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If calling please ask for  
**Leisel Malcolmson**  
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Date: 25 September 2017

Dear Sir/Madam

You are invited to the following meeting:

**Environment and Transport Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Monday 2 October 2017 at 2pm**

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

Yours faithfully

Executive Manager – Governance and Law

Chair: Mr R Thomson  
Vice-Chair: Mr R McGregor

## **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.

## **ITEM**

- 1. Exceptions from Contract Standing Orders (1) Combined Energy, M&E and Structural Defect Surveys and (2) Mechanical & Electrical and Fabric Maintenance Services to Anderson Halls of Residence, Lerwick  
*EO-05*

2. Exceptions from Contract Standing Orders: Landfill Gas Pumping Trial  
*ES-03*
3. Capital Maintenance and Replacement Programme  
*ISD-06*
4. Taxi Tariff Review  
*DV-48*
5. Ports & Harbours Overview  
*PH-13*



<b>Meeting(s):</b>	<b>Environment and Transport Committee</b>	<b>2 October 2017</b>
<b>Report Title:</b>	<b>Exceptions from Contract Standing Orders - (1) Combined Energy, M&amp;E and Structural Defect Surveys (2) Mechanical &amp; Electrical and Fabric Maintenance Services to Anderson Halls of Residence, Lerwick</b>	
<b>Reference Number:</b>	<b>EO-05-17-F</b>	
<b>Author / Job Title:</b>	<b>Carl Symons, Executive Manager – Estate Operations</b>	

<b>1.0 Decisions / Action required:</b>	
1.1	That the Environment & Transport Committee NOTE the two exceptions to Shetland Islands Council Standing Orders.
<b>2.0 High Level Summary:</b>	
2.1	This report notifies the Environment and Transport Committee of exceptions to the Council’s Contract Standing Orders.
2.2	The Council’s Contract Standing Orders require competitive tendering where the estimated value of goods, works and services is in excess of £10,000. Where the estimated cost is equal to or greater than £50,000, appropriate advertising would apply in accordance with the Contract Standing Orders.
2.3	The Council’s Contract Standing Orders allow exceptions to be considered, where certain criteria have to apply. All such instances of exceptions arising must be reported to the relevant Service Committee within six months of the exception occurring.
2.4	This report covers two instances when Estate Operations recently applied for exceptions. These are (1) Combined Energy, M&E and Structural Defect Surveys and (2) Mechanical & Electrical and Fabric Maintenance Services to Anderson Halls of Residence, Lerwick.
2.5	In both cases an exception under clause 17(i) (a) of Part One of the Contract Standing Orders applies:- the requirements are not readily obtainable from more than one service provider and it can be demonstrated that no equivalent is available or otherwise for technical reasons or due to time restraints.
2.6	In case (2) the procurement for services is for a short term until 31 March 2018 which allows sufficient time to carry out a full EU procurement in compliance with the regulations applying for services beyond that date.
2.7	The Director of Infrastructure Services authorised the exceptions detailed in

## Section 4.0.

### 3.0 Corporate Priorities and Joint Working:

- 3.1 The effective maintenance and upkeep of Council properties, and their ability to safely deliver the services people want, are key aspects of Best Value and features of “Our Plan”, the Council’s Corporate Plan 2016-2020, which states:
- “We will have prioritised spending on building and maintaining assets and be clear on the whole-of-life costs of those activities, to make sure funding is being targeted in the best way to help achieve the outcomes set out in this plan and the community plan.”*
- 3.2 The Infrastructure Services Directorate Plan sets out the outcomes the Directorate aims to deliver in the year. We said “what we must do in 2016/17” was:
- 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.

### 4.0 Key Issues:

- Exception (1): Combined Energy, M&E and Structural Defect Surveys**
- 4.1 Following the issue of the Edinburgh Schools report and a review of the recommendations it contained, in our response to the findings of the report we noted that the entire school estate is subject to a five-year cycle of condition surveys with an annual defect inspection update.
- 4.2 It is not usually possible to identify, through detailed visual inspection alone, the existence of serious defects buried within the structure of a building. The only viable method of ascertaining whether defects exist is to carry out invasive inspections at key locations.
- 4.3 To achieve this within reasonable timescales, the Council embarked upon a prioritised inspection regime, relative to the age of our properties and construction type. However, we are currently managing several large projects and in-house resources were not available.
- 4.4 To overcome this we elected to use Keegans, who have been heavily involved with the Council’s estate, having competitively won a variety of work since 2007 for a variety of design, condition, asbestos and energy performance surveys.
- 4.5 Keegans have detailed knowledge of the Council estate (an essential aspect of this project) and the systems, processes and procedures we use. Part of this work involves the invasive inspection of buried structural features, which needs to be dealt with appropriately.
- 4.6 Keegans can also directly interface with Estate Operations CAFM system, which saves a great deal of time and duplication of effort. Going to the general market could not have been done within deadlines and weather windows.

## **Exception (2): Mechanical & Electrical and Fabric Maintenance Services to Anderson Halls of Residence, Lerwick**

- 4.7 This is an interim arrangement to cover the 7-month period from the 7 September 2017 to 31 March 2018. In the meantime, we will follow an EU procurement Procedure through Public Contracts Scotland using the NEC3 Term Service Contract to run from 1 April 2018 for a fixed term period of 3 years, with the option to extend for a further two years.
- 4.8 The logic applied is to use the appointed FM provider (via Hub North) at the AHS to provide services to the adjacent halls of residence. There are a variety of advantages in doing so, with a focus on the fact that our in-house team (and extended supply chain of Term Service Contractors) is struggling to meet our service targets with a depleted workforce.
- 4.9 Such an arrangement will assist both the Council and Robertson Facilities Management (RFM) in developing a good working relationship, and the similarity of the building's designs means that we only need to retain one set of spares etc. on site, thus avoiding unnecessary duplication and costs.
- 4.10 While the bid received from RFM is slightly more expensive than could be achieved in-house, it nonetheless represents value for money and allows us to maintain our planned works programme on the remainder of the Council's estate.
- 4.11 For the technical reasons noted above the procurement was progressed under exception 17(1) (a) of Contract Standing Orders.

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

5.1 None

### **6.0 Implications :**

<b>6.1 Service Users, Patients and Communities:</b>	The effective maintenance and upkeep of Council properties is a key factor in their ability to safely deliver the services people want. Preventative works programmes significantly reduces the risk of an unplanned shutdown and the associated service disruption this would create.
<b>6.2 Human Resources and Organisational Development:</b>	The in-house team has a limited pool of resources that is focussed on delivering various maintenance programmes across the estate. Our ability to take on additional works programmes is limited and we need to maximise our use of the available Shetland wide resource pool.
<b>6.3 Equality, Diversity and Human Rights:</b>	The Directorate uses Equalities Impact Assessment to ensure its services are supporting those most in need and not making inequalities worse; no assessment is required.
<b>6.4 Legal:</b>	The Council has a legal obligation to provide a safe place of work for employees and others under the Health & Safety at Work etc. Act 1974. Buildings constructed to The Building (Scotland) Regulations 2004, complying with Fire (Scotland) Act

	2005 and The Fire Safety (Scotland) Regulations 2006.	
	The Council must comply with EU Procurement Regulations and Council Contract Standing Orders. The applicable Exceptions to the Council's Contract Standing Orders are contained in Part 1, Clause 17(i) (a).	
<b>6.5 Finance:</b>	The cost of Exception (1) is £41,793 while the cost of Exception (2) will be £36,152. In both cases, these costs will be met from operational revenue maintenance budgets.	
<b>6.6 Assets and Property:</b>	These actions relate to maintenance and/or the likely replacement of defective components, with a particular focus on the structure and fire integrity of the Council's properties.	
<b>6.7 ICT and new technologies:</b>	None	
<b>6.8 Environmental:</b>	The Carbon Management team promote and install energy efficiency works to the Council's non-domestic properties. The outputs of both projects will help ensure that Council properties are operating efficiently and effectively.	
<b>6.9 Risk Management:</b>	These projects help us in actively managing the condition of our properties, taking appropriate remedial action as necessary and carrying out planned works programmes safely.	
<b>6.10 Policy and Delegated Authority:</b>	<p>In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations the Environment and Transport Committee has functional responsibility for the monitoring and scrutiny of the Council's Estate Operations service.</p> <p>The Council's Contract Standing Orders allow exceptions to be considered where certain criteria have to apply. All such instances of exceptions arising must be reported to the relevant Service Committee within six months of the exception occurring.</p>	
<b>6.11 Previously considered by:</b>	N/A	N/A

**Contact Details:**

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01595 744184

05 Sep 2017

**Appendices:** None

**Background Documents:** None



<b>Meeting(s):</b>	<b>Environment &amp; Transport Committee</b>	<b>2 October 2017</b>
<b>Report Title:</b>	<b>Exception from Contract Standing Orders – Landfill Gas Pumping Trial</b>	
<b>Reference Number:</b>	<b>ES-03-17-F</b>	
<b>Author / Job Title:</b>	<b>William Spence / Executive Manager – Environmental Services</b>	

<b>1.0</b>	<b>Decisions / Action required:</b>
1.1	That the Environment and Transport Committee NOTE the exception applied.
<b>2.0</b>	<b>High Level Summary:</b>
2.1	This report informs the Environment and Transport Committee of a contract award and the works carried out as an exception to the Council’s Contract Standing Orders by Environmental Services.
2.2	The Council’s Contract Standing Orders require competitive tendering where the estimated value of goods, works and services is in excess of £10k. Where the estimated cost is equal to or greater than £50k, appropriate advertising would apply in accordance with the Contract Standing Orders.
2.3	Shetland Islands Council provide and operate a non-hazardous landfill at Gremista Waste Management Facility. A contract for gas sampling at the landfill was competitively tendered in December 2016. The tender price submitted however, was well in excess of the budget. (2.65 times estimate). Based on the professional advice received it was considered that the Tender did not provide value for money. No tender was, therefore accepted. The project was re-tendered as an exception to the Contract Standing Orders by seeking a price from a contractor experienced in carrying out landfill contracts. Advice was provided by the Council’s Procurement Section prior to the Service approaching the contractor to ensure that re tendering in this manner complied with current Procurement regulations. Tulloch Developments priced the contract at £10k above the original budget, which Zero Waste Scotland agreed to fund in addition to the original grant offer of £120k. The contract was therefore awarded to Tulloch Developments to meet the Grant offer deadlines.
2.4	As part of the PPC permit (licence to operate the landfill) after approximately 10 years of operation (depending on waste disposal quantities) it is a requirement for methane gas testing to be carried out to comply with licence conditions. The grant offer from ZWS has enabled the Council to fulfil its legal obligations as landfill operator at no cost to the Council.

