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If calling please ask for  
**Leisel Malcolmson**  
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Date 21 August 2017

Dear Sir/Madam

You are invited to the following meeting:

**Harbour Board**  
**Council Chamber, Town Hall, Lerwick**  
**Monday 28 August 2017 at 3.30pm**

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

Yours faithfully

Executive Manager – Governance and Law

Chair: Ms A Manson  
Vice-Chair: Mr D Simpson

## **AGENDA**

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest - Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
- (d) Confirm minutes of Harbour Board meeting held on 14 June 2017 (enclosed).

***Item***

1. Ports and Harbours Performance Report 2017/18 – Quarter 1.  
*PH-08*
2. Management Accounts for Harbour Board: 2017/18 - Draft Outturn at Quarter 1.  
*F-069*
3. 2017/18 Pilotage Accounts – Projected Outturn at Quarter 1.  
*F-072*
4. Harbour Master's Report  
*PH-10*



<b>Meeting(s):</b>	<b>Harbour Board</b>	<b>28 August 2017</b>
<b>Report Title:</b>	<b>Ports &amp; Harbours Performance Report 2017/18 – Q1</b>	
<b>Reference Number:</b>	<b>PH-08-17F</b>	
<b>Author / Job Title:</b>	<b>John Smith / Acting Executive Manager Ports &amp; Harbours</b>	

## **1.0 Decisions / Action required:**

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

## **2.0 High Level Summary:**

- 2.1 This report summarises the activity and performance of the Ports & Harbours service for Q1 - 2017/18, enabling members to analyse its performance against service objectives and the Corporate Plan outcomes.

## **3.0 Corporate Priorities and Joint Working:**

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

## **4.0 Key Issues:**

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

## **4.2 Corporate Plan Outcomes – “Our Plan”**

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

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

### **Economy & Housing**

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

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

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

### **Community Strength**

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

Community Strength objectives detailed in “Our Plan” include:

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

### **Connection and access**

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

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

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

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

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

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

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

#### **4.4 Summary of Ports & Harbours Performance - Q1 - 2017/18**

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

#### **4.5 Risk and Service Challenges**

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

- Although 2016/17 saw a significant rise in income and contribution to reserves, 2017/18 will be very challenging to match as east of Shetland production declines. Clair Ridge and associated tanker movements will not come on stream until 2018/19; **Corrective Action:** Monitor costs closely and give early notice to Council of any projected failure to meet £6m surplus so that remedial action can be planned and undertaken;
- While the updated management structure and arrangements have been implemented, they will require significant time to bed in and become fully resilient **Corrective Action** Careful induction and familiarisation programme and continued availability of support arrangements;
- The handover of SVT operation from BP to Enquest will mean change from an arrangement which has been in place for some 40 years with associated risk as well as opportunity. **Corrective Action-** Close communications to be established with Enquest and active involvement in relevant handover work streams.

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

<b>5.0 Exempt and/or confidential information:</b>	
5.1 None	
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public. The service uses a range of customer engagement forums, customer feedback and complaint analysis to drive service change and service improvement.
<b>6.2 Human Resources and Organisational Development:</b>	There are a number of actions in this service plan with staffing implications. Care is taken to ensure that staff are involved and informed about changes that might affect them, that Human Resources are closely involved and that relevant Council policies are followed. Ensuring staff feel valued and supported especially through periods of challenge and change is a key consideration for the Ports & Harbours management team.
<b>6.3 Equality, Diversity and Human Rights:</b>	The service uses Equalities Impact assessment to ensure its services are supporting those most in need and not making inequalities worse;
<b>6.4 Legal:</b>	Ports & Harbours delivers statutory services, monitoring performance provides assurance that statutory requirements are met and the Council complies with its duties. Legal advice and assistance is mainly provided in-house but specialist external marine legal assistance is procured when required.
<b>6.5 Finance:</b>	The actions, measures and risk management described in this report are projected to be unable to be delivered within approved budgets at quarter 1, predominantly due to loss of tanker traffic income. See Management Accounts report also on this agenda for further information.
<b>6.6 Assets and Property:</b>	Ports & Harbours staff manage a range of high value assets used to provide service, including the Tug Fleet and Tanker Jetties at the Port of Sullom Voe. A number of the actions in the Ports & Harbours service plan relate to maintenance and replacement of these assets for the delivery of commercial services. Capital Programme staff are closely involved in that capital planning and procurement.
<b>6.7 ICT and new technologies:</b>	No corporate ICT issues at this time, however the new Vessel Traffic Services Port Information system utilises a complex mix of Radar, AIS, radio and other communications technology.
<b>6.8 Environmental:</b>	The Infrastructure Directorate leads the delivery of the Council's Carbon Management Plan and delivers a programme of works to reduce energy usage across the Council's assets including those managed by Ports & Harbours.

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

#### Contact Details:

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#### Appendices:

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

#### Background Documents:

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





# Harbour Master & Port Operations - Service Plan Actions

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





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## OUR PLAN 2016-2020



### C) ECONOMY & HOUSING



#### 2) Diverse businesses

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

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-17 Small Port Life Extension / Development / Disposal	Consider and agree general and individual options for redevelopment / rationalisation	Programme of reviews of the Councils Small Ports and Piers (including Ferry Terminals) to examine options for each including works required for life extension, incentives for development or options for disposal. These reviews will be phased over time and conducted in partnership with Transport Planning, Ferries, Economic Development. Reviews would be expected to develop appropriate business cases and report recommendations to Council.	Planned Start	01-Apr-2017		Strategic Outline Case for Small Ports has been developed recommending that disposal of the Councils smallest ex foot passenger piers should be considered. A Business Justification Case for that will be prepared and submitted to the October Cycle of Council meetings. Ports & Harbours are also working with Transport Planning and Ferries on initial internal transport Outline Business Cases for priority transport routes and progressing Scalloway Harbour Business Cases.
			Actual Start	30-May-2017	<div><div>20%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018	 Likely to meet or exceed target	
			Completed Date			
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-18 Toft Pier Redevelopment / Demolition	Consider and agree redevelopment or demolition plans for Toft Pier	Evaluation of the options for the future of Toft Pier are considered and recommendations made to Council.	Planned Start	01-Apr-2017		An Outline Business Case is under development with assistance from Economic Development, Finance and Capital Projects. That OBC will be considered by the Asset Investment Group with a target for recommendations reported to Council in the October cycle of meetings.
			Actual Start	30-May-2017	<div><div>50%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017	 Likely to meet or exceed target	
			Completed Date			









Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-20 Scalloway Fishmarket Redevelopment	Agree redevelopment option, obtain permissions, procure works, implement and commission	Determine and implement the preferred option for the future of Scalloway Fishmarket	Planned Start	01-Apr-2017		Outline Business Case approved by Council in October 2016. Professional advisors appointed and Full Business Case largely developed including submission of planning and building control applications. Full Business Case to be completed with support from Finance / Capital Programme / Procurement and submitted to Asset Investment Group with target of recommendation to Council in October meeting cycle.
			Actual Start	30-May-2017	<div><div>35%</div></div>	
			Original Due Date	31-Oct-2019	Expected success	
			Due Date	31-Oct-2019	 Likely to meet or exceed target	
			Completed Date			

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-21 Scalloway Harbour Development Opportunities	Investigate, agree and progress Scalloway Harbour development opportunities	Evaluation of further development issues and/or opportunities at Scalloway Harbour as identified in the Scalloway Harbour Strategic Outline Case with recommendations to Council.	Planned Start	01-Apr-2017		Scoping work being initiated by Ports & Harbours
			Actual Start	30-May-2017	<div><div>10%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	








Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-22 Scalloway and Small Ports Marketing and Business Development	develop marketing and business development strategic to sustain and grow Scalloway and small port business	Programme of marketing and business development activity for Scalloway Harbour and small ports developed and implemented.	Planned Start	01-Apr-2017		Skipper Expo May 2017, Cruise Summit August 2017, Offshore Europe September 2017.
			Actual Start	30-May-2017	<div><div>35%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	

## 6) Sullom Voe future

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

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-01 BP Handover to Enquest	Support handover of SVT operator from BP to Enquest	Engage in and support handover process as required to maintain safety of operations and develop forward arrangements.	Planned Start	01-Apr-2017		Ports & Harbours actively involved in a number of transition workstreams. Handover target of 1st November 2017 understood to still be on schedule.
			Actual Start	30-May-2017	<div><div>40%</div></div>	
			Original Due Date	30-Nov-2017	Expected success	
			Due Date	30-Nov-2017		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-02 POSV Contract Operations	Consider options for contracting out services at the Port of Sullom Voe	Evaluation of potential for contract operations and/or improved internal arrangements for delivery of aspects of Ports & Harbours activities at the Port of Sullom Voe	Planned Start	01-Apr-2017		Workstream identified in PoSV SOC, scoping work being undertaken with HR / Finance / Legal / Procurement.
			Actual Start	30-May-2017	<div><div>20%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-03 POSV Marketing and Business Devt	Participate in and support marketing and business development activity to sustain and grow business at the Port of Sullom Voe	Business development, marketing and promotional programme developed and implemented with key partners including BP & Enquest.	Planned Start	01-Apr-2017		Attendance at offshore Europe planned for September 2017
			Actual Start	30-May-2017	<div><div>40%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-04 SV Harbour Area / Yell Sound Review	Review of the traffic and activity within the SV Harbour Area and Yell sound with particular examination of aquaculture exclusion policy	Recommendations on current and future restrictions on activity within the Sullom Voe Harbour Area including consideration of whether the current general exclusion of Aquaculture should be continued or varied.	Planned Start	01-Apr-2017		Review of Sullom Voe Harbour Area navigational requirements and restrictions initiated by Harbourmaster / Deputy Harbourmaster.
			Actual Start	30-May-2017	<div><div>20%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-05 POSV 2017/18 General Maintenance Works	Maintain port operational capability and plan for medium / long term	Annual phased maintenance programme for Council assets within the Port of Sullom Voe including cathodic protection, fendering, structural repairs, painting, navigational aids and shore infrastructure.	Planned Start	01-Apr-2017		Maintenance programme being delivered in line with schedule (further details in Team Leader - Port Engineering progress report).
			Actual Start	30-May-2017	<div><div>33%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-06 Jetty 3 "Life Extension" Berthing Dolphin Works	Renovate concrete on Jetty 3 berthing dolphins	Remove decayed concrete, fit rebar cathodic protection and reinstate concrete to Jetty 3 berthing dolphins to maintain and extend active operational life.	Planned Start	01-Apr-2017		J3 berthing dolphin concrete repair and rebar cathodic protection works proceeding to schedule.
			Actual Start	30-May-2017	<div><div>50%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-07 Jetty 2 "Life Extension" - Soft Fenders	Procure replacement fenders for Jetty 2	Fit "softer" fenders to Jetty 2 as interim measure to continue export operations until export capability is reinstated on an alternative Jetty. At that point berthing dolphin life extension works will be undertaken on Jetty 2.	Planned Start	01-Apr-2017		Agreement from partners reached, quotations recieved, procurement planned for Nov / Dec 17
			Actual Start	30-May-2017	<div><div>40%</div></div>	
			Original Due Date	31-Dec-2017	Expected success	
			Due Date	31-Dec-2017		
			Completed Date		Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-08 MultraTug 29 in service	MultraTug 29 in operational service	Replacement tug operational to replace "Tirrick" which went out of service June 2017.	Planned Start	01-Apr-2017		Vessel in service from June 2017. All performance requirements met, four operational crews progressing through training and familiarisation programme for alongside and on the stern operations.
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-May-2017	Expected success	
			Due Date	31-May-2017		
			Completed Date	01-Aug-2017	Likely to meet or exceed target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-09 MultraTug 29 Purchase Options	Consider MT29 purchase options	Evaluation of options to purchase MultraTug 29 within the charter contract with recommendation to Council.	Planned Start	01-Apr-2017		Business Justification Case confirming satisfactory performance and summarising financial options drafted and submitted to AIG. Recommendations to be reported to P&R Committee at end August 2017
			Actual Start	30-May-2017		
			Original Due Date	31-Oct-2017	75%	
			Due Date	31-Oct-2017	Expected success	
			Completed Date			
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-11 Procurement of 2nd Tug progressed	Consider Shalder replacement options and progress as appropriate	Completion of evaluation and negotiation process for "Lot 2" of Tug replacement programme with the intention of replacing Tug "Shalder" with a suitable alternative vessel before she goes out of service in June 2018.	Planned Start	01-Apr-2017		Preferred supplier for "Lot 2" of Tug replacement tender identified and negotiations proceeding.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	50%	
			Due Date	31-Mar-2018	Expected success	
			Completed Date		 Likely to meet or exceed target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-12 VTS Radar and Comms Upgraded	Procurement, Installation and Commissioning of new VTS system	Replace ageing VTS Radar and Port Communications systems with modern alternatives.	Planned Start	01-Apr-2017		Supplier identified and implementation planning underway. Likely completion date now end Feb 2018 (weather dependant) - delay due to late award of tender
			Actual Start	30-May-2017		
			Original Due Date	31-Dec-2017	30%	
			Due Date	31-Dec-2017	Expected success	
			Completed Date		 Experiencing issues, risk of failure to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-13 Gluss Leading Lights Replaced	New leading light installation completed and in service	Replace ageing "floodlight" style leading lights with modern LED technology to improve reliability, efficiency and environmental impact.	Planned Start	01-Apr-2017		Equipment sourced, ground works being undertaken.
			Actual Start	30-May-2017		
			Original Due Date	31-Oct-2017	40%	
			Due Date	31-Oct-2017	Expected success	
			Completed Date		 Likely to meet or exceed target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-14 Review and Update of Harbour Charges	Annual review and update of charges with particular focus on future oil export volumes and aquaculture	Annual review and update of Ports & Harbours charges in line with Council charging policy.	Planned Start	01-Apr-2017		Meeting programme developed
			Actual Start	30-May-2017	<div><div>25%</div></div>	
			Original Due Date	30-Sep-2017	Expected success	
			Due Date	30-Sep-2017		
			Completed Date		Likely to meet or exceed target	



Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-15 Marine Staff Training and Development	Short, Medium and Long Term Training Plans	Analysis and programme of training and development for all Ports & Harbours staff developed and implemented.	Planned Start	01-Apr-2017		Programme and recording mechanism to be developed and populated
			Actual Start	30-May-2017	<div><div>10%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017		
			Completed Date		Likely to meet or exceed target	

