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Leisel Malcolmson
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Date: 26 February 2018

Dear Sir/Madam

You are invited to the following meeting:

Harbour Board
Council Chamber, Town Hall, Lerwick
Monday 5 March 2018 at 3.30pm

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

Yours faithfully

Executive Manager – Governance and Law

Chair: A Manson
Vice Chair: D Simpson

AGENDA

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

- (d) Confirm minutes of meeting held on 7 February 2018 (enclosed).
1. Ports and Harbours Performance Report 2017/18 – Q3
PH-03
 2. Management Accounts for Harbour Board: 2017/18 – Projected Outturn at Quarter 3
F-027
 3. Pilotage Accounts – 2017/18 Projected Outturn at Quarter 3
F-021
 4. Capital and Revenue Projects Report
PH-05
 5. Harbourmaster's Report
PH-06
 6. Ports and Harbours Business Programme 2018/19
PH-04



Meeting(s):	Harbour Board	5 March 2017
Report Title:	Ports & Harbours Performance Report 2017/18 – Q3	
Reference Number:	PH-03-18F	
Author / Job Title:	John Smith / Acting Executive Manager Ports & Harbours	

1.0 Decisions / Action required:

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

2.0 High Level Summary:

- 2.1 This report summarises the activity and performance of the Ports & Harbours service for Q3 - 2017/18, enabling members to analyse its performance against service objectives and the Corporate Plan outcomes.

3.0 Corporate Priorities and Joint Working:

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

4.0 Key Issues:

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

4.2 Corporate Plan Outcomes – “Our Plan”

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

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

Economy & Housing

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

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

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

Community Strength

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

Community Strength objectives detailed in “Our Plan” include:

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

Connection and access

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

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

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

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

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

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

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

4.4 Summary of Ports & Harbours Performance – Q3 - 2017/18

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

4.5 Risk and Service Challenges

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

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

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

5.0 Exempt and/or confidential information:	
5.1 None	
6.0 Implications :	
6.1 Service Users, Patients and Communities:	Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public. The service uses a range of customer engagement forums, customer feedback and complaint analysis to drive service change and service improvement.
6.2 Human Resources and Organisational Development:	There are a number of actions in this service plan with staffing implications. Care is taken to ensure that staff are involved and informed about changes that might affect them, that Human Resources are closely involved and that relevant Council policies are followed. Ensuring staff feel valued and supported especially through periods of challenge and change is a key consideration for the Ports & Harbours management team.
6.3 Equality, Diversity and Human Rights:	The service uses Equalities Impact assessment to ensure its services are supporting those most in need and not making inequalities worse.
6.4 Legal:	Ports & Harbours delivers statutory services, monitoring performance provides assurance that statutory requirements are met and the Council complies with its duties. Legal advice and assistance is mainly provided in-house but specialist external marine legal assistance is procured when required.
6.5 Finance:	The actions, measures and risk management described in this report are projected to be unable to be delivered within approved budgets at quarter 3, predominantly due to loss of tanker traffic income. See Management Accounts report also on this agenda for further information.
6.6 Assets and Property:	Ports & Harbours staff manage a range of high value assets used to provide service, including the Tug Fleet and Tanker Jetties at the Port of Sullom Voe. A number of the actions in the Ports & Harbours service plan relate to maintenance and replacement of these assets for the delivery of commercial services. Capital Programme staff are closely involved in that capital planning and procurement.
6.7 ICT and new technologies:	No corporate ICT issues at this time, however the new Vessel Traffic Services Port Information system utilises a complex mix of Radar, AIS, radio and other communications technology.
6.8 Environmental:	The Infrastructure Directorate leads the delivery of the Council's Carbon Management Plan and delivers a programme of works to reduce energy usage across the Council's assets including those managed by Ports & Harbours.

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

Contact Details:

John Smith, Acting Executive Manager - Ports & Harbours,
jrsmith@shetland.gov.uk

Appendices:

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

Background Documents:

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

Harbour Master & Port Operations - Service Plan Actions

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





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OUR PLAN 2016-2020

C) ECONOMY & HOUSING

2) Diverse businesses

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

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-17 Small Port Life Extension / Development / Disposal	Consider and agree general and individual options for redevelopment / rationalisation	Programme of reviews of the Councils Small Ports and Piers (including Ferry Terminals) to examine options for each including works required for life extension, incentives for development or options for disposal. These reviews will be phased over time and conducted in partnership with Transport Planning, Ferries, Economic Development. Reviews would be expected to develop appropriate business cases and report recommendations to Council.	Planned Start	01-Apr-2017		Ports & Harbours Strategic Overview as considered by committee in October 2017 recommended that disposal of the Councils smallest ex foot passenger piers should be considered. Ports & Harbours are also working with Transport Planning and Ferries on initial internal transport Outline Business Cases for priority transport routes and progressing Scalloway Harbour and Toft Pier business cases.
			Actual Start	30-May-2017	<div><div>90%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date			
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-18 Toft Pier Redevelopment / Demolition	Consider and agree redevelopment or demolition plans for Toft Pier	Evaluation of the options for the future of Toft Pier are considered and recommendations made to Council.	Planned Start	01-Apr-2017		rebuild and extend approved as preferred option. EMFF grant applied for, tender package being developed. Full Business Case decision expected September 2018.
			Actual Start	30-May-2017	<div><div>60%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	30-Sep-2018		
			Completed Date			

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-20 Scalloway Fishmarket Redevelopment	Agree redevelopment option, obtain permissions, procure works, implement and commission	Determine and implement the preferred option for the future of Scalloway Fishmarket	Planned Start	01-Apr-2017		New Market works being tendered, tender return due June 2018. Transitional facility being developed, target availability July 2018. Target completion end 2019.
			Actual Start	30-May-2017	<div><div>50%</div></div>	
			Original Due Date	31-Oct-2019	Expected success	
			Due Date	31-Dec-2019		
			Completed Date		Likely to meet target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-21 Scalloway Harbour Development Opportunities	Investigate, agree and progress Scalloway Harbour development opportunities	Evaluation of further development issues and/or opportunities at Scalloway Harbour as identified in the Scalloway Harbour Strategic Outline Case with recommendations to Council.	Planned Start	01-Apr-2017		Scoping work being initiated by Ports & Harbours
			Actual Start	30-May-2017	<div><div>10%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	18-Sep-2018		
			Completed Date		Likely to meet target	





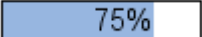






Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-22 Scalloway and Small Ports Marketing and Business Development	develop marketing and business development strategic to sustain and grow Scalloway and small port business	Programme of marketing and business development activity for Scalloway Harbour and small ports developed and implemented.	Planned Start	01-Apr-2017		Skipper Expo May 2017, Cruise Summit August 2017, Offshore Europe September 2017.
			Actual Start	30-May-2017	<div><div>60%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet target	

6) Sullom Voe future



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

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-01 BP Handover to Enquest	Support handover of SVT operator from BP to Enquest	Engage in and support handover process as required to maintain safety of operations and develop forward arrangements.	Planned Start	01-Apr-2017		Ports & Harbours actively involved in a number of transition workstreams. Handover target of 1st December 2017 met. Clarification on details of management structures, pollution response continuing to be worked on.
			Actual Start	30-May-2017	<div><div>98%</div></div>	
			Original Due Date	30-Nov-2017	Expected success	
			Due Date	30-Mar-2018		
			Completed Date		Likely to meet target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-02 POSV Contract Operations	Consider options for contracting out services at the Port of Sullom Voe	Evaluation of potential for contract operations and/or improved internal arrangements for delivery of aspects of Ports & Harbours activities at the Port of Sullom Voe	Planned Start	01-Apr-2017		Workstream identified in PoSV SOC, scoping work being undertaken with HR / Finance / Legal / Procurement.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2019		
			Completed Date		Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-03 POSV Marketing and Business Devt	Participate in and support marketing and business development activity to sustain and grow business at the Port of Sullom Voe	Business development, marketing and promotional programme developed and implemented with key partners including BP & Enquest.	Planned Start	01-Apr-2017		Attendance at Offshore Europe September 2017. Further activity planned with Enquest following SVT Operator handover.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-04 SV Harbour Area / Yell Sound Review	Review of the traffic and activity within the SV Harbour Area and Yell sound with particular examination of aquaculture exclusion policy	Recommenations on current and future restrictions on activity within the Sullom Voe Harbour Area including consideration of whether the current general exclusion of Aquaculture should be continued or varied.	Planned Start	01-Apr-2017		Review of Sullom Voe Harbour Area navigational requirements and restrictions initiated by Harbourmaster / Deputy Harbourmaster. Reported to Harbour Board with recommendations in February 2018. Further report requested to HB & Devt Committee May 2018
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	29-Jun-2018		
			Completed Date		Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-05 POSV 2017/18 Jetty Maintenance Works	Maintain port operational capability and plan for medium / long term	Annual phased maintenance programme for Council assets within the Port of Sullom Voe including cathodic protection, fendering, structural repairs, painting, navigational aids and shore infrastructure.	Planned Start	01-Apr-2017		Maintenance programme being delivered in line with schedule (further details in Team Leader - Port Engineering progress report).
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date	09-Feb-2018	Likely to meet target	

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-06 Jetty 3 "Life Extension" Berthing Dolphin Works	Renovate concrete on Jetty 3 berthing dolphins	Remove decayed concrete, fit rebar cathodic protection and reinstate concrete to Jetty 3 berthing dolphins to maintain and extend active operational life.	Planned Start	01-Apr-2017		J3 berthing dolphin concrete repair and rebar cathodic protection works completed.
			Actual Start	30-May-2017		
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017		
			Completed Date	21-Nov-2017	Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-07 Jetty 2 "Life Extension" - Soft Fenders	Procure replacement fenders for Jetty 2	Fit "softer" fenders to Jetty 2 as interim measure to continue export operations until export capability is reinstated on an alternative Jetty. At that point berthing dolphin life extension works will be undertaken on Jetty 2.	Planned Start	01-Apr-2017		Soft fender manufacture complete, in transit to UK, barge booked for installation May 2018
			Actual Start	30-May-2017		
			Original Due Date	31-Dec-2017	Expected success	
			Due Date	31-May-2018		
			Completed Date		Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-08 Multitug 29 in service	Multitug 29 in operational service	Replacement tug operational to replace "Tirrick" which went out of service June 2017.	Planned Start	01-Apr-2017		Vessel in service from June 2017. All performance requirements met, four operational crews progressing through training and familiarisation programme for alongside, on bow and on the stern operations.
			Actual Start	30-May-2017		
			Original Due Date	31-May-2017	Expected success	
			Due Date	31-May-2017		
			Completed Date	01-Aug-2017	Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-09 Multitug 29 Purchase Options	Consider MT29 purchase options	Evaluation of options to purchase Multitug 29 within the charter contract with recommendation to Council.	Planned Start	01-Apr-2017		Business Justification Case confirming satisfactory performance and summarising financial options confirmed through AIG and recommendation to be purchase approved by Council in August 2017. Purchase completed October 2017.
			Actual Start	30-May-2017		
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017		
			Completed Date	21-Nov-2017		



Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-11 Procurement of 2nd Tug progressed	Consider Shalder replacement options and progress as appropriate	Completion of evaluation and negotiation process for "Lot 2" of Tug replacement programme with the intention of replacing Tug "Shalder" with a suitable alternative vessel before she goes out of service in June 2018.	Planned Start	01-Apr-2017		Preferred supplier for "Lot 2" of Tug replacement tender identified and completion of contract for delivery of MT30 in March 2018 progressing.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-12 VTS Radar and Comms Upgraded	Procurement, Installation and Commissioning of new VTS system	Replace ageing VTS Radar and Port Communications systems with modern alternatives.	Planned Start	01-Apr-2017		Supplier identified and implementation underway. Likely completion date now end Feb 2018 (weather dependant) - delay due to late award of tender
			Actual Start	30-May-2017		
			Original Due Date	31-Dec-2017	Expected success	
			Due Date	28-Feb-2018		
			Completed Date		Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-13 Gluss Leading Lights Replaced	New leading light installation completed and in service	Replace ageing "floodlight" style leading lights with modern LED technology to improve reliability, efficiency and environmental impact.	Planned Start	01-Apr-2017		Equipment sourced, ground works being undertaken. Likely completion now March 2018 due to weather delays.
			Actual Start	30-May-2017		
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-14 Review and Update of Harbour Charges	Annual review and update of charges with particular focus on future oil export volumes and aquaculture	Annual review and update of Ports & Harbours charges in line with Council charging policy.	Planned Start	01-Apr-2017		Review of Harbour Charges undertaken in line with Council Charging Policy. New proposals developed, consultation meetings held with users, Council updated as part of Financial seminars. Final proposals reported as part of Council budget setting meeting cycle in February 2018.
			Actual Start	30-May-2017		
			Original Due Date	30-Sep-2017	Expected success	
			Due Date	14-Feb-2018		
			Completed Date	09-Feb-2018	Likely to meet target	



Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-15 Marine Staff Training and Development	Short, Medium and Long Term Training Plans	Analysis and programme of training and development for all Ports & Harbours staff developed and implemented.	Planned Start	01-Apr-2017		Programme and recording mechanism to be developed and populated
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-Oct-2017		
			Completed Date	08-Nov-2017	Likely to meet target	

E) CONNECTION & ACCESS

5) Sustainable transport arrangements

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

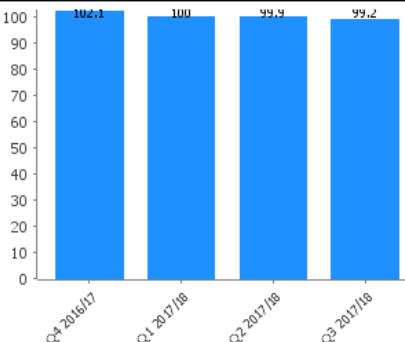
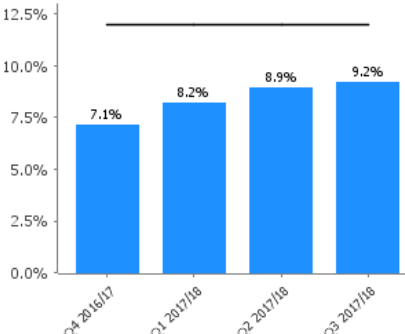
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-16 Small Pier and Terminal Maintenance Works 2017/18	Maintain small port operations and plan for medium and long term	Annual phased maintenance programme across all small harbours and piers including cathodic protection, fendering, structural repairs, painting, navigational aids and shore infrastructure.	Planned Start	01-Apr-2017		Maintenance programme being delivered in line with schedule (further details in Team Leader - Port Engineering progress report).
			Actual Start	30-May-2017	<div><div>90%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date		Likely to meet target	

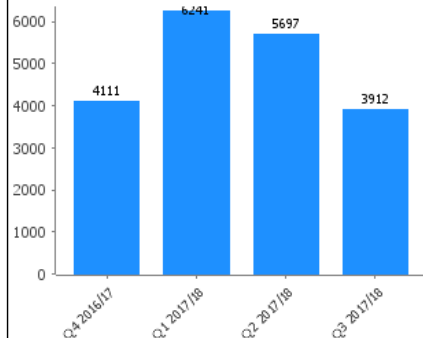
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-19 Ferry terminal Life Extension / Development / Rationalisation	Consider and agree general and individual options for maintenance / redevelopment / rationalisation of ferry terminals	Work with Transport Planning and Ferries to ensure that consideration of options for future terminal developments, consider pier and harbour requirements and issues and that life extension works and maintenance is planned and programmed in a co-ordinated fashion.	Planned Start	01-Apr-2017		Contribution to Transport Planning Outline Business Cases on Fair Isle and Whalsay Routes being planned.
			Actual Start	30-May-2017	<div><div>50%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	30-Sep-2018		
			Completed Date		Likely to meet target	

Harbour Master & Port Operations - Council-wide Indicators

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

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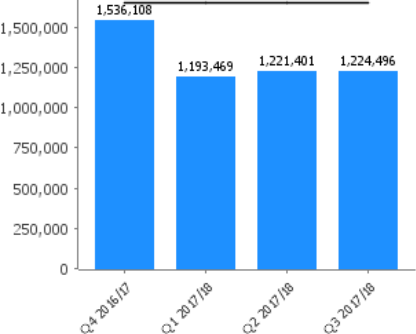
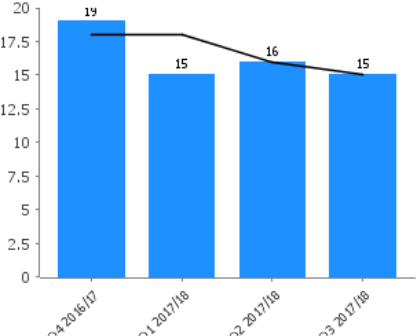
	Previous Years			Current year (to date)			
Code & Short Name	2014/15	2015/16	2016/17	2017/18		Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Target		
OPI-4A-HM Staff Numbers (FTE) - Harbour Master & Port Operations	93.1	98.4	102.1	99.2			Performance Staff numbers are within budget and at a level necessary to provide the expected service. Improvement Key posts are identified and succession planning is in place to avoid Service issues in the future.
OPI-4C-HM Sick %age - Harbour Master & Port Operations	3.1%	2.2%	1.1%	2.9%	4.0%		Performance Sickness % has risen this calendar year due to 1, 2 and then 3 long term absences. All policy options have been investigated for these absences and successful return to work achieved where possible. Improvement We will continue to apply the Council's "Maximising Attendance" policy for all absences.

	Previous Years			Current year (to date)													
Code & Short Name	2014/15	2015/16	2016/17	2017/18		Graphs	(past) Performance & (future) Improvement Statements										
	Value	Value	Value	Value	Target												
OPI-4E-HM Overtime Hours - Harbour Master & Port Operations	11542	20149	21010	15850		 <table border="1"><thead><tr><th>Quarter</th><th>Overtime Hours</th></tr></thead><tbody><tr><td>Q4 2016/17</td><td>4111</td></tr><tr><td>Q1 2017/18</td><td>6241</td></tr><tr><td>Q2 2017/18</td><td>5697</td></tr><tr><td>Q3 2017/18</td><td>3912</td></tr></tbody></table>	Quarter	Overtime Hours	Q4 2016/17	4111	Q1 2017/18	6241	Q2 2017/18	5697	Q3 2017/18	3912	<p>Performance Overtime is only used where necessary to provide a service, or when it represents Best Value for the work required. The amount of overtime has been running at a higher than desirable level for recent periods. This is due to a combination of contractual overtime required by shift arrangements, the training requirements of STCW and acquisition of an ASD tug which has required considerable crew retraining, some long term sicknesses which required shift cover and a vacancy in Marine Pilots.</p> <p>Improvement Recent management actions have included a recruitment exercise for a "bank" of suitably qualified and experienced marine staff to provide cover in place of overtime and a Marine Pilot recruitment exercise to co-incide with anticipated increases in tanker traffic during 2018. These measures should reduce the dependency on overtime going forward.</p>
Quarter	Overtime Hours																
Q4 2016/17	4111																
Q1 2017/18	6241																
Q2 2017/18	5697																
Q3 2017/18	3912																

Harbour Master & Port Operations - Service Performance Indicators

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

Generated on: 19 February 2018

Code & Short Name	Previous Years		Quarters				Target	Graphs	(past) Performance & (future) Improvement Statements
	2015/16	2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18			
	Value	Value	Value	Value	Value	Value			
PH-01 SVT Crude Oil Export Tonnage		5,910,787	1,536,108	1,193,469	1,221,401	1,224,496	1,650,000		Crude Oil Export Tonnage has continued below medium term target levels due to lower than anticipated production volumes offshore and through SVT.
PH-02 SVT Crude Export Tankers		72	19	15	16	15	15		Crude Oil Export Tankers have continued close to anticipated short term levels during 2017/18.

	Previous Years		Quarters						
Code & Short Name	2015/16	2016/17	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q3 2017/18	Graphs	(past) Performance & (future) Improvement Statements
	Value	Value	Value	Value	Value	Value	Target		
PH-03 Scalloway Market Fish Boxes		158,444	45,142	44,211	50,107	40,424	36,000	<p>Landings though Scalloway Market continue to exceed target although Q3 is lower than recent quarters through a combination of weather and Christmas shutdown.</p>	
PH-04 Scalloway Market Fish Tonnage		7,129	2,032	2,217	2,255	1,818	1,500	<p>Landings though Scalloway Market continue to exceed target although Q3 is lower than recent quarters through a combination of weather and Christmas shutdown.</p>	
SPPI05c-H Contracts delivered in-house/private sector - Ratio in £s - Ports & Harbours									

