

**Harbour Board****6 September 2012****Management Accounts for Harbour Board
2012/13 - Quarter 1 (April 2012 - June 2012)****F-041-F****Report Presented by Executive Manager -
Finance****Corporate Services****1.0 Summary**

1.1 The purpose of this report is to enable the Harbour Board to monitor the financial performance of services within its remit to ensure that expenditure incurred and income generated has been delivered within the approved budget, so that timely action can be taken when required to mitigate projected overspends and reduction in income. The report reviews for the first quarter:-

- the projected outturn position for the year; and
- the revenue management accounts.

1.2 The projected outturn is a reduction in surplus of £1.484m. Action is required to address this.

2.0 Decision Required

2.1 The Harbour Board is asked to RESOLVE to:

- review the Revenue Management Accounts, from 1 April 2012 – 30 June 2012, including the projected outturn position; and
- identify and/or instruct officers to bring forward alternative proposals to Council to address the projected reduction in surplus.

3.0 Detail

3.1 The budgeted expenditure and income levels included in the services within the remit of the Harbour Board were approved by the Council on 9 February 2012 (SIC Min Ref 12/12). As such, they form part of the Council's objectives of reducing General Fund expenditure to £119.9m in 2012/13, which includes the requirement to make savings of £15.4m

across the Council this year. This is necessary to move the Council towards a position of financial sustainability.

At present the Council's level of expenditure is not sustainable and if left unchecked will result in reserves becoming fully depleted by 2017/18.

Any instances whereby an expenditure budget is overspent, budgeted income is not achieved, or savings targets are not being achieved, have a direct impact on the Council's reserves. It is therefore vital to the future economic wellbeing of the Council that its overall budget, incorporating that of the services within the remit of the Harbour Board, are delivered in full.

3.2 Appendix 1 shows the projected outturn position for the first quarter by service area along with explanations of the major variances. This appendix shows the most vital information indicating the likelihood of an additional draw on reserves being required, in breach of Council policy.

3.3 Appendix 2 shows the revenue management accounts for the first quarter by service area along with explanations of the major variances.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Improvement Action plan to ensure that, "the Council has established a rigorous process to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves Best Value".

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or 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. The Council approved a budget on 9 February 2012 for the 2012/13 financial year. This Report provides information to enable the Board to ensure that the services within its remit are operating within the approved budgets.

4.4 Risk Management

There is a risk that services will not be delivered within the approved 2012/13 budget resulting in an additional draw on reserves, which is unsustainable.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

The approved surplus from the operation of the Council's harbour undertaking is not likely to be achieved and there is a need to find one-off savings as a temporary substitute. At the end of quarter 1 the projected outturn is a reduction in surplus of £1.484m.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

- 5.1 The outturn position is projected to be a reduction in surplus of £1.484m, therefore alternative savings require to be found to ensure that an additional draw on reserves will not be required.

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24 August 2012

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Appendix 1 – Ports & Harbours Operations - Outturn Position for 2012/13
Appendix 2 – Ports & Harbours Operations - Revenue Management Accounts (April to June 2012)

Background documents:

Approved Budget Report, SIC 9 February 2012
<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=3449>

END

Ports & Harbours Operations**Projected Outturn 2012/13**

Description	Annual Outturn 2011/12 £000	Annual Budget 2012/13 £000	Projected Outturn 2012/13 £000	Budget v Proj. Outturn Variance £000
Ports Management & Engineering	25	26	26	0
Sullom Voe	(2,363)	(5,831)	(4,297)	(1,534)
Scalloway	103	281	231	50
Other Piers	50	268	268	0
Jetties & Spur Booms	0	0	0	0
Total	(2,185)	(5,256)	(3,772)	(1,484)

Explanation of Projected Outturn Variances:**Sullom Voe**

- £0.674m reduction in income relating to lower tanker traffic than anticipated due to a reduction in throughput of Brent crude. This drop is in excess of the figures provided by the terminal operators when the budget was set.
- £0.760m reduction in income relating to less tanker traffic at the end of the year due to early closure of Schiehallion, which was announced after budgets set in February 2012.
- £0.100m overspend in relation to the hire of towage services to cover Tirrick's refit period. This is to be the subject of a report to be presented to the full Council on 20 September 2012.

Scalloway

- £0.050m increased income relating to additional traffic with increased oil related activity west of Shetland. It is anticipated that this increase in traffic will continue into the winter, albeit at a lower level than during the summer.

Ports & Harbours Operations**Revenue Management Accounts (April 2012 – June 2012)**

Description	Quarter 1 Budget 2012/13 £000	Quarter 1 Actual 2012/13 £000	Quarter 1 Variance 2012/13 £000
Ports Management & Engineering	377	293	84
Sullom Voe	(1,882)	(1,420)	(461)
Scalloway	50	(35)	85
Other Piers	35	42	(6)
Jetties & Spur Booms	(49)	584	(633)
Total	(1,469)	(537)	(932)

Explanations of Real Variances:**Sullom Voe (£0.461m reduction in income):**

- £0.674m less income than anticipated on harbour, pilotage, towage and mooring dues relating to a reduction in tanker traffic during the period. This is offset by minor underspending across Sullom Voe.

