

**Harbour Board****23 May 2016****Management Accounts for Harbour Board:
2015/16 – Draft Outturn at Quarter 4****F-022-F****Report Presented by Executive Manager -
Finance****Corporate Services****1. Summary**

- 1.1 The purpose of this report is to enable the Harbour Board to note the financial performance of services within its remit. This report details the draft outturn position on net controllable costs for revenue and capital, and will be subject to final accounting and audit adjustments as part of the year end accounts process.
- 1.2 The draft outturn position for operational services under the remit of the Harbour Board is an adverse variance of £500k on revenue and an underspend of £723k on capital against approved budgets.
- 1.3 The draft outturn position for the other income from the Terminal Berthing charge, Shetland Gas Plant and Marine Fund contribution for unfunded pension costs, is a reduction in budgeted income of £1.143m.

2. Decision Required

2.1 That the Harbour Board RESOLVE to:

- Note the Management Accounts showing the draft outturn position; and
- Note the proposed budget carry-forwards which will be included in the overall Draft Outturn report to be presented for approval at Policy & Resources Committee on 24 May 2016.

3. Detail

- 3.1 On 3 December 2014 (SIC Min Ref: 96/14) the Council approved the 2015/16 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 £7.646m.
- 3.2 This report forms part of the financial governance and stewardship framework which ensures that the financial position of the organisation 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.

Revenue

- 3.3 The draft revenue outturn position is an adverse variance of £500k (87%) for Ports & Harbours operational budgets, which means that the services under the remit of the Board are unable to provide their budgeted surplus to reserves.
- 3.4 The draft revenue outturn position for the other income from the Shetland Gas Plant, Terminal Berthing and the Marine Fund contribution for unfunded pension costs, is a reduction in budgeted income of £1.143m (25%).
- 3.5 The main reasons for variances are shown on Appendix 1 attached.

Capital

- 3.6 The draft capital outturn position is an underspend of £723k (70%) which means that the services under the remit of the Board are forecast to spend less than their Council approved budget. The main reasons for variances are shown on Appendix 2 attached.

4. Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Plan to ensure that the Council is “continuing to keep to a balanced and sustainable budget, and are living within our 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.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of the Council.

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. The Council approved both revenue and capital budgets for the 2015/16 financial year. This report provides information to enable the Board to note the financial performance of the services within its remit are operating within the approved budgets.

4.4 Risk Management

- 4.4.1 There are numerous financial risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.
- 4.4.2 From a financial perspective risks are an integral part of planning for the future, as assumptions are made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.
- 4.4.3 The main financial risks for the service provision in this report were:
- reduction in tanker traffic at Sullom Voe;
 - the delay in the Shetland Gas Plant becoming operational; and
 - reliance on oil and gas prices for the throughput agreements for both the Sullom Voe Harbour and the Shetland Gas Plant.
- 4.4.4 These risks were outwith the control of the Council, therefore having access to the most up-to-date information helps the Council to plan for the realisation of these risks and address them in future years.
- 4.4.5 If these risks were not addressed, the Council may be in breach of its policy in the Medium Term Financial Plan that "The oil industry should never be subsidised by Shetland taxpayers, and that over the whole remaining lifetime of the Port the total value of the surpluses generated on the capital invested should be at least equal to the average rate of return that would be generated if the capital was invested with the Council's fund managers".
- 4.4.6 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 require remedial action.
- 4.4.7 A strong balance sheet and the availability of usable reserves ensures that the Council is prepared for significant unforeseen events should they arise.
- 4.4.8 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.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

- 4.7.1 The 2015/16 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.
- 4.7.2 Every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £50k each year in the future as a result of not being able to invest that £1m with fund managers to make a return.
- 4.7.3 It is therefore vital that the Council delivers its 2015/16 budget, and this report demonstrates that the services under the remit of the Harbour Board have not achieved this. This is mainly due to the reduction in tanker traffic at Sullom Voe and the global low oil price affecting throughput income. Also the delay in the Shetland Gas Plant becoming operational and the low gas price have also resulted in a substantial shortfall in budgeted income.

Revenue

- 4.7.4 There are three main elements which create the overall Harbour Account draft outturn reduction in surplus of £1.643m:
- Ports & Harbours Operations - there is a negative variance of £500k against budget of £578k net income. This will result in a contribution to reserves of £78k.
 - Shetland Gas Plant - there is a projected shortfall in income from the Shetland Gas Plant of £1.247m against budget of £1.430m which will result in a contribution to reserves of £183k.
 - Terminal Berthing Charge - there is increased income from the berthing charge to Ferry Operations Service for use of terminal infrastructure of £99k against budget of £3.046m which will result in a contribution to reserves of £3.145m.
- 4.7.5 As described above, although the overall draft outturn return to reserves from the Harbour Account is £3.549m against a budget of £5.192m, this income is mainly derived from the terminal berthing charges to Ferry Operations Service and is therefore funded from within the Council and does not result in additional income to the Council overall.

4.7.6 The main reasons for variance by service area are shown in Appendix 1 attached.

Capital

4.7.7 The draft outturn capital position is an underspend of £723k against budget. The main reasons for variances are shown on Appendix 2 attached.

4.7.8 In line with the Medium Term Financial Plan Budget Carry Forward Scheme, £343k of the capital underspend is requested to be carried forward into 2016/17 to meet commitments for existing projects which are not yet complete.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5. Conclusions

5.1 The draft outturn position for the services under the remit of the Harbour Board is a reduction in surplus of £1.643m against budget on revenue and an underspend of £723k on capital project spend.