Risk Register - Ports and Harbours

Risk & Details	Likelihood	Current Impact	Risk Profile	Current and Planned Control Measures	Probability	Target Impact	Risk Profile
Category Operational							
Corporate Plan C6. Economy and Housing - Sullom Voe Future							
Failure to plan for the future investment required in infrastructure replacement, repairs or maintenance Trigger : Poor financial planning Consequences : Withdrawal of key services Risk type : Policies - effect of Reference - P0050	Unlikely	Small	Medium	• SIC Borrowing policy and strategy agreed in December 2013, fleet review ongoing, Infrastructure asset replacement...strategy in place and climate change planning being undertaken.	Unlikely	Minor	Low
Engagement and contribution to the transfer of SVT operations from BP to Enquest. Trigger : Announcement that Enquest are to become SVT operators from November 2017 Consequences : Potential in the change process for economic, environmental and other issues to arise Risk type : Economic - Other Reference - P0052	Possible	Small	Medium	• Appropriate engagement in handover workstreams	Unlikely	Minor	Low
Corporate Plan F13. Our "20 By '20" - Workforce Planning							
Industrial action by a staff group leading to suspension of operations Trigger : Industrial action due to dissatisfaction with proposed new settlement/terms Consequences : 1 or 2 day interruption in service, possible shut down Risk type : Industrial action Reference - P0032	Rare	Small	Low	• Council HR Management arrangements in place, effective workforce development	Rare	Minor	Low
Corporate Plan F5. Our "20 by '20" - Standards of Governance							
Pollution incident from shore or operations, collision, grounding, uncontrolled release from vessels. Trigger : Collision, Grounding, uncontrolled release from vessels Consequences : Environmental damage, possible closure of port, financial and legal penalties, investigation, reputational damage Risk type : Escape of pollutant Reference - P0001	Rare	Medium	Medium	• Safety Management System, Vessel Traffic Service, Compulsory pilotage, Qualified and competent staff....Robust operational procedures and emergency response plan	Rare	Small	Low
Service relies on a range of specialist staff with different skills, experience and qualifications Trigger : Geographic,, financial, national and international shortage of personnel with specific qualifications or skills Staff don't show up for work/ sickness absence Consequences : delay or halt to operations, lengthy recruitment processes, costly, reputational impact. Risk type : Staff number/skills shortage Reference - P0005	Rare	Small	Low	• Workforce planning project, restructure being implemented.	Unlikely	Minor	Low

Risk & Details	Likelihood	Current Impact	Risk Profile	Current and Planned Control Measures	Probability	Target Impact	Risk Profile
Severe weather stops staff getting to/from place of work Trigger : landslide blocks road so staff can't get to work, any prolonged bad weather. Consequences : Service restricted or short-term halt to ops Risk type : Storm, Flood, other weather related, burst pipes etc Reference - P0009	R a r e	S i g n i f i c a n t	Low	• Adverse weather policy, Business continuity plans in place	R a r e	M i n o r	Low
ICT link is between Sellaness and Lerwick, and had been known to fail for up to two days. Service relies on ICT link for email, forecasts, etc to deliver service to customers safely, communicate with customers etc Link is now fibre optic with an ADSL back-up - likely more robust than previous infrastructure. Servers are in Lerwick with local expertise for breakdowns etc. Trigger : IC tech failure, weather, off-isle failure, tech link breaks. Consequences : Service is compromised, no forecasts, staff have to relocate to a venue where they can get tech link. Risk type : Loss of IT facilities Reference - P0022	U n l i k e l y	M i n o r	Low	• Adverse weather policy, Business Continuity Plans in Place	U n l i k e l y	M i n o r	Low
Loss of facilities due to fire or other incident Trigger : Technical problem, error, breakdown, incident. Consequences : Crash, emergency landing, unplanned action, harm to staff, service users, premises, equipment, impact on service Risk type : Fire, lightning, aircraft, explosion Reference - P0026	R a r e	M a j o r	Medium	• SMS, Business Continuity Planning, Fire Risk Assessment	R a r e	S i g n i f i c a n t	Low
Port services cover a large geographic, dispersed area which cannot have 24 hour security. Ships are often unmanned Trigger : terrorism, aggrieved personnel, ex employee, vandalism or malicious damage Consequences : Damage to premises or facilities, interruption to service Risk type : Terrorism/Activists Reference - P0028	R a r e	M a j o r	Medium	• SMS, ISPS, BP's security plan, SIC business continuity plan and approved security plan	R a r e	M a j o r	Medium
Professional error of judgement anywhere in ports and harbours. Trigger : Poor practice/performance Consequences : Suspension of service, contractual or legislative penalty. Risk type : Professional Errors and Omissions Reference - P0030	R a r e	S i g n i f i c a n t	Low	• Training, Workforce Development, Audit	R a r e	S i g n i f i c a n t	Low

Risk & Details	Likelihood	Current Impact	Risk Profile	Current and Planned Control Measures	Probability	Target Impact	Risk Profile
Failure to deliver a statutory duty or comply with legislation including EU procurments legislation, Carbon reduction Trigger : Workload, conflicting demands and deadlines, short staffed Consequences : Exceed working time directive limits, staff could be tired, driving home late on possibly icy roads, leads to an accident. Risk type : Breach of Legislation - Data Protection, Human Rights, Employment Practice, Health and Safety etc Reference - P0048	R a r e	S i g n i f i c a n t	Low	• Awareness raising, training and monitoring in place, staff have a better understanding of requirements, more pre-planning for...large expenditure Development of Carbon management plan and climate change planning. Comply with procedures.	R a r e	S i g n i f i c a n t	Low
Safe Operations - Ports and Harbours delivers a range of heavy engineering and transport services. Trigger : Insufficient skills/training, poor communication, inadequate procedures Consequences : Staff absence, failure to deliver service, civil claims against SIC, personal injury Risk type : Accidents /Injuries - Staff/Pupils/ Clients/Others Reference - P0051	U n l i k e y	S i g n i f i c a n t	Medium	• Health and Safety systems, safe systems of work in place, restructure being implemented which will ensure permanent staff are...appointed to significant posts which impact on management of health and safety. Risk Assessments and Hazard Identification systems are in place.	R a r e	S i g n i f i c a n t	Low
Corporate Plan <i>F7. Our "20 By '20" - Procurement</i>							
Port operations rely on various suppliers and services including fuel, key components, sub-contractors Trigger : Anything that stopped critical services or supplies for an extended period or without notice Consequences : Stops the service, loss of income, impact on oil companies and terminal Risk type : Failure of Key supplier Reference - P0035	U n l i k e y	S i g n i f i c a n t	Medium	• Financial Controls, existing council procedures in place	U n l i k e y	M i n o r	Low
Category Strategic							
Corporate Plan <i>C6. Economy and Housing - Sullom Voe Future</i>							
Loss of income from downturn in business Trigger : Temporary shutdown of oil terminal or an oil field for period of months Consequences : Loss of income, impact on SIC services, draw on reserves Risk type : Loss of revenue/income Reference - P0016	U n l i k e y	M a j o r	Medium	• Budget controls, monthly monitoring, ongoing attention to markets, working with customers to maintain demand.	U n l i k e y	S i g n i f i c a n t	Medium



Meeting(s):	Harbour Board	5 March 2018
Report Title:	Management Accounts for Harbour Board: 2017/18 – Projected Outturn at Quarter 3	
Reference Number:	F-027-F	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

1.1 The Harbour Board RESOLVES to:

- 1.1.1 review the Management Accounts showing the projected outturn position at Quarter 3; and
- 1.1.2 agree the actions set out by the Director in paragraph 4.3 to mitigate the projected reduction in surplus.

2.0 High Level Summary:

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

3.0 Corporate Priorities and Joint Working:	
3.1	There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.
4.0 Key Issues:	
4.1	This report presents the projected outturn position for 2017/18 as at the end of the third quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant budget responsible officers.
4.2	Although the projected revenue outturn position for Ports & Harbours Operations is an increase in surplus of £692k, this outturn position includes £970k of revenue funding for capital projects which are anticipated to slip to future years and are not a real underspend. Once the slippage funding is removed from the projected outturn this results in an overall reduction in surplus of £278k, which means that Ports & Harbours Operations are not on course to provide their budgeted surplus to reserves.
4.3	The most significant contribution to the reduced surplus is reduced tanker traffic at Sullom Voe Terminal. Harbour dues for tanker movements are set based on industry projections and, as there is a substantial deficit in the budget due to reduced tanker movements, the deficit will be recovered in setting the budget for future years.
4.4	The projected capital outturn position for Ports & Harbours Operations is an underspend of £2.788m, with a requirement for slippage of £2.781m resulting in an overall underspend of £7k. This means that Ports & Harbours Operations are projected to spend less than their Council approved budget.
4.5	The projected outturn position for the Shetland Gas Plant is an increase in income of £240k.
4.6	See appendices 1 and 2 attached for detailed information on the revenue and capital outturn positions.
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.

6.2 Human Resources and Organisational Development:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.3 Equality, Diversity and Human Rights:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.4 Legal:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.5 Finance:	<p>The 2017/18 Council budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means. To achieve this, a one-off underspend from the 2016/17 budget has been used to balance the General Fund. This is a one-off solution for 2017/18.</p> <p>For every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £73k each year in the future as a result of not being able to invest that £1m with fund managers to make a return. It is therefore vital that the Council delivers its 2017/18 budget.</p> <p>This report demonstrates that Ports & Harbours Operations are not projecting to achieve this, and the remedial actions described in paragraph 4.3 of this report will be required to ensure ongoing financial sustainability for the Council in line with the Medium Term Financial Plan.</p>
6.6 Assets and Property:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.7 ICT and new technologies:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.8 Environmental:	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
6.9 Risk Management:	<p>There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.</p> <p>From a financial perspective, risks are an integral part of planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.</p>

	<p>The main financial risks for Ports & Harbours Operations are:</p> <ul style="list-style-type: none"> • any reduction in tanker traffic at Sullom Voe; • reliance on oil price and throughput volume for the agreement for provision of port facilities at Sullom Voe Terminal; and • increasing maintenance requirements on ageing tugs and other port infrastructure. <p>The main financial risks for the Shetland Gas Plant are the reliance on oil and gas prices and throughput volumes for the throughput element of the rental agreement.</p> <p>This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and requires remedial action.</p> <p>A strong balance sheet and the availability of usable reserves ensure that the Council is prepared for significant unforeseen events.</p> <p>Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.</p>	
6.10 Policy and Delegated Authority:	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Board may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2017/18 financial year. This report provides information to enable the Board to ensure that the services within its remit are operating within the approved budgets.</p> <p>The Council's Financial Regulations state that the Executive Manager - Finance has a responsibility to ensure that detailed monitoring by Directors and Executive Managers is carried out and that the Council will determine the reporting content, timescale, frequency and receiving committee(s) required for monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p>	
6.11 Previously considered by:	n/a	n/a

Contact Details:

Brenda Robb, Management Accountant, brenda.rob主@shetland.gov.uk, 19 February 2018

Appendices:

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

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

Background Documents:

SIC Budget Book 2017/18, SIC 15 February 2017

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

Harbour Board

1. Projected Revenue Outturn Position 2017/18

Projected Outturn Variance at Quarter 2 (Adv)/Pos £000	Service Area	Revised Annual Budget at Quarter 3 £000	Projected Outturn at Quarter 3 £000	Budget v Projected Outturn Variance Quarter 3 (Adv)/Pos £000	Revenue Funding Reduction for Capital Slippage £000	Overall Projected Outturn Variance Quarter 3 (Adv)/Pos £000
(590)	Sullom Voe	(7,796)	(7,538)	(258)	400	(658)
332	Scalloway	272	(73)	345	0	345
155	Other Piers	118	(114)	232	0	232
(310)	Terminals	(1,420)	(1,793)	373	570	(197)
0						
(413)	Total Ports & Harbours	(8,826)	(9,518)	692	970	(278)
28	Shetland Gas Plant	(550)	(790)	240	0	240
(385)	Overall Total	(9,376)	(10,308)	932	970	(38)

The projected outturn variance figures at quarter 2 are included above for reference. The main reason for the changes from the quarter 2 projected outturn variance to the quarter 3 position is additional throughput income for the Shetland Gas Plant.