Explanations of Variances relating to Timing Differences:**Jetties & Spur Booms (£0.633m overspend):**

- £0.170m overspend relates to jetty maintenance work by contractors. This is not a real overspend, it is a timing difference against budget plan.
- £0.470m overspend relates partly to an outstanding accrual for 2011/12 income from BP and a timing difference against budget plan on 2012/13 income.

**Harbour Board****6 September 2012****2011/12 Pilotage Accounts****F-042-F****Report Presented by Executive Manager -
Finance****Corporate Services****1.0 Summary**

- 1.1 The purpose of this report is to present the Pilotage Accounts for 2011/12 as requested by Members of the Harbour Board at their meeting on 27 June 2012 (Min Ref 17/12).

2.0 Decision Required

- 2.1 The Harbour Board is asked to RESOLVE to review the Pilotage Accounts for 2011/12.

3.0 Detail

- 3.1 There is a requirement to prepare accounts relating to pilotage under Section 14 of the Pilotage Act 1987.
- 3.2 The details of what must be included in these accounts is set out in regulations (The Statutory Harbour Undertakings (Pilotage Accounts) (Regulations) 1988, SI 1988/2216).

The accounts must show the details of:

- revenue from pilotage charges and details of the use of pilotage exemption certificates; and
 - total expenditure incurred in providing a pilot, the pilot boat and associated costs.
- 3.3 These accounts must be available for inspection by the public at the harbour authority's offices. Members of the public should be able to buy a copy for a reasonable fee.
- 3.4 There are no other special requirements applying only to pilotage accounts at this time.

- 3.5 The Pilotage Accounts for 2011/12 are attached as Appendix 1.
- 3.6 Separately, the Council is under a duty to manage the accounts for the “harbour undertaking” in accordance with the Zetland County Council Act 1974, Section 65, pilotage is part of the harbour undertaking and as such should appear in the accounts for the harbour undertaking. Any surplus on the harbour undertaking is credited to the Reserve Fund set up under Section 67 of the 1974 Act.

4.0 Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Improvement Action Plan to ensure that, “the Council has established a rigorous process to ensure that its use of resources is on a footing consistent with implementing and sustaining its financial strategy, and demonstrate that it delivers services in a way which achieves Best Value”.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or 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.

4.4 Risk Management – None.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

4.7.1 The Pilotage Accounts for 2011/12 reported a net deficit of £0.714m.

4.7.2 The Harbour Account, which includes the pilotage function, returned a net surplus of £2.185m to reserves in 2011/12.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

- 5.1 This report sets out the legal regulations surrounding the preparation of Pilotage Accounts and presents the 2011/12 Pilotage Accounts to the Board for review.

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27 August 2012

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Appendix 1 – 2011/12 Pilotage Accounts

Background documents:

None

END

2011/12 Pilotage Accounts

	Sullom Voe Pilotage	Scalloway Pilotage	Total Pilotage Account
Charges in respect of :			
Boarding & Landing	-347,025	-9,113	-356,139
Pilotage Services provided as authorised by section 10(1) of the Pilotage Act 1987	-668,898	-39,190	-708,089
Use of PEC issued as authorised by section 10(3) of the Pilotage Act 1987	0	0	0
TOTAL INCOME	-1,015,924	-48,304	-1,064,227
Employee Costs:			
Boarding & Landing	671,861	1,858	673,718
Pilotage	668,163	15,930	684,093
Total Employee Costs	1,340,024	17,788	1,357,812
Supplies & Services:			
Boarding & Landing	3,068	104	3,172
Pilotage	3,812	0	3,812
Total Supplies & Services	6,880	104	6,985
Transport & Mobile Plant:			
Boarding & Landing	121,822	4,036	125,858
Pilotage	6,279	408	6,687
Total Transport & Mobile Plant	128,101	4,444	132,545
Property & Fixed Plant:			
Boarding & Landing	12,869	2,967	15,835
Pilotage	0	0	0
Total Property & Fixed Plant	12,869	2,967	15,835
Meeting Liabilities under Part III of the Act	0	0	0
Administration and other costs not included above in respect of pilotage functions:			
Boarding & Landing	151,581	868	152,449
Pilotage	112,185	0	112,185
Total Admin& Other Costs	263,765	868	264,634
TOTAL EXPENDITURE	1,751,639	26,172	1,777,811
(Surplus)/Deficit	735,715	(22,132)	713,583

**Harbour Board****6 September 2012****Infrastructure Services Quarter 1 Performance Overview****ISD-08-12-F****Report Presented by Director of
Infrastructure Services****Infrastructure Services Department****1.0 Summary**

- 1.1 This report summarises the activity and performance of the Infrastructure Services Department for the first quarter of 2012/13 against the objectives and actions in the Infrastructure Services Directorate Plan endorsed by the Environment and Transport Committee in June 2012 (Min Ref: 11/12) and the Harbour Board on the 27 June 2012 (Min Ref 18/12).

2.0 Decisions Required

- 2.1 Members are requested to discuss the contents of this report and comment on progress against objectives and outcomes as it pertains to the Ports and Harbours Service to inform activity for the remainder of this financial year and to inform the planning process for the next and future years.