## E) CONNECTION & ACCESS

### 5) Sustainable transport arrangements

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

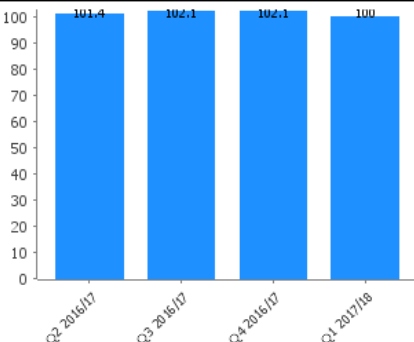
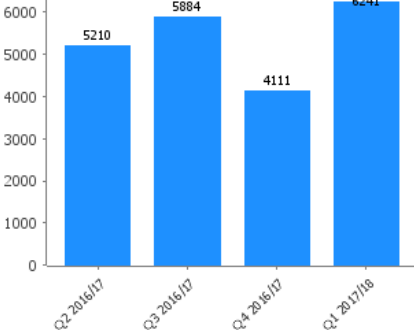
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-16 Small Pier and Terminal Maintenance Works 2017/18	Maintain small port operations and plan for medium and long term	Annual phased maintenance programme across all small harbours and piers including cathodic protection, fendering, structural repairs, painting, navigational aids and shore infrastructure.	Planned Start	01-Apr-2017		Maintenance programme being delivered in line with schedule (further details in Team Leader - Port Engineering progress report).
			Actual Start	30-May-2017	<div><div>30%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-19 Ferry terminal Life Extension / Development / Rationalisation	Consider and agree general and individual options for maintenance / redevelopment / rationalisation of ferry terminals	Work with Transport Planning and Ferries to ensure that consideration of options for future terminal developments, consider pier and harbour requirements and issues and that life extension works and maintenance is planned and programmed in a co-ordinated fashion.	Planned Start	01-Apr-2017		Review with Transport Planning & Ferries planned October
			Actual Start	30-May-2017	<div><div>20%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet or exceed target	

# Harbour Master & Port Operations - Council-wide Indicators

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

Generated on: 17 August 2017

	Previous Years			Current year (to date)			
Code & Short Name	2014/15	2015/16	2016/17	2017/18		Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Target		
OPI-4A-HM Staff Numbers (FTE) - Harbour Master & Port Operations	93.1	98.4	102.1	99.1			<b>Performance</b> Staff numbers are within budget and at a level necessary to provide the expected service. <b>Improvement</b> Key posts are identified and succession planning is in place to avoid Service issues in the future.
OPI-4C-HM Sick %age - Harbour Master & Port Operations	3.1%	2.2%	1.2%	2.7%	4.0%		<b>Performance</b> Sickness levels have reduced in recent years and all policy options have been investigated for absences. <b>Improvement</b> We will continue to apply the Council's "Maximising Attendance" policy for all absences.
OPI-4E-HM Overtime Hours - Harbour Master & Port Operations	11542	20149	21010	6241			<b>Performance</b> Overtime is only used where necessary to provide a service, or when it represents Best Value for the work required. <b>Improvement</b> We will continue to seek alternatives to overtime where possible.

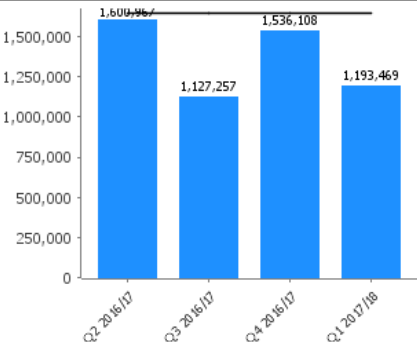
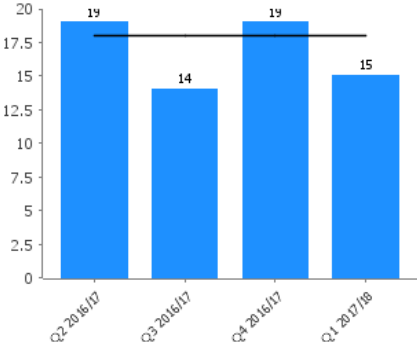


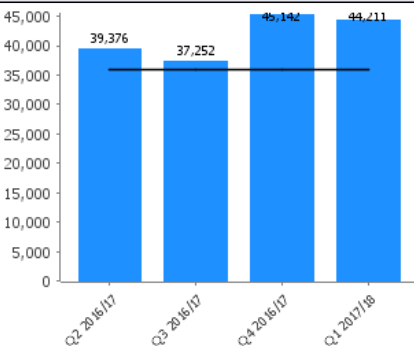
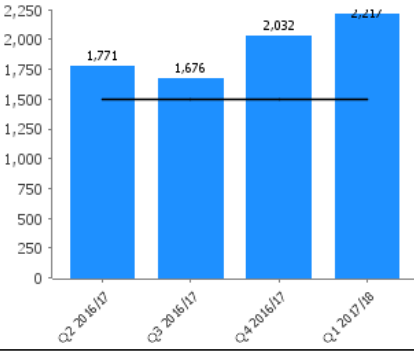


# Harbour Master & Port Operations - Service Performance Indicators

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

Generated on: 17 August 2017

	Previous Years		Quarters						
Code & Short Name	2015/16	2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q1 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Target		
PH-01 SVT Crude Oil Export Tonnage		5,910,787	1,600,967	1,127,257	1,536,108	1,193,469	1,650,000		
PH-02 SVT Crude Export Tankers		72	19	14	19	15	18		

	Previous Years		Quarters						
Code & Short Name	2015/16	2016/17	Q2 2016/17	Q3 2016/17	Q4 2016/17	Q1 2017/18	Q1 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Target		
PH-03 Scalloway Market Fish Boxes		158,444	39,376	37,252	45,142	44,211	36,000		
PH-04 Scalloway Market Fish Tonnage		7,129	1,771	1,676	2,032	2,217	1,500		
SPPI05c-H Contracts delivered in-house/private sector - Ratio in £s - Ports & Harbours									



Risk Assessment for Excel

Category	Current						Controlled									
	Corporate Plan	Risk & Details	Likelihood	Impact	Risk Profile		Current and Planned Control Measures	Likelihood	Impact	Risk Profile	Responsible Officer					
Operational	C6. Economy and Housing - Sullo	P0050 - Policies - effect ofFailure	Possible	3	Major	4	High	12	• SIC Borrowing policy and strategy agre	Unlikely	2	Significant	3	Medium	6	John Smith
Operational	C6. Economy and Housing - Sullo	P0052 - Economic - OtherEngage	Possible	3	Significant	3	Medium	9	• Appropriate engagement in handover \	Unlikely	2	Minor	2	Low	4	John Smith
Operational	F13. Our "20 By '20" - Workforce IP	P0032 - Industrial actionCurrent te	Unlikely	2	Significant	3	Medium	6	• Council HR Management arrangement	Rare	1	Minor	2	Low	2	John Smith
Operational	F5. Our "20 by '20" - Standards ofIP	P0005 - Staff number/skills shorta	Likely	4	Significant	3	High	12	• Workforce planning project, restructur	Unlikely	2	Minor	2	Low	4	John Smith
Operational	F5. Our "20 by '20" - Standards ofIP	P0009 - Storm, Flood, other weatl	Rare	1	Significant	3	Low	3	• Adverse weather policy, Business cont	Rare	1	Minor	2	Low	2	John Smith
Operational	F5. Our "20 by '20" - Standards ofIP	P0022 - Loss of IT facilitiesICT lin	Possible	3	Significant	3	Medium	9	• Adverse weather policy, Business Con	Unlikely	2	Minor	2	Low	4	John Smith
Operational	F5. Our "20 by '20" - Standards ofIP	P0026 - Fire, lightning, aircraft, ex	Rare	1	Major	4	Medium	4	• SMS, Business Continuity Planning, Fi	Rare	1	Significant	3	Low	3	John Smith
Operational	F5. Our "20 by '20" - Standards ofIP	P0030 - Professional Errors and C	Rare	1	Major	4	Medium	4	• Training, Workforce Development, Auc	Rare	1	Minor	2	Low	2	John Smith
Operational	F5. Our "20 by '20" - Standards ofIP	P0048 - Breach of Legislation - Di	Possible	3	Significant	3	Medium	9	• Awareness raising, training and monitc						0	John Smith
Operational	F5. Our "20 by '20" - Standards ofIP	P0051 - Accidents /Injuries - Staff.	Likely	4	Major	4	High	16	• Health and Safety systems, safe syste	Unlikely	2	Significant	3	Medium	6	John Smith
Operational	F7. Our "20 By '20" - Procuremen	P0035 - Failure of Key supplierPo	Possible	3	Major	4	High	12	• Financial Controls, existing council pro	Unlikely	2	Minor	2	Low	4	John Smith
Strategic	C6. Economy and Housing - Sullo	P0016 - Loss of revenue/incomeL	Possible	3	Major	4	High	12	• Budget controls, monthly monitoring, o	Possible	3	Significant	3	Medium	9	John Smith