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

1.1 Sullom Voe – projected outturn variance (£658k) (8%)

This variance is mainly due to:

- reduction in tanker traffic for several offshore production interruptions in the East Shetland Basin (£1m);
- additional overtime and training costs for Towage staff to inspect a second new Tug in anticipation of requirement for chartering in early 2018 and for 4th crew tug cover (£224k);
- additional employee costs following the Market Forces Supplement review which resulted in a regrade of Marine Pilot posts (£200k); offset by
- underspending on engineering employee costs due to recruitment difficulties in current competitive marketplace £183k;

- underspend on vacant Marine Pilot post which is not to be filled until negotiations on future shipping needs and terminal operating hours have been negotiated £93k;
- additional income from accommodation barge berthed at Sella Ness which was not anticipated £78k;
- reduction in rates following the Assessor's 2017 valuation review £69k.

Revenue funding reduction for capital slippage

- Tug Jetty Cathodic Protection capital project to slip to 2018/19 for detailed surveys and feasibility options to be investigated £400k.

1.2 Scalloway – projected outturn variance £345k (127%)

This variance is mainly due to:

- additional income from fish and salmon landings in line with general increase in fishing industry activity £258k; and
- reduction in revenue funding requirement for the pier cathodic protection capital project due to tender less than anticipated £160k.

1.3 Other Piers - projected outturn variance £232k (197%)

This variance is mainly due to:

- fendering works for Symbister Pier which slipped to 2017/18 for contractor availability, with additional unexpected repairs also discovered on initiation of project (£135k); offset by
- additional income from fish and salmon landings due to a buoyant market £135k;
- reduction in revenue funding requirement for the Baltasound old pier pile repairs capital project with lower tender and reduction in scope of works £82k;
- additional income from new charge introduced for pelagic boats £60k.

1.4 Terminals – projected outturn variance (£197k) (14%)

This variance is mainly due to:

- increase in rates following the Assessor's 2017 valuation review (£139k); and
- overspend for emergency works identified on Insurers' inspection of Fair Isle harbour slipway rails (£130k).

Revenue funding reduction for capital slippage

- revenue funding for the Lerwick, Bressay, Belmont and Gutcher terminal capital life extension projects not required until 2018/19 due to availability of technical expertise £570k.

1.5 Shetland Gas Plant - projected outturn variance £240k (44%)

Throughput income higher than anticipated due to increase in gas price £240k.

Harbour Board

2. Projected Capital Outturn Position 2017/18

Overall Projected Outturn Variance Quarter 2 (Adv)/Pos £000	Service	Revised Annual Budget at Quarter 3 £000	Projected Outturn at Quarter 3 £000	Budget v Projected Outturn Variance Quarter 3 (Adv)/ Pos £000	Slippage required in 2018/19 £000	Overall Projected Outturn Variance Quarter 3 (Adv)/ Pos £000
7	Ports & Harbours Operations	12,989	10,201	2,788	2,781	7
7	Total Controllable Costs	12,989	10,201	2,788	2,781	7

The projected outturn variance figure at quarter 2 is included above for reference.

2.1 Ports & Harbours Operations – projected outturn variance £7k (0.1%)

An explanation for the significant variances are detailed below:

- additional spend for MT29 Tug vessel purchase due to low exchange rate on transaction date and unbudgeted broker fees (£234k), offset by:
- Scalloway East Finger and Fishmarket Piers cathodic protection tender lower than anticipated £160k;
- Baltasound old pier pile repairs tender less than anticipated and scope of works reduced £81k.

Slippage

A total of £2.781m expenditure will be slippage into 2018/19 as follows:

- Scalloway fish market rebuild - Full Business Case approved by Council in October, anticipating tender to be awarded in 2018/19 £1.811m;
- Belmont, Bressay, Gutcher and Lerwick ferry terminal life extensions due to availability of technical expertise £570k;
- Tug jetty cathodic protection for detailed surveys and feasibility options investigation £400k.



Meeting(s):	Harbour Board	5 March 2018
Report Title:	2017/18 Pilotage Accounts – Projected Outturn at Quarter 3	
Reference Number:	F-021-F	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

- 1.1 The Harbour Board RESOLVE to review the Pilotage Accounts showing the projected outturn position at Quarter 3.

2.0 High Level Summary:

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

3.0 Corporate Priorities and Joint Working:

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

4.0 Key Issues:

- 4.1 This report presents the projected outturn position for 2017/18 as at the end of the third quarter.
- 4.2 The projected outturn position is a reduction in net surplus of £239k (26%) against net income budget of £923k which results in a net surplus of £684k.
- 4.3 The detailed Projected Pilotage Accounts Outturn Position 2017/18 is attached as Appendix 1 to this report.

5.0 Exempt and/or confidential information:	
5.1	None
6.0 Implications :	
6.1 Service Users, Patients and Communities:	None
6.2 Human Resources and Organisational Development:	None
6.3 Equality, Diversity and Human Rights:	None
6.4 Legal:	The Council has statutory obligations to keep separate accounts in respect of the harbour undertaking and also separate pilotage accounts. Section 3(1) of the ZCC Act states that the harbour undertaking means "the harbour undertaking for the time being of the Council authorised by this Act". This means that the harbour undertaking must be considered only in terms of what the Council is authorised or duty bound to do under the ZCC Act. Pilotage is part of the harbour undertaking and income and expenditure is accounted for accordingly.
6.5 Finance:	<p>The projected outturn position is a surplus of £684k which is a reduction in net surplus of £240k against annual budget.</p> <p>The main reasons for the reduction in surplus are:</p> <ul style="list-style-type: none"> • reduced income for boarding & landing and pilotage dues at Sullom Voe, due to a reduction in tanker numbers as a result of offshore production interruptions in the East Shetland Basin (£129k); • additional employee costs following a market forces supplement review of Marine Pilot posts which resulted in an upwards pay regrade, partly offset by a vacant Pilot post which is unlikely to be filled until there is clarity on requirements for future shipping needs and terminal operating hours (£107k).
6.6 Assets and Property:	None
6.7 ICT and new technologies:	None

6.8 Environmental:	None	
6.9 Risk Management:	Failure to keep Pilotage Accounts would place the Council in breach of its legal duties.	
6.10 Policy and Delegated Authority:	Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Board may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council; more specifically referred to in paragraph 2.7.	
6.11 Previously considered by:	n/a	n/a

Contact Details:

Brenda Robb, Management Accountant, 744690, brenda.robbs@shetland.gov.uk, 20 February 2018

Appendices:

Appendix 1 – Projected Pilotage Accounts Outturn Position 2017/18

Background Documents:

None

Projected Pilotage Accounts Outturn Position 2017/18

2017/18 Pilotage Accounts	Sullom Voe			Scalloway			Overall		
	Annual Budget at Quarter 3	Projected Outturn at Quarter 3	Budget v Projected Outturn Variance at Quarter 3 (Adv)/Pos	Annual Budget at Quarter 3	Projected Outturn at Quarter 3	Budget v Projected Outturn Variance at Quarter 3 (Adv)/Pos	Annual Budget at Quarter 3	Projected Outturn at Quarter 3	Budget v Projected Outturn Variance at Quarter 3 (Adv)/Pos
	£	£	£	£	£	£	£	£	£
Boarding & Landing	-633,600	-596,762	(36,838)	-10,000	-12,000	2,000	-643,600	-608,762	(34,838)
Pilotage Services provided as authorised by section 10(1) of the Pilotage Act 1987	-1,589,448	-1,497,354	(92,094)	-35,000	-35,000	0	-1,624,448	-1,532,354	(92,094)
Use of PEC issued as authorised by section 10(3) of the Pilotage Act 1987	0	0	0	0	0	0	0	0	0
Total Income	-2,223,048	-2,094,116	(128,932)	-45,000	-47,000	2,000	-2,268,048	-2,141,116	(126,932)
Boarding & Landing	366,780	380,442	(13,662)	4,833	5,328	(495)	371,613	385,771	(14,158)
Pilotage	723,382	841,775	(118,393)	6,651	6,651	0	730,033	848,407	(118,374)
Sub-Total Employee Costs	1,090,162	1,222,217	(132,055)	11,484	11,979	(495)	1,101,646	1,234,178	(132,532)
Boarding & Landing	10,839	9,852	988	1,915	1,978	(63)	12,754	11,830	924
Pilotage	3,150	550	2,600	0	0	0	3,150	550	2,600
Sub-Total Supplies & Services	13,989	10,402	3,588	1,915	1,978	(63)	15,904	12,380	3,524
Boarding & Landing	67,472	52,414	15,059	9,961	9,961	0	77,433	62,374	15,059
Pilotage	4,070	5,270	(1,200)	0	0	0	4,070	5,270	(1,200)
Sub-Total Transport & Mobile Plant	71,542	57,684	13,859	9,961	9,961	0	81,503	67,644	13,859
Boarding & Landing	20,722	21,553	(831)	2,298	3,829	(1,532)	23,020	25,382	(2,363)
Pilotage	150	150	0	0	0	0	150	150	0
Sub-Total Property & Fixed Plant	20,872	21,703	(831)	2,298	3,829	(1,532)	23,170	25,532	(2,363)
Boarding & Landing	24,904	20,123	4,781	11,082	11,082	0	35,985	31,205	4,781
Pilotage	81,626	84,928	(3,302)	5,000	1,310	3,690	86,626	86,238	388
Sub-Total Admin and Other Costs	106,530	105,051	1,479	16,082	12,392	3,690	122,611	117,442	5,169
Meeting Liabilities under Part III of the Act	0	0	0	0	0	0	0	0	0
Total Expenditure	1,303,095	1,417,056	(113,961)	41,739	40,138	1,600	1,344,834	1,457,177	(112,343)
NET TOTAL	-919,953	-677,060	(242,893)	-3,261	-6,862	3,600	-923,214	-683,939	(239,275)



Meeting(s):	Harbour Board	5 March 2018
Report Title:	2017/18 Capital and Revenue Projects Report	
Reference Number:	PH-05-18F	
Author / Job Title:	Andrew Inkster Team Leader – Port Engineering	

1.0 Decisions / Action required:

- 1.1 That the Harbour Board discuss and highlight any areas of concern and note the content of the report and areas of progress made.

