty in developing a Marine Evacuation System (MES) that could comply with the requirements of the MCA in the conditions that the vessel is likely to encounter. This issue has been successfully resolved.

2.7. Yell Ferries

2.7.1. The contract for the new Yell ferries was awarded to Northern Shipyard in Poland on 7th March 2003.

2.7.2. The value of the contract is £10.2 million, well within the project estimates.

2.7.3. Polarkonsult A.S. of Harstad in Norway has been appointed by Northern Shipyard to produce the full design and engineering package for the vessels. Polarkonsult and Northern Shipyard have worked together in the past to successfully produce a double-ended vessel for the Norwegian Roads Authority and the Owner is very pleased with the vessel. The Yell vessels will be sister ships to this vessel.

2.7.4. Delivery of the first vessel is programmed for 30 April 2004 with the second vessel to be delivered 8 weeks later.

2.8. Fetlar Ferry Terminal

2.8.1. Subsequent to Committee approval on 6th February 2003 to work with RJ McLeod to value engineer the Fetlar terminal project to bring it within the currently approved budget, a substantial amount of work has been done in reviewing and redesigning the project.

2.8.2. The latest estimate remains £30,000 above the budget but there are a number of opportunities still to be pursued and confidence is high that the target price can be reached and perhaps exceeded.

2.8.3. Work on the value engineering exercise will be complete by the end of March and, if successful, work will commence on site in early April with completion by the end of March 2004.

2.9. Whalsay Terminals

2.9.1. Detailed design of the Laxo terminal will commence on 1st April. Laxo is due to commence construction in April 2004 with completion by the end of financial year 2004/05.

2.9.2. The terminal at North Voe in Whalsay will be designed in parallel with Laxo but lagging by a number of weeks. It is due to start construction in April 2005 with completion due by March 2006.

2.9.3. Vidlin will be designed with a view to construction commencing in April 2006 with completion by March 2007.

3. Financial Implications

3.1. The recommendations of this report do not alter the already approved Capital Programme and therefore there are no direct financial implications in this context.

3.2. However, should the Council approve the issue of tenders and the contract is

awarded then the sum of £1,600,000, comprising £1,550,000 in financial year 2003/04 and £50,000 in 2004/05, will be contractually committed in the Council's Capital Programme.

4. Policy and Delegated Authority

- 4.1. All matters relating to the Inter Island Ferry Service are delegated to the Resources Committee (min. ref. SIC 199/99).
- 4.2. Revisions to budgets within the Capital Programme require the authorisation of the Council (min. ref. SIC 146/97).

5. Recommendations

5.1. I recommend that: -

- 5.1.1. The Resources Committee notes the progress on the above projects.
- 5.1.2. The Resources Committee approve the proposal in 2.3.4 to carry out a high level NPV analysis of the options on Yell Sound and report the findings with recommendations to the Committee in the first cycle of the new Council.
- 5.1.3. The Resources Committee recommend to the Council that authorisation be given to issue tenders for the Papa Stour Terminal.

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