<b>Meeting(s):</b>	Harbour Board	28 August 2017
<b>Report Title:</b>	Management Accounts for Harbour Board: 2017/18 – Projected Outturn at Quarter 1	
<b>Reference Number:</b>	F-069-F	
<b>Author / Job Title:</b>	Jonathan Belford, Executive Manager - Finance	

### 1.0 Decisions / Action required:

#### 1.1 The Harbour Board RESOLVES to:

- 1.1.1 review the Management Accounts showing the projected outturn position at Quarter 1; and
- 1.1.2 agree the actions set out by the Director in paragraph 4.3 to mitigate the projected reduction in surplus.

### 2.0 High Level Summary:

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

<b>3.0 Corporate Priorities and Joint Working:</b>	
3.1	There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.
<b>4.0 Key Issues:</b>	
4.1	This report presents the projected outturn position for 2017/18 as at the end of the first quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant budget responsible officers.
4.2	The projected revenue outturn position for the Harbour Board is a reduction in surplus of £1.549m, which means that Ports & Harbours Operations are not on course to provide their budgeted surplus to reserves.
4.3	The most significant contribution to the reduced surplus is reduced tanker traffic at Sullom Voe Terminal. Harbour dues for tanker movements are set based on industry projections and, as there is a substantial deficit in the budget due to reduced tanker movements, the deficit will be recovered in setting the budget for 2018/19.
4.4	The projected capital outturn position for the Harbour Board is on target which means Ports & Harbours Operations are projected to spend in line with their Council approved budget.
4.5	The projected outturn position for the Shetland Gas Plant is on target.
4.6	See appendices 1 and 2 attached for detailed information on the revenue and capital outturn positions.
<b>5.0 Exempt and/or confidential information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.2 Human Resources and Organisational Development:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.3 Equality, Diversity and Human Rights:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.



<b>6.4 Legal:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.5 Finance:</b>	<p>The 2017/18 Council budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means. To achieve this, a one-off underspend from the 2016/17 budget has been used to balance the General Fund. This is a one-off solution for 2017/18.</p> <p>For every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m with fund managers to make a return. It is therefore vital that the Council delivers its 2017/18 budget.</p> <p>This report demonstrates that Ports &amp; Harbours Operations are not projecting to achieve this, and the remedial actions described in paragraph 4.3 of this report will be required to ensure ongoing financial sustainability for the Council in line with the Medium Term Financial Plan.</p>
<b>6.6 Assets and Property:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.7 ICT and new technologies:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.8 Environmental:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.9 Risk Management:</b>	<p>There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.</p> <p>From a financial perspective, risks are an integral part of planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.</p> <p>The main financial risks for Ports &amp; Harbours Operations are:</p> <ul style="list-style-type: none"> <li>• any reduction in tanker traffic at Sullom Voe;</li> <li>• reliance on oil and gas prices for the throughput element of the rental agreement for both Sullom Voe Terminal and the Shetland Gas Plant; and</li> <li>• increasing maintenance requirements on ageing tugs and other port infrastructure.</li> </ul> <p>This report is part of the framework that provides assurance, or</p>

	<p>recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.</p> <p>A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for significant unforeseen events.</p> <p>Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.</p>	
<b>6.10 Policy and Delegated Authority:</b>	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Board may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2017/18 financial year. This report provides information to enable the Board to ensure that the services within its remit are operating within the approved budgets.</p> <p>The Council's Financial Regulations state that the Executive Manager - Finance has a responsibility to ensure that detailed monitoring by Directors and Executive Managers is carried out and that the Council will determine the reporting content, timescale, frequency and receiving committee(s) required for monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p>	
<b>6.11 Previously considered by:</b>	n/a	n/a

**Contact Details:**

Brenda Robb, Management Accountant, [brenda.robbs@shetland.gov.uk](mailto:brenda.robbs@shetland.gov.uk), 11 August 2017

**Appendices:**

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

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

**Background Documents:**

SIC Budget Book 2017/18, SIC 15 February 2017

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

## Harbour Board

## 1. Projected Revenue Outturn Position 2017/18

Service Area	Revised Annual Budget at Quarter 1 (Adv)/Pos £000	Projected Outturn at Quarter 1 (Adv)/Pos £000	Budget v Projected Outturn Variance Quarter 1 (Adv)/Pos £000
Sullom Voe	(7,801)	(6,749)	(1,053)
Scalloway	272	262	9
Other Piers	118	167	(49)
Terminals	(1,547)	(1,091)	(456)
<b>Total Ports &amp; Harbours Operations</b>	<b>(8,959)</b>	<b>(7,410)</b>	<b>(1,549)</b>
Shetland Gas Plant	(550)	(550)	0
<b>Overall Total</b>	<b>(9,509)</b>	<b>(7,960)</b>	<b>(1,549)</b>

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

### 1.1 Sullom Voe – projected outturn variance (£1.053m) (16%)

This variance is due to:

- reduction in tanker traffic due to several offshore production interruptions in the East Shetland Basin (£1.273m);
- additional overtime and training costs for Towage staff to inspect a second new Tug MT30 in anticipation of requirement for chartering in early 2018 (£98k); offset by
- underspend on vacant Pilot post which is unlikely to be filled this year until requirements for future shipping needs and terminal operating hours have been established £66k;
- reduction in rates following the Assessor's 2017 valuation review £69k;
- additional income from accommodation barge berthed at Sella Ness which was not anticipated £78k.

### 1.2 Scalloway – projected outturn variance £9k (2%)

There are no significant variances in this area.

### **1.3 Other Piers - projected outturn variance (£49k) (13%)**

This variance is due to:

- fendering works for Symbister Pier which slipped to 2017/18 for contractor availability, with additional unexpected repairs also discovered on initiation of project (£135k); offset by
- additional income from new charge introduced for pelagic boats £60k.

### **1.4 Terminals – projected outturn variance (£456k) (30%)**

This variance is due to:

- overspend for emergency works identified on Insurers' inspection of Fair Isle harbour slipway rails (£170k);
- increase in rates following the Assessor's 2017 valuation review (£139k);
- Foula ferry terminal transferred to Ports from Transport Planning resulting in additional budget requirement (£75k);
- work to fenders at Gutcher Terminal slipped to this year due to contractor delays (£70k).