3.0 Directorate Plan Objectives and Actions

- 3.1 The Harbour Board endorsed the Infrastructure Services Directorate Plan on 27 June 2012. The Council's Planning and Performance Management Framework and the Council's constitutional arrangements require periodic reporting of activity and performance to functional committees.
- 3.2 The Infrastructure Services Directorate Plan identified 39 Directorate wide objectives. Appendix 1 details the progress made towards these objectives during the first quarter of 2012/13.
- 3.3 The Infrastructure Services Directorate Plan also identified 224 service actions for improvement, operational service delivery, budget savings and risk management in a comprehensive action plan for the Directorate as part of the service planning process for 2012/13; the

overall performance of the Directorate against these actions is that 88% of actions are currently on track and classified as Green or Amber and 12% are classified as Red and are “off track” as detailed below:

Service	Number of Actions	RAG Rating	Number	%
Environmental Health and Trading Standards Service Action Plan	19	Green	18	95%
		Amber	1	5%
		Red	-	-
Transport Operations Service Action Plan	28	Green	22	79%
		Amber	2	7%
		Red	4	14%
Building Services Service Action Plan	19	Green	18	95%
		Amber	1	5%
		Red	-	-
Waste Management Service Action Plan	11	Green	6	55%
		Amber	4	36%
		Red	1	9%
Cleansing Services Service Action Plan	35	Green	8	23%
		Amber	18	51%
		Red	9	26%
Environment and Energy Service Action Plan	14	Green	14	100%
		Amber	-	-
		Red	-	-
Ferry Operations Service Action Plan	32	Green	18	56%
		Amber	10	31%
		Red	4	13%
Ports and Harbours Service Action Plan	21	Green	14	67%
		Amber	1	5%
		Red	6	28%
Roads Design and Road Safety Service Action Plan	13	Green	8	62%
		Amber	3	23%
		Red	2	15%
Roads Asset and Network Management Service Action Plan	20	Green	14	70%
		Amber	5	25%
		Red	1	5%
Roads Maintenance Service Action Plan	12	Green	9	75%
		Amber	3	25%
		Red	-	-
Infrastructure Services Directorate Plan Total	224	Green	149	67%
		Amber	48	21%
		Red	27	12%

3.4 Details of the 6 actions categorised as RED pertaining to the Ports and Harbours Service Action Plan are given in Appendix 2 together with the corrective actions which are proposed to bring these actions back on track.

4.0 Performance Indicators

4.1. The Infrastructure Services Directorate Plan included performance indicators for both the Directorate and the service action plans. Work is on-going within

both the Directorate and the Ports and Harbours Service to develop these indicators to allow full reporting in the later quarters of this year.

5.0 Budget

- 5.1. A detailed report on the quarter 1 financial position of the Harbour Account is presented at Item 1 on this agenda.

6.0 Implications

Strategic

- 6.1. Delivery On Corporate Priorities – Effective Planning and Performance Management are key features of the Council's Improvement Plan and part of the "Organising our Business" priority in the Council's Improvement Plan.

- 6.2. Community /Stakeholder Issues – None.

- 6.3. Policy And/Or Delegated Authority –

The Council's Constitution – Part C - Scheme of Administration and Delegations provides in its terms of reference for Functional Committees (2.3.1 (2)) that they:

"Monitor and review achievement of key outcomes in the Service Plans within their functional area by ensuring –

(a) Appropriate performance measures are in place, and to monitor the relevant Planning and Performance Management Framework.

(b) Best Value in the use of resources to achieve these key outcomes is met within a performance culture of continuous improvement and customer focus."

- 6.4. Risk Management – 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 further negative external scrutiny.

- 6.5. Equalities, Health And Human Rights – None.

- 6.6. Environmental – None.

Resources

- 6.7. Financial – The actions, measures and risk management described in this report has been delivered within existing approved budgets.

- 6.8. Legal – None.

- 6.9. Human Resources - None.

6.10. Assets And Property – None.

7.0 Conclusion

7.1. The report demonstrates good progress against the priorities identified in the 2012/13 Infrastructure Services Directorate Plan. For actions that are rated as Red or Amber corrective action has been or will be taken.

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27 August 2012

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Appendix 1 – Directorate Objectives

Appendix 2 - Off Target Actions and Corrective Action

Appendix 1 Infrastructure Services Directorate Plan Objectives

Customer Relations:	Target	Progress
<ul style="list-style-type: none"> We will improve our customer relationships by reviewing our existing customer intelligence and feedback processes and develop user friendly feedback forms/methods. Executive Managers will evidence how we have acted on the feedback to improve our services so we can implement service improvements. 	Ongoing	Building and Transport Operations are investigating the implementation of electronic customer feedback on all works carried and completed.
Other Partners:		
<ul style="list-style-type: none"> We will improve our relationship with Community Councils and other partners by engaging in face to face dialogue about Infrastructure Services in particular and rest of the Council in general. We will be clear about our roles and what we can and can't do. We will respond positively to invitations to meetings/site visits or other opportunities. We will identify issues early to engage before a problem arises. We will ensure issues identified are passed on the next working day and response provided before their next scheduled meeting keeping the informer in the loop. 	Ongoing	Infrastructure Services staff attended 14 consultation events in June / July 2012 as part of Infrastructure Services Review consultation. Staff have also attended Community Council meetings when requested.
<ul style="list-style-type: none"> We will prepare an engaging programme of induction for the new Councillors. 	May 2012	Infrastructure Services Management Team undertook a number of sessions during the Members induction fortnight.
<ul style="list-style-type: none"> We will commit to offer Members opportunities for ward walks to build relationships and understanding. 	Ongoing	Several Members attended Ferry Review consultation events. Invitation issued to Chair and Vice Chair of Environment and Transport Committee to visit ships and office.
<ul style="list-style-type: none"> We will involve Committee Chairs in regular meetings with the Director and Executive Managers. 	Ongoing	Chair and Vice Chair of Environment and Transport are involved in the Ferries Review Project Board and also involved in the early stages of the development of a prioritisation system for road improvements.
<ul style="list-style-type: none"> We will discuss Member concerns 'Face to Face' rather than e-mails where possible. 	Ongoing	A number of meetings have taken place with Members on ward specific matters involving the

