

MINUTE

A & B - PUBLIC

Harbour Board
Council Chamber, Town Hall, Lerwick
Wednesday, 6 December 2017 at 10.00am

Present:

A Cooper	S Coutts
A Manson	A Duncan
D Simpson	R Thomson

Apologies:

M Burgess

In Attendance:

M Sandison, Director of Infrastructure Services
J Belford, Executive Manager - Finance
J Smith, Acting Executive Manager – Ports and Harbours
G Maitland, Harbourmaster
A Inkster, Team Leader – Port Engineering
S Summers, Administration Manager
P Wishart, Solicitor
L Malcolmson, Committee Officer

Chair

Ms A Manson, Chair of the Board, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

Minutes

The minutes of the meeting held on 28 August 2017 were approved on the motion of Mr Cooper, seconded by Mr Sandison.

The minutes of the meeting held on 14 September 2017 were approved on the motion of Mr Sandison, seconded by Mr Coutts.

The minutes of the meeting held on 4 October 2017 were approved on the motion of Mr Cooper seconded, by Mr Sandison.

22/17 Ports & Harbours - Performance Report 2017/18 – Q2

The Board considered a report by the Acting Executive Manager – Ports & Harbours (PH-22-17-F), which summarised the activity and performance of the Ports & Harbours service for the reporting period above.

The Acting Executive Manager – Ports & Harbours introduced the report.

Reference was made to indicator item “OPI-4A HM staff numbers” a question was raised in terms of the increase in staff numbers from 2014/15 to run the port at a time when there has been a downturn in activity. The Acting Executive Manager – Ports and Harbours said that staff numbers are set by a minimum standard in order to be able to mobilise the required number of staff when required. He said however that he would review the figures presented and provide further detail on the increase in staff numbers.

Upon request the Acting Executive Manager – Ports and Harbours provided a short account from his attendance at a recent conference. The event was part of a wider marketing strategy where presence is important at events for networking, as well as other marketing campaigns. He added that going forward Officers would work with Enquest to promote the port as a hub.

In terms of the comparisons provided in the quarter 2 information 2016/17 presented it was suggested that this level of information would also be useful as a comparator in quarter 3.

The Director of Infrastructure Services responded to questions relating to sickness absence and the new Maximising Attendance Policy, whether the procedures were being followed up constructively and whether there were specific areas of concern such as stress related absence. The Director of Infrastructure Services confirmed that the new Policy is simpler and more supporting to staff returning to work. She said that a recent audit of implementation showed that return to work interviews were being held and her staff were making sure that the procedures are followed. The Director of Infrastructure Services explained that the process followed had identified that the long term absences were generally chronic conditions with some staff awaiting treatment. She said that irregular ill health is more challenging to manage but explained that with an aging workforce there were more serious conditions occurring with more long term absences. The Director of Infrastructure Services said that the improvements to the Policy were around the process of recording and said that she believed that the Council has a clear Policy in place.

Concern was expressed that there were a number of larger projects that were to be concluded by the end of March 2018 and it was suggested that this may not be possible. The Director of Infrastructure Services advised that Officers were working to a 5 year work programme and this was a continuous process. She said that there were larger items of work coming to a conclusion and although Ports and Harbours was a small team, management had been increased to ensure best progress is made. In response to specific concerns around progress on the Scalloway Fish Market at a time when fish landings were increasing, and that Scalloway may lose its market share when not in operation, the Director of Infrastructure Services reassured the Board that the Acting Executive Manager – Ports and Harbours and the Harbour Master would be in dialogue with the industry and keeping all stakeholders informed. The Acting Executive Manager – Ports and Harbours confirmed that staff were committed to working with all parties during the transition period, and there were a range of solutions being considered to build capacity to maintain the market share and commitment to Scalloway. The Acting Executive Manager – Ports and Harbours added that stakeholders were being adaptable and were bringing forward innovative solutions.

Decision

The Harbour Board NOTED the performance of the Ports and Harbours Service against its stated objectives and planned actions as Duty Holder under the Port Marine Safety Code.