### **1.5 Shetland Gas Plant - projected outturn breakeven**

There are no significant variances in this area.

## Harbour Board

### 2. Projected Capital Outturn Position 2017/18

Service	Revised Annual Budget at Quarter 1 (Adv)/Pos  £000	Projected Outturn at Quarter 1 (Adv)/Pos  £000	Budget v Projected Outturn Variance Quarter 1 (Adv)/ Pos  £000	Slippage required in 2018/19  £000	Overall Projected Outturn Variance Quarter 1 (Adv)/ Pos  £000
Ports & Harbours Operations	5,247	5,247	0	0	0
<b>Total Controllable Costs</b>	<b>5,247</b>	<b>5,247</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

#### 2.1 Ports & Harbours Operations – projected outturn breakeven

There are no significant variances.





<b>Meeting(s):</b>	Harbour Board	28 August 2017
<b>Report Title:</b>	2017/18 Pilotage Accounts – Projected Outturn at Quarter 1	
<b>Reference Number:</b>	F-072-F	
<b>Author / Job Title:</b>	Jonathan Belford, Executive Manager - Finance	

## 1.0 Decisions / Action required:

- 1.1 The Harbour Board RESOLVE to review the Pilotage Accounts showing the projected outturn position at Quarter 1.

## 2.0 High Level Summary:

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

## 3.0 Corporate Priorities and Joint Working:

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

## 4.0 Key Issues:

- 4.1 This report presents the projected outturn position for 2017/18 as at the end of the first quarter.
- 4.2 The projected outturn position is a reduction in net surplus of £95k (9%) against net income budget of £1.003m which results in a net surplus of £908k.
- 4.3 The projected outturn Pilotage Accounts for 2017/18 are attached as Appendix 1 to this report.

## 5.0 Exempt and/or confidential information:

5.1	None
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	None
<b>6.2 Human Resources and Organisational Development:</b>	None
<b>6.3 Equality, Diversity and Human Rights:</b>	None
<b>6.4 Legal:</b>	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.
<b>6.5 Finance:</b>	<p>The projected outturn position is a surplus of £908k which is reduction in net surplus of £95k against annual budget.</p> <p>The main reasons for the reduction in surplus are:</p> <ul style="list-style-type: none"> <li>• reduced income for boarding &amp; landing and pilotage dues at Sullom Voe, due a reduction in tanker numbers as a result of offshore production interruptions in the East Shetland Basin (£156k); offset by</li> <li>• vacant Pilot post which is unlikely to be filled this year until requirements for future shipping needs and terminal operating hours have been established £46k.</li> </ul>
<b>6.6 Assets and Property:</b>	None
<b>6.7 ICT and new technologies:</b>	None
<b>6.8 Environmental:</b>	None
<b>6.9 Risk Management:</b>	Failure to keep Pilotage Accounts would place the Council in breach of its legal duties.



<b>6.10 Policy and Delegated Authority:</b>	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.	
<b>6.11 Previously considered by:</b>	n/a	n/a

**Contact Details:**

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**Appendices:**

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

**Background Documents:**

None



## 2017/18 Pilotage Accounts - Projected Outturn at Quarter 1

## F-072 - Appendix 1

	Sullom Voe			Scalloway			Overall		
	Annual Budget	Projected Outturn	Variance (Adv)/Fav	Annual Budget	Projected Outturn	Variance (Adv)/Fav	Annual Budget	Projected Outturn	Variance (Adv)/Fav
	£	£	£	£	£	£	£	£	£
<b>Charges in respect of :</b>									
Boarding & Landing	-633,600	-589,028	(44,572)	-10,000	-10,000	0	-643,600	-599,028	(44,572)
Pilotage Services provided as authorised by section 10(1) of the Pilotage Act 1987	-1,589,448	-1,478,019	(111,429)	-35,000	-35,000	0	-1,624,448	-1,513,019	(111,429)
Use of PEC issued as authorised by section 10(3) of the Pilotage Act 1987	0	0	0	0	0	0	0	0	0
<b>TOTAL INCOME</b>	<b>-2,223,048</b>	<b>-2,067,048</b>	<b>(156,000)</b>	<b>-45,000</b>	<b>-45,000</b>	<b>0</b>	<b>-2,268,048</b>	<b>-2,112,048</b>	<b>(156,000)</b>
Boarding & Landing	362,378	362,378	0	4,824	4,824	0	367,203	367,203	0
Pilotage	652,682	606,935	45,747	6,651	6,651	0	659,333	613,586	45,747
<b>Sub-Total Employee Costs</b>	<b>1,015,060</b>	<b>969,313</b>	<b>45,747</b>	<b>11,475</b>	<b>11,475</b>	<b>0</b>	<b>1,026,536</b>	<b>980,788</b>	<b>45,747</b>
Boarding & Landing	10,482	10,482	0	1,848	1,848	0	12,331	12,331	0
Pilotage	3,150	2,150	1,000	0	0	0	3,150	2,150	1,000
<b>Sub-Total Supplies &amp; Services</b>	<b>13,632</b>	<b>12,632</b>	<b>1,000</b>	<b>1,848</b>	<b>1,848</b>	<b>0</b>	<b>15,481</b>	<b>14,481</b>	<b>1,000</b>
Boarding & Landing	64,765	64,765	0	9,615	9,615	0	74,380	74,380	0
Pilotage	4,070	4,070	0	0	0	0	4,070	4,070	0
<b>Sub-Total Transport &amp; Mobile Plant</b>	<b>68,835</b>	<b>68,835</b>	<b>0</b>	<b>9,615</b>	<b>9,615</b>	<b>0</b>	<b>78,450</b>	<b>78,450</b>	<b>0</b>
Boarding & Landing	20,009	19,880	129	2,218	3,696	(1,479)	22,227	23,576	(1,349)
Pilotage	150	150	0	0	0	0	150	150	0
<b>Sub-Total Property &amp; Fixed Plant</b>	<b>20,159</b>	<b>20,030</b>	<b>129</b>	<b>2,218</b>	<b>3,696</b>	<b>(1,479)</b>	<b>22,377</b>	<b>23,726</b>	<b>(1,349)</b>
Meeting Liabilities under Part III of the Act	0	0	0	0	0	0	0	0	0
Boarding & Landing	24,596	23,057	1,540	10,697	10,697	0	35,294	33,754	1,540
Pilotage	81,626	68,051	13,575	5,000	5,000	0	86,626	73,051	13,575
<b>Sub-Total Admin and Other Costs</b>	<b>106,222</b>	<b>91,108</b>	<b>15,115</b>	<b>15,697</b>	<b>15,697</b>	<b>0</b>	<b>121,920</b>	<b>106,805</b>	<b>15,115</b>
<b>TOTAL EXPENDITURE</b>	<b>1,223,909</b>	<b>1,161,917</b>	<b>61,992</b>	<b>40,854</b>	<b>42,332</b>	<b>(1,479)</b>	<b>1,264,763</b>	<b>1,204,250</b>	<b>60,513</b>
<b>NET TOTAL</b>	<b>-999,139</b>	<b>-905,130</b>	<b>(94,009)</b>	<b>-4,146</b>	<b>-2,668</b>	<b>(1,479)</b>	<b>-1,003,285</b>	<b>-907,798</b>	<b>(95,487)</b>





<b>Meeting(s):</b>	<b>Harbour Board</b>	<b>28<sup>th</sup> August 2017</b>
<b>Report Title:</b>	<b>Harbour Master's Report</b>	
<b>Reference Number:</b>	<b>PH-10-17F</b>	
<b>Author / Job Title:</b>	<b>Greg Maitland - Harbour Master, Ports and Harbours Operations</b>	