2.0 High Level Summary:

- 2.1 This report updates the Board on the significant engineering projects for Ports & Harbours Operations during the financial year 2017/18, and is an update to reports with the same title that were presented to the board on 14 June 2017 (Min. Ref. 11/17) and 6 December 2017 (Min. Ref. 26/17).

3.0 Corporate Priorities and Joint Working:

- 3.1 Prioritised spending on maintaining our existing assets is a key part of the Corporate Plan and Medium Term Financial Plan.

By ensuring that our facilities are safe, well managed and fit for purpose, we can ensure that service users experience excellent standards of customer care.

4.0 Key Issues:

- 4.1 In addition to its routine annual maintenance plans and regimes, Ports and Harbours has an interest in the following significant projects for the 2017/18 financial year.

Scalloway Fish Market

- 4.2 Full Planning Permission for the replacement Market has been gained and the Building Warrant is expected to be issued in the very near future.

- 4.3 The project is currently out to tender, with a return date of 23 April 2018.

- 4.4 A suitable temporary chilled facility option has been agreed with stakeholders, and the tender for this facility will be issued before the end of February 2018.

Sullom Voe VTS Radar Replacement Contract.

- 4.5 This contract will see the replacement of the radar scanner stations at Sella Ness, Brough and Vats Houllands, along with necessary upgrades to communications and

monitoring software and equipment in the Sella Ness VTS centre.

4.6 Works are currently progressing within agreed programmes and timescales.

4.7 It is anticipated that the equipment will be installed and commissioned in April 2018.

Tug Jetty Cathodic Protection Renewal

4.8 Funding was allocated in 2017/18 for the installation of a replacement cathodic protection system on the Tug Jetty .However, due to the unusual design of this Jetty, in comparison to most other SIC small Ports, further detailed examination of the structure and system design has become necessary.

4.9 Further inspection work continues to ascertain which, if any type of CP system will extend the structures life.

4.10 Whilst this inspection and design work continues, it is likely that any installation work will slip to next financial year, depending on the final design criteria.

Sheet Pile Repairs, Scalloway Harbour

4.11 This work has been completed by Ocean Kinetics on time and within the allocated budget.

Cathodic Protection, Scalloway Harbour East

4.12 The installation of cathodic protection anodes on the East finger pier, Fish Market quay and North quay are scheduled to be completed by the end of February 2018, within agreed timescales and with a projected underspend of £160k due to the tender being lower than anticipated.

Baltasound Sheet Pile Repairs

4.13 The first phase of this repair has been completed by Tulloch Developments on programme, and with a projected underspend of £81k due to the tender being lower than anticipated and the scope of works being reduced.

Navigation Aids

4.14 Ports and Harbours is responsible for the provision and maintenance of 133 individual aids to navigation across the whole of Shetland. These aids comprise mainly of fixed shore based leading lights, port entry lights, beacons, floating buoys and channel markers.

4.15 An annual programme of navigation aid upgrades is in place, and in recent years, the installation of L.E.D technology has resulted in significant increases in reliability and reduced maintenance.

4.16 These annual upgrades will continue with a particular emphasis on replacing the Skerries NE entrance Port Entry Light, and the upgrade of the Sullom Voe Harbour Gluss leading lights.

4.17 This work is ongoing and shall be completed within allocated budgets before the end of the 2017/18 financial year.

Plant Vehicles and Equipment

- 4.18 This budget has been used to replace vehicles at Sella Ness, in line with agreed Council renewal policies.

SVT Jetty Maintenance Project

- 4.19 The 2017 Summer Jetty Maintenance workscope has now been completed by Malakoff Limited, within agreed budgets and programmes.
- 4.20 The 2018 workscope has now largely been identified, and preparations for works to commence in late March 2018 are underway.

SVT Jetty Three Berthing Dolphin Concrete Repairs

- 4.21 Malakoff Limited has now completed these repairs, within agreed deadlines and budgets.
- 4.22 Scalloway Harbour South Quay Fender Repairs
- 4.23 Ocean Kinetics has completed these repairs.
- 4.24 Symbister Old Breakwater Fender Repairs
- 4.25 Tulloch Developments have completed these repairs.

Toft Pier

- 4.26 The Council has approved the production of a full business case for a rebuilt and extended Toft Pier, and has instructed officers to conduct the design and tendering exercise as promptly as possible, so that European Maritime and Fisheries Fund grant support can be determined. Target for tender returns and an updated EMFF application is July 2018.
- 4.27 Gutcher Ferry Terminal Fender Repairs
- 4.28 Malakoff Limited completed fender repairs to Gutcher Ferry Terminal within agreed budgets and programmes.

Foula Harbour / Ferry Terminal

- 4.29 Foula Harbour and Ferry Terminal has recently been added to the Ports asset list, and Initial inspections have revealed two areas of concern:
- The electrical system on the pier has been repaired and replaced as necessary.
 - The harbour water depth has reduced due to silting, and surveys are being carried out to confirm quantities and volumes in advance of a dredging operation to return the Harbour to its design depth during next financial year.

Fair Isle Ferry Slipway

4.30	The vessel cradle rails on the Fair Isle slipway have been replaced within deadlines set by the Councils insurers, and the final cost was lower than initial estimates.
4.31	A separate report on this project was submitted to the Board at a previous meeting on 4 October 2017 (Min, Ref. 18.17).
	Small Port Major Fender Repairs
4.32	In addition to ad-hoc fender repairs during this financial year, large scale fender repair and replacement projects are planned to occur in: <ul style="list-style-type: none"> • Mid Yell - Design work and tendering are ongoing at this time • Collafirth – Works are well advanced with completion expected before the end of March 2018. • Baltasound – These works have been completed. Sullom Spindrift – Generator replacement
4.33	The generators onboard Pilot Vessel “Sullom Spindrift” have been replaced by L&M Engineering.
5.0	Exempt and/or confidential information:
5.1	None.

6.0 Implications :	
6.1 Service Users, Patients and Communities:	<p>Effective maintenance and repair strategies for all Ports assets will ensure that its facilities are fit for purpose and free from health and safety or environmental issues. Service users are encouraged to report defects whenever possible.</p> <p>As detailed in 4.2.1 of this report, the existing Scalloway Fish Market presents a risk to service users. Should the existing Market fail, an alternative would not be easily provided without significant disruption to service users.</p> <p>The temporary pontoon at Toft Pier is another area where any reduction in availability would create significant disruption.</p>
6.2 Human Resources and Organisational Development:	The majority of projects detailed within this report will be completed by external Contractors. Health, Safety and Environmental considerations are all reviewed when such appointments are made.
6.3 Equality, Diversity and Human Rights:	The service uses Equalities Impact assessment to ensure its services are supporting those most in need and not making inequalities worse;
6.4 Legal:	Legal Services input is sought for all projects requiring formal Tendering procedures.

6.5 Finance:	<p>The projects described in this report are projected to be completed within approved budgets except:</p> <ul style="list-style-type: none"> • Fendering works for Symbister Pier which required additional unexpected repairs of £135K; • Emergency replacement of vessel cradle rails on the Fair Isle slipway £130K; • Foula Harbour/Terminal works which were unbudgeted £40k; • Scalloway Harbour South Quay fender repairs which have overrun into this financial year £40k. <p>These additional costs and implications are fully described in the Management Accounts Report – Projected Outturn at Quarter 3 also presented on the agenda for this meeting.</p>	
6.6 Assets and Property:	None.	
6.7 ICT and new technologies:	No corporate ICT issues at this time, however the new Vessel Traffic Services Port Information system utilises a complex mix of radar, AIS, radio and other communications technology.	
6.8 Environmental:	Where applicable, environmental impact studies will be carried out as part of the planning process for major works. Contractors carrying out works on behalf of Ports and Harbours are expected to ensure the highest standards of environmental protection.	
6.9 Risk Management:	Routine maintenance and repair of assets will ensure that assets are safe for service users, meet current legislation and are free from environmental hazards. These measures contribute to Ports risk management strategies.	
6.10 Policy and Delegated Authority:	<p>Harbour Board</p> <p>Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.</p> <p>Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.</p> <p>Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council</p>	
6.11 Previously considered by:	None	

Contact Details:

Andrew Inkster
Team Leader – Port Engineering

andrew.inkster@shetland.gov.uk

16 February 2017

Appendices:

None.

Background Documents:

None.

END



Meeting(s):	Harbour Board	5th March 2018
Report Title:	Harbourmasters Report	
Reference Number:	PH-06-18F	
Author / Job Title:	Greg Maitland	

1.0 Decisions / Action required:

- 1.1 That the Harbour Board resolve to consider the content of this report in its role as duty holder, and note that the necessary management and operational mechanisms are in place to fulfil that function.

2.0 High Level Summary:

- 2.1 Captain Trevor Auld is appointed as the designated person (HB Min. ref 29/12) and provides independent assurance to the Duty Holder that the marine SMS for which the Duty Holder is responsible, is working effectively. Captain Auld's report is attached as Appendix 1.
- 2.2 5 incidents have been reported, 4 at Sullom Voe, 1 at Scalloway
- 2.21 On 9th December 2017, an aquaculture vessel alongside in Scalloway reported it was flooding into the engine room and sinking while alongside. The Fire Brigade attended and pumped out 2 cargo tanks and the engine room. Pumping out the engine room resulted in minor pollution to the harbour. Follow up meeting has been requested with Fire Brigade to discuss emergency response and communication.
- 2.22 On 23rd December 2017 a tanker was found to have a discrepancy in the water ballast onboard from that declared once alongside. The vessel either falsely declared the amount of ballast onboard or discharged ballast while underway, thereby not meeting the 35% of deadweight required (32.9% actual). Until an adequate explanation has been received, the vessel will not be passed by vetting for future calls to the terminal.
- 2.23 On 10th January 2018 a tanker calling at Sullom Voe was found to have an incorrectly rigged Pilot ladder. The ladder was of the reel winch type and the crew showed considerable inexperience when asked to rectify the issue. The incident was reported to the MCA Enforcement Branch and the agents/owners written to. The Harbour Authority have advised the ship that until we receive positive confirmation that the crew have measures in place to prevent a reoccurrence then the vessel will not have permission to call at Sullom Voe.
- 2.24 On 25th January 2018 a mooring boat suffered a mechanical failure during mooring operations at Sullom Voe. This proved to be a simple issue which was immediately repaired.