		Director and Executive Managers.
BV2:		
<ul style="list-style-type: none"> We will evaluate our services using 'How Good is Your Council?' or other industry standards in preparation for BV2. 	December 2012	Building Services, Roads, Waste Management and Cleansing Services are compiling APSE performance benchmark data which will compare our performance against that of other Scottish Local Authorities. Other services are also looking at benchmarking data.
<ul style="list-style-type: none"> We will use the evaluation to benchmark our services. 	December 2012	As above.
Bottom Lines:		
<ul style="list-style-type: none"> We will identify the statutory and mandatory baselines for our services 'bottom lines' for service change. 	August 2012	Work is ongoing to identify additional in year savings to bring the Directorate spend in line with available budgets, which will involve identifying statutory and mandatory service levels.
<ul style="list-style-type: none"> We will not lose sight of the need to remain compliant and functional in the process. 	Ongoing	Ports and Harbours have recently been audit by the MCA in regards with the operation of VTS and also have recently retained their ISO accreditation following and audit by DNV.
Savings Targets:		
<ul style="list-style-type: none"> We will identify project leads, timelines, project plans, key milestones, and support and governance arrangements for all the reviews Infrastructure are leading. 	April 2012	The Infrastructure Review Team are co-ordinating all reviews which are being led by Executive Managers and are ensuring that reviews progress as effectively as possible within the resources available.
<ul style="list-style-type: none"> We will participate in corporate and other reviews as needed throughout the year; we will have a clear picture of who is involved in what and a feedback mechanism to ensure Infrastructure views are heard. 	Ongoing	Executive Manager - Roads is a member of ICT Board and member of Planning Review. Executive Manager - Environmental Health and Trading Standards is a member of the Admin. Review Team. Director is leading the review of the Employee Review and Development Policy.
<ul style="list-style-type: none"> We will update DMT monthly on the progress of reviews. 	Monthly	Service Reviews and Budgets are a standing item

		on the DMT agenda.
<ul style="list-style-type: none"> We will keep elected Members updated throughout the year via the agreed governance arrangements. 	Ongoing	Quarterly performance and budget reports are submitted to the relevant committees.
Supporting Staff :		
<ul style="list-style-type: none"> Regular team meetings will be in place in each service where we will be open about all issues including the Council's financial position. 	Ongoing	Team meetings are in place and seminar on the Council's budget has been held for the Infrastructure Services wider management team to ensure all Managers are aware of the up to date budget position so staff can be appropriately briefed.
<ul style="list-style-type: none"> We will develop mechanisms to encourage staff involvement, innovation, staff recognition and communication by actions such as Executive Managers speaking directly to all front line staff at least once a year and ensuring that Team Briefs are enabling two way communication up and down the organisation. 	Ongoing	<p>Director currently commits 1 day per month to front line service visits.</p> <p>Building Services carrying out a "Lean2" exercise to explore further areas for improvement.</p> <p>Ports Project involves a staff representative and Staff Working Group. The project has also held an away day for staff with more planned.</p>
<ul style="list-style-type: none"> We will undertake team building involving the team leaders. 	August 2012	Wider Management Team meeting held 2 August 2012.
Internal Relationships:		
<ul style="list-style-type: none"> Executive Managers will participate in other meetings such as Corporate Improvement Theme Groups, Corporate Savings Reviews, Strategic Partnerships and Local Service Delivery Groups. 	Ongoing	<p>Executive Managers attending improvement theme groups.</p> <p>Director lead Director for Improvement Areas 5 and 8 and also a member of Area1 improvement group.</p>
<ul style="list-style-type: none"> Self Assessment – peer support to be offered across directorate following the Executive Influence event in June 2012. 	Ongoing	To be progressed.
<ul style="list-style-type: none"> Member involvement in cyclical meetings, away days, briefings and seminars will be initiated by the Director at least quarterly or more often when significant service issues arise. 	Quarterly	Member Involvement in the Infrastructure Services Away Day, Ferries Review and Roads Prioritisation Project.
<ul style="list-style-type: none"> Department meetings to include Team Leaders at least 6 monthly. 	Bi-Annual	Wider Management Team meeting held 2 August 2012.