**3.0 Corporate Priorities and Joint Working:**

3.1 Managing the effective operation of the landfill site as a key asset to support the economy of Shetland demonstrates the delivery of the Council’s Corporate Plan “Our Plan” 20 by 20 statement 16  
“we will have prioritised spending on building and maintaining assets and be clear on the whole of life costs of those activities, to make sure funding is being targeted to help achieve the outcomes set out in this plan and the Community Plan”. As the licence conditions for the landfill site requires that it is monitored for methane, this would form part of the whole life costs of the landfill however the grant from ZWS enables this to be completed at no cost to the Council.

**4.0 Key Issues:**

- 4.1 The landfill has been in operation since 2006. Periodically through this period as waste has filled the cells, both temporary capping and permanent capping has been carried out. When biodegradable waste decomposes it creates methane within the landfill, creating pressure under the cap. The amount of biodegradable waste deposited in the landfill will determine the quantities of gas produced.
- 4.2 Once quantities of gases present are determined solutions may be: Small quantities of gas – vent to atmosphere or allow to remain with the landfill; medium quantities -gas flaring would be required or, if levels and quality of methane are appropriate then the generation of energy may be an option.
- 4.3 Following the test, if it is established that flaring is required the necessary equipment will have to be installed as part of licence requirement. Further funding is available from Zero Waste Scotland for this additional project, should it be required.

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

5.1 None

**6.0 Implications:**

<b>6.1 Service Users, Patients and Communities:</b>	The monitoring of methane enables the landfill site to demonstrate to SEPA it is operating to its licence conditions, therefore ensuring that the facility remains available for use for individuals and communities across Shetland to dispose of waste.
<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>	<p>The Council must comply with EU Procurement Regulations and Council Contract Standing Orders.</p> <p>Specific Exception applying under the Contract Standing Orders (Part 1 – Section 17).</p> <p>(vii) Applies.</p> <p>Where a compliant tendering exercise has been completed but where no Tenders have been received that can be accepted, either on technical grounds, in terms of value for money or any other competent reason.</p> <p>All instances of such exceptions arising shall be reported to the relevant Service Committee within six months of the exception occurring.</p>
<b>6.5 Finance:</b>	The cost of the specialist work is £130k which will be funded by an external grant from Zero Waste Scotland resulting in no cost to the Council.
<b>6.6 Assets and Property:</b>	The Landfill is a key Council asset which must be operated in line with the PPC conditions. It would be an offence to fail to meet these conditions.
<b>6.7 ICT and new technologies:</b>	None.
<b>6.8 Environmental:</b>	There are no environmental implications from completing the monitoring. The results will be analysed to see whether any remedial action is required to address methane levels. There may be environmental implications when considering the best remedy (if any) required.
<b>6.9 Risk Management:</b>	There is a risk to the economic well being of Shetland if commercial waste could not be disposed of cost effectively in Shetland.
<b>6.10 Policy and Delegated Authority:</b>	<p>In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations the Environment and Transport Committee has functional responsibility for Environmental Services.</p> <p>The Council's Contract Standing Orders allow exceptions to be considered, where certain criteria apply. The Director of Infrastructure in accordance with Council Contract Standing Orders approved the exception to enable a direct approach to a</p>

	local contractor to tender for these works because the original tendering exercise did not provide tenders that provided value for money.	
<b>6.11 Previously considered by:</b>	N/A	-

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01595745163

8 September 2017

**Appendices:**

None.

**Background Documents:** None.

END



<b>Meeting(s):</b>	<b>Environment &amp; Transport Committee</b>	<b>2 October 2017</b>
<b>Report Title:</b>	<b>Capital Maintenance and Replacement Programme</b>	
<b>Reference Number:</b>	<b>ISD-06-17-F</b>	
<b>Author / Job Title:</b>	<b>Maggie Sandison Director of Infrastructure Services</b>	

<b>1.0</b>	<b>Decisions / Action required:</b>
1.1	That the Committee APPROVE the projects in the Infrastructure Services Directorate's Capital Maintenance and Replacement Programme for 2018/19.
<b>2.0</b>	<b>High Level Summary:</b>
2.1	This report sets out for approval the projects which fall within this functional Committee's remit which form part of the Infrastructure Services Directorate's Capital Maintenance and Replacement programme. These maintenance and replacement programmes are developed annually based on condition surveys of the service assets and are funded by an approved budget within the Council's 5-year Asset Investment Plan.
2.2	The detail of individual projects is agreed each financial year by the Service Committee.
<b>3.0</b>	<b>Corporate Priorities and Joint Working:</b>
3.1	Our Plan 2016-2020 states "we will have prioritised spending on building and maintaining assets and be clear on the whole life costs of those activities to make sure funding is being targeted in the best way to help achieve the outcomes set out in the Corporate Plan".
<b>4.0</b>	<b>Key Issues:</b>
4.1	On 29 June 2016 the Council approved a revised "gateway process" for managing the Asset Investment Plan (AIP) which incorporated the five cases Business Case model. The guidance document on the Gateway Process for the Management of Capital Projects states that "where projects fall within a programme of Capital Maintenance, an annual budget may be included in the Council's Asset Investment Plan, covering several of these relatively low value projects. A Business Justification Case is required to establish such a programme, and the annual budget required, but the individual projects within such a programme are not listed and reported on as part of the Asset Investment Plan. The promoting service must however review the content of such programmes and submit these to the relevant service committee for approval annually."
4.2	The document in Appendix 1 sets out the individual projects forming the

<p>maintenance and replacement programmes in the AIP for Infrastructure Services for the financial year 2018/19. These programmes were previously established in line with the guidance in paragraph 4.1 above, and have now been reviewed for 2018/19.</p>	
<p><b>5.0 Exempt and/or confidential information:</b></p>	
<p>5.1 None.</p>	
<p><b>6.0 Implications :</b></p>	
<p><b>6.1 Service Users, Patients and Communities:</b></p>	<p>There is a clear expectation from the Community and our stakeholders that the Council will plan to maintain and replace its infrastructure assets to ensure the delivery of frontline services and maintain transport connectivity.</p>
<p><b>6.2 Human Resources and Organisational Development:</b></p>	<p>None.</p>
<p><b>6.3 Equality, Diversity and Human Rights:</b></p>	<p>None.</p>
<p><b>6.4 Legal:</b></p>	<p>The regular maintenance of assets and replacement of end of life assets ensures compliance with legal duties and compliance with relevant regulatory and inspection regimes.</p>
<p><b>6.5 Finance:</b></p>	<p>The total budget required for the capital maintenance programmes for Infrastructure Services in 2018/19 is £3,646,150. These will be incorporated into the 5 Year Asset Investment Plan 2018-2023 and will be funded from the Scottish Government General Capital Grant and capital receipts in line with the Capital Funding Policy in the Medium Term Financial Plan. The 2018-2023 Asset Investment Plan will be presented to Policy &amp; Resources Committee in March 2018 for approval.</p>
<p><b>6.6 Assets and Property:</b></p>	<p>The routine maintenance and replacement projects within this programme are part of the Council's strategy to manage its existing assets in a functional condition and replace them at the end of their useful life.</p>
<p><b>6.7 ICT and new technologies:</b></p>	<p>None.</p>
<p><b>6.8 Environmental:</b></p>	<p>The Directorate is responsible for ensuring infrastructure and assets are managed in a way to prevent pollution and reduce carbon emissions. Routine maintenance programmes are a significant control measure to prevent accidental spills and</p>

	pollution and enables energy efficiency measures to be put in place to reduce fuel use, manage carbon emissions and reduce the environmental impacts of council activity.	
<b>6.9 Risk Management:</b>	Failing to adequately resource the maintenance of the infrastructure that underpins the delivery of frontline services and transport connectivity creates a risk of service disruption and associated reputational damage. The regular maintenance of assets and replacement of end of life assets ensure compliance with legal duties. Routine regular maintenance prevents the deterioration of assets and keeps them functional saving more significant replacement costs.	
<b>6.10 Policy and Delegated Authority:</b>	In accordance with Section 2.3.1 of the Council's Scheme of delegations, the Environment and Transport Committee has responsibility for discharging the powers and duties of the Council within its functional area. The projects in these annual maintenance and replacement programmes in the AIP must be approved by Committee.	
<b>6.11 Previously considered by:</b>	N/A	

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30 August 2017

**Appendices:**

Infrastructure Services Departments Capital Maintenance and Replacement Programme 2018/19