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List of Appendices

Appendix 1 – Harbour Board – Draft Revenue Outturn Position 2015/16

Appendix 2 – Harbour Board – Draft Capital Outturn Position 2015/16

Background documents:

SIC Budget Book 2015-16, SIC 3 December 2015

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=16958>

END

Harbour Board

1. Draft Revenue Outturn Position 2015/16

Projected Proj.Outturn Variance (Adv)/Pos at Q3 £000	Service Area	Revised Annual Budget Q4 £000	Draft Outturn at Q4 £000	Budget v Draft Outturn Variance (Adv)/Pos at Q4 £000
(2,231)	Sullom Voe	(1,065)	808	(1,873)
422	Scalloway	(318)	(1,144)	826
201	Other Piers	137	(106)	243
274	Terminals	668	364	304
(1,334)	Ports & Harbours Operations	(578)	(78)	(500)
80	Terminal Berthing Charge	(3,046)	(3,145)	99
6	Marine Fund Contribution	(138)	(143)	5
(1,230)	Shetland Gas Plant	(1,430)	(183)	(1,247)
(1,144)	Other Income	(4,614)	(3,471)	(1,143)
(2,478)	Overall Contribution to Reserve Fund	(5,192)	(3,549)	(1,643)

The projected outturn variance figures at quarter 3 are included above for reference. The main reasons for the changes from the quarter 3 projected outturn variance to the quarter 4 position are receipt of updated tanker traffic projections from the Sullom Voe Terminal operators, and increased income from the accommodation barge and vessel at Blacksness Pier.

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

1.1 Sullom Voe – adverse variance (£1.873m) (176%)

This variance comprises:

- reduction in tanker traffic, partly due to the extended maintenance shutdown of the Clair Field Platform (£1.717m);
- reduction in the Harbour Throughput Agreement payment from Sullom Voe Terminal due to the low oil price and related Permanent Crude Oil Index which are used in the calculation (£312k);

- high backlog of maintenance for tugs Shalder and Tirrick which were delayed pending tug requirements review (£240k);
- overtime for towage crews when 4th tug duty is required on tankers exiting the Port, and transporting vessels south for drydocking (£143k);
- on job training supervision requirements for new Marine Officer (£103k);
- reduction in management and engineering costs due to vacant posts £354k; and
- reduction in fuel costs due to lower fuel price against budget £329k.

1.2 Scalloway – positive variance £826k (260%)

This variance is mainly due to:

- increased income from the accommodation barge and vessel which remained at Blacksness Pier longer than anticipated £608k;
- increased fish and salmon landings at Scalloway £200k; and
- emergency repairs to wave screen and tow rails at Scalloway pier (£109k)

1.3 Other Piers - positive variance £243k (177%)

This variance is mainly due to increased salmon and storage income at Cullivoe, Walls & Mid Yell £158k.

1.4 Terminals – positive variance £304k (46%)

This variance is due to underspending on maintenance, with only terminal condition survey works undertaken this year to inform future years' maintenance requirements £300k.

1.5 Terminal Berthing Charge - positive variance £99k (3%)

This variance relates to an increase in ferry berthing income due to ferry schedule changes £99k.

1.6 Marine Fund Contribution – positive variance £5k (4%)

This variance relates to a minor increase in funding for increased unfunded pension costs.

1.7 Shetland Gas Plant - negative variance (£1.247m) (87%)

The income budget was based on the Shetland Gas Plant being operational for the full year 2015/16, however, it only became operational on 8th February

2016. The throughput rental is also based on the gas price which is lower than the estimated price used when setting the budget.

Harbour Board

2. Draft Capital Outturn Position 2015/16

Proj. Outturn Variance at (Adv)/Post at Q3 £000	Service	Revised Annual Budget Q4 £000	Draft Outturn at Q4 £000	Budget v Draft Outturn Variance at (Adv)/Pos at Q4 £000
339	Ports & Harbours	1,026	303	723
339	Total Controllable Costs	1,026	303	723
0	Less requested budget carry- forwards to 2016/17	343	0	343
339	Total Controllable Costs	683	303	380

The draft outturn variance figures at quarter 3 are included above for reference. The main reasons for the change from the quarter 3 projected outturn variance to the quarter 4 position are slippage on construction of navigational aids and commencement of the terminal access and security works.

2.1 Ports & Harbours Operations – underspend variance £723k (70%)

This underspend relates to:

- only contract preparation work on the terminal life extensions being undertaken this year £360k;
- slippage on navigational aids due to long lead-in time for construction and delivery of lights £180k;
- slippage on commencement of terminal access and security works £100k;
- slippage on completion of the Scalloway fish market doors and refrigeration works £30k; and
- slippage on plant and vehicle replacement programme for delay in receiving quotes from contractors for new crane £28k.

**Harbour Board****23 May 2016****Pilotage Accounts for Harbour Board:
2015-16 - Quarter 4 (April 2015 – March 2016)****F-031-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 the pilotage services provided by the Council.
- 1.2 This report presents the outturn position for the 2015/16 year as at the end of the fourth quarter.
- 1.3 The outturn position shows an adverse variance of £292k (76%) against annual budget of £383k which results in an actual net surplus of £91k

2.0 Decision Required

- 2.1 That the Harbour Board RESOLVE to review the Pilotage Accounts showing the outturn position at Quarter 4.

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 are 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 the service of a pilot, providing, maintaining and operating any pilot boats and administrative or other associated costs.
- 3.3 These accounts must be available for inspection by the public at the harbour authority's offices. Members of the public shall be able to buy a copy for a reasonable fee.
- 3.4 The Council is also under a duty to keep accounts in respect of the "harbour undertaking" in accordance with section 65 of the Zetland County Council Act 1974, (ZCC Act). Pilotage is part of the harbour undertaking and as such should appear in those accounts. Any surplus on the harbour undertaking is credited to the Reserve Fund set up under Section 67 of the ZCC Act.
- 3.5 The Pilotage Accounts for the period 1 April 2015 to 31 March 2016 are attached as Appendix 1.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities
This report contributes to the Corporate Plan by ensuring that good-quality information is provided regularly.
- 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 – Failure to keep Pilotage Accounts would place the Council in breach of its legal duties.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

Resources

- 4.7 Financial
- 4.7.1 The overall outturn position shows an adverse variance of £292k against annual budget.
- 4.7.2 The main reasons for the variance are:
- reduction in pilotage income from reduced tanker traffic at Sullom Voe (£240k); and

- staff supervision costs for on-the-job training of new Marine Officer (£61k)

4.8 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.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 This report presents the Quarter 4 Pilotage Accounts for 2015/16 to the Board for review. The overall outturn position is an adverse variance of £292k (76%) against annual budget of £383k which results in an actual net surplus of £91k.