2.25	On 2 nd February 2018 a tanker arriving at Sullom Voe was found to have what appeared to be an incorrectly rigged Pilot Ladder. This ladder was of the reel winch type. The vessel maintained the ladder was rigged correctly but the Pilot was unable to confirm all of these arrangements. The issues around this type of ladder have been forwarded and have been added as an agenda item at the spring seminar of the UK Harbour masters Association in order to clarify requirements for these ladders to the wider industry.
2.3	Captain Greg Maitland is appointed as the Designated Person Ashore (DPA) for the towage fleet, to provide assurance that this SMS is working effectively. His report is attached as Appendix 2.
3.0 Corporate Priorities and Joint Working:	
3.1	<p>Effective Planning and Performance Management are key aspects of Best Value and features of “Our Plan”, the Council’s Corporate Plan 2016-2020.</p> <ul style="list-style-type: none"> • Our performance as an organisation will be managed effectively, with high standards being applied to the performance of staff and services. Poor performance will be dealt with, and good service performance will be highlighted and shared.
4.0 Key Issues:	
4.1	Radar system replacement – Xanatos/Marico continue with contract. SIC staff attending Factory Acceptance Test for both hardware and software, week commencing 12 th February. With only 1 radar operating at present, a risk to the service will remain until works have been completed.
4.2	Legal Services have continued to work with officers from Ports and Harbours on changes required to the Sullom Voe Directions and Pilotage Directions. These changes have been agreed and brought to Harbour Board on 7 th February. Following an external consultation process these will be adopted. This exercise will continue for Scalloway and the Small Ports.
4.4	The previous DP report (6 th December 2017) highlighted 53 overdue risk assessments. All overdue assessments have been reviewed and work continues with the development of an improved matrix and the separation of Navigational and Health and Safety assessments.
4.5	Campaign to improve Health & Safety culture across Ports & Harbours operations has resulted in the publication of the draft SIC Ports & Harbours Health and Safety Handbook which is currently out for internal consultation.
4.6	New Scalloway Fishmarket and temporary chilling facility plans require careful planning and stakeholder communication. Regular meetings are held and to date proposals have been met with positive feedback, with no major issues highlighted.
5.0 Exempt and/or confidential information:	
None	

6.0 Implications : <i>Identify any issues or aspects of the report that have implications under the following headings</i>	
6.1 Service Users, Patients and Communities:	That the SIC continues to provide a competent service to port users in line with the Service Plan.
6.2 Human Resources and Organisational Development:	Scalloway staff and shift arrangements under review for efficiency, customer focus and safety culture improvements. The interim chill facility and future management of new fishmarket to be considered as part of this review.
6.3 Equality, Diversity and Human Rights:	None
6.4 Legal:	The Port Marine Safety Code states that organisations must develop, implement and maintain an effective Marine Management System (MSMS). The MSMS is intended to manage hazards and risks along with any preparations for emergencies and must be operated effectively and revised periodically.
6.5 Finance:	None
6.6 Assets and Property:	None
6.7 ICT and new technologies:	None
6.8 Environmental:	SIC Ports & Harbours are now receiving regular and detailed updates on commercial bunkering operations across all ports and harbours.
6.9 Risk Management:	Failure to comply with the requirements of the Port Marine Safety Code could lead to regulatory action. Since the publication of the new Port Marine Safety Code and the Guide to the Port Marine Safety code, the Safety Management System (SMS) for ports and harbours is being reviewed and updated. The status of assessments may be taken into account by regulatory authorities when investigating any marine accident or incident. Depending on the nature and severity of the matters in question, failure to address overdue risk assessments exposes the Council to risk of unfavourable outcomes from any such investigations.
6.10 Policy and Delegated Authority:	The scheme of Administration and Delegations states that the role of the Harbour Board is: <ul style="list-style-type: none"> • 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.

	<ul style="list-style-type: none"> • Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function • To consider all development proposals and changes of service level within the harbour undertaking, including dues and charges, and make appropriate recommendations to the Council. 	
6.11 Previously considered by:		

Contact Details:

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

Appendices:

Appendix 1 – DP report to Harbour Board

Appendix 2 – Towage report to the Harbour Board

Background Documents:

NONE

END

Designated Person Report: 5 March 2018

This Designated Person (DP) report is provided as an independent view on Shetland Islands Council's (SIC) performance against the requirements and standards under the latest edition of the Port Marine Safety Code (PMSC). The report is submitted to the SIC Harbour Board, and copied to the Harbour Master for information.

Introduction

Since my report to the Harbour Board meeting of 6 December 2017, I have maintained a regular dialogue on marine matters with SIC's Harbour Master through telephone calls and an exchange of emails. I have also monitored both SIC's website <http://www.shetland.gov.uk> and SIC's port specific website <http://www.shetland.gov.uk/ports> for items relating to the reported actions, involvement and decisions taken by the Harbour Board and SIC's appointed officers. Prior to writing this report I had a conference call with SIC's Harbour Master, Deputy Harbour Master, Port Engineer and Port Safety Officer in which we discussed the monitoring measures and effectiveness of the current Marine Safety Management Systems.

Port Marine Safety Code Compliance Submission for 2018 –2021

The Duty Holder is reminded that that the next round of PMSC compliance statements is due on or before the **31st March 2018**. Marine Information Notice MIN 556(M), issued by the Maritime and Coastguard Agency in September 2017, provides the following information for Harbour Authorities within the UK Port Sector:

1. Introduction

1.1 Port Marine Safety Code (PMSC) is applicable to both statutory harbour authorities and to other marine facilities which may not have statutory powers and duties. The Code is endorsed by the UK Government, the devolved administrations and representatives from across the maritime sector and while the Code is not mandatory, these bodies have a strong expectation that all harbour authorities will comply.

1.2 The following section provides the PMSC compliance requirement for the period 2018-2021.

2. PMSC Compliance requirement

2.1 Every three years the duty holder of Statutory Harbour Authorities, private ports and other marine facilities is required to send a signed statement to the MCA confirming their organisation's PMSC compliance. The next round of compliance statements is due on or before the 31st March 2018. Statements should be sent in hard copy or via e-mail to the address given below:

Navigation Safety Branch
Maritime and Coastguard Agency,
Bay 2/25 Spring Place,
105 Commercial Road,
Southampton,
SO151EG
Tel: +44 (0) 20381 72206
e-mail: navigationsafety@mca.gov.uk

Monitoring Measures

The following report sections describe each monitoring measure in turn.

Technical Working Group: A meeting of the Technical Working Group (TWG) was held on 25 January 2018, publication of the minutes is awaited.

Examination and Technical Group: A meeting of the Examination Panel was held on 7 December 2017. The meeting agenda and minutes demonstrate conformance with SIC's Marine Safety Management System (Procedure G-SMSP-2024).

From the minutes it was noted that it was decided to use future meetings of the Technical Working Group to close out accidents and incidents reports in MarNIS. SIC's Marine Safety Management System (Procedure G-SMSP-2023) will be amended accordingly.

Safety Sub-Committee: Ports: A meeting of the 'Safety Sub-Committee – Ports' was held on 8 February 2018. The draft minutes of the meeting continue to demonstrate the active involvement of marine personnel in all aspects of port safety.

The draft minutes record, as evidence of good practice, discussion on training, risk assessments, recent incidents and analysis of MAIB and Port Skills and Safety publications.

Small Ports: The table entitled 'Operational and Safety Visits to Small Ports & Harbours 2018', as posted on the website www.shetland.gov.uk, records visits to all small ports in January 2018 (except Symbister, Out Skerries and Fair Isle) and to Walls, West Burrafirth and Sandness in February 2018.

Reports on the condition of all the ferry piers and terminals inside and outside the Statutory Harbour Authority's area of jurisdiction (as listed in Section 2,2,14 of SIC's Small Ports Marine Safety Management System (2015)) are currently returned to the Port Engineer.

The operational and safety visits programme for small ports and harbours remains under review.

Towage: It was noted that a copy of the Towage Operations Designated Person Ashore's (DPA) report to the December 2017 Harbour Board meeting was posted on the website www.shetland.gov.uk as an appendix to the Harbour Master's report. Recent changes to the tug fleet in Sullom Voe and associated changes in operational procedures will require amendment of SIC's Marine Safety Management System (Procedure SV-SMSP-2006).

Incidents and Accidents: The following incident reports were recorded in the MarNIS database (Appendix A) in the period 6 December 2017 to 16 February 2018 inclusive.

Date	Vessel / Location	Incident
09 December 2017	Viking Gripfisk	Spillage during pump out.
23 December 2017	Stavanger TS	Incorrect ballast on arrive at J2
10 January 2018	Tenacity Venture	Unsafe rigged pilot ladder
25 January 2018	Sullom C	Broke down during mooring operations
02 February 2018	Searanger	Incorrectly rigged pilot ladder

All incidents have been reported to the MCA. The Stavanger TS, Sullom C and Searanger incidents were considered non-reportable to the MAIB.

Internal audits: No internal audits have been carried out since June 2017.

PMSC External Audit: All outstanding recommendations from the external audit of SIC's MSMSs undertaken in October 2015 have been addressed.

Consultation: Proposals to update the Sullom Voe General/Pilotage Directions 2001 remain under review by SIC's legal services.

The Harbour Master has maintained active involvement with stakeholder groups, including attendance at local Scottish Fishermen's Association meetings and regional meetings of the UK Harbour Masters' Association and British Ports Association.

Harbour Board Meetings: The public agenda for the Harbour Board meeting of 6 December 2017 and the associated decision note were posted on the website www.shetland.gov.uk in a timely manner.

Training: Progress continues to be made in bringing all essential training in the revised training matrices up to date. Until such time as this process is complete it has been agreed that the use of training as a key performance indicator should be suspended.

Marine Circulars and Notices to Mariners:

No new marine circulars have been promulgated since 6 December 2017.

The following Notices to Mariners have been posted on SIC's ports specific website: <http://www.shetland.gov.uk/ports/notices.asp> in 2018.

- No 1/2018 Notices to Mariners remaining in force.
- No 2/2018 Sullom Voe Harbour – Laggan/Tormore exposed pipelines in Orka Voe.
- No 3/2018 Pilot Transfer Arrangements – Pilot ladder requirements

Assessing Measures

Key Performance Indicators (KPI):

1. Open Incident KPI Reports (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports: Open Incident status on the 22 February 2018

Location	Open Nautical Safety Reports	Open Port Efficiency Reports	Open Environmental Protection Reports	Open Crisis Management Reports	Open Personnel and Public Safety Reports
Sullom Voe	7	1	0	0	1
Scalloway	1	0	5	0	1
Small Ports	0	0	1	0	0
Total	8	1	6	0	2
'Open' Reports which have yet to be closed formally by the Examination Panel or TWG.					

2. Risk assessments KPIs (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports for the period ending 22 February 2018

Location	Nautical Safety Assessments	Port Efficiency Assessments	Environmental Protection Assessments	Crisis Management Assessments	Mean Assessment Score *
Sullom Voe	20	5	7	0	3.7
Scalloway	16	6	5	0	3.8
Small Ports	16	3	4	0	3.8
Total	52	14	16	0	3.77

Note: * a mean assessment score between 3 and 5.99 means that the risks are as low as reasonably practicable (ALARP).