23/17 Management Accounts for Harbour Board: 2017/18 – Projected Outturn at Quarter 2

The Board considered a report by the Executive Manager – Finance (F-089-17-F), which enabled the Board to monitor the financial performance of services within its remit.

The Executive Manager – Finance introduced the report and commented on the variances and advised on the current favourable position in terms of the projected outturn at Quarter 2.

Reference was made to the scrutiny role of the Harbour Board, and following some discussion it was agreed that Members' scrutiny role would be reviewed to ensure good practice is in place.

In responding to a query regarding exchange rates and broker fees, the Executive Manager – Finance agreed to provide a breakdown of the figures for the purchase of Multratug 29.

Decision

The Harbour Board RESOLVED to:

- NOTE the Management Accounts showing the projected outturn position at Quarter 2; and
- AGREE the actions set out by the Director in paragraph 4.3 to mitigate the projected reduction in surplus.

24/17 Management Accounts for Harbour Board Pilotage Account: 2017/18 – Projected Outturn at Quarter 2

The Board considered a report by the Executive Manager – Finance (F-084-17-F), which presented the projected outturn position for 2017/18 as at the end of the second quarter enabling the Board to monitor the financial performance of the pilotage services provided by the Council.

The Executive Manager – Finance introduced the report and the Board noted its content.

Decision

The Harbour Board NOTED the Pilotage Accounts showing the draft outturn position at Quarter 2.

25/17 Capital Maintenance and Replacement Programme

The Board considered a report by the Team Leader – Port Engineering (PH-24-7-F), presenting the projects that fall within the functional Board's remit which form part of the Infrastructure Services Directorate's Capital Maintenance and Replacement Programme.

The Team Leader – Port Engineering introduced the report and responded to a question on the mooring arrangements and the need to replace the buoys, advising that they had previously been replaced some 8-10 years ago.

Mr Cooper moved that the Board approve the recommendations contained in the report, seconded by Mr Thomson.

Decision

The Harbour Board APPROVED the projects in the Ports and Harbours Operations' Capital Maintenance and Replacement Programme for 2018/19.

26/17 Capital and Revenue Projects Reports

The Board considered a report by the Team Leader – Port Engineering (PH-25-7-F), which reported on the engineering projects for Ports & Harbours Operations during the financial year 2017/18.

The Team Leader – Port Engineering introduced the report.

In response to a question, the Director of Infrastructure Services advised that there was no budget for the Foula Harbour. She said that Officers identified an issue following the outsourcing of the Foula Ferry Services and explained that no one had been overseeing the infrastructure of the harbour since that time. She advised therefore that the Ports and Harbours Service will now have responsibility for the pier infrastructure, as with every other pier asset. She added that there are cranes on the pier for which the Ports and Harbours had also taken responsibility.

Members were advised that any specific question on the Foula Ferry service should be directed to the Transport Planning Service, who manage the service.

Decision

The Harbour Board NOTED the content of the report.

27/17 Toft Pier – Outline Business Case

The Board considered a report by the Acting Executive Manager – Ports & Harbours (PH-18-17-F), which presented a draft Outline Business Case for the future of Toft Pier.

The Acting Executive Manager – Ports & Harbours introduced the report and advised that the funding stream for this project would close on 12 January 2018. He explained that as the business case would not be presented to Policy and Resources Committee until February, Officers would require delegated authority to proceed with an application to the European Maritime and Fisheries Fund (EMFF) in January. The Acting Executive Manager - Ports and Harbours went on to explain that an application for funding did not commit the Council in any way but it was important to put the application forward.