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List of Appendices

Appendix 1 – 2015/16 Quarter 4 Pilotage Accounts

Background documents:

None

END

2015/16 Pilotage Accounts - Actual Outturn at Quarter 4

F-031 - Appendix 1

	Sullom Voe			Scalloway			Overall		
	Annual Budget	Actual Outturn	Variance (Adv)/Fav	Annual Budget	Actual Outturn	Variance (Adv)/Fav	Annual Budget	Actual Outturn	Variance (Adv)/Fav
Charges in respect of :	£	£	£	£	£	£	£	£	£
Boarding & Landing	-473,021	-363,221	(109,800)	-13,327	-11,041	(2,286)	-486,348	-374,262	(112,086)
Pilotage Services provided as authorised by section 10(1) of the Use of PEC issued as authorised by section 10(3) of the Pilotage Act 1987	-1,159,795	-1,005,514	(154,281)	-35,000	-37,109	2,109	-1,194,795	-1,042,623	(152,172)
	0	0	0	0	0	0	0	0	0
TOTAL INCOME	-1,632,816	-1,368,735	(264,081)	-48,327	-48,150	(177)	-1,681,143	-1,416,885	(264,258)
Boarding & Landing	394,789	404,580	(9,791)	3,033	3,040	(7)	397,822	407,620	(9,798)
Pilotage	626,685	703,697	(77,012)	21,375	21,879	(504)	648,060	725,576	(77,516)
Sub-Total Employee Costs	1,021,474	1,108,277	(86,803)	24,408	24,919	(511)	1,045,882	1,133,196	(87,314)
Boarding & Landing	10,083	4,727	5,356	882	1,241	(359)	10,965	5,968	4,997
Pilotage	4,465	4,900	(435)	44	0	44	4,509	4,900	(391)
Sub-Total Supplies & Services	14,548	9,627	4,921	926	1,241	(315)	15,474	10,868	4,606
Boarding & Landing	81,225	60,360	20,865	6,369	5,077	1,292	87,594	65,437	22,157
Pilotage	6,899	4,300	2,599	28	0	28	6,927	4,300	2,627
Sub-Total Transport & Mobile Plant	88,124	64,660	23,464	6,397	5,077	1,320	94,521	69,737	24,784
Boarding & Landing	21,375	15,913	5,462	4,199	1,625	2,574	25,574	17,538	8,036
Pilotage	646	78	568	6	0	6	652	78	574
Sub-Total Property & Fixed Plant	22,021	15,991	6,030	4,205	1,625	2,580	26,226	17,616	8,610
Meeting Liabilities under Part III of the Act	0	0	0	0	0	0	0	0	0
Boarding & Landing	14,687	14,644	43	210	9,488	(9,278)	14,897	24,132	(9,235)
Pilotage	66,579	69,249	(2,670)	34,869	1,010	33,859	101,448	70,259	31,189
Sub-Total Admin and Other Costs	81,266	83,893	(2,627)	35,079	10,498	24,581	116,345	94,391	21,954
TOTAL EXPENDITURE	1,227,433	1,282,448	(55,015)	71,015	43,360	27,655	1,298,448	1,325,808	(27,360)
NET TOTAL	-405,383	-86,287	(319,096)	22,688	-4,790	27,478	-382,695	-91,077	(291,618)

**Harbour Board****23 May 2016****Ports and Harbours Performance Report – 4th Quarter 2015/16****PH-05-16F****Acting Executive Manager- Ports and Harbours****Infrastructure Services Department****1.0 Summary**

- 1.1 This report summarises the activity and performance of the Ports & Harbours Service for the reporting period above. Progress reports are submitted to the Harbour Board on a quarterly basis to allow Members to monitor the delivery of the Ports & Harbours service plan.

2.0 Decisions Required

- 2.1 That the Harbour Board discuss the contents of this report and make any relevant comments on progress against priorities to inform the planning process for next and future years.

3.0 Detail

- 3.1 The Ports and Harbours Service Plan 2015/16 is grouped under four main themes, a summary of overall progress on each is provided below along with an indication of where issues have arisen.

3.2 Effective Management Systems**Highlights**

- Regular management and staff meeting schedule has been reinstated.
- Full range of Port & Tug SMS external and internal audits undertaken including 5 yearly external review of the Port SMS and action plans developed.
- Internal audit arrangements reviewed and updated.
- Compliance with Council procurement and audit requirements enhanced.
- Towage & multi-agency emergency table top exercise performed with live exercise planned for summer.

Issues

- Tug fleet maintenance arrangements remain under review.

3.3 Technical Projects

Highlights

- Jetty 2 re-fendered and returned to operational status.
- Solan and Bonxie sale completed.
- Breakdown and dry dock cover contracts in place to provide cover for the remaining vessels.
- The essential maintenance on Scalloway Fishmarket has been completed.
- Tender return is awaited for VTS radar and associated communications systems.
- Tenders are under evaluation for replacement Gluss lights.

Issues

- Tug fleet renewal options remain under review.

3.4 Workforce Planning and Development –

Highlights

- Expanded role for Marine Pilot support of harbour activities implemented, New Marine Pilot recruited and nearing completion of initial training programme.
- Alternative Pilot launch shift pattern implemented to improve service delivery.
- New VTS shift pattern implemented, VTS recruitment done and training near completion.
- Ports management review initiated.
- Engineering supervision arrangements updated.
- STCW (Manila) training contracts in place and training programme is being carried out.

Issues

- Future workforce planning activity continues in light of possible SVT operational changes, projected tanker movements and the strategic review of the Port of Sullom Voe.

3.5 Strategic Planning

Highlights

- Members have continued to receive progress reports and updates on the next stages in the Port of Sullom Voe and Scalloway Harbour review projects. Further update on progress will be brought to the next Harbour Board meeting.