**Background Documents:** None.

END



## Infrastructure Services Department's Capital Maintenance and Replacement Programme 2018/19

Estate Operations - <u>Building Maintenance Capital Works</u>		
Location	Description	18/19 Cost
Aith Junior High School	Upgrade Emergency lighting throughout building with new energy efficient units, reducing the energy use and ongoing maintenance costs.	£35,000
Aith Junior High School	Renew flooring which is life expired.	£15,000
Baltasound Junior High School	Canteen upgrade - Upgrade required allowing kitchen electrics to be altered.	£30,000
Bell's Brae Primary	Floor covering repairs - Replacement canteen flooring and various other areas due to age and poor condition of floor.	£15,000
Bell's Brae Primary	Pointing to brickwork - The pointing has failed and needs redone to stop water ingress.	£8,500
Bell's Brae Primary	Removal of old fire alarm system and making good - Remove old fire alarm and make good areas where old system is to be removed.	£20,000
Brae Primary School	Upgrade Emergency lighting - Upgrade emergency lights throughout building with new energy efficient units, reducing the energy and ongoing maintenance costs.	£10,500
Brae Primary School	Shower refurbishments - existing facilities life expired and now unhygienic.	£50,000
Brae Secondary School	Lighting upgrade - Upgrade lights throughout building with new energy efficient units, reducing the energy and maintenance costs and increasing life cycle of component.	£20,000
Brae Secondary School	Upgrade Emergency lighting - Upgrade emergency lights throughout building with new energy efficient units, reducing the energy and ongoing maintenance costs.	£10,500
Cullivoe Primary School	Profile sheeting to main extension roof - Repair or replace profile sheeting due to deterioration at fixing points.	£25,000

Hamnavoe Primary School	Blockwork replacement - to stop water penetration and deterioration of the building fabric.	£25,000
Hamnavoe Primary School	Toilet refurbishments - Phased upgrading of toilets as the existing facilities are life expired and now unhygienic.	£30,000
Happyhansel Primary School	Lighting upgrade - Upgrade lights throughout building with new energy efficient units, reducing the energy and maintenance costs and increasing life cycle of component.	£10,750
Janet Courtney Hostel	External refurbishment of wall surfaces - Refurbish external wood and metal surfaces to stop water penetration and deterioration of building fabric.	£7,500
Mossbank Primary School	Roofing works - Replace existing asbestos roof sheeting on upper and lower buildings nearing its life span.	£120,000
Mossbank Primary School	Roofing works - Replace mineral felt to area above main entrance with Sarna or similar product.	£50,000
Mossbank Primary School	Toilet upgrades - Toilets require refurbishment. Existing facilities life expired and now unhygienic. Floor coverings contain asbestos vinyl.	£30,000
Nesting Primary School	Lighting upgrade - Upgrade lights throughout building with new energy efficient units, reducing the energy and maintenance costs and increasing life cycle of component.	£7,000
Nesting Primary School	Replacement of faulty copper pipe work with plastic - Pipework in various locations corroded and requires replacement with Instaflex or equivalent - access constrained project.	£24,750
North Roe Primary	Lighting upgrade - Upgrade lights throughout building with new energy efficient units, reducing the energy and maintenance costs and increasing life cycle of component.	£12,000
Sandwick Junior High School	Lift Upgrade - Replacement of existing lift.	£6,500
Skeld Primary School	Lighting upgrade - Upgrade lights throughout building with new energy efficient units, reducing the energy and maintenance costs and increasing life cycle of	£8,000

	component.	
Sound Primary School	Fit new switch gear - Due to the age of the switch gear it is recommended to replace and bring element up to regulation.	£40,000
Tingwall Primary School	Upgrade heating system - Replace rusting radiators with LST radiators.	£11,000
Tingwall Primary School	Replacement of faulty copper pipe work with plastic - Pipework in various locations corroded and requires replacement with Instaflex or equivalent - access constrained project.	£48,000
Urafirth Primary School	Upgrade Emergency lighting - Upgrade emergency lights throughout building with new energy efficient units, reducing the energy and ongoing maintenance costs.	£10,500
Whalsay Primary School	Lighting upgrade - Upgrade lights throughout building with new energy efficient units, reducing the energy and maintenance costs and increasing life cycle of component.	£14,000
Whiteness School	Minor external refurbishment work - Refurbish external wood and metal surfaces to stop water penetration and deterioration of building fabric.	£6,000
Edward Thomason House	En-suite refurbishment, 14 remaining bedrooms - Upgrade 15 en-suites with new shower and wet wall cladding, detail of floor at wall is poor and water has been leaking behind wall lining and under floor.	£14,400
Montfield Care Home	Works to stabilize ceiling track hoists Location: Bedrooms only - Hoists fitted have movement in them and need to be stabilized this involves taking the hoists down and upgrading the fixings to the ceiling above the existing suspended ceiling.	£10,000
Seaview	Floor repairs bathrooms, All bathroom and en-suites - Bathroom wet room area flooring needs replaced as the detail around the perimeter is unsuitable and is letting water down the back of the floor covering, if this continues the floor underneath will be damaged.	£11,500
Windybraes	Asbestos roof tiles showing signs of curling at edges - Replace existing roof tiles with new. Additional works required to mineral felt on dormers.	£28,000

ICT	Repair walls - Wall finish is failing in parts.	£25,000
Islesburgh Community Centre	Minor external refurbishment - Refurbish external wood and metal surfaces to stop water penetration and deterioration of building fabric	£10,000
St Ringans Library	Minor internal refurbishment works - Refurbish internal areas to protect the building fabric.	£11,250
NAFC	Replace wall sheeting at hatchery - the walls are degrading and nearing the end of their life.	£25,000
Gremista Building & Roads Services	Minor external refurbishment - Refurbish external wood and metal surfaces to stop water penetration and deterioration of building fabric.	£12,000
Gremista Depot	External surfacing - Bitmac surfaces failed - scarify, prepare and lay 60/40 bitmac.	£13,000
Waste to Energy Plant	Repair existing wall cladding - Cladding is corroding due to acid environment.	£15,000
Waste to Energy Plant	Internal columns require shot blasting, priming and painting due to the acidity affecting the surface of the structural steel and cladding.	£20,500
<b>Programme Total Estimate</b>		<b>£896,150</b>

<b>Estate Operations – <u>Vehicle and Plant Replacement Programme</u></b>		
Service	Description	18/19 Cost
Environmental Services – Landfill Site	1 Nr Dumper	£150,000
Roads	4 Nr 7.5 Pickups	£200,000
	4 Nr 3.5 Pickups	£120,000
	1 Nr Tar Paver	£80,000

	2 Nr JCB	£80,000
	4 Nr Vans	£60,000
Building Services	6 Nr Vans	£90,000
Housing Services	6 Nr Vans	£90,000
Children's Services	3 Nr Cars	£45,000
Children's Services (Parks)	1 Nr Tractor	£60,000
Transport Planning	1 Nr Bus	£140,000
<b>Programme Total Estimate</b>		<b>£1,115,000</b>

<b>Roads Service</b>	<b>Description</b>	<b>Cost</b>
Capital Road Reconstruction		
Levaneap Road, Vidlin (Outer End)	Regulate and overlay, Road, Accesses and Passing Places. Verge, ditch.	£58,500
East Burrafirth Road, Aith	Regulate and overlay, Road, Accesses and Passing Places. Verge, ditch and white line.	£110,000
Bousta Road, Sandness	Very poor shape with numerous haunch repairs and	£97,500
Sands o' Sound, Lerwick	Road surface is corrugated and worn with sections potholed.	£25,000
North Road (Phase 3), Lerwick	Excavate existing, lay type 1 and two layers of bitmac, reinstate speed humps and replacement of damaged/worn kerbs. (Phase 3)	£94,000
Commercial Street, Lerwick	Continuation of reflagging works at north end.	£40,000
Sandlodge Bends, Sandwick	Carriageway has lost its shape due to haunch failures and collapsed ditches. Filter drain in ditches to support road edges.	£60,000
A968 Setter Bend, West Yell	Narrow section with verge over run and haunch failures.	£105,000
		<b>£590,000</b>
Capital Spending Scord Quarry		

Replacement Excavator (Second Hand)	Replacement excavator required for quarry face	£160,000
Replacement Asphalt Skip Winch	Current winch is approaching 15 years old. Critical to operation of plant.	£10,000
20m Conveyor	Worn – needs replacing	£5,000
Quarry Sheds/Houses	Ongoing repairs to cladding.	£30,000
		<b>£205,000</b>
Streetlighting Replacement		
Contribution to LED Upgrades	A contribution from the Asset Investment Plan to the LED Upgrade Contract that will run for 3 years during the construction phase. The £225,000 total currently allocated to streetlighting from the AIP will reduce to £100,000 after this period.	£125,000
Distribution Network Upgraded	Cables, mini pillars and electrical testing	£20,000
Category 3 to 4 Renewals	Required to replace the 30 to 40 columns per year that are expected to deteriorate from condition category 3 to 4 and thereby are no longer fit for purpose.	£80,000
		<b>£225,000</b>
Bridge Replacement Programme		
Stonganess Bridge, Cullivoe, Yell	Replacement bridge and road realignment.	£300,000
Kirkabister Bridge, Bressay	Replace life expired structure.	£35,000
Breiwick Loch Bridge, Eshaness	Replace life expired structure.	£40,000
		<b>£375,000</b>
Maintenance and Statutory Programmes		
Pelican Crossings	Re-location of A970 South Road and associated works.	£35,000
Traffic Management	Traffic orders, speed limits, traffic calming if required.	£50,000
Road Accident Investigation & Prevention	Anti-skid surfacing, verge markers, minor improvements etc	£35,000
		<b>£120,000</b>
Safety Barrier		
Dales Lees	Next phase	£120,000
		<b>£120,000</b>