<ul style="list-style-type: none"> Individual Service Review Projects need to consider cross service implications and ensure appropriate consultation with other Executive Managers. 	Ongoing	Workshop Session held with stakeholders including other Executive Managers on 7 June 2012 for Infrastructure Services Reviews.
Balanced Budget:		
<ul style="list-style-type: none"> Monthly monitoring and management of directorate budget by DMT. 	Monthly	Monthly budget reports presented by Directorate accountant at DMT.
<ul style="list-style-type: none"> Quarterly budget reporting to DMT and CMT. 	Quarterly	Quarter 1 budget and performance report to CMT and Environment and Transport Committee in August and Harbour Board in September.
<ul style="list-style-type: none"> Budget delivered to balance or below by March 2013. 	March 2013	Quarter 1 monitoring has identified a potential £1.4 million overspend. Work is ongoing to identify additional in year savings to bring the Directorate spend in line with available budgets.
Medium Term Budget Strategy:		
<ul style="list-style-type: none"> DMT to identify what we continue to do across the Directorate by September 2012. 	September 2012	
<ul style="list-style-type: none"> Identify budget trends and predictions. 	Ongoing	
<ul style="list-style-type: none"> DMT to feed into CMT's formulation of medium term budget through representation on the Financial Improvement Theme group. 	Ongoing	
<ul style="list-style-type: none"> Review twice a year. 	Bi-Annual	-
<ul style="list-style-type: none"> Develop an Asset Maintenance Plan with budget as part of Improvement Theme Group by October 2012. 	October 2012	Completed for Ferry Terminals. Revised budgets implemented; draft building maintenance policy to be issued for comments Q2; objective is to reduce the Council's footprint and the number of offices in operation.
Improved Reputation:		
<ul style="list-style-type: none"> Be proactive in contact with Members and customers by using the Communication Team and engaging them in the work of our services. 	Ongoing	Meetings and frequent conversations with Communications Team by all Infrastructure Management Team.
<ul style="list-style-type: none"> Work to promote our successes. 	Ongoing	Success stories passed to Communications Team

		where appropriate e.g. Apprentice of the year finalist.
• DMT will define our public reputation aspirations.	June 2012	Still to be Started
• DMT will, with support from Communication Team identify the gaps between our aspirations and reality.	September 2012	Still to be Started
• DMT will develop and implement a reputation management action plan.	November 2012	Still to be Started
Sound Performance Management:		
• DMT to develop Infrastructure Performance Indicators that are customer focussed.	June 2012	Ongoing
• Quarterly reports to Committee and DMT and CMT by Infrastructure Director.	Quarterly	Quarter 1 performance report to CMT and Environment and Transport Committee in August and Harbour Board in September.
• Make full use of software.	Ongoing	Covalent reports for some indicators now being regularly circulated, ongoing development in place.
• Executive Managers to develop Service Plans and Team Plans that are customer focussed in terms of outcomes and performance measures.	June 2012	Done and endorsed by Environment and Transport Committee and Harbour Board in June.

Appendix 2 Off Target Actions And Proposed Corrective Action (Red Indicators in Service Plan)

1st Quarter: April to June 2012 Inclusive

Improvement Actions									
Ref	Improvement Outcome for the Customer	Improvement Objective	Improvement Action	Alignment with Council Action Plan			Targets	Timescales	Reason For Off Target Performance And Corrective Action For Next Quarter
				SOA Ref	IP Ref	BS Ref			
PHI2	Improved response time to enquiries.	Update Ports Filing System.	Develop an efficient filing system (DH).	1 (8)	5.3		Reduce number of file references. Increase efficiency.	September 2012	The current level of staff resources mean that this target has slipped. The work is 20% complete and the revised date is now December 2012.
PHI5	Improved security.	Compliance with national and international regulations.	Develop Plan for Fair Isle. (PS) Review plans for other assets. (PS)	1 (8)			100% Compliant	July 2012 <i>Fair Isle now expected Oct 2012.</i>	The current level of staff resources mean that this target has slipped. The work is 50% complete and the revised date for Fair Isle is now expected October 2012. All other plans still expected to be completed by target due date of October 2012.

Operational Service Delivery Actions

Ref	Outcome for the Customer	Objective	Action	Alignment with Council Action Plan			Targets	Timescales	Reason For Off Target Performance And Corrective Action For Next Quarter
				SOA Ref	IP Ref	BS Ref			
PHS2	Maintain navigational safety.	Compliance with duties of conservancy. Improve reliability. Improve maintenance access.	Replace navigational lights on Burra and Tondra bridges. (PE)	1 (8)	8.2		Improve statutory performance indicators.	01 August 2012	Awaiting completion by contractor. Trondra complete, Burra to be completed by end of August.
PHS6	Maintain safe berthing facilities.	Maintain small craft / tender facility at Balta Sound.	Repair facility. (PE)	1 (8)				Temporary fix by July 2012. Permanent fix by April 2013.	The current level of staff resources mean that this target has slipped. Temporary fix to be completed by end of August. Permanent fix still expected by due date.
PHS7	Improved service delivery.	New tugs into full service.	Complete study, effect modifications and bring into service. (PT)	1 (2)	8.2		New tugs in service. 100%	October 2012	Tank modelling and simulations ongoing.
PHS9	Improved Information Flow	Increase business throughput and improve	Research and develop online information and marketing	1 (4)	1.4 3.2		Increase use of facilities through the	March 2013	The current level of staff resources mean that this target has slipped. Will be



**Harbour Board****6 September 2012****Capital and Revenue Project Progress Report****PH-18-12F****Team Leader – Port Engineering****Infrastructure Services Department****1.0 Summary**

- 1.1 This report updates the Board on issues pertaining to the projects relating to Ports and Harbours Operations and Appendix 1 provides photographs of project progress for members information.