- 3.6 Details of progress on the actions set out in the 2015/16 Ports & Harbours Service Plan is set out in Appendix 1 to this report.
- 3.7 The Harbour Board is invited to comment on any matter which they see as significant to sustaining and improving service delivery.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – Effective Planning and Performance Management are key aspects of Best Value values and features of “Our Plan”, the Council’s Corporate Plan.

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 in place that cannot happen and new business opportunities and wealth creation cannot take place.

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

- 4.2 Community /Stakeholder Issues – Consultation with customers and other stakeholders is on-going as an integral part of each aspect of service delivery.

- 4.3 Policy And/Or Delegated Authority –

- 4.3.1 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.”

Harbour Board

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.

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 – 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.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial – The actions, measures and risk management described in this report will be delivered within existing approved budgets and are aimed at ensuring delivery of the Council's agreed budget strategy.

4.8 Legal – Specialist legal advice is required for some actions included in the service plan, particularly the acquisition and disposal of vessels. The Council's appointed shipbrokers are closely involved in providing advice on these actions.

4.9 Human Resources - There are a range of actions in this service plan with staffing implications. Care is taken to ensure that staff are involved and informed about plans that might affect them, that HR are closely involved and that relevant Council policies are followed.

4.10 Assets And Property – There are a number of actions and projects that have significant asset implications, particularly in relation to boats, piers and other harbour infrastructure. Capital Programme Service is involved early in all capital project proposals and all proposals are subject to the Council's Gateway Process for capital prioritisation.

5.0 Conclusion

5.1 The Ports and Harbours Service Plan is the key performance management document for the Service. It sets out our aims, objectives and actions for the year. This report demonstrates good progress against the priorities identified.

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Appendices

Appendix 1 – Progress on actions

Background Documents

Ports & Harbours 2015/16 Service Plan

http://www.shetland.gov.uk/about_performance/PerformanceReports.asp

Ports & Harbours 2015/16 Action Plan – End of Year Update

Item	Status	
Management Systems		
Reinstate Technical Working Group	Up and running again from July 2015	G
Hold regular Management team meetings	Regular meetings held since July 2015	G
Port SMS External review for PMSC	Carried out last week in October 2015	G
Port SMS ISO 9001 External Audit	Done in August 2015, accreditation revalidated	G
Tug OVID Audit	Done in July 2015	G
Towage SMS - ISM audits	Performed last week in September 2015, action plan agreed.	G
Port SMS –ISO 9001 & Towage SMS Internal Audits	New schedule drafted – Additional auditors trained	G
Renewal of Port Designated Person	Done in June 2015	G
Review tug maintenance management	Arrangements under review as part of fleet replacement programme.	A
Make sure contracts are let in line with procurement procedures	Term contract for Electrical services being advertised Mechanical & Engineering services to follow.	G
Make sure stores are managed in line with Audit recommendations	Done - Further Audit comment anticipated May 2016	G
Review and Update “Table of Dues”	New table of dues approved by Harbour Board, 25 th November and Council 2nd December 2015.	G
Budgets and next year’s budget exercise	Prepared in line with revenue estimates timetable	G
Review long term capital needs	Prepared in line with Capital Programme method	G
Review all Risk management registers	RiskWeb and MarNis updated for Port SMS. Still some work to do to transfer Towage SMS risks to MarNis.	G
Update Business Continuity Plan	Updated November 2015	G
Plan emergency exercises	Desktop exercise held November 2015, live exercise planned July / August 2016	G
Harbour Board governance and management arrangements	Part of “In House” option within strategic review project.	G
Grocery procurement	Fresh Meat and Fish now being supplied under Council wide contract.	G
Technical Projects		
Complete Refendering of Jetty 2.	Done September 2015 on time & under budget	G
Replace VTS radar at Sullom Voe to maintain safe Ops.	Tendering between May to July 2016. New system to be selected Q3 2016 and implemented by March 2017.	G
Replace Gluss Lights.	Tender returns received. New leading lights installed and commissioned by August 2016	G
Solan/Bonxie at operational capability / support marketing activity.	Solan & Bonxie sold December 2015 and February 2016.	G

Ports & Harbours 2015/16 Action Plan – End of Year Update

Item	Status	
Next steps with Tug fleet.	Draft PID / Business Needs Case completed. Options to be developed within Port Strategic review project.	A
Essential maintenance at Scalloway Fishmarket.	Works to be carried out under Building Services contracts by end 2016.	G
Transfer small dock Symbister to Shetland Amenity Trust	Done August 2015.	G
Sellaness Industrial Site Development	Monitor any developments.	G
Workforce Development		
STCW qualifications (Manila Training)	Implement the necessary training by December 2016	G
Harbourmaster replacement	Completed June 2015.	G
Marine Pilot appointment	Appointment made September 2015, training completed May 2016.	G
Launch Crew appointments	Completed July 2015.	G
Tug Crew temporary appointments	Process of moving from temporary contracts to permanent ones completed December 2015.	G
Pilot Launch shift arrangements	Monitoring of new arrangements ongoing.	G
VTS shift arrangements	New arrangements in place since September 2015.	G
Workshop supervision arrangements	Final stages of review being completed May / June 2016.	G
Port Safety / Pollution Control arrangements	Additional training done with staff January and May 2016.	G
Workforce planning for coming years	Demand and forecasts to be produced as part of strategic review project.	G
Strategic Planning		
Investigate strategic options for the future of the port of Sullom Voe	Work on "Outline Business Case" from November into 2016 with regular update reports to Council. Recommendations anticipated mid 2016.	G
Develop Scalloway Harbour business plan	Work on "Outline Business Case" from November into 2016 with regular update reports to Council. Recommendations anticipated June 2016.	G
Small Ports Development/Maintenance plan	Toft Pier service needs case approved. Regular progress reporting on other actions.	G
Ferry Terminals Development/Maintenance plan	Regular progress reporting on approved actions.	G
Marketing strategy for Scalloway Harbour	Executive manager to review options and prepare report as part of Scalloway Harbour review.	G

**Harbour Board****23 May 2016**

Harbour Board Business Programme – 2016/17	
GL-24-16-F	
Team Leader – Administration	Governance and Law Corporate Services

1.0 Summary

- 1.1 The purpose of this report is to inform the Board of the planned business to be presented to Board for the financial year 1 April 2016 to 31 March 2017, and discuss with Officers any changes or additions required to that programme.