3. Overdue risk assessments KPIs (from the MarNIS database) for SIC Ports (including Sullom Voe, Scalloway and the Small Ports) for the period ending 22 February 2018

Overdue Risk Assessment KPIs	Total for all SIC Port Databases
Overdue Nautical Safety Assessments	0
Overdue Port Efficiency Assessments	0
Overdue Environmental Protection Assessments	0
Overdue Crisis Management Assessments	0

Note: Target KPI for overdue risk assessments is 0

All risk assessments stored in MarNIS are in-date at the reporting point of 22 February 2018.

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

Employee Group	Group Number	Number Holding Essential In Date Qualifications	KPI (%)
Managers	5		
Marine Pilots	5		
Vessel Traffic Service Officers (including relief VTSO)	7		
Small Ports Officers (including relief SPOs)	6		
Launch Crews	15		
Total Overall	38		

(key performance indicator for training currently suspended)

5. Availability of Aids to Navigation (in three classification bands) expressed as a percentage of total availability over the three year period 19 February 2015 to 19 February 2018.

IALA Category	No of Aids	No of Failures	Availability (%)	Target Availability (%)
Category 1*	50	1	99.84	99.80
Category 2**	69	3	99.84	99.00
Category 3***	14	1	99.60	97.00
<p>Note: The availability of all aids to navigation exceeds the target set by the Northern Lighthouse Board (NLB).</p> <p>* Category 1. An aid to navigation that is considered by the NLB to be of primary navigation significance. It includes the lighted aids to navigation and racons that are considered essential for marking landfalls and primary routes.</p> <p>** Category 2. An aid to navigation that is considered by the NLB to be of navigational significance. It includes lighted aids to navigation and racons that mark secondary routes and those used to supplement the marking of primary routes.</p> <p>*** Category 3. An aid to navigation that is considered by the NLB to be of less navigational significance than Cat 1 and 2.</p>				

Effectiveness of the Marine Safety Management Systems

This report identifies that commendable progress has been made in addressing the overdue risk assessments reported in December's Board report. All risk assessments stored in MarNIS are in-date at the reporting point of 22 February 2018.

When the current edition of the Port Marine Safety Code was published in November 2016, the Port Marine Safety Code steering committee took the opportunity to move sections (some partially and some completely) to the Guide to Good Practice. Whilst this process has made the Code more compact and increased the scope of the Guide, it has also changed the structure of the documents; specifically with respect to the section numbering. Work on bringing SIC's Marine Safety Management Systems into alignment with the current versions of the Code and Guide to Good Practice is continuing, but the rate of progress is wholly dependent upon the availability of existing management resource. Whilst it is acknowledged that alignment will be achieved in the fullness of time, it is also acknowledged that the MCA requirement for a compliance statement relates to compliance with the current edition of the Code and not the Code published in March 2015. For this report, a holistic approach has been taken to determine the effectiveness of SIC's Marine Safety Management System in ensuring compliance with the current edition of the Port Marine Safety Code.

In conclusion, the monitoring and assessing measures described in this report provide assurance that the Marine Safety Management Systems for Sullom Voe, Scalloway and the Small Ports of West Burra (Hamna Voe); West Burrafirth; Housa Voe, Papa Stour; Mid Yell, Yell; Cullivoe, Baltasound; Unst; Uyeasound, Unst; Hamars Ness, Fetlar; Symbister, Whalsay Out Skerries (two separate areas: West Voe and South North-East Mouth); and North Haven (Fair Isle) are working effectively and in compliance with the current edition of the Port Marine Safety Code.

Captain Trevor Auld
Designated Person (PMSC)

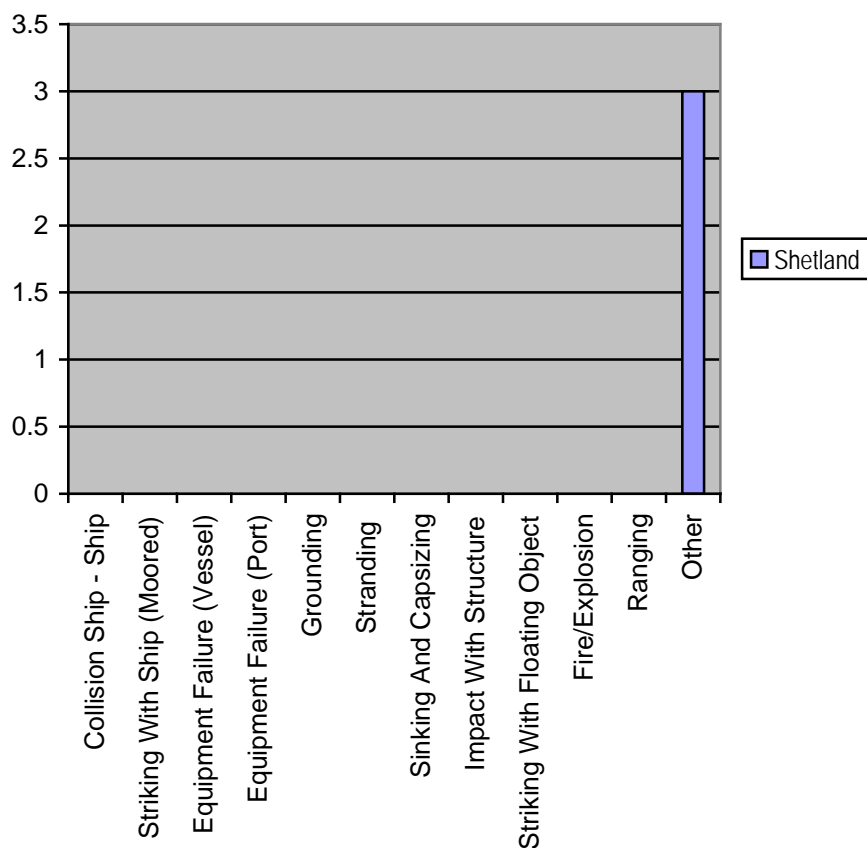
Appendix A



Shetland Actual and Potential Incident Report Summary 06 December 2017 to 16 February 2018

Nautical Safety - Accidents / Incidents

	Collision Ship - Ship	Striking With Ship (Moored)	Equipment Failure (Vessel)	Equipment Failure (Port)	Grounding	Stranding	Sinking And Capsizing	Impact With Structure	Striking With Floating Object	Fire/Explosion	Ranging	Other
Shetland	0	0	0	0	0	0	0	0	0	0	0	3



Reported on 16/02/2018





Shetland Actual and Potential Incident Report Summary 06 December 2017 to 16 February 2018

Accident / Incident Details

Date	ID Code	Incident / Potential	Externally Reported	Accident Category	Name and Detail
10/01/2018	SUV0045INV	I	R	Pilot Boarding Arrangements	<p>Tenacity Venture - Unsafe rigged Pilot ladder</p> <p>Incorrectly rigged Pilot ladder. (Unsafe rigging). See Pilot Gear Defects # 77.</p> <p>Other manning and operating issues</p> <p>Primary Cause - Pilot ladder incorrectly rigged/unsuitable access</p> <p>Secondary Cause(s) -</p> <ol style="list-style-type: none"> 1.Human error - Ship Personnel 2.Communication failure - personnel 3.Competence <p>Consequences (rated 0 to 4) for - People(0)/Property(0)/Planet(0)/Port(0)</p> <p>Marine incident / MAIB Reportable</p>
25/01/2018	SUV0046CLO	I	N	Equipment Failure (Mooring-Boat)	<p>Sullom C broke down during mooring operation</p> <p>Mooring boat broke down during mooring operation</p> <p>Primary Cause - Mechanical Failure</p> <p>Consequences (rated 0 to 4) for - People(0)/Property(0)/Planet(0)/Port(0)</p> <p>Marine incident / MAIB Report not applicable</p>
02/02/2018	SUV0047INV	P	N	Pilot Boarding Arrangements	<p>"Searanger" incorrectly rigged pilot ladder</p> <p>"Searanger" incorrectly rigged pilot ladder due to reel assembly for the pilot ladde did not seem to be mechanically secured. Pilot asked the accompanying deck officer what the arrangements were for locking the reel in position. Neither he nor the deck crew could explain how this was achieved.</p> <p>Primary Cause - Pilot ladder incorrectly rigged/unsuitable access</p> <p>Secondary Cause(s) -</p> <ol style="list-style-type: none"> 1.Human error - Ship Personnel <p>Consequences (rated 0 to 4) for - People(0)/Property(0)/Planet(0)/Port(0)</p> <p>Marine incident / MAIB Report not applicable</p>

Number of Accidents listed = 3

For the period 06 December 2017 to 16 February 2018.

Reported on 16/02/2018

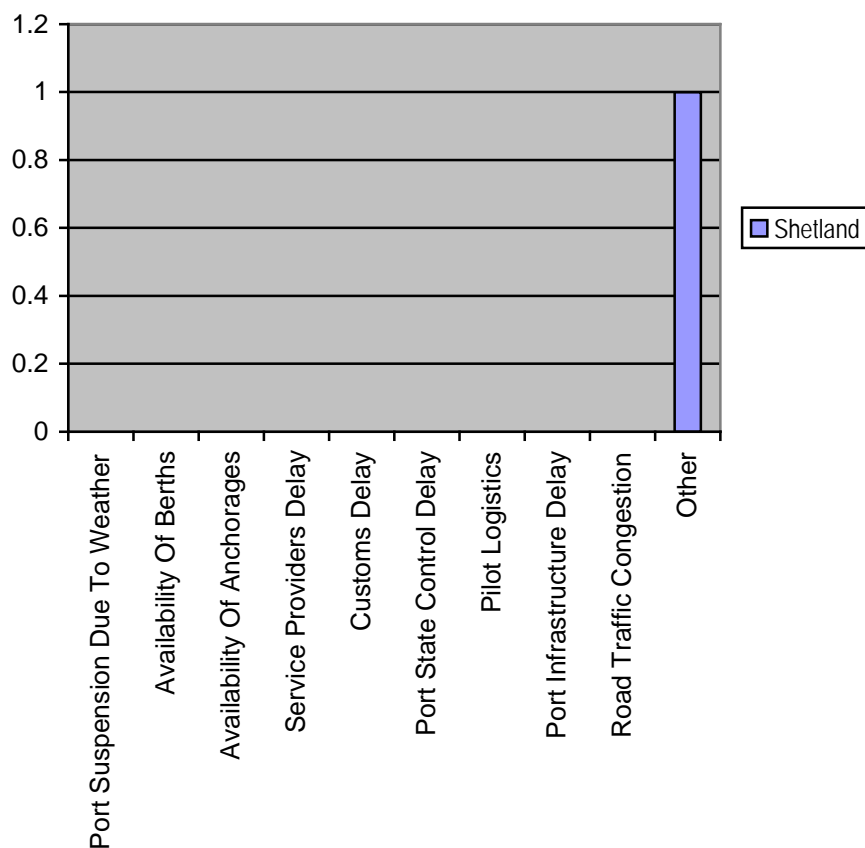




Shetland Actual and Potential Incident Report Summary 06 December 2017 to 16 February 2018

Port Efficiency - Accidents / Incidents

	Port Suspension Due To Weather	Availability Of Berths	Availability Of Anchorages	Service Providers Delay	Customs Delay	Port State Control Delay	Pilot Logistics	Port Infrastructure Delay	Road Traffic Congestion	Other
Shetland	0	0	0	0	0	0	0	0	0	1



Reported on 16/02/2018





Shetland Actual and Potential Incident Report Summary 06 December 2017 to 16 February 2018

Accident / Incident Details

Date	ID Code	Incident / Potential	Externally Reported	Accident Category	Name and Detail
23/12/2017	SUV0044INV	I	N	Incorrect information Reported in Pre-Arrival Checklist	<p>Stavanger TS, Incorrect Ballast on arrival at J2</p> <p>Vessel arrived alongside with incorrect quantity of ballast on-board, 34000t rather than the 38000t reported in the VHF Checklist. giving 32.9% berthing Dwt not 35% as minimum required</p> <p>Primary Cause - VTS or Port SOPs, failure to comply Secondary Cause(s) - 1.Byelaws/local regulations, failure to comply 2.Human error - Ship Personnel</p> <p>Consequences (rated 0 to 4) for - People(0)/Property(0)/Planet(0)/Port(0) Marine incident / MAIB Report not applicable</p>

Number of Accidents listed = 1
For the period 06 December 2017 to 16 February 2018.