<b>1.0</b>	<b>Decisions / Action required:</b>
1.1	The Harbour Board resolve to consider the content of this report in its role as Duty Holder, and note that the necessary management and operational mechanisms are in place to fulfil that function.
<b>2.0</b>	<b>High Level Summary:</b>
2.1	The purpose of this report is to summarise the activity, issues and incidents across the Ports and Harbours sector for Q1 – 2017/18.
<b>3.0</b>	<b>Corporate Priorities and Joint Working:</b>
3.1	Effective Planning and Performance Management are key aspects of Best Value and features of “Our Plan”, the Council’s Corporate Plan 2016 -2020.
	<ul style="list-style-type: none"> <li>Our performance as an organisation will be managed effectively, with high standards being applied to the performance of staff and services. Poor performance will be dealt with, and good service performance will be highlighted and shared.</li> </ul>
<b>4.0</b>	<b>Key Issues:</b>
4.1	Captain Trevor Auld is appointed as the designated person (HB Min. Ref 29/12) and provides independent assurance to the Duty Holder that the marine SMS, for which the Duty Holder is responsible, is working effectively. Captain Auld’s report is attached as Appendix 1
4.2	4 incidents have been reported, 2 at Sullom Voe, 1 at Scalloway and 1 at Collafirth.
4.21	On 20 <sup>th</sup> July 2017, at Collafirth, a small boat owner fell to his injury whilst trying to get onto the pier ladder. The casualty was assisted by two members of the public, with the Ambulance Service attending and the Coastguard being informed. The Port Authority was informed of this incident a day or so after it happened, with information sought from Shetland Coastguard. The individual was contacted, after his return from hospital, by the Harbour master, in the company of the Port Safety Officer, to establish the events of the incident.. This incident was reported to the MAIB.
4.22	On 28 <sup>th</sup> June 2017, following the successful berthing of a tanker at Sullom Voe, a

tug picked up a rope in one of her propulsion units, when approaching her berth at Sella Ness. Divers attended the tug, removed the rope, surveyed the area and removed any submerged debris that could cause a similar issue. The tug completed engine trials with no damage reported.

- 4.23 On 20<sup>th</sup> July 2017, at Scalloway, a Small Ports Officer reported oil in the water, in the harbour. On investigation a small quantity of black oil, with surrounding rainbow sheen and a smell of diesel, was found. Despite further investigation, the source remains unknown, but is thought to be from the pumping of engine room bilges. The oil was contained and recovered by rigging absorbent boom (2 x 3m), with the sheen dissipating naturally.
- 4.22 On 29<sup>th</sup> July 2017, while completing the berthing of a tanker at Sullom Voe, The Pilot gave the instruction to let go the forward and aft tugs. It soon became apparent that the aft tug was having a problem clutching in her winch. There was a 5-10 minute delay while the issue was resolved. The situation was due to a lack of familiarity with the new tug controls and will be resolved with continued training and familiarisation.
- 4.3 A report on the Towage Fleet is attached as Appendix 2.
- 4.4 The audit of the SIC Safety Management System was completed in July 2017. A small number of non-conformities were raised. These were directly related to the recent management shortages and have since been cleared.
- 4.5 The Bridging Document identified in the DP Report is likely to be delayed due to Enquest taking over the management of the terminal from BP – expected November 2017.
- 4.6 Radar System Replacement – Xanatos/Marico awarded contract with initial site visit carried out in late July. Parts are on order and installation due to be completed by February 2018. With only one radar operating at present, a risk to the service will remain until works have been completed.
- 4.7 Legal Services are currently working with officers from Ports & Harbours on changes required to the Sullom Voe Directions and Pilotage Directions. These changes are urgently required to address the change in service at the port.
- 4.8 The Harbour Master and Port Engineer attended a Burra Community Council Meeting in June 2017 to discuss concerns about depths at Hamnavoe Pier. A survey has since been carried out, which resulted in a dredging campaign, which has also been completed.
- 4.91 Individuals from Ports & Harbours will be attending the Offshore Europe Exhibition, in Aberdeen, in September to engage with various stakeholders in the oil and gas sector and to promote our facilities.
- 4.92 The Harbour Master will attend a Cruise Scotland summit in September, in Edinburgh, to promote Shetland and follow up opportunities.
- 4.93 Purchase enquiries have been received for the Easterdale Pier and for a net compound at Collafirth Pier – these are under review.

## **5.0 Exempt and/or confidential information:**

5.1	None
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	That SIC continues to provide a competent service to Port Users in line with the Service Plan.
<b>6.2 Human Resources and Organisational Development:</b>	None
<b>6.3 Equality, Diversity and Human Rights:</b>	None
<b>6.4 Legal:</b>	Failure to complete the changes to Sullom Voe Directions and Pilotage Directions leaves these open to challenge.
<b>6.5 Finance:</b>	None
<b>6.6 Assets and Property:</b>	None
<b>6.7 ICT and new technologies:</b>	None
<b>6.8 Environmental:</b>	None
<b>6.9 Risk Management:</b>	Failure to comply with the requirements of the Port Marine Safety Code could lead to regulatory action. Since the publication of the new Port Marine Safety Code and its Guide to Good Practice. The Safety management System (SMS) for Ports & harbours is being reviewed and updated.
<b>6.10 Policy and Delegated Authority:</b>	<p>The scheme of Administration and Delegations states that the role of the Harbour Board is:</p> <p>6.11 Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.</p> <p>6.12 Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function</p> <p>6.13 To consider all development proposals and changes of service level within the harbour undertaking, including dues and charges, and make appropriate recommendations to the</p>

	Council.	
<b>6.11 Previously considered by:</b>		

**Contact Details:**

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

**Appendices:**

Appendix 1 – DP Report to the Harbour Board

Appendix 2 – Towage Report to the Harbour Board

**Background Documents:**

END



## Designated Person Report: 28 August 2017

This Designated Person (DP) report is provided as an independent view on Shetland Islands Council's (SIC) performance against the requirements and standards under the latest edition of the Port Marine Safety Code (PMS). 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 14 June 2017, I have maintained a regular dialogue on marine matters with SIC's Interim Harbour Master and, more recently, SIC's Harbour Master through telephone calls and an exchange of emails. I have also monitored both SIC's website <http://www.shetland.gov.uk> and SIC's port specific website <http://www.shetland.gov.uk/ports> for items relating to the reported actions, involvement and decisions taken by the Harbour Board and SIC's appointed officers. Prior to writing this report I had a telephone conversation with SIC's Harbour Master and Deputy Harbour Master, in which we discussed the monitoring measures and effectiveness of the current Marine Safety Management Systems.

### Marine Safety Management Systems (MSMS)

Draft copies of the Shetland Islands Council, Ports and Harbours Operations, Quality Management System (ISO9001-2015) (2017) and Shetland Islands Council, Marine Safety Policy (2017) have been submitted for the approval of SIC's appointed officers, Designated Person and Chair of the Harbour Board (as Duty Holder representative). The two documents are the first phase in aligning SIC's Quality Management System and MSMS with the latest editions of the Port Marine Safety Code and the Guide to Good Practice on Port Marine Operations. Once approved the documents will be posted on SIC's port specific website <http://www.shetland.gov.uk/ports>

The following report sections describe each monitoring measure in turn.