2.0 Decision Required

- 2.1 That the Harbour Board considers its business planned for the financial year 1 April 2016 to 31 March 2017, and RESOLVES to approve any changes or additions to the Business programme.

3.0 Detail

- 3.1 The Council approved the schedule of meetings for 2016/17 at its meeting on 16 December 2015 (Min Ref: 79/15).
- 3.2 It was agreed that the Business Programmes for each Committee/Board would be presented to the Planning and Performance Management Framework (PPMF) meetings scheduled to be held week beginning 29 February 2016.
- 3.3 The manner in which meetings have been scheduled is described below:
- Ordinary meetings have been scheduled, although some have no scheduled business at this stage. Where there is still no scheduled business within two weeks of the meeting, the meeting will be cancelled;
 - Special meetings may be called on specific dates for some items – other agenda items can be added, if time permits;

- PPMF = Planning and Performance Management Framework meetings have been called for all Committees and Council once per quarter. These meetings are time restricted, with a specific focus on PPMF only, and therefore no other business will be permitted on those agendas;
 - Budget = Budget setting meetings – other agenda items can be added, if time permits, or if required as part of the budget setting process; and
 - In consultation with the Chair and relevant Members and Officers, and if required according to the circumstances, the time, date, venue and location of any meeting may be changed, or special meetings added.
- 3.4 The Business Programme for 2016/17 will be presented by Committee Services to the Council and each Committee/Board on a quarterly basis for discussion and approval, particularly in relation to the remaining projects and reports which are listed at the end of the business programme page for each Committee/Board as still to be scheduled.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The recommendation in this report is consistent with the following corporate priorities:

Our Corporate Plan 2013-17

- To be able to provide high quality and cost effective services to people in Shetland, our organisation has to be run properly.
 - Fully align the timetables, time spans and approaches for financial planning relating to the medium term yearly budgeting with Council, directorate and service planning.
- 4.2 Community /Stakeholder Issues – The Business Plan provides the community and other stakeholders with important information, along with the Council's Corporate and Directorate Plans, as to the planned business for the coming year.
- 4.3 Policy And/Or Delegated Authority – Maintaining a Business Programme ensures the effectiveness of the Council's planning and performance management framework. The Business Programme supports each Committees/Board' role, as set out in paragraph 2.3 of the Council's Scheme of Administration and Delegations, in monitoring and reviewing achievements of key outcomes within its functional areas, whilst ensuring best value in the use of resources is met to achieve these outcomes within a performance culture of continuous improvement and customer focus.
- 4.4 Risk Management – The risks associated with setting the Business Programme are around the challenges for officers meeting the timescales required, and any part of the business programme slipping and causing reputational damage to the Council. Equally, not applying the Business Programme would result in decision making being unplanned and haphazard and aligning the Council's Business Programme with the

objectives and actions contained in its corporate plans could mitigate against those risks.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial – The there are no direct financial implications in this report, but indirect costs may be avoided by optimising Member and officer time.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The presentation of the Business Programme 2016/17 on a quarterly basis provides a focussed approach to the business of the Board, and allows senior Officers an opportunity to update the Board on changes and/or additions required to the Business Programme in a planned and measured way.

For further information please contact:

Leisel Gair

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16 May 2016

List of Appendices

Appendix 1 – Harbour Board Meeting Dates and Business Programme 2016/17

Background documents:

Report GL-60-F: SIC Diary of Meetings 2016/17

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=4785>



Harbour Board - Meeting Dates and Business Programme 2016/17 as at Monday, 16 May 2016

Harbour Board			
D= Delegated R=Referred			
Quarter 1 1 April 2016 to 30 June 2016	Date of Meeting	Business	
	<i>Ordinary</i> 13 April 2016 10 a.m. Cancelled	Scalloway – Project Update	D
		Sullom Voe – Project Update	D
	<i>PPMF & Ordinary</i> 23 May 2016 3.30 p.m.	Management Accounts – Quarter 4	D
		Pilotage Accounts – Quarter 4	D
		Harbourmaster's Report	D
		Ports and Harbours Service Plan – Performance Overview – Quarter 4	D
		Harbour Board Business Programme 2016/17	D
		Solan and Bonxie – Conclusion of Sale	R P&R 24/5 AC 25/5
Quarter 2 1 July 2016 to 30 September 2016	Date of Meeting	Business	
	<i>Ordinary</i> 15 June 2016 10 a.m.	Scalloway – Project Update	D
		Sullom Voe – Project Update	D
	<i>PPMF & Ordinary</i> 29 August 2016 3.30 p.m.	Management Accounts – Quarter 1	D
		Pilotage Accounts – Quarter 1	D
		Harbourmaster's Report	D
		Ports and Harbours Service Plan – Performance Overview – Quarter 1	D
		Harbour Board Business Programme 2016/17	D



Harbour Board - Meeting Dates and Business Programme 2016/17 as at Monday, 16 May 2016

Harbour Board - continued			
		<i>D= Delegated R=Referred</i>	
Quarter 3 1 October 2016 to 31 December 2016	Date of Meeting	Business	
	<i>Ordinary</i> 5 October 2016 10 am.	Small Ports Update	D
		SVT Update	D
		Comprehensive Review of Harbour Development	D
	<i>PPMF, Budgets & Ordinary</i> 7 December 2016 10 a.m.	Harbourmaster's Report	D
		Ports and Harbours Service Plan – Performance Overview – Quarter 2	D
		Management Accounts – Quarter 2	D
		Pilotage Accounts – Quarter 2	D
		2016-17 Budget Proposals and Charges	R P&R 7 Dec SIC 14 Dec
		Harbour Board Business Programme 2016/17	D
Quarter 4 1 January 2017 to 31 March 2017	Date of Meeting	Business	
	<i>Ordinary</i> 8 February 2017 10 a.m.		
	<i>PPMF & Ordinary</i> 6 March 2017 3.30 p.m.	Management Accounts – Quarter 3	D
		Pilotage Accounts – Quarter 3	D
		Harbourmaster's Report	D
		Ports and Harbours Service Plan - Performance Overview Q3	D
		Harbour Board Business Programme 2017/18	D

Planned Committee business still to be scheduled - as at Monday, 16 May 2016

tbcc = to be confirmed

PPMF = Planning and Performance Management Framework meetings – no other business to be added

Budget = Budget setting meetings – other items can be added if time permits

Ordinary = Ordinary meetings – other items can be added

Special = Special meetings arranged for particular item(s) – other items can be added if time permits

END OF BUSINESS PROGRAMME as at Monday, 16 May 2016

**Harbour Board****23 May 2016****Harbourmaster's Report****PH-06-16F****Interim Harbourmaster****Infrastructure Services Department****1.0 Summary**

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

2.0 Decision Required

- 2.1 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 fulfill that function.