2.0 Decision Required

- 2.1 The Harbour Board are recommended to:
- 2.1.1 Note the contents of the report and areas of progress made; and
 - 2.1.2 Discuss and highlight any areas of concern.

3.0 Detail

Ports and Harbours currently has an interest in the following projects:

Capital Programme Projects

- 3.1 Dock Symbister – RCM 2309
- 3.1.1 As previously agreed, no decision will be taken on this project until a decision is reached on the solution to the transport link to Whalsay and possible location of the new Whalsay ferry terminal if required.
 - 3.1.2 Local Consulting Engineers, Arch Henderson and Partners recently visited the Dock, to update previous surveys they had carried out on the structure in recent years.

- 3.1.3 In summary, their report indicates that deterioration of the structure as a whole continues, with the East side of the dock causing the most concern.
- 3.1.4 With regard to the West pier, the report states that it does not show deterioration to the same extent that the East side exhibits, but there is no doubt that the structure is not as stable as it should be.
- 3.1.5 It is evident from the latest survey that a decision on the future of this structure cannot be deferred for much longer.
- 3.1.6 A more detailed report will be submitted to the next meeting of the Board, summarising options identified in recent years, from infilling of the dock, through to the full historical refurbishment of the structure.

3.2 Walls – RCM 2316

- 3.2.1 The contractor Frank L Johnston (Shetland) Ltd started work on site on 16th April 2012 with an agreed completion date of 15th June 2013.
- 3.2.2 The water, power and drainage services in the roadway and approaches to the pier area have been installed. Work is currently underway on the installation of the pontoon concrete base and guide piles, which is expected to be completed before the end of August. Construction of the reinforced concrete capping beam is underway, as is the precast concrete work for the pile wall anchor blocks.
- 3.2.3 All the remaining piles and associated metal work have now been sourced and are on site.
- 3.2.4 The project remains on schedule and within budget.

3.3 Fetlar Breakwater – GCY 7214

- 3.3.1 The breakwater is now virtually complete. A small amount of tidying up remains to be finished off.
- 3.3.2 The pier is complete except for some minor items.
- 3.3.3 The quarry area has been tidied up over half the area and reinstatement of the quarry face is 50% complete.
- 3.3.4 The slipway is complete.
- 3.3.5 Surfacing of the access road is complete
- 3.3.6 Works outstanding are verge construction to the access, lighting installation, landscaping and demobilisation.

- 3.3.7 It is now expected that the project will be complete in early September 2012.
- 3.3.8 Currently the project lies within the Transport section. However, some level of involvement of Ports and Harbours staff is likely. The breakwater will support a limited berthing facility for small craft that is likely to fall under the remit of Ports and Harbours. Hamars Ness is a designated Harbour Area for which the Council has jurisdiction as harbour authority under the ZCC Act 1974.

3.4 Skerries South Mouth Dredging – GCY 7215

- 3.4.1 This is a Development Services transport project, however since it is located within a Harbour Area this item has been included in this report for information to Members.
- 3.4.2 This project falls within the protected Historic wreck site of the Kennemerland. Consent to undertake the dredging within this protected area has been granted by Historic Scotland together with Dredging consent from Marine Scotland.
- 3.4.3 The project was retendered however the offer received remained over budget. The Council at its meeting on 7th December 2011 [SIC Min. Ref 112/11] agreed to increase the budget by £40k to allow the project to proceed.
- 3.4.4 The ERDF funding application was successful and the contract was awarded to Tulloch Developments Ltd.
- 3.4.5 A start date has been agreed with the contractor of 27th August 2012 with a contract period of 4 weeks.

Harbour Account Capital Projects

3.5 Plant, Vehicles and Equipment – PCM 2101

- 3.5.1 This budget will be used to continue replacing plant and equipment around the Harbour as necessary. Further work to overhaul Pilot Vessel engines is planned for this financial year.

3.6 Navigational Aids – PCM 2104

- 3.6.1 This budget will be used to continue the upgrade of navigational aids and in particular, the adoption of new LED technology. Incorporation of LED lanterns has already proved to be a complete success, with availability much increased through the dark winter months.
- 3.6.2 The replacement and fitting of the new LED lights at Gluss is ongoing, and agreement in principal to alter the distance between the lights has been received from the Pilots. The project proposes to remove the two 30 metre towers and football

stadium style light arrays on Gluss Isle, and replace them with new LED light arrays on much smaller structures. This will result in savings due to the maintenance required on the existing towers, and also much reduced running costs for the LED arrays. Smaller structures will also provide easier access for maintenance staff, with Health and Safety issues also much reduced. Discussions are ongoing with the Light supplier, to firm up proposals and costs to allow the project to progress.