### Monitoring Measures

**Technical Working Group:** Meetings of the Technical Working Group (TWG) held on 18 May 2017 and 20 July 2017 record the ongoing good practice of bringing together SIC personnel from different port disciplines and port stakeholders to discuss a range of safety and operational issues of common interest.

As evidence of good practice relating to the MSMS, during the May meeting the TWG suggested that a risk assessment and/or a review could be undertaken to evaluate the risk posed by Lundqvist vessels arriving with a berthing deadweight of less than the stipulated 35% of summer deadweight. A further suggestion was made that all Lundqvist tanker operations could be stopped until the risk assessment and/or review had been completed. [*The latter suggestion resulted in the issue of Marine Circular No. 02/2107 on 25 May 2017, revoking revised acceptance parameters for Lundqvist tankers in Marine Circular No. 01/2017*]

As further evidence of good practice, the meeting minutes also document that the TWG discussed the Coastguard's official action when vessels entered the Area to be Avoided, fishing vessels travelling through Yell Sound failing to contact VTS with their whereabouts, and an article entitled 'Hazards of Pilot Boarding' in Issue 46 CHIRP (Confidential Hazardous Incident Reporting Programme) Maritime Feedback.

The draft minutes of the July meeting document that the TWG again discussed the Areas to be Avoided including concerns about the anchoring of vessels off Lerwick, and the deadweight of vessels arriving at Sullom Voe.

**Examination and Technical Group:** The last meeting of the Examination and Technical Group (E&TG) was held on 13 March 2017.

A review of the current marine pilot training programme remains an outstanding agenda item for future E&TG meetings. The latest version of the PMSC encourages Competent Harbour Authorities (*this should be read as Duty Holders*) to implement the international recommendations on the training and certification and operational procedures for pilots contained within International Maritime Organisation resolution A960.

**Safety Sub-Committee: Ports:** The 75th meeting of the Safety Sub-Committee - Ports was held on 3 August 2017. The draft minutes of the meetings continue to demonstrate the active involvement of marine personnel in all aspects of port safety.

In matters arising, the draft minutes record that a review of pilot boat man overboard exercises would be undertaken, fishing vessels in Yell Sound are still not monitoring or answering Sullom Voe VTS on VHF Channel 14, and risk assessments for personnel transfer at sea would be reviewed when all risk assessments were reviewed. Agenda items included a discussion of two recent incidents, a planned review of all procedures for lifting operations in Scalloway and other small ports, and first aid and banksmen training.

The Duty Holder should be mindful of the continued references in the Technical Working Group meetings and Safety Sub-committee meetings to fishing vessels failing to monitor or answer Sullom Voe VTS when transiting Yell Sound.

**Small Ports:** The table entitled 'Operational and Safety Visits to Small Ports & Harbours 2017', as posted on the website [www.shetland.gov.uk](http://www.shetland.gov.uk), records that a visit to Collafirth took place in May 2017 and visits to Mid Yell, Cullivoe, Uyeasound, Baltasound, Easterdale, Toogs and Hamnavoe took place in June 2017.

The Duty Holder should be mindful that the current reporting system for operational and safety visits to small ports and harbours does not include reports on the status of all the ferry piers and terminals inside and outside the Statutory Harbour Authority's area of jurisdiction (as listed in Section 2.2.14 of SIC's Small Ports Marine Safety Management System (2015)). It is a requirement of the Code (Section 3.3) that the Duty Holder should conserve and promote the safe use of the harbour/facility and prevent loss or injury through the organisation's negligence. Therefore, the Duty Holder should be satisfied that alternative reporting arrangements on the operational and safety status of the ferry piers and terminals are in place.

**Towage:** Tug masters' and chief engineers' meetings were held in June, July and August 2017. Discussion focussed on the necessary support and required level of training to command and operate 'Multratug 29'.

The Harbour Master became the Designated Person Ashore (DPA) for SIC's tugs with effect from 0900 hours on Monday 31 July 2017. Notice of the change in duties was promulgated to all tug masters through Technical Marine Circular No 2/17.

It was noted that a copy of the then Towage Operations Designated Person Ashore's report to the June 2017 Harbour Board meeting, dated May 2017, was posted on the website [www.shetland.gov.uk](http://www.shetland.gov.uk) as an appendix to the Harbour Master's report.

**Incidents and Accidents:** The following incident report was recorded in the MarNIS database (Appendix A) in the period 17 May 2017 to 8 August 2017 inclusive.

Date	Vessel / Location	Incident
8 June 2017	Collafirth Pier	A member of the public fell into the water whilst transferring between two boats and the pier. Incident has been reported to the MAIB.

Other incidents in the period 17 May 2017 to 8 August 2017 but not recorded in the MarNIS database were:

- Multraship 29 picked up a rope in a propeller whilst coming alongside in Sullom Voe. Rope cleared by divers.
- Multraship 29 experienced towing winch failure. Problem identified and resolved.
- Pollution incident at Scalloway West pier on 21 July 2017. Small amount (<5 litres) of oil from an unknown source was recovered by the use of absorbent booms. In accordance with the MSMS procedure a pollution report (PolRep) was submitted to Shetland Coastguard MRSC

## Audits

**Internal audits:** A total of 46 internal audit reports were completed in June 2017. Additional internal auditors will be trained to enable completion of internal audits of the MSMS on a phased basis throughout the year.

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

- **Recommendation 2:** A bridging document between the Port and the Terminal (*at Sullom Voe*) has still to be discussed. It is acknowledged that this recommendation was made with regard to BP and the situation may change when EnQuest's position is established.
- **Recommendations 8:** Running the pilot launch with blacked out windows has been deemed an unacceptable risk and an alternative training programme to simulate operating the launch in reduced visibility has yet to be developed.
- **Recommendation 9:** A safety drill matrix for pilot boat crews has still to be produced.

**DNV External Audit:** An external audit undertaken by a representative of DNV in July 2017 identified one major nonconformity (Management Review Meetings had not been held twice a year), two minor nonconformities and made one observation.

Main areas for improvement were identified as:

*'Management should review on-going inputs and outputs from the PMSC recognition and ensure the integrity of the Quality Management System is maintained when changes to the Safety Management System are planned and implemented e.g. Risk assessments have been progressed with all marine assessments reviewed and managed within Maritime Navigation and Information Management Service "MarNIS" electronic management system and decision as*

*to whether engineering assessments are managed in the same manner or continued as separate is still ongoing.'*

**Consultation:** Proposals to update the Sullom Voe General/Pilotage Directions 2001 remain under review by SIC's legal services. The Duty Holder should note that to be compliant with Section 2.29 of the latest edition of the PMSC, it will be necessary to seek to maintain a consensus (*previous editions of the PMSC referred to 'consultation' rather than 'consensus'*) about safe navigation in its harbour or facility with users and service providers as far as possible.

It is noted that consultation is still ongoing with stakeholders following closure of Old Toft Pier on grounds of safety (SIC Notice to Mariners 8/2016).

Other consultation meetings, presently unminuted, were held by SIC's appointed officers with stakeholders on a proactive or reactive basis on a variety of marine related issues.

**Harbour Board Meetings:** The public agenda for the Harbour Board meetings of 14 June 2017 and the accompanying decision note was posted on the website [www.shetland.gov.uk](http://www.shetland.gov.uk) in a timely manner.

**Training:** The division between qualifications and/or training courses that are deemed essential and those which are deemed desirable has been reviewed in all three training matrices, namely: VTS and Marine Officers, Scalloway Small Ports Officers and Pilot Launch crews. This action is evidence of good practice and aligns the training matrices with the recommendations in Section 11.12.4 of the latest version of the Guide to Good Practice on Port Marine Operations. The matrices continue to be updated as staff change, training courses are completed and qualifications are obtained or revalidated.