3.0 Detail

- 3.1 Designated Person. Captain Trevor Auld, appointed as the designated person (Harbour Board Min. ref. 29/12), provides independent assurance directly to the Duty Holder that the marine safety management system, for which the duty holder is responsible, is working effectively. Captain Auld's report is attached as Appendix 1. Captain Auld will be attending the meeting on 23rd May.
- 3.2 Small Ports. Operational and safety visits to Out Skerries and Fair Isle will be carried out later this year.
- 3.3 Incidents. There are no incidents reported since the last report was presented to the Harbour Board in March.
- 3.4 Regs4Ships Port Marine Safety Code audit, closures of the observations are almost complete.
- 3.5 Harbourmaster attended the ETV steering group in Inverness on 4th May. The report from the Consultants was discussed and has been issued to members week ending 6th May. A video conference is arranged for 18th May.

- 3.6 Captain Steven Jamieson has completed his examination for Second Class Pilot Authorisation and is now on the pilot roster. Captain Jamieson still has a small number of jobs to complete for Scalloway Authorisation and has to complete some trips using the south east entrance to be cleared for that.
- 3.7 Towage, Mr Kevin Main has completed a report as Designated Person Ashore (DPA) to the towage fleet, this is attached as Appendix 2 to this report.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities – The actions in this report will contribute to the outcomes in the Council's Corporate Plan 2013/17 of:
- “Helping build a healthy economy and strong communities”
- “To be able to provide high-quality and cost-effective services to people and communities in Shetland, our organisation has to be run properly”
- “We are determined that we will be run to the very highest standards”
- 4.2 Community /Stakeholder Issues – Community and stakeholders have a vested interest in ensuring that port operations are 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 Conclusion

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

For further information please contact:

Brian Dalziel, Interim Harbourmaster

Brian.dalziel@shetland.org.uk

13. May 2016

List of Appendices

Appendix 1 Designated Person Report – Captain Trevor Auld

Appendix 2 Towage DPA report – Kevin Main

Background documents: None

Designated Person Report – 23 May 2016

This Designated Person 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 1 March 2016 I have maintained a regular 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 in which we discussed, in accordance with an agreed questionnaire: monitoring measures, assessing measures and effectiveness of the current Marine Safety Management System.

Port Marine Safety Code

The Department for Transport (DfT) and the Maritime and Coastguard Agency (MCA) have just released a consultation draft of an updated and revised Port Marine Safety Code. This version is not yet in dates and is advisory only. The anticipated issued date is June 2016. I will inform the Harbour Board, via the Harbour Master, when the finalised version is released. It is also anticipated that a consultation draft of the Guide to Good Practice on Port Marine Operations will be released later in 2016.

It is noted as evidence of good practice that all SIC's Harbour Board members were issued with copies of the MCA report 'Port Marine Safety Code Health Check Trends 2015' in April 2016. The report is designed to provide the industry with current emerging trends in PMSC compliance. It also provides examples of enhancements and best practices observed by the MCA whilst conducting health checks during 2015.

Monitoring Measures

Technical Working Group – The draft minutes of the Technical Working Group (TWG) meeting held on 24 March 2016, record the ongoing good practice of bringing together SIC personnel from different disciplines and port stakeholders to discuss a range of safety and operational issues of common interest.

It is noted as evidence of good practice that the TWG discussed the safety lessons identified in MAIB Safety Bulletin (SB1/2016): 'Mooring line failure resulting in serious injury to a deck officer on board Zarga alongside South Hook LNG terminal, Milford Haven on 2 March 2015'.

Examination and Technical Group – The minutes of the Examination and Technical Group held on 8 March 2016 record that the following items were discussed: additional training requirements for new VTSOs, future tugs at Sullom Voe, potential deployment of an Emergency Towing Vessel [ETV], the ongoing training of the recently appointed marine pilot, and a further review of the safety lessons identified in MAIB Safety Bulletin (SB1/2016) from a marine pilot's perspective.

Safety Sub-Committee: Ports – the last meeting of the Safety Sub-Committee 'Ports' was held on 2 February 2016. The next meeting is to be held on 4 May 2016.

Small Ports – The table entitled 'Operational and Safety Visits to Small Ports & Harbours 2016', as posted on the website www.shetland.gov.uk, records that visits to Easterdale, Toogs, Hamnavoe, Walls, and West Burrafirth took place on 11 April 2016, and visits to Billister and Collafirth took place on 19 April 2016.

It is noted that operational and safety visits to Out Skerries and Fair Isle did not take place in 2015, nor have they taken place in 2016. It is acknowledged that the applicable Marine Safety Management System Procedure¹ states that: "Out Skerries and Fair Isle should be inspected as and when the opportunity arises, however an overly extended period between inspections could, particularly in the event of an incident, be regarded as a failure of the Small Ports Marine Safety Management System (2015) to ensure compliance with the Port Marine Safety Code (Section 4.1)".

Towage – A tug masters' and chief engineers' meeting was held on 1 March 2016. Items discussed included: crew training; ISM Code; near misses, accidents and incidents; Ports and Harbours action plan update and operational issues of concern.

Incidents and Accidents – No accidents or incidents were recorded in the MarNIS database in the period 1 February 2016 to 1 May 2016.