Harbour Account Revenue Projects

3.7 Sullom Voe Terminal Maintenance Contract

- 3.7.1 Malakoff Limited currently holds the Jetty Maintenance Contract. This Contract will expire in the late Autumn of this year, and the process of drawing up new Tender documents will start in the near future, with a view to going out to Tender no later than December 2012. The new contract will commence in April 2013 for a further three-year period.
- 3.7.2 Additional work being carried out on the Jetties this year includes an investigation into chloride ingress on the concrete elements forming the Jetty structures. Non Destructive Testing (NDT) of the mooring and berthing dolphins indicated that chloride ingress has occurred, and corrosion of the internal steel reinforcing is taking place. This corrosion, if left unchecked will ultimately reduce the strength of the structures, and could lead to loss of operational availability.
- 3.7.3 This investigation entailed the removal of affected concrete using a high pressure water jet from the soffits of two mooring dolphins on Jetty Two. Once exposed, the condition of the steel reinforcing was closely inspected, before repairs were made and new sprayed concrete applied.
- 3.7.4 The repairs are now complete, and appear to have been successful, but the long term durability of the repair remains to be proven.
- 3.7.5 The results of the steelwork inspection will now be compared with initial NDT inspection results, and this will allow prioritisation of future works, which given the widespread nature of the problem, are likely to continue for some years
- 3.7.6 The Contract has progressed well in all areas, remaining on programme and within agreed budget.

3.8 Small Ports – Condition Surveys

- 3.8.1 A local Civil Engineering Consultant has commenced condition surveys on all small Ports. These will form a baseline to allow maintenance activities for the next five years to be formulated. Results of these surveys are starting to be submitted, and of particular concern is the widespread evidence of Advanced Low

Water Corrosion (ALWC), which has manifested itself in the last few years on a number of small Ports. This phenomenon results in particularly aggressive rates of corrosion on steel sheet piled structures, significantly reducing their working lives.

- 3.8.2 It is likely that significant additional resources will be required to address this issue and a further update will be brought to the Board once the scale of the issue has been identified.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The actions in this report will contribute to the SOA outcomes 1 and 3 in the Council Action Plan 2012/13 of

“Shetland has sustainable economic growth with good employment opportunities”

“We have financial sustainability & balance across all sectors”

- 4.2 Community /Stakeholder Issues – The community and stakeholders of the Ports and Harbours operation have an interest in ensuring that new capital projects are properly monitored and ensuring that they are completed within budget and on schedule.

- 4.3 Policy And/Or Delegated Authority – The Scheme of Administration and Delegations sets out the role and authority of the Harbour Board under paragraph 2.7.

In accordance with Section 2.3.1(2) of the Scheme of Administration and Delegations, the Harbour Board has delegated authority to monitor and review the achievements of key outcomes within its functional areas and to monitor the relevant Planning and Performance Management Framework.

- 4.4 Risk Management – Failure to tackle the Advanced Low Water Corrosion where it occurs, will eventually lead to a failure of the structure affected. Failure to address this issue may, over time, also raise the risk of harm to persons or property using the facility. Failure to reduce the net ongoing running costs of the Council carries a significant risk of the Council's financial policies not being adhered to and will require a further draw on Reserves.
- 4.5 Equalities, Health And Human Rights – None arising from this report.
- 4.6 Environmental – None arising from this report.

Resources

4.7 Financial

4.7.1 It is likely that significant additional resources will be required to address the effects of Advanced Low Water Corrosion. A further report will be brought to the Board on the potential costs likely to be incurred once the scale of the issue has been identified.

4.7.2 Under the Local Government in Scotland Act 2003, the Council has a duty to make arrangements, which secure Best Value. Best Value is continuous improvement in the performance of the authority's functions taking into account efficiency, effectiveness, economy and equal opportunities.

4.7.3 The Council approved a Financial Framework and Reserves Policy which includes:

- a presumption against service extension, which will cost more;
- a focus on efficiencies, especially internal efficiencies; and
- priority to be given to the provision of statutory services.

4.8 Legal – There are no known legal issues arising from this report. Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those in this report

4.9 Human Resources – None arising from this report.

4.10 Assets And Property – None arising from this report.

5.0 Conclusions

5.1 Projects in this report continue to be monitored in line with Council procedures and guidelines.

For further information please contact:

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24 August 2012

List of Appendices:

Appendix 1 – Project Progress Photographs.

Background documents:

None.

Capital Project Information available on the Ports and Harbours [website](#)

**Harbour Board****6 September 2012****Harbourmaster's Report**

P&H-16-12F

Harbour Master, Ports & Harbours Operations**Infrastructure Services Department****1.0 Summary**

- 1.1 The purpose of this report is to brief and inform the Members and Port Marine Safety Code (PMSC) Duty Holder of the professional concerns and current status as reported by the Harbourmaster.

2.0 Decision Required

The Harbour Board is recommended to:

- 2.1 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 fulfill that function.

3.0 Detail

- 3.1 Navigational Risk Assessment. The Harbour Board decided on 26th January 2012, (Min Ref. 06/12, report P&H-04-12-F), to tender for assistance in undertaking a major review and updating of the Safety Management System and Formal Risk Assessment. The Tender process that followed resulted in six tenders. The successful bid was made by ABP Marine Environmental Research Ltd (ABP Mer), a subsidiary of Associated British Ports, the largest port owner in the UK, including ports such as Immingham and Southampton.