<b>Meeting(s):</b>	<b>Environment and Transport Committee Policy and Resources Committee</b>	<b>2 October 2017 23 October 2017</b>
<b>Report Title:</b>	<b>Taxi Tariff Review</b>	
<b>Reference Number:</b>	<b>DV-48-17-F</b>	
<b>Author / Job Title:</b>	<b>Peter Mogridge, Transport Policy and Projects Officer</b>	

<b>1.0 Decisions/Action Required:</b>
1.1 That the Environment and Transport Committee RECOMMENDS that the Policy and Resources Committee RESOLVE to approve that the Shetland Islands Council Taxi Tariffs remain unchanged.
<b>2.0 High Level Summary:</b>
2.1 Given the very small number of representations received from the local Taxi Trade during the recent review process, the Transport Policy and Projects Officer recommends that the Taxi Tariffs should remain unchanged until the next review.
2.2 If subsequently approved by the Policy and Resources Committee at its meeting on 23 October 2017, the proposed Taxi Tariffs will be published, and written representations invited, with a view to them being fixed on 1 April 2018.
<b>3.0 Corporate Priorities and Joint Working:</b>
3.1 Shetland Islands Council is the licensing authority in terms of the Civic Government (Scotland) Act 1982.
3.2 Efforts are under way to help the local Taxi Trade re-establish a representative and consultative body but, given the current absence of such a body, all licensees have been contacted individually.
<b>4.0 Key Issues:</b>
4.1 Shetland Islands Council as licensing authority is required, after carrying a review, to set Taxi Tariffs.
4.2 The timetable for the current review is contained in Appendix 2.
4.3 In the absence of any requests for change by local Taxi Trade licensees, the current Taxi Tariffs have not been formally reviewed since they were last fixed on 19 December 2014.
4.4 As part of this review, all 286 local Taxi Trade licensees were consulted on 18 August 2017 and given until 8 September 2017 to submit written representations. The consultation document and current Taxi Tariffs are contained in Appendix 1.

4.5	Two written representations were received and the suggestions made are contained in Appendix 3.
4.6	Without prejudice to the validity or merit of the representations received, the Transport Policy and Projects Officer concludes that the small number of representations received demonstrates that there is no desire in the local Taxi Trade to make any changes to the existing Taxi Tariffs at present.
<b>5.0</b>	<b>Exempt and/or Confidential Information:</b>
5.1	None.
<b>6.0</b>	<b>Implications:</b>
<b>6.1 Service Users, Patients and Communities:</b>	As well as being used by the general public, Taxis and Private Hire Cars are frequently used both under contract and on an ad hoc basis by service providers such as the NHS and SIC. They form a vital part of Shetland's transport network.  There is currently no formally constituted body which represents the Taxi Trade in Shetland.
<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 decision of this Committee at today's meeting forms part of the preliminary stage of reviewing and / or fixing the Taxi Tariffs. On reaching the final stage of the review, any Shetland Islands Council Taxi Vehicle licensee will be able to appeal the final decision of the Council upon the Taxi Tariffs to the Traffic Commissioner for Scotland.  In the event of such an appeal, the process of implementing the Council's decision upon the Taxi Tariffs will be suspended pending the outcome of any such appeal.
<b>6.5 Finance:</b>	None arising from the licensing function of the Council.
<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>	None.	
<b>6.10 Policy and Delegated Authority:</b>	<p>In accordance with Section 2.3.1 of the Council's Scheme of delegations, the Environment and Transport Committee has responsibility for discharging the powers and duties of the Council within its functional area.</p> <p>In accordance with Section 2.3.1 of the Council's Scheme of delegations, the Environment and Transport Committee has responsibility for advising the Policy and Resources Committee on policies, plans and service delivery within its functional area.</p> <p>Section 2.2 confirms the role of Policy and Resources Committee in advising the Council in the development of its strategic objectives, policies and priorities. As there are no changes proposed to the policy, the decision required in this report rests with Policy and Resources Committee. Any change to policy would require a decision of the Council.</p>	
<b>6.11 Previously considered by:</b>	None.	

**Contact Details:**

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 Telephone: 01595 745802  
 Email: peter.mogridge@shetland.gov.uk  
 22 September 2017

**Appendices:**

1. Representation invitation document and current Taxi Tariffs
2. Review timetable
3. Written representations received

**Background Documents:**

The following link displays a comparison between all local authorities in the UK for a two-mile journey at Taxi Tariff 1. Shetland sits at number 118 in a table of valid 366 entries for September 2017.

<http://www.phtm.co.uk/newspaper/taxi-fares-league-tables>





# SHETLAND ISLANDS COUNCIL

## **CIVIC GOVERNMENT (SCOTLAND) ACT 1982**

### **Taximeter Tariffs Review – August 2017**

In accordance with Section 17 of the Civic Government (Scotland) Act 1982, Shetland Islands Council, as the Licensing Authority, hereby gives notice of its intention to review taxi fares and charges.

Taximeter Tariffs comprise the maximum fare scales and charges to be applied to taxi journeys (for which the use of a taximeter is required by law) and to private hire car journeys when a taximeter is in use.

As a taxi vehicle licence holder, the Council welcomes any proposals you may have for changes to the current taxi fares and charges. The Council will consider all such comments received before proposing any new taxi fares and charges.

Taxi fares and charges may be increased, decreased or remain unchanged. Although there is no requirement to change the current tariff, this review process must take place.

You will be notified of the outcome of this review, even if no changes are proposed. If, following this review, new taxi fares and charges are proposed, a notice containing these proposals, together with the proposed date they will take effect, will be published.

During a period of one month following the publication of such a notice, anyone may make a representation to the Council. The Council will consider all representations, which must be lodged in writing, before making the final decision on any changes to taxi fares and charges and the date on which any such changes will take effect. You will be notified of this decision, as will anyone who has lodged a written representation.

Within 14 days respectively, of being notified by the Council, taxi vehicle licence holders have a right of appeal to the Scottish Traffic Commissioner in respect of each of:

- The outcome of any review
- Any decision made to change taxi fares and charges and/or the date they will take effect

While any such appeal is ongoing, the action being appealed will be suspended.

Information on taxi fares and charges in other areas can be found on the website for each Local Authority. Other areas may structure their fare scales and other charges differently. However, the current 2-mile, Tariff 1 fares across the UK can be found at:

<http://www.phtm.co.uk/taxi-fares-league-tables/2017-07>

**The closing date for making your proposals is 23:59 on Friday 8<sup>th</sup> September 2017. Proposals should be lodged in writing to Taxi Licensing, 6 North Ness, Lerwick ZE1 0LZ or by email to [licensing.taxi@shetland.gov.uk](mailto:licensing.taxi@shetland.gov.uk)**

The current Shetland Islands Council Taxi Tariffs are:

<b>Rate 1: 0600-2159</b>	For the first three quarters of a mile or part thereof	<b>£3.80</b>
	For each additional quarter mile or part thereof	<b>£ 0.45</b>
<b>Rate 2: 2200-0559</b>	For the first three quarters of a mile or part thereof	<b>£ 4.00</b>
	For each additional quarter mile or part thereof	<b>£ 0.55</b>
<b>Christmas and New Year 25/26 December 01/02 January</b>		
<b>Rate 3: 0600-2159</b>	For the first three quarters of a mile or part thereof	<b>£ 5.25</b>
	For each additional quarter mile or part thereof	<b>£ 0.60</b>
<b>Rate 4: 2200-0559</b>	For the first three quarters of a mile or part thereof	<b>£ 6.00</b>
	For each additional quarter mile or part thereof	<b>£ 0.75</b>
<b>Passenger Surcharge</b>	For the carriage of five or more passengers: for the fifth and subsequent passengers	<b>£2.00</b>
<b>Waiting Time</b>	<b>£24.00</b> per hour or <b>£0.40</b> per minute	
<b>Cleaning Charge</b>	If vehicle is soiled by passenger	<b>£40.00</b>
<b>Excursion Rate</b> <i>(Taxi operators/drivers may not describe themselves as a "tour guide" unless they are properly trained and certificated to do so)</i>	When offering an excursion trip or service to an individual, group, or acting on behalf of an agent.	<b>Taxi operators/drivers must use the taximeter on all hires, including excursions. Taxi operators/drivers are free to offer a lesser amount than displayed on the meter, expressed in monetary terms or as a percentage of the maximum fare at the commencement of the hire. This may be done on an individual basis, or as part of an agreement between the taxi operators and the contracting agent.</b>

## **Shetland Islands Council Taxi tariffs Review Timetable August 2017**

The timetable for the 2017 review of Shetland Islands Council's taxi Tariffs is as follows –

1. Taxi Trade licensees will be contacted on 18 August and invited to submit any comments or suggestions regarding changes to the Taxi Tariffs in writing no later than 23.59 on Friday, 8 September 2017.
2. A report detailing the submissions received, draft Taxi Tariff proposals and recommendations will be submitted to the Environment and Transport Committee at its meeting to be held on Monday, 2 October 2017.
3. A report seeking approval of the decisions taken by the Environment and Transport Committee on 2 October 2017 will be submitted to the Policy and Resources Committee at its meeting on 23 October 2017.
4. Dependent upon the decision of the Policy and Resources Committee on 23 October 2017, an advertisement will appear in the Shetland Times on Friday, 27 October 2017 detailing the proposed Taxi Tariffs and the date they will take effect.
5. Written representations on the proposals will require to be received no later than 23.59 on Monday, 27 November 2017.
6. A report detailing the written representations received, final Taxi Tariff proposals and recommendations will be submitted to the Environment & Transport Committee at its meeting to be held on Tuesday, 5 December 2017.
7. A report seeking approval of the decisions taken by the Environment and Transport Committee on 5 December 2017 will be submitted to the Policy and Resources Committee at its meeting on 12 February 2017.
8. All Taxi Trade consultees will be notified of the decisions taken by the Policy and Resources Committee at its meeting on 12 February 2017.
9. Taxi Vehicle licensees will have the right to appeal the Council's decision to the Traffic Commissioner for Scotland during the 14 days following the date of said decision. Any such appeal will have the effect of suspending the process until the appeal has been settled.
10. If no appeal is made, the approved Taxi Tariffs will come into effect on 1 April 2018.