In their publication 'Port Marine Safety Code Health Check Trends 2015' the MCA identified the need for Duty Holders to be given specific training on the Port Marine Safety Code and its application. Whilst it is known that the majority of SIC's Harbour Board members (as Duty Holder) received Duty Holder training on 13 June 2017, evidence of attendance is not readily available. It is recommended, therefore, that Duty Holder training and any other PMSC specific training given to SIC's Harbour Board members (as Duty Holder) should be documented in the marine training matrices.

**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:
  - No 1/2017 Notices remaining in force
  - No 2/2017 Obstructions in SE entrance to Sullom Voe
  - 2017 Trial passive acoustic survey by Unmanned Surface Vessel. West of Shetland
  - No 3/2017 Dangerous Incident – Disposal of Asbestos Roofing Tiles.
- Latest Marine Circulars:
  - No 1/2017 New Lundqvist Tankers – adequate arrival deadweight
  - No 2/2017 New Lundqvist Tankers – Circular No 1/2017 revoked
  - No 3/2017 New 1–48 Pre-Arrival Checklist
- Latest Technical Marine Circulars:
  - No 2/17 Designated Person Ashore – change of named designated person ashore.

## Assessing Measures

Key Performance Indicators (KPI):

1. **Open Incident KPI Reports (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports: Open Incident status on the 8 August 2017**

Location	Open NS Reports	Open PE Reports	Open EP Reports	Open CM Reports	Open PS Reports
Sullom Voe	1	0	0	0	1
Scalloway	0	0	0	0	0
Small Ports	0	0	0	0	0
'Open' 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 8 August 2017**

Location	Nautical Safety Assessments	Port Efficiency Assessments	Environmental Protection Assessments	Crisis Management Assessments	Mean Assessment Score*
Sullom Voe	25	5	7	0	3.80
Scalloway	19	6	5	0	3.90
Small Ports	16	3	4	0	3.90
<b>Totals</b>	<b>60</b>	<b>14</b>	<b>16</b>	<b>0</b>	
* A mean 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 8 August 2017**

Overdue Risk Assessment KPIs	Total Shetland*
Overdue Nautical Safety Assessments	0
Overdue Port Efficiency Assessments	0
Overdue Environmental Protection Assessments	1
Overdue Crisis Management Assessments	0
* Target KPI for overdue risk assessments is 0	

It should be noted from the above KPI that one Environmental Protection Risk Assessment is shown as overdue. An overdue review of a risk assessment is a non-conformity with Section 6.2.1 of the MSMS (but not necessarily with the PMSC).

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

Employee Group	Group Number	Number Holding Essential In Date Qualifications	KPI (%)
Marine Pilots	-	Information not available	-
Vessel Traffic Service Officers (including relief VTSO and Interim Harbour Master)	-	Information not available	-
Small Ports Officers (including relief SPOs)	-	Information not available	-
Launch Crews	-	Information not available	-
<b>Total Overall</b>	-		

5. Availability of Aids to Navigation (in three classification bands) expressed as a percentage of total availability over the three year period 9 August 2014 to 9 August 2017.

IALA Category	No of Aids	No of Failures	Availability (%)	Target Availability (%)
Category 1*	50	2	99.96	99.80
Category 2**	69	2	99.59	99.00
Category 3***	14	1	98.02	97.00
<p>Note: The availability of all aids to navigation exceeds the target set by the Northern Lighthouse Board (NLB).</p> <p>* Category 1. An aid to navigation that is considered by the NLB to be of primary navigation significance. It includes the lighted aids to navigation and racons that are considered essential for marking landfalls and primary routes.</p> <p>** Category 2. An aid to navigation that is considered by the NLB to be of navigational significance. It includes lighted aids to navigation and racons that mark secondary routes and those used to supplement the marking of primary routes.</p> <p>*** Category 3. An aid to navigation that is considered by the NLB to be of less navigational significance than Cat 1 and 2.</p>				

## Effectiveness of the Marine Safety Management Systems

It is acknowledged that SIC's Marine Safety Management Systems are currently being rewritten to ensure they align with the current versions of the Port Marine Safety Code (published November 2016) and Guide to Good Practice on Port Marine Operations (published February 2017). Until such time as this task is complete, the effectiveness of the Marine Safety Management Systems in ensuring compliance with the Code relates to compliance with the Port Marine Safety Code published in March 2015.

The monitoring and assessing measures described in this report continue to 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 published in March 2015.

**Captain Trevor Auld**  
Designated Person (PMSC)

## Appendix A



### Selected Ports Actual and Potential Incident Report Summary 17 May 2017 to 08 August 2017

#### Accident / Incident Details

Date	ID Code	Incident / Potential	Externally Reported	Accident Category	Name and Detail
08/06/2017	SUV0041INV	I	R	Fell whilst transferring between Vessel and Pier	<p>Collafirth Pier accident</p> <p>Boat owner fell, was injured and entered the water whilst transferring between a vessel and the Pier Ladder</p> <p>Primary Cause - Fall from height whilst accessing pier structure</p> <p>Consequences (rated 0 to 4) for - People(2)/ Less serious marine casualty / MAIB Reportable</p>

Number of Accidents listed = 1  
For the period 17 May 2017 to 08 August 2017.





**Shetland Islands Council**  
**Towage Operations Designated Persons' Report**



SIC Harbour Board August 2017

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

**Review of Sea Staff Training needs**

The initial phases of Tug Master/Crew familiarisation training is completed allowing the SVHA's new tug 'Multratug 29' to safely complete berthing's and utilising crew skills learned without the need for external trainer support. During this time MT29 has been continually deployed on the stern of all Tankers entering SVT. The next phase of training has begun to ensure 'Multratug 29' can be deployed and utilised in all operations required during active Tanker escort.

**Representations To / From Designated Person**

No contact has been made to the Towage DPA since the previous Report.  
The role of Towage DPA was transferred from Mr Kevin Main to the Harbour Master on 31st July 2017.

**External DOC Audit**

An external (MCA) audit of the Towage Safety Management System and accompanying documentation was carried out on 26<sup>th</sup> July. Upon satisfaction the attending Surveyor renewed the Company's Document of Compliance (DOC) for Towage Operations. Three Non Conformities were issued, which were:

The System requires:

1. All Masters to periodically review the Safety Management System.
2. Annual appraisals of all staff be carried out.
3. Compliance with procedures requiring transfer of personnel to new duties and tasks.

**Internal ISM Audits**

Annual ISM internal audits continue. One Non-Conformity raised on the 21<sup>st</sup> July was in regard to the provision of safe access/egress to Tugs from the Jetty.

**External SMC Renewals**

An interim Safety Management Certificate audit was carried out on 25th July to the satisfaction of an MCA Surveyor. The following deficiencies were raised:

- Certificate for Medical First Aid Kit expired
- Magnetic Compass adjustment overdue
- Fire plan container obstructed by door
- SWL on bits not highlighted
- Table of shipboard working arrangements not displayed

**Accidents/Incidents**

One 'near-miss' has been reported in this period concerning damage to a rubber fender on MT29, sustained whilst undergoing winch tests alongside dolphin 0 at Jetty 4.

**SMS Review**

The Towage Safety Management System has undergone an extensive review in preparation for recent Company DOC Audit and was approved for use on 18<sup>th</sup> July 2017.