ABP Mer have commenced work and are attending Shetland this week with a view to completion of the project by calendar year end. However, as there is no scheduled Harbour Board meeting in December 2012, they are hoping to complete much of the project prior to the Harbour Board meeting on 22nd November 2012 at which time it is hoped that a report will be presented to Members.

- 3.2 Designated Person. Under the Port Marine Safety Code (PMSC) there is a requirement to appoint a "designated person to provide independent assurance directly to the duty holder that the marine safety management

system, for which the duty holder is responsible, is working effectively.” The Approved Guide to the Code recommends that the designated person is either “a harbourmaster / deputy at another port” or an appropriately qualified, experienced and independent member of the Harbour Board. In the past the designated person has been an employee within Ports and Harbours or, latterly, in another Council department. These appointments have not been in line with the PMSC, first introduced in 2000 and updated in 2009, and an alternate solution, compliant with the Code was sought concurrent with the above tendering process. Accordingly Captain Trevor Auld has been appointed as designated person. Captain Auld was, until recently, Harbourmaster of ABP’s South Wales ports (Cardiff, Barry, Port Talbot and Swansea) and has now moved within the ABP structure to ABP Mer.

3.3 ISO 9001:2008 certification. The port of Sullom Voe is certified under the above international quality standard. To maintain this certification annual external audits have to be carried out, with a renewal audit every third year. These audits, and the related certification, are carried out by Det Norske Veritas (DNV).

The latest audit was undertaken on 10th – 11th July 2012 and, as a result of this audit, the ISO certification was renewed for a further three year period. The audit resulted in no major non-conformities, six minor non-conformities and three observations noted below. The non-conformities have a closure date of 10th October 2012.

No	Type	Description	Progress	Due
1	Minor	Storage and archive control to be improved	On-going	10 Oct
2	Minor	Performance monitoring using a format other than that in the SMS		10 Oct
3	Minor	VTS logbook being amended to reflect new working rotas, but changes not routinely initialled	New booklets submitted to MCA (see below) for approval	10 Oct
4	Minor	Not all audits were scheduled and planned based on status and importance	Audit plan being updated	10 Oct
5	Minor	Signatures and authorities were not up to date owing to recent management changes	Still to be done, draft ready for discussion at TWG	10 Oct
6	Minor	Quality Policy similarly not up to date	New draft ready, as above re TWG	10 Oct
1	Observation	Organigram not updated to reflect new structure	Under discussion	
2	Observation	Proposed updates to the SMS initiated in January 2012 not yet in place	Drafts ready for discussion at TWG	
3	Observation	Housekeeping in workshop area not satisfactory	On-going work to improve matters, but staffing levels problematic	

- 3.4 Maritime & Coastguard Agency (MCA) audit of VTS. The latest audit was reported to the Harbour Board at the last meeting. I can advise that the closing out of the non-conformities is still on track and contact has been maintained with the auditors.

No	Audit comment	Progress	Due date
1	Navigational Risk Assessment	Contractor appointed as above – anticipate completion by due date	Dec 2012
2	VTS manning	Port Safety Officer and two pilots now fully trained, remaining four pilots will undertake training in the Autumn term	Closed
3	VTS annual assessment documentation to prepare	Draft copies with MCA – will need their acceptance to close this item	August 2012
4	Vacant post – QA Manager	See below. QA Manager to have suitable audit training – arranged for October	December 2012
5	Vacant post – Deputy Harbourmaster	See below	Closed

- 3.5 Deputy Harbourmaster. Since the last Harbour Board, Peter Morgan has commenced as Deputy Harbourmaster. This role encompasses that of Quality Manager and training in auditing has been arranged for October 2012. Once completed this will close out the MCA audit item 4. As Deputy Harbourmaster Mr Morgan will aim to achieve VTS Supervisor qualifications, but this will take some months.
- 3.6 Scalloway Manning. Progress is continuing at looking at working patterns and number of staff required to maintain an adequate level of service at Scalloway. Discussions have taken place with the existing workforce and their input to taking the port forward is invaluable.
- 3.7 Management levels within Ports and Harbours has increased by one person. This is still below the established level and some areas are still not as well managed as would be hoped. It is planned to appoint a new General Manager which will allow management functions to revert to an acceptable level

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The actions in this report will contribute to the SOA outcomes 1 and 3 in the Council Action Plan 2012/13 of

“Shetland has sustainable economic growth with good employment opportunities”

“We have financial sustainability & balance across all sectors”

- 4.2 Community /Stakeholder Issues – Community and stakeholders have a vested interest in ensuring that the port operation is managed and operated safely and in accordance with legislation and industry best practice.

4.3 Policy And/Or Delegated Authority – The Scheme of Administration and Delegations states that the role and authority of the Harbour Board is:

4.3.1 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; and

4.3.2 Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfill that function; and

4.3.3 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.

4.4 Risk Management – Failure to comply with the requirements of the PMSC could lead to regulatory action.

4.4 Equalities, Health And Human Rights – None.

4.5 Environmental – None.

Resources

4.6 Financial – There are no direct financial implications to this report.

4.7 Legal – None.

4.8 Human Resources – None.

4.9 Assets And Property – None.

5.0 Conclusions

5.1 This report is an update of current issues in the operation of Ports and Harbours within Shetland.

For further information please contact:
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24 August 2012

List of Appendices

None

Background documents:

None