## **Shetland Islands Council Taxi Tariffs Review August 2017**

Two written responses were received making the following three separate suggestions for changes to the current Taxi Tariffs:

- a. A revised fare scale such that, for example, the current 45p per  $\frac{1}{4}$  mile would become 36p for  $\frac{1}{5}$  mile.
- b. Reducing the initial 'flag' scale distance from  $\frac{3}{4}$  mile to  $\frac{1}{2}$  mile with the initial fare for this distance at each of the 4 tariffs remaining the same.
- c. Increasing the waiting tariff from 40p per minute (£24 per hour) to 50p per minute (£30 per hour)





<b>Meeting(s):</b>	<b>Environment &amp; Transport Committee Development Committee Harbour Board</b>	<b>2 October 2017 3 October 2017 4 October 2017</b>
<b>Report Title:</b>	<b>Ports &amp; Harbours Overview</b>	
<b>Reference Number:</b>	<b>PH-13-17F</b>	
<b>Author / Job Title:</b>	<b>John Smith, Acting Executive Manager – Ports &amp; Harbours</b>	

<b>1.0</b>	<b>Decisions / Action required:</b>
1.1	The Environment & Transport Committee, Development Committee and Harbour Board are asked to consider this report, comment on its contents within their remit, and NOTE the proposed actions of the Ports & Harbours service in partnership with other Council services over the coming period.
<b>2.0</b>	<b>High Level Summary:</b>
2.1	This report provides relevant committees and the Harbour Board with an opportunity to consider the proposed Ports & Harbours work programme; much of which relates to shared objectives and requires close cross service working.
2.2	It summarises the overall objectives for the Councils provision and operation of marine infrastructure and services, the main consideration when considering its development or rationalisation and the priorities for further analysis, option development and appraisal and decision-making.
2.3	This report seeks to inform Committees about the work Ports & Harbours are currently undertaking or are planning to start. It is understood that linked strategic planning will be undertaken by other relevant lead services over the coming period. It is anticipated that this work will also be done collaboratively across service and Committee to ensure that actions are joined-up effectively.
2.4	Ports & Harbours will continue to review our work in the light of any future Council decisions and continue to report through all appropriate performance management, gateway, procurement and budget setting mechanisms for decision making as required.
2.5	Comment and endorsement of the objectives, priorities and proposed actions by Ports & Harbours at this time will assist in our work programming and delivery.
<b>3.0</b>	<b>Corporate Priorities and Joint Working:</b>
3.1	Section 3 in the attached overview considers overall Council priorities for economic development and transport as they relate to marine activities in some detail.

- 3.2 'Our Plan 2016 to 2020' states; "We will be an organisation that encourages creativity, expects co-operation between services and supports the development of new ways of working.
- 3.3 This report recognises the importance of cross Council co-operation in much of the work that Ports & Harbours is involved in and therefore looks to discuss that work with, and be informed by, key committees.

**4.0 Key Issues:**

- 4.1 Shetland is a group of islands; ports, harbours and piers make a significant economic and social contribution all around Shetland, primarily in the transport, oil and gas, fisheries and aquaculture sectors but in their social and cultural significance.
- Shetlands participation in the Oil and Gas industry is underpinned by the Port of Sullom Voe with additional activity at Scalloway Harbour.
  - Shetlands very significant offshore fishing industry utilises Scalloway Harbour and Cullivoe extensively and to a lesser but still important extent West Burrafirth, Collafirth and Symbister.
  - The inshore fishing fleet operates mainly from small harbours and piers. This sector has a significant value to the Shetland economy, and particular significance in a number of remote and rural areas. Their successful operation depends on support from a network of piers, geographically dispersed around Shetland, to allow access to scattered local fishing grounds.
  - The aquaculture industry depends on a network of geographically dispersed small harbours and piers, not all Council owned. It utilises Council facilities for large-scale operations, which require deeper berths such as the construction and launching of cages and the harvesting of fish and again has particular significance in remote and rural areas for jobs and commercial activity.
  - Shetlands inter-island ferry fleet depend on Council harbours and piers to perform their services. These transport links provide life-line services to all inhabited islands and also underpin overall commercial and social activity.
- 4.2 The costs of providing and maintaining the Councils portfolio of piers is considerable; marine infrastructure is expensive to build and expensive to maintain. From time to time each location and each service needs to be considered critically and evaluated realistically on its individual merits to determine that it continues to serve a valuable purpose, particularly when investment decisions need to be made.
- 4.3 There are a number of significant issues relating to major capital investments or rationalisations facing the Council. The planning, option appraisal and delivery of these projects form the main content of this overview, i.e. where there is a potential need for action beyond maintenance.
- 4.4 The strategic lead on setting priority or defining service level in most of these areas is either the Development or Environment & Transport committee; the Harbour Board through Ports & Harbours then organise and delivery operational services. Therefore, it is important to have these discussions and hear their views.

<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>	The proposals described in this report are intended to sustain and enhance the delivery of services.
<b>6.2 Human Resources and Organisational Development:</b>	No implications arising directly from this report.
<b>6.3 Equality, Diversity and Human Rights:</b>	No implications arising directly from this report.
<b>6.4 Legal:</b>	Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report.
<b>6.5 Finance:</b>	<p>The Council has a very costly and very valuable estate of marine infrastructure and services. These are expensive to provide and expensive to maintain.</p> <p>To demonstrate that investment in non-statutory services like harbours and piers is best value; then the benefits of that investment need to be identified and quantified, both for the Council and for the overall economy and community.</p> <p>Ports &amp; Harbours infrastructure and services are a significant cost centre and a very important income stream to the Council and community. Maximising impact and income when containing cost are both central to best value.</p> <p>There are no decisions with specific financial implications requested in this report. However generating a significant financial surplus and compliance with overall Council financial policies are key elements in all Ports &amp; Harbours business planning and work programming.</p>
<b>6.6 Assets and Property:</b>	The proposals described in this report are intended to enhance the quality of the Council's existing asset base and improve the efficiency and cost of operation.
<b>6.7 ICT and new technologies:</b>	No implications arising directly from this report.
<b>6.8 Environmental:</b>	No implications arising directly from this report, however protection of the Shetland marine environment is one of the key priorities in all work planning.

<p><b>6.9 Risk Management:</b></p>	<p>Work in the marine environment is intrinsically risky, both in health and safety and environmental protection terms. All activity must therefore be closely examined to ensure that it delivers the highest safeguards and standards.</p>	
<p><b>6.10 Policy and Delegated Authority:</b></p>	<p><b>Development</b></p> <p>The relevant functional areas include relate to strategic regeneration, development, economy and business, energy, fisheries, arts, culture, and tourism and community regeneration / community development.</p> <p><b>Environment and Transport</b></p> <p>The relevant functional areas include the natural environment, roads, transport and ferry services.</p> <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 as required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.</p> <p>Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council.</p>	
<p><b>6.11 Previously considered by:</b></p>		

**Contact Details:**

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

**Appendices:**

Appendix A – Ports & Harbours Strategic Overview

**Background Documents:**

Listed in Appendix A

END



Shetland Islands Council



*Project Title: Ports & Harbours*

*Strategic Overview*

## **1. Introduction**

This paper has been prepared to give an overview of marine infrastructure owned and marine services operated by Shetland Islands Council and related issues and options.

It seeks to draw together the objectives for Shetland Islands Council's investment and/or facilitation of Ports & Harbours Infrastructure and services around Shetland and provide a context to consider whether current arrangements best meet those objectives and identify issues and/or opportunities to consider changes.

## **2. Background**

The Port of Sullom Voe is owned and operated by Shetland Islands Council as Harbour Authority, primarily to service the Sullom Voe Oil Terminal and crude oil export.

The Council owns the four tanker jetties, construction jetty, tug jetty, tug fleet, pilot launch and mooring boat fleet, ancillary craft, aids to navigation and shore side infrastructure at the Port of Sullom Voe.

The Council operates the Port of Sullom Voe through the Ports & Harbours service which delivers pilotage, towage, berthing, VTS and Port Engineering services through its assets and workforce.

The Council is the Harbour Authority for the Sullom Area as defined in Schedule 1 of the ZCC Act 1974, basically the area of Yell Sound, Sullom Voe and all other voes and inlets between a line east from the northern extremity of the Point of Fethaland to a line north from the root of the Mossbank Pie.

Scalloway Harbour is owned and operated by Shetland Islands Council as Harbour Authority for multi-purpose commercial use. It hosts major white fish landing and sales activity is a significant base for finfish aquaculture operations, provides support services for West of Shetland Oil and Gas and is a busy small boat and leisure user facility.

The Council also owns and operates a network of twenty-seven "Small Ports" around Shetland in addition to the Port of Sullom Voe (Tanker Jetties, Tug & Launch Jetties, Garths Pier, and Construction Jetty) and Scalloway Harbour.

Shetlands very significant offshore fishing industry mainly uses Scalloway Harbour, Cullivoe, Collafirth and Symbister.