Audits

Internal audits – Internal audits of existing MSMS procedures continue to be undertaken on a regular basis. Copies of completed internal audits were not available for review at the time of compiling this report.

External audits – The recommendations of the external audit undertaken in October 2015 have been reviewed and addressed as follows:

- Recommendation 1: Succession planning for senior officers remains under review.
- Recommendation 2: A bridging document between the Port and the Terminal is to be discussed with the Terminal operator.
- Recommendation 3: The relationship between the Harbour Master and the Tug Manager in the management structure remains under review.
- Recommendation 4: Duplicate copies of completed Master/Pilot Exchange (MPX) forms are now filed for later reference and review.
- Recommendation 5: Pilot Boarding posters detailing the Embarkation and Disembarkation of Pilots Code of Safe Practice will be placed on launches and the applicable section(s) of the Safety Management System updated.
- Recommendation 6: MAIB reports and digests, publications from other flag states pertinent to pilotage and port operations and all other relevant safety reports are routinely shared at the Technical Working Group meetings.
- Recommendation 7: A Local Notice to Mariners clearly stating the status of the berths on Old West Pier and prohibiting the use of any berths not presently safe or suitable for vessels or

¹ SP-SMSP- 0001 Paragraph 2.2. Small Ports Marine Safety Management System V2 (2015)

classes of vessel has been issued as Notice to Mariners 2/2016 Scalloway Harbour – West Pier Berthing Restrictions.

- Recommendations 8: The launch crew training matrix will be updated to include training to operate in fog.
- Recommendation 9. A safety drill matrix for pilot boat crews will be produced.
- Recommendation 10. Use of the pilot boats will continue to follow the existing schedule of planned rotation.
- Recommendation 11. All tug personnel will be trained in tug operations in reduced visibility. The training will be in accordance with a revised training matrix in the Towage Safety Management System.
- Recommendation 12. The requirement to keep all weathertight and watertight doors shut on the tugs whilst operational will be included in the check list for departing the berth.
- Recommendation 13. The recommendation that all personnel throughout SIC should be equipped with lifejackets fitted with crutch straps and that they should be worn correctly fitted at all times will be discussed at the next safety sub committee meeting.
- Recommendation 14. The Small Ports Safety Management System will be continually assessed.
- Recommendation 15. All refuelling facilities will be included in the port inspection check lists.

Consultation – Active engagement with port and harbour stakeholders by members of the Harbour Board and its appointed officers continues to provide evidence of SIC's commitment to the importance of meaningful and ongoing consultation with local and national organisations.

Board members and the Harbour Master continue good lines of communication, with attendance at meetings as a stakeholder and Harbour Authority representative, these include:

- April 2016 MCA Emergency Towing Vessel meeting
- April 2016 Shetland Fishermen's Association Harbour Panel B meeting
- April 2016 UK Harbour Masters' Association Spring Technical Seminar.

Harbour Board Meetings – The public agenda for the Harbour Board meeting of 1 March 2016 was posted on the website www.shetland.gov.uk in a timely manner. The accompanying Decision Note has yet to be posted. It is noted that an informal Harbour Board seminar was held in Scalloway on 13 April 2016.

Training –The three training matrices continue to be reviewed regularly and updated as staff change, training courses are completed and qualifications are obtained or revalidated.

Marine simulator training (Shiphandling) for two pilots and the (then) trainee pilot took place in Rotterdam between 1– 4 March 2016.

The trainee pilot is now an authorised marine pilot having passed his 2nd Class examination on 29 April 2016.

All VTSO Annual Assessments have been completed.

All VTSO vacancies have been filled.

Marine Circulars and Notices to Mariners – Stakeholder information regarding marine and operational safety has been posted in a timely manner through the issue of marine circulars and Notices to Mariners. The latter have been posted and maintained on SIC's ports specific website: <http://www.shetland.gov.uk/ports/notices.asp>.

- Latest Notice to Mariners No1/2016 Notices remaining in force.
- Latest Marine Circular No2/2016 Scalloway Harbour – West Pier Berthing Restrictions.
- Latest Marine Circular No1/2016 Relief tugs at Sullom Voe.

Assessing Measures

Key Performance Indicators (KPI):

1 Open Incident KPI Report (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports: Open Incident status on the 24 April 2016

	Open NS Reports	Open PE Reports	Open EP Reports	Open CM Reports	Open PS Reports
Sullom Voe	2	1	2	0	0
Scalloway	2	0	0	0	0
Small Ports	0	0	0	0	0

'Open' reports are reports which have yet to be closed formally by the Examination and Technical Group.

- NS = Nautical Safety
- PE = Port Efficiency
- EP = Environmental Protection
- CM = Crisis Management
- PS = Personnel and Public Safety

2 Risk assessments KPIs (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports for the period ending 24 April 2016.

	Nautical Safety Assessments	Port Efficiency Assessments	Environmental Protection Assessments	Crisis Management Assessments	Mean Assessment Score*
Sullom Voe	23	6	6	0	3.7
Scalloway	18	6	5	0	3.9
Small Ports	16	3	4	0	3.9
Totals	57	15	15	0	

- * A risk assessment score between 3 and 5.99 means that the risks are as low as reasonably practicable (ALARP).

3 Overdue risk assessments KPIs (from the MarNIS database) for Shetland (including Sullom Voe, Scalloway and the Small Ports) for the period ending 24 April 2016.

Overdue Risk Assessment KPIs	Total Shetland
Overdue Nautical Safety Assessments	0
Overdue Port Efficiency Assessments	0
Overdue Environmental Protection Assessments	0
Overdue Crisis Management Assessments	0

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.

Marine Pilots	6
Vessel Traffic Service Officers (including relief VTSOs)	8
Small Ports Officers (including relief SPOs)	7
Launch Crews	15
Total	36

Of the 36 SIC staff undertaking port marine activities all those requiring 'essential' job specific qualifications hold the necessary in-date qualifications.