Concern was expressed on the development of this project, and although not opposed to the project, it was suggested that more scrutiny was required so that more information was provided to Members. Officers were asked what guarantee there was that funding would be received given the conclusion of Brexit has been set for 29 March 2019. The Acting Executive Manager – Ports and Harbours advised that the Chancellor of the UK Government has indicated that the Government will stand by all

EU Programmes and EMFF funding monies committed before that date. He went on to advise that this was a very competitive fund so there was no guarantee that the application would be successful and if it were, there was no guarantee that the funding will be to the value of the possible maximum 50% of the project value. The Acting Executive Manager – Ports and Harbours agreed that more scrutiny was required. He referred to paragraph 4.12 stating that the most challenging aspect of the project was future usage and said that predicting the next 50 years was difficult to do, therefore scrutiny has to be done on the business case.

During further discussion Members were informed on the estimated costs to the Council in terms of both capital and revenue should the EMFF funding not be available. The Acting Executive Manager – Ports and Harbours confirmed that the reporting process for the full business case ensures that the correct decision making process is complete.

Discussion was also held around the number of vessels already using the pier as their full time employment and Members were advised that with new vessels being discussed, the industry and demand on the pier was very buoyant.

During debate it was noted that in addition to the fishing sector there was a significant amount of shell fish and farmed fish landed at Toft pier. It was further considered that there would be advantages for other sectors such as social and tourism activities at the pier if the facilities were in place, therefore it was important to be proactive. Further comment was made that the EMFF funding required a full business case, while the Council had to demonstrate that it could fully finance the project without grant aid. It was also stressed that the project could not wait for another bidding round as the funds may not be available for long, in light of the political climate.

Comment was made on the creation of additional jobs within the industry, the potential for interest from other industry users seeking a good road link to the fish markets and the flexibility the Toft pier would provide.

Mr Cooper moved the recommendations contained in the report with the addition of an instruction that the European Maritime and Fisheries Funding (EMFF) application is submitted in January 2018. Mr Leask seconded.

Mr Duncan expressed his disagreement with the motion stating that there were too many uncertainties to justify the cost of replacing the Toft pier.

Decision

The Harbour Board;

- a) CONSIDERED the Outline Business Case which appraised the options for the future of Toft Pier and the preferred option, rebuild and extend Toft Pier, and provided their views and comments on this development proposal within the harbour undertaking;
- b) RECOMMENDED that the Asset Investment Group consider this proposal with a view to presenting it to Policy and Resources Committee, which in turn makes recommendations to the Council as to the proposals to be included in the Council's Asset Investment Plan;

- c) RECOMMENDED that the production of any Full Business Case includes a full and detailed consideration of likely long term usage, utilising specialist economic advisors if necessary; and,
- d) RECOMMENDED that the Policy and Resources Committee delegate authority to the Director of Infrastructure (or her delegate) to submit an application to the European Maritime and Fisheries Fund (EMFF) for financial support for the rebuild and extension of Toft Pier.
- e) INSTRUCTED that the European Maritime and Fisheries Funding (EMFF) application is submitted in January 2018.

28/17 **Harbourmaster's Report**

The Board considered a report by the Harbour Master - Ports & Harbours (PH-23-17-F), which briefed and informed the Port Marine Safety Code (PMSC) Duty Holder of the professional concerns and current status as reported by the Harbourmaster.

The Harbour Master - Ports & Harbours introduced the report and in responding to a question on the Designated Persons Report he confirmed that while the risk assessments were overdue he reassured Members that the Council was not at risk. He explained that the risks assessments were out of date but are valid and meet the necessary requirements. He added that a new system was being developed with a new matrix in line with the industry and that this item would be closed off in the near future.

The Harbour Master also explained the background behind the overtime figures for Scalloway staff and confirmed that the costs would be recovered.

Decision

The Harbour Board NOTED the content of this report in its role as duty holder, and noted that the necessary management and operational mechanisms are in place to fulfil that function.

29/17 **Ports & Harbours Business Programme**

The Board noted a report by the Acting Executive Manager – Ports & Harbours (PH-20-17-F), which provided the Board with an opportunity to consider the proposed Ports & Harbours work programme.

Decision

The Harbour Board NOTED the proposed reporting actions of the Ports & Harbours service in partnership with other Council services over the coming period.

The meeting concluded at 11.30am.

Chair