The aquaculture industry depends on a network of small harbours and piers, not all Council owned, and the inshore shellfish fleet operates mainly from small harbours and piers. Those sectors have a significant value to the Shetland economy, and have particular significance in a number of remote and rural areas.

Shetlands inter-island ferry fleet depend on Council harbours and piers to perform their services. These transport links provide life-line services to all the inhabited islands (apart from Vaila) and also underpin commercial and social activity.

Lerwick Harbour is also a significant local provider of services within each of these sectors. Consideration of complementary developments by the Lerwick Port Authority are born in mind throughout this review; as is the contribution of commercial piers operated by Aquaculture companies, some small community owned and operated piers and the network of community owned and operated marinas around Shetland.

A financial overview across all areas of Ports & Harbours activity is reported regularly to the Council as part of performance management arrangements.

Significant work has been done recently on the strategic issues around the Port of Sullom Voe and Scalloway Harbour. This programme places that work in an overall context and proposes a series of strategic outlines cases that will consider developments at the Port of Sullom Voe, Scalloway Harbour and the smaller harbours and piers around Shetlands coast.

The Council has also done much work recently on inter-island ferry services and terminal replacement with the Scottish Government. The ferry fleet, link span maintenance and terminal replacement are not considered within the scope of this SOP as further analysis and developments around those are being undertaken elsewhere. However, maintenance and repair of ferry terminals pier infrastructure, aids to navigation and harbour navigation including dredging are matters within scope.

This overview has been developed with reference to the agreed standards and format for Business Cases, as defined in “Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016”.

The overview, and any subsequent work on more detailed business case stages, will also link across to the Councils 5 Year Asset Investment Plan and Long Term Asset Investment Plan.

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

Please note that the primary purpose of such an overview is to:

- facilitate strategic ('macro') and collaborative planning and the setting of associated budgets
- identify and cost key components of the strategy (programmes) and enabling deliverables (projects)
- provide the strategic context for subsequent investments

- facilitate the speedy production of subsequent business cases for related investment.

### **3 The Strategic Case**

#### **3.1 Objective(s)**

The Council is committed to being a properly led and well-managed organisation making sure resources are used in the most effective way possible.

The primary objective in this strategic area is:

To ensure that the best value options to sustain, where appropriate develop and where necessary rationalise the Council's Ports and Harbours Marine infrastructure and associated services are identified; taking into account the Councils objectives, value for money and wider economic issues and benefits.

The context within which the Council needs to consider this business area is framed by the competing and challenging factors that exist for the Council and all local authorities at this time.

It is important that all Council decisions taken are based on evidence and supported by effective assessments of options, costs, benefits and issues.

#### **3.2 Links to Policy and Priorities**

The following sections outline how the provision of marine infrastructure and services links to policy and priorities including the Council's, Corporate Plan, Long and Medium Term Financial Strategies, Asset Investment Strategy, Economic Development Policy and Community Plan, through to sectoral Strategies and Scottish Government and National Strategy, the Infrastructure Directorate Plan and Ports & Harbours Service Plan.

#### **Corporate Plan Drivers**

##### Councils Corporate Plan - "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.”

### Medium & Long Term Financial Plans

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.

In 1974 the UK Parliament passed The Zetland County Council Act. This Act provided certain regulatory powers and placed duties of conservancy on the Council, over the seas around its coastline. The Act provides the Council certain financial powers to borrow, invest and participate in business.

Under the Act the Council now operates a number of harbours around Shetland, the primary operation taking place at Sella Ness (the Port of Sullom Voe and Sullom Voe Harbour Area).

All the harbour operations are accumulated and accounted for through the Harbour Account. All surpluses generated on the Harbour Account are transferred to the Reserve Fund – a specific Fund held within the Council's Usable Reserves.

The Act states the purposes of the Fund as:

- To cover losses on the Harbour Account;
- To meet any claim or demand against the Council arising from the Harbour Account;
- To meet any capital expenditure to maintain the Harbour Account;
- To meet any repairs and maintenance cost on the Harbour; and
- To be used for any other purpose, which in the opinion of the Council, is solely in the interests of the county or its inhabitants.

For many years the Council has drawn funds from the Reserve Fund to support the delivery of other Council Services, through a contribution equivalent to the annual surplus on the Harbour Account.

As a trading operation the Harbour Account is set up to make a return on the assets that are invested therein and to generate a surplus.

Financial modelling continues to be reviewed in light of volatile market conditions; however it remains important that certain principles are retained in terms of operating the Port of Sullom Voe for the benefit of the oil industry.

These include:

- The oil industry will never be subsidised by Shetland Council Tax payers;
- The pricing policy adopted will be full cost recovery plus a surplus, that reflects a suitable rate of return on investments;
- The surpluses generated by the Port of Sullom Voe over the period to 2050 will be at least equal to the average investment return that would be

generated had the capital instead been invested with the Council's Fund Managers;

- The cost of capital investment, associated lifecycle replacement and maintenance and decommissioning will be built into the full cost of operations.
- Where tanker numbers are such that additional surpluses are generated then these should be set aside to address the future costs and in preparation for the decommissioning of the operation and income to the Council being fundamentally reduced.

The Council's Medium Term Financial Plan (MTFP) 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.

### Council Economic Development Policy

Harbour and pier provision supports the following objective within the current Economic Policy Statement:

- "Develop the economic health of local communities and a more diverse business base, through encouraging innovation and sustainable growth".

### Community Plan / Local Outcome Investment Plan/ 10 Year Plan to Attract People to Live, Study, Work and Invest in Shetland.

The Community Plan aims to structure how the Shetland Partnership members will work together for the benefit of Shetland. The Council is an important member of the Shetland Partnership which recognises the link between economic success and strong communities.

The Community Plan incorporates the Local Outcome Improvement Plan (LOIP) which was endorsed by the Shetland Partnership Board in March 2016 and will now be considered for approval by the partner agencies. The Plan details how partners will achieve over and above what each partner could achieve as individual organisations. The most relevant outcomes within the LOIP are within Outcome D - Shetland has sustainable economic growth and all our people have the chance to be part of island life.

D1: Attracting more people to Shetland to live, work, study and invest.

D1.3: Develop and deliver a refreshed Transport Strategy, supporting SPB's ambition, where feasible, to attract more people to live, work, study and invest in Shetland.

D2: Make the best use of existing assets, infrastructure and human capital for sustainable socio-economic development”

D2.1: Develop a shared policy approach in relation to fostering resilient rural communities and sustainable community assets

### National Strategy and Outcomes

In supporting economic growth, the Council is contributing to National objectives as outlined in Scotland’s Economic Strategy published by the Scottish Government in 2015. The overarching objective is:

- “to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.”

Scotland’s Economic Strategy outlines four priority areas – investment, innovation, inclusive growth and internationalisation. Within the ‘investment’ priority, the ‘business investment’ strategy is to encourage business growth and competitiveness and targeting assistance in areas where the market fails to step in.

Shetland’s economic performance also forms part of the overall economic performance of Scotland. The National Performance Framework details a range of socio-economic indicators and outcomes against which economic performance is measured.

Whilst not a major consideration for the Council, economic benefits derived from supporting successful local businesses extend to other UK businesses who supply or receive goods/services from Shetland. Shetland businesses also contribute to UK targets (GDP, jobs, exports etc).

### **3.3 Investment objectives for Marine Infrastructure and Services**

The Council initiated a review of the strategic options for the future operation of the Port of Sullom Voe in 2015 to best meet medium and long term objectives. Assistance in conducting that review was commissioned from Price Waterhouse Coopers (PwC).

The objectives set out below were agreed by the Council in decisions made at the start of that review. They have been carried into this Strategic Outline Programme as they are judged to be relevant to all Ports and Harbours operational areas.

Environmental & Legislative:

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

#### Economic & Social:

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

#### Financial:

- Maximise long-term value of assets by maximising opportunity and exploring new sectors
- Balance risks and opportunities, including:
  - Minimise downside risks such as decline in business activity and decommissioning / legacy costs
  - Retain potential upside from business growth opportunities
- Optimise fixed asset base and reduce recurring maintenance costs

The Council already has repair and maintenance programmes in place across the majority of Council piers and harbours, the Council approved these in 2014. There are also ongoing maintenance programmes in place for the tanker jetties and other infrastructure at the Port of Sullom Voe undertaken under the Sullom Voe Agreement.

These marine maintenance programmes are designed to protect the Councils investment in existing piers and harbours, and enable them to continue to provide their important services.

There is also a programme of ferry terminal structural maintenance activity also approved by the Council in 2014 and updated in subsequent years. It covers similar maintenance activity at a range of terminals, again designed to sustain existing services and protect investment.

Maintenance of the link-span and associated equipment is the responsibility of the Councils Ferry Service and is outside the scope of this programme, as is the replacement or significant redevelopment of inter-island Ferry Terminals and Ferry Piers.

Developments around significant expansions of service or significant cost and any disposals of infrastructure or other more radical options understandably are not within the scope of these programmes.

Decision points around that kind of activity require the assembly of a strong evidence base that they either delivered significant benefits (when considering costly service development) or had limited adverse impact (when considering substantial reduction or removal of service) before those kinds of actions are agreed and implemented.

There are a number of significant issues relating to major capital investments or rationalisations facing the Council at this time, or in the coming years. It is the planning, option appraisal and delivery of these projects that form the main content

of this overview and any associated business cases, i.e. where there is a potential need for action beyond maintenance.

Examples include;

- Port of Sullom Voe Tug Fleet Renewal
- Scalloway Fishmarket
- Toft Pier

A good deal of work has been done in investigating and collating information on strategic opportunities and issues over a number of years including the Port of Sullom Voe Development Master Plan, Scalloway Harbour Development Master Plan, Strategic Review Port of Sullom Voe and Scalloway Harbour review.