5. Availability of Aids to Navigation (in three classification bands) expressed as a percentage of total availability over the three year period 3 May 2013 to 3 May 2016

IALA Category	No of Aids	No of Failures	Availability	Target Availability
Category 1	50	3	99.95%	99.80%
Category 2	71	2	99.98%	99.00%
Category 3	14	1	99.55%	97.00%

Note: The availability of all aids to navigation exceeds the target set by the Northern Lighthouse Board (NLB).

Effectiveness of the Marine Safety Management Systems

The monitoring and assessing measures described above provide assurance that the Marine Safety Management Systems 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.

Captain Trevor Auld
Designated Person (PMSC)

Shetland Islands Council
Towage Operations Designated Persons' Report



SIC Harbour Board
Monday 23rd May 2016

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

Review of Training / Future Training

The Manila Convention 2010 amended the Standards of Training and Certification (STCW) of Seafarers. One of the most significant amendments is the requirements for all seafarers to update safety training. From 1 January 2017 all qualified Staff serving ashore or on SIC Tugs must have completed either a full training course or update training within the last 5 years for the following STCW certification:

- Personal Survival Techniques (PST)
- Survival Craft and Rescue Boats (PSC&RB)
- Fire Fighting and Fire Prevention (FP&FF)
- Advanced Fire Fighting (AFF)

Following a successful tender process, training of effected staff towards meeting the new statutory requirement began in early 2016. As the preferred training provider is based in Glasgow all crew are required to spend time off island. This arrangement has required resourceful planning to maintain effective manning levels within Towage Operations. The majority of crew training has now been completed and contributes towards achieving continued compliance ahead of the deadline.

Representations To / From Designated Person

There has been no contact made to the Towage DPA since the previous Harbour Board on 17th November 2015.

The role of DPA has been shared between Marine Superintendent Ferries Kevin Main and Assistant Marine Superintendent Ferries, Ian Pearson, throughout.

External DOC Audit

SIC Towage Operations Safety Management System (SMS) was audited by the MCA in late August 2015. The attending surveyor conducted a sample audit and upon satisfaction of meeting the requirements of the ISM Code, endorsed the Council's Document of Compliance. Three minor Non-conformities, however, were raised concerning the current condition of Safety Management and the failing to achieve certain standards required of the ISM Code. These were:

1. The company must periodically review Safety Management Systems,
2. The company must define procedures to prepare for and respond to emergencies,

Shetland Islands Council
Towage Operations Designated Persons' Report



SIC Harbour Board
Monday 23rd May 2016

3. The Company must establish a safety and environmental protection policy.

In response, Management have made the following progress to ensure satisfactory and suitable improvements have been made:

1. A thorough review of the current SMS has been completed and approved by the Director of Infrastructure and Chairperson of the Harbour Board.
 - a. *Under Policy P7 the Executive Manager and Team Leader – Operations and Engineering Superintendent are responsible for reviewing changes to the manual. The DPA is responsible for approval of the changes. This policy has not changed. The Director and the Chairperson are responsible for the overall Policy Statement indicating the role and commitment of top-level management in the development of safety management.*
2. In conjunction with the Harbour Master in meeting Statutory requirements, SIC Towage Operations executed a “table top” exercise that involved Shetland Coastguard Officers, SIC Resilience Officers, Ports & Harbours Senior Management, Pilots, Tug Masters, and other resources afloat and ashore.
3. A revised Health, Safety and Environment Policy has been authorised by the Harbour Board Chairperson.

External ISM Audits

All SIC owned Tugs underwent ISM Audit by MCA surveyors in December 2015. Several deficiencies were found ranging from incorrect Oil record book entries to failing to conduct Internal Audits onboard. Surveyors returned by mid March to inspect what remedial actions had been taken. In recognising the work done by Management, Masters and crew the MCA signed off all Non conformities and renewed each Tug's Safety Management Certificate.

Internal ISM Audits

As the Towage Operations SMS is a fluid and ever evolving system SIC Towage Operations are required to carry out internal audits of all Tugs periodically to ensure effectiveness. Audits have normally been carried out by Tug Masters. From record it was noticeable that Internal Audits are not carried out to the satisfaction of ISM requirements – A point that was raised by an MCA surveyor in December 2015.

In response, Management have established an effective ISM auditing regime that not only ensure Tug and crew are audited in a timely fashion, but there is an increased awareness to what is required of Management, Masters and Crew in terms of Implementation of standards onboard and ashore. Several Tug Masters and Engineers are trained ISM Lead Auditors and efforts are progressing to ensure they participate in the new regime of ISM Auditing. This

Shetland Islands Council
Towage Operations Designated Persons' Report



SIC Harbour Board
Monday 23rd May 2016

shall promote ISM development in individuals which in turn shall collectively generate a more positive and proactive Safety Management system.

Accidents/Incidents

There are minimal Accidents, Incidents or Near Miss records held on file. In addition to the accidents which are defined as "reportable" under regulations, Towage Operations are to establish a regime that promotes accurate reporting of such incidents which prompt recommendations from Management of appropriate remedial actions.

SMS Review

The recent revision of the Code of Practice for Merchant Seafarers 2015 is comprehensive and sees improved guidance for improving health and safety on board, the revision of the Towage SMS has taken this into account.

Risk Assessments

Generic Risk Assessments held on file are no longer suitable. It has been discussed to transfer Towage Operation Risk Assessments to MARNIS in line with those already adopted through the Port Marine Safety Code - this is still the intention. The current manual revision retains the old Assessments but this is an area to be looked at as soon as time permits.

Amendment Requests

Amendments to the current system have been made as a result of requests generated by any observer that is effected by the SMS. On this occasion most amendment requests were received from the Towage DPA. A few however have been received from Masters and crew which have been signed off, responses sent and then filed.

DPA

The DPA is responsible for maintaining the Safety Management System, which requires continuous monitoring of the effectiveness and implementation of improvements where necessary. In addition, the DPA is responsible for ensuring that adequate resources and shore based support are applied throughout the organisation.

I, as current post holder, must draw Managements attention to the time required to fulfil the role as DPA Towage as experienced this year and to what is required in developing a more improved safety culture going forward. Extensive time and resource must be allocated to achieve better performances in Safety Management and to a level that is suitable to the Flag state administration (MCA).