This work has not translated this far into decisions that guide the long term sustainability, development and rationalisation of the Councils Ports & Harbours Marine Infrastructure assets.

This Strategic Outline Programme is intended to draw this work together, allow those decisions to be made and the actions flowing from them implemented.

### **3.4 Main benefits from Ports & Harbours Marine Infrastructure investment**

To demonstrated that investment in non-statutory services like Ports and Harbours is best value; then the benefits of that investment need to be identified and quantified, both for the Council and for the overall economy and community.

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

It is well established that ports, harbours and piers make a significant economic and social contribution right around Shetland, primarily in the transport, oil and gas, fisheries and aquaculture sectors but also in their social and cultural significance.

Shetlands participation in the Oil and Gas industry is underpinned by the Port of Sullom Voe with additional activity at Scalloway Harbour.

Shetlands very significant offshore fishing industry utilises Scalloway Harbour and Cullivoe extensively and to a lesser but still important extent West Burrafirth, Collafirth and Symbister.

The inshore fishing fleet operates mainly from small harbours and piers. This sector has a significant value to the Shetland economy, and particular significance in a number of remote and rural areas. Their successful operation depends on support from a network of piers, geographically dispersed around Shetland, to allow access to various production sites and local fishing grounds.

The aquaculture industry depends on a network of geographically dispersed small harbours and piers, not all Council owned. It utilises Council facilities heavily for

large-scale operations which require deeper berths such as the construction and launching of cages and the harvesting of fish and again has particular significance in remote and rural areas for jobs and commercial activity.

Shetlands inter-island ferry fleet depend on Council harbours and piers to perform their services. These transport links provide life-line services to all inhabited islands and also underpin overall commercial and social activity.

Lerwick Harbour is also a significant local provider of services within each of these sectors and consideration of complementary developments by the Lerwick Port Authority are born in mind throughout this review as is the contribution of some small community owned and operated piers.

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

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

<b>Main benefits</b>	<b>Council and wider economy &amp; community</b>
<b>Investment objective 1</b>	Quantifiable Reduced environmental impact
<b>Environmental &amp; Legislative</b>	Qualitative Improved public and community image  Able to comply with legislative and quality accreditation criteria.

<p><b>Investment objective 2</b></p> <p><b>Economic &amp; Social</b></p>	<p>Quantifiable</p> <p>Employment and business activity directly and indirectly associate with ports and their activities</p> <p>Additional income to primary producers form maintained / increased volumes or other activity</p> <p>Reduced or avoided producer costs</p> <p>Resultant multiplier in Shetland economy for that increased economic activity/profitability</p> <p>Qualitative</p> <p>Demonstration of active support for key economic sectors and the rural economy</p> <p>Continued potential for additional commercial or social activity.</p> <p>More secure and suitable berthing and landing facilities at convenient location.</p>
<p><b>Investment objective 3 –</b></p> <p><b>Financial</b></p>	<p>Quantifiable</p> <p>Sustained and increased income to the Council</p> <p>Reduced recurring maintenance costs</p> <p>Reduced need for future capital investment</p> <p>Qualitative</p> <p>Best use of Council resources for the community overall</p> <p>Improved management data and better linkages between costs of service provision, income and value</p> <p>Maintain and/or enhance valued community infrastructure.</p>

### **3.5 Main risks Identified**

At this stage, the main risks identified are associated with option appraisal and decision-making. They relate to clarity in assessment of impact and value and the balance between further information gathering and decision-making.

Detailed technical or operational risks associated with any specific option will be identified and managed during later stages of any evaluation or implementation project.

Most of the technical options identified are relatively straightforward marine construction activities. Their capital costs, timescales and long-term revenue cost implications can be projected from a wide range of previous projects of a similar nature.

The core risks around uncertainty, which this overview identifies, and then seeks to manage and mitigate, are listed below.

Risk	Risk Management Actions
<p>Port and Harbours are expensive assets operating in a hostile environment and operating services with attendant intrinsic health and safety and environmental risks.</p> <p>The costs of provision and maintenance can be high, especially if appropriate maintenance is not carried out timeously. The costs of incidents or failure of infrastructure can also have a significant impact environmentally and on critical Council income streams.</p>	<p>Cost of infrastructure maintenance and replacement and the risk of failing to meet the objectives of the Councils medium term financial plan are highlighted as key risks on the Councils Corporate risk register with risk management and mitigation actions also set out in that register.</p>
<p>A perception that the Councils overall investment objectives for ports and harbours infrastructure lack some clarity. This could complicate or tend to delay decision-making.</p>	<p>Clear proposals regarding investment objectives are set out in this overview. These should then be examined and refined in work done to develop any further business case.</p>
<p>Without a decision on preferred ways forward safety, technical, commercial and planning uncertainties remain unresolved.</p>	<p>The balance of risks between active decision-making and further information gathering needs to be recognised and managed appropriately. Qualifying and clarifying those uncertainties will be simplified following structured review.</p>

## 4. Economic case

### 4.1 Critical success factors

The investment objectives discussed earlier can be summarised as critical success factors for consideration of each main sector within Ports & Harbours infrastructure.

- Ensuring environmental protection and compliance with legislative obligations
- Maximising Economic & Social benefits to the Council and Community
- Supporting the Financial objectives of the Councils long and medium term financial plans by maximising income surpluses within available investment resources.

### 4.2 Main options

The Councils Ports & Harbours Marine Infrastructure can be segmented in a number of ways. Typically, it has been considered under three broad headings and much of the previous analysis and consideration has been done on that basis.

- Port of Sullom Voe, including the small harbours and piers within the Sullom Voe Harbour Area.
- Scalloway Harbour
- Small Piers and Harbours including Inter-Island Ferry Piers.

The detailed issues and options for each of these areas are different, but all are seeking to deliver services to meet the Councils investment aims and therefore share many of the same critical success factors.

### **Port of Sullom Voe and the Sullom Voe Harbour Area**

The Port of Sullom Voe was built in the 1970's to export of North Sea oil being processed at the Sullom Voe Oil Terminal (SVT). After more than 40 years' operation it continues to export crude oil via tanker; SVT and the Port of Sullom Voe would expect to continue to provide that service to 2050, and beyond, as production continues West of Shetland.

The Port is a critical facility for the terminal, without it oil could not be exported; it is also a key source of income for the Council. In addition to its commercial significance, it is a major local employer and provides strong environmental safeguards.

Throughput volumes at the port have declined significantly over the years. They are now at a low plateau but should rise in coming years as further West of Shetland production is processed through the Sullom Voe Terminal. Throughput is externally determined by production activity so there is an inevitable risk that further volume change could occur beyond the Ports reach of control.

The infrastructure at the port is well maintained generally, but it is aging and a period of low investment has left a number of key assets near end of life.

A thorough review of the Ports ownership, operation and options for modernisation and future activity is recommended, especially given the scale of investment, operation and income involved.

Review of the Sullom Voe Harbour Area also requires the small harbours and piers with harbour limits to be considered. That area extends from the north of Yell Sound to the East entrance and includes, Collafirth, Toft and Ulsta.

Developments within that area must consider any implications for the operation of the Port of Sullom Voe and any obligations and constraints arising from the various agreements governing the harbour area.

### **Scalloway Harbour**

Scalloway Harbour is a multi-use commercial and community harbour, owned and operated by the Council. It provides significant services to the White Fish, Shellfish, Aquaculture, Oil & Gas and General Cargo sectors.

Scalloway Harbour facilities have grown and been adapted through a series of quay and associated infrastructure developments over a number of years as business needs have developed.

That infrastructure is now of a mixed quality, some in good condition, some requiring significant maintenance and some needing to be considered for replacement.

A thorough review of the Harbours ownership, operation and options for modernisation, sustainability and consideration of future activity is recommended.

### **Small Piers and Harbours including Inter Island Pier Structures**

The Council owns and operates a network of “Small Ports” around Shetland in addition to the Port of Sullom Voe (Tanker Jetties, Tug & Launch Jetties, Construction Jetty, Garths Pier) and Scalloway Harbour.

- Symbister Harbour, Whalsay (includes a ferry terminal)
- Skerries Harbour (includes a ferry terminal)
- Toft (includes a ferry terminal, part of Sullom Voe Harbour Area)
- Hamarsness, Fetlar (includes a ferry terminal)
  
- North Haven, Fair Isle (also ferry pier)
- Grutness Pier, Dunrossness (also ferry pier)
- Walls Pier (also ferry pier)
- Ham Pier, Foula (also ferry pier)
- West Burrafirth Pier (also ferry pier)
- Housa Voe Pier, Papa Stour (also ferry pier)
  
- Easterdale Pier, Burra
- Toogs Pier, Burra
- Hamnavoe Pier, Burra
- Melby Pier, Sandness
- Billister Pier, Nesting
- Collafirth Pier, Northmavine, (also part of Sullom Voe Harbour Area)
- Mid Yell Pier, Yell
- Cullivoe Pier, Yell
- Uyeasound Pier, Unst
- Baltasound Pier, Unst

These piers provide varying levels of services for inter island transport, Aquaculture, Shellfishing, Whitefish, Pelagic berthing, Cargo handling and general community use depending on the individual pier under consideration.

In addition there are a number of piers and harbours which only provide inter-island ferry services but are also owned by the Council and structurally maintained by Ports & Harbours, the linkspans are maintained by the Councils Ferry service.

- Bressay Ferry Terminal, Lerwick
- Maryfield Ferry Terminal, Bressay
- Laxo Ferry Terminal, Nesting
- Vidlin Ferry Terminal, Nesting
- Ulsta Ferry Terminal, Yell, (also part of Sullom Voe Harbour Area)
- Gutcher Ferry Terminal, Yell
- Belmont Ferry Terminal, Unst

They are a mixture of concrete and sheet piled construction and in the main are in reasonable condition although a small number are significantly deteriorated and only some of the sheet piled piers have cathodic protection in place.

A pier by pier review is recommended to determine which should be retained and maintained, which should be considered for disposal and whether any piers require major reconstruction or replacement.

#### ***4.3 Options for taking matters forward***

It is recommended that Strategic Outline Cases and as necessary Outline and Full business cases should be prepared for;

- 1 – The Port of Sullom Voe and the Sullom Voe Harbour Area,
- 2 - Scalloway Harbour and
- 3 - Small Piers and Harbours (including Inter-Island Ferry Terminals and Piers)

These Strategic Outline Cases should include a consideration of;

- Alternative ownership models;
- Alternative operating models;
- Appropriate maintenance to sustain service optimise recurring costs and contain reactive expenditure;
- Any potential significant investment in infrastructure and assets to develop or sustain services;
- Any potential rationalisation or disposals, and;
- Any other relevant improvement activity

These reports should draw on work previously undertaken, including the range of existing consultants' reports, and only engage specific expert support on a judicious basis if that is clearly required.

Work this far recommends that the following Outline Business Case and Business Justification Case activities should now be initiated;

#### **Port of Sullom Voe / Sullom Voe Harbour Area;**

1. Port of Sullom Voe Maintenance – Maintenance Programme / Business Justification Case /
2. Towage Fleet renewal – Business Justification Case
3. Port of Sullom Voe Contract Operations – Outline Business Case with option appraisal against status quo and internal improvements

As the transfer of operational responsibility for the Sullom Voe Oil Terminal proceed from BP to Enquest, further consideration should be give to business cases / development activity relating to;

- Long Term Tanker Jetty Requirements
- Infrastructure Decommissioning
- Future Business development, particularly relating to West of Shetland

An Outline Business Case should be drawn together for the disposal, renovation or demolition of Toft pier given its current condition, the unsatisfactory interim arrangements and their ongoing costs.

- Toft Pier Disposal/Demolition/Redevelopment – Outline Business case appraising options and any variants

### **Scalloway Harbour**

1. Scalloway Fishmarket – Outline then Full Business Case
2. West Pier Review with option appraisal of the do nothing / minimum repairs, removal, conversion to breakwater and the development options identified in the Scalloway Harbour Development Masterplan with consideration of any other viable development options which might emerge – Outline Business Case
3. Scalloway Harbour maintenance should be taken forward within the scope of the Small Piers and Terminals Maintenance Program's / Business Justification Case

### **Small Piers & Terminals**

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

The maintenance programme for piers and terminals was approved by Council in 2014 and continues to be delivered, that programme should be updated through a Business Justification Case to maintain ensure robust links are maintained to the Councils Five Year and Long Term Asset Investment Plans.

All terminals and ferry piers should be retained and maintained by the Council unless and until some other general arrangement is agreed with the Scottish Government as part of the work being led by the Council's Transport Planning service. That

process will include the establishment of a priority sequence for the consideration of internal ferry routes and their associated terminals. That priority sequence will also inform Ports & Harbours evaluation and planning work in this area.

One, or a series, of Outline Business Cases or Business Justification Cases, either pier by pier or in groups, is recommended for all other piers.

These OBC/BJC's would investigate whether they should be maintained as is, should be considered for development, could be disposed of to community groups, commercial organisations or individuals or should be decommissioned and removed. All piers should be maintained through current arrangements while that process is being carried out.

- Small Pier and Ferry Terminal Maintenance Programme – Maintenance Programme / Business Justification Case
- Non Terminal / Small Pier Maintenance/Development/Disposal/Demolition – It is suggested that phase one of this should be a consideration of the four small ex-foot passenger piers which are still in the Council network. These could all be considered together or in individual BJC's.
- Terminal Maintenance/Development/Decommissioning – Prioritisation sequence generated in partnership with Transport Planning and Ferry Services as part of the work currently being done with Transport Scotland and the Scottish Government.

## **5. Commercial case**

### **5.1 Commercial strategy**

It is likely that the Commercial Strategy for each review area will be significantly different because of the particular business context each is operating within.

The Port of Sullom Voe will have to consider options within the large scale Oil and Gas and Major Port operation sector. This might give rise to franchise or long term operating contract opportunities, a range of improvement and investment activity with continued ownership and operation, rationalisation or a combination of all of these.

Scalloway Harbour given its more limited scale of operations and very mixed business is more likely to consider individual development partnerships and specific project development cases.

Small Piers and harbours are unlikely to present many fully commercial alternatives although individual community participation opportunities may be possible to identify within development or rationalisation opportunities.

### **5.2 Procurement strategy**

All procurement activity will be considered in accordance with the Government Procurement Agreement (WTO) and the EU Consolidated Public Sector Procurement Directive (2004) and other relevant legislation and guidance.

This may differ for individual investments and range from the use of existing call-off contracts, to new procurements.

## **6. Financial case**

### **6.1 Indicative costs**

The scale of costs varies very significantly across the range of Marine Infrastructure under consideration and will be detailed in Strategic Outline Cases and any subsequent stages.

### **6.2 Funding arrangements**

Funding arrangements for the different programme areas is also significantly different.

The underlying principles provided by the Council's Medium Term Financial Plan are;

- All costs of infrastructure provision, maintenance, operation and decommissioning at the Port of Sullom Voe / Sullom Voe Harbour Area must be borne by the Oil and Gas industry either directly through charges under the Sullom Voe Agreement or from income to the Harbour Account.
- Costs at Scalloway Harbour and small Ports and Harbours will be funded by a combination of income from commercial users through the Harbour Account, public contribution to the costs of inter-island ferry transport from National Government and any contribution from Council or other public funds for economic development or social objectives.

From time to time the Council may choose to use borrowing to spread costs of significant investments over time within the financial constraints and targets of the Harbour Account and the Councils Medium and Long Term Financial plans.

### **6.3 Affordability**

Affordability of current and alternative arrangements for operation, maintenance, development and decommissioning will be detailed in Strategic Outline Cases and any subsequent stages.

That affordability will be considered within the financial constraints and targets of the Harbour Account and the Councils Medium and Long Term Financial plans.

## **7. Management case**

### 7.1 Programme management arrangements

The programme will be managed by the Executive Manager, Ports & Harbours who will act as Senior Responsible Officer, reporting to the Director of Infrastructure.

A programme board has been established, serviced by the Team Leader Port Engineering and Ports and Harbours Business Support Manager with representation from the Councils Development Department, Finance, Capital Projects and Governance and Law Services.

Further Council officer advice will be sought from relevant Ports & Harbours Management Team Members and the Councils Economic Development, Community Development, Planning, Transport Planning, Ferries and Estates Management Services on relevant issues.

	Role	Appointee
Programme Board	Chair (SRO / Executive)	John Smith, Ports & Harbours
	User Assurance	Neil Grant, Development
	User Assurance	Maggie Sandison, Infrastructure
	Operator Assurance	Greg Maitland, Harbourmaster
	Technical Assurance	Andrew Inkster, Port Engineering
	Business Assurance	Robert Sinclair, Capital Projects
	Business Assurance	Jonathan Belford, Finance

Member engagement will be via regular reporting to performance management meetings, with additional events if required, to the Council's Harbour Board and other relevant committees as necessary.

Stakeholder engagement will be conducted through the Sullom Voe Association, fisheries representative groups, other industry partners and service users, community councils and local users as appropriate.

Staff engagement will be through established channels and include all potentially affected staff.

### 7.2 Programme milestones

Substantial work has been done recently across all areas of this programme although this now needs to be collated and presented in line with the Council's Gateway Process.

The milestones below are targets for the overall programme but will be subject to revision as individual cases are further developed or required.

Item	Programme Board	Asset Investment Group	Committees
Development of programme and initiation of Strategic Outline Cases / Business Cases	March 2017	April – October 2017	October 2017

Development and approval of Business Cases	March – September 2017	April – October 2017	October 2017 – March 2018
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### **7.3 Programme assurance**

The Programme Board will provide regular progress reports to the Councils Harbour Board.

It will submit recommendations to the Harbour Board, Policy & Resources Committee and Council as defined in “Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016”. The programme will also conduct business in line with other Council standing orders and budget setting activities.

### **Background Documents**

- Our Plan 2016 – 2020 (SIC)
- Shetland Community Plan / LOIP (Shetland CPP)
- 10 Year Plan to Attract People to Live, Study, Work and Invest in Shetland.
- Medium Term Financial Plan (SIC)
- Long Term Revenue & Capital Planning Reports (SIC)
- 2016 – 2021 Asset Investment Plan (SIC)
- Corporate Risk Register (SIC)
- 2017 – 2022 – Five Year Capital Programme (SIC)
- Port of Sullom Voe Development Masterplan (Ironsides Farrar)
- Scalloway Harbour Development Masterplan (Ironsides Farrar)
- 2014 Ports & Harbours Maintenance Plan (P&H)
- 2014 Ferry Terminal Infrastructure Maintenance Plan (P&H)
- Strategic Review of the Port of Sullom Voe (Price Waterhouse Coopers)
- 2016 Scalloway Harbour Review Progress Report (P&H)
- 2016 Port of Sullom Voe Review Progress Report (P&H)
- 2016 Scalloway Fishmarket EMFF Application (SSQC)
- 2016 Scalloway Fishmarket Outline Business Case (P&H)
- Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016 (SIC)
- Shetland Transport Strategy (SIC)

*Ends*.....