Reported on 16/02/2018

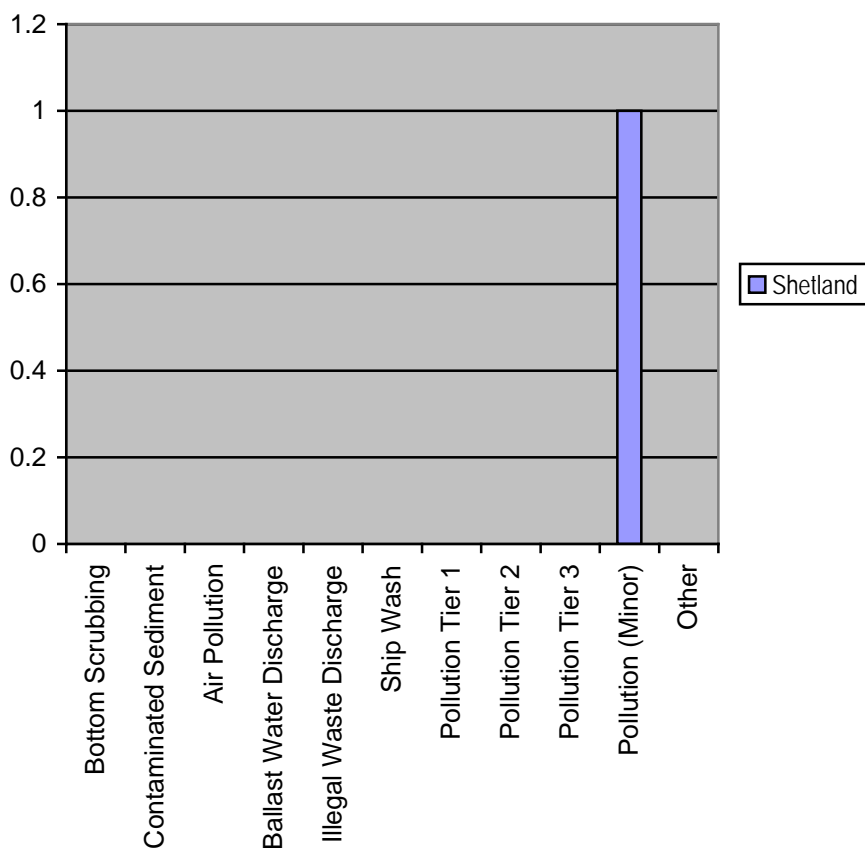




Shetland Actual and Potential Incident Report Summary 06 December 2017 to 16 February 2018

Environmental Protection - Accidents / Incidents

	Bottom Scrubbing	Contaminated Sediment	Air Pollution	Ballast Water Discharge	Illegal Waste Discharge	Ship Wash	Pollution Tier 1	Pollution Tier 2	Pollution Tier 3	Pollution (Minor)	Other
Shetland	0	0	0	0	0	0	0	0	0	1	0



Reported on 16/02/2018





Shetland Actual and Potential Incident Report Summary 06 December 2017 to 16 February 2018

Accident / Incident Details

Date	ID Code	Incident / Potential	Externally Reported	Accident Category	Name and Detail
09/12/2017	SLW0013INV	I	R	Pollution (Minor)	<p>Spillage During Pump out of Viking Gripfisk</p> <p>Pollution occurred as vessel was being pumped out by Scottish Fire & Rescue as it was sinking at it's berth.</p> <p>Primary Cause - Loss of watertight integrity Secondary Cause(s) - 1.Pumping out of vessel</p> <p>Consequences (rated 0 to 4) for - People(0)/Property(0)/Planet(1)/Port(0) Marine incident / MAIB Reportable</p>

Number of Accidents listed = 1

For the period 06 December 2017 to 16 February 2018.

Reported on 16/02/2018



Shetland Islands Council
Towage Operations Designated Persons' Report



SIC Harbour Board March 2018

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

Accidents/Incidents/Hazardous Occurrences

2 incidents have been reported involving winch failures on Tystie and Dunter. While these were both electrical problems the cause was not the same, but in both cases were quickly repaired.

It was agreed that both the planned maintenance and incident reporting systems should ensure that if there is any commonality with such incidents, then these should be easily highlighted.

Training

A new training matrix is in place for Towage and following the completion of staff PDP's this is being populated to form the 2018 training plan.

With the arrival of tug MT30 in March 2018, much of the training is focused on familiarisation with the new tug and her integration into the fleet.

It was agreed that with Greg Maitland, as Harbour Master, now in the role of DPA and Paul Bryant, Deputy harbour Master, now in the role of Deputy DPA, that both would benefit from completing the 3 day ISM DPA course. This is currently scheduled for May 2018.

Staff were reminded that the British Tugowners Association hold an annual safety seminar which is a useful forum for the industry and should be attended.

Internal Audits

2017 audit schedule has been completed with no outstanding items. The 2018 schedule is now under way with an office audit completed in January.

A program of DPA inspections of the tugs is now in place, with the first completed in January 2018.

A program of internal ISM audits will be carried out by Brian Dalziel, with the first of these completed in February 2018.

Defects/Non-Conformance/Observations

Following the MCA Document of Compliance Audit in December 2017 there is one non-conformity outstanding. This relates to the current excel based planned maintenance system not giving the required detail to satisfy auditors. This is currently under review as with delivery of

Shetland Islands Council
Towage Operations Designated Persons' Report
SIC Harbour Board March 2018



MT30, 2 of the tugs will be using a more robust system and this will be considered for implementing for the other 2 tugs.

Legislation Changes

Reporting Requirements for the Marine Accident Investigation Branch have changed, with all incident reports now included. Both the master of the vessel and, if in Harbour Authority waters, the Harbour Master, now required to submit these reports.

ISM Review

During 2017 a number of non-conformities were raised by the MCA external auditors of our system. Recognising this we are now undertaking a full review of the system, between both office management and tug crews to increase awareness, ownership and engagement with the system.



Meeting(s):	Harbour Board	5 March 2018
Report Title:	Ports & Harbours Business Programme	
Reference Number:	PH-04-18F	
Author / Job Title:	John Smith, Acting Executive Manager – Ports & Harbours	

1.0	Decisions / Action required:
1.1	That the Harbour Board are asked to consider this report, comment on its contents within their remit, and NOTE the proposed reporting actions of the Ports & Harbours service in partnership with other Council services over the coming period.
2.0	High Level Summary:
2.1	This report provides the Harbour Board with an opportunity to consider the proposed Ports & Harbours forward business programme.
3.0	Corporate Priorities and Joint Working:
3.1	'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.
3.2	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	There are a range of performance management, compliance and policy and project development matters which will require Harbour Board consideration over the coming months. Target reporting dates for these are laid out in Appendix A.
5.0	Exempt and/or confidential information:
5.1	None
6.0	Implications:
6.1 Service Users, Patients and Communities:	No implications arising directly from this report.

6.2 Human Resources and Organisational Development:	No implications arising directly from this report.
6.3 Equality, Diversity and Human Rights:	No implications arising directly from this report.
6.4 Legal:	Governance and Law provide advice and assistance on the full range of Council services, duties and functions including those included in this report.
6.5 Finance:	<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 & 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 & Harbours business planning and work programing.</p>
6.6 Assets and Property:	No implications arising directly from this report.
6.7 ICT and new technologies:	No implications arising directly from this report.
6.8 Environmental:	No implications arising directly from this report, however protection of the Shetland marine environment is one of the key priorities in all work planning.
6.9 Risk Management:	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.
6.10 Policy and Delegated Authority:	<p>Harbour Board</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>	
6.11 Previously considered by:		

Contact Details:

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

Appendices:

Appendix A – Ports & Harbours Business Programme

Background Documents:

None

END

Cycle 1 – Ordinary					Committee Reports	P&R and Council
Committee	Draft Reports	Cleared Reports	Meeting	Time		
EJCC	9 Mar 2018	16 Mar 2018	27 Mar 2018	10 a.m.	Review of Sullom Voe Aquaculture Exclusion (Harbour Board & Development) Sullom Voe Contract Operations Update (Harbour Board) Ports & Harbours Service Plan 2018/19 (Harbour Board)	Review of Sullom Voe Aquaculture Exclusion (P&R and Council)
Development	5 April 2018	12 April 2018	23 April 2018	2 p.m.		
Env & Trans	6 April 2018	13 April 2018	24 April 2018	10 a.m.		
Harbour Board	9 April 2018	16 April 2018	25 April 2018	2 p.m.		
Policy and Resources	12 April 2018	19 April 2018	30 April 2018	10 a.m.		
Shetland Islands Council	23 April 2018	30 April 2018	9 May 2018	10 a.m.		
Cycle 2 – Performance Monitoring Meetings						
Development	3 May 2018	10 May 2018	21 May 2018	11.30 am	P&H Performance Report 2017/18 Q4 Harbourmaster Report Q4 Port Engineering Report Q4 Management Accounts (by Finance) Pilotage Accounts (by Finance) Harbour Board Business Programme	
Env & Trans	3 May 2018	10 May 2018	21 May 2018	2 p.m.		
Harbour Board	3 May 2018	10 May 2018	21 May 2018	3.30 p.m.		
Policy and Resources	4 May 2018	11 May 2018	22 May 2018	10 a.m.		
Shetland Islands Council	7 May 2018	14 May 2018	23 May 2018	2 p.m.		
Cycle 3 – Ordinary						
Committee	Draft Reports	Cleared Reports	Meeting	Time		
EJCC	14 May 2018	21 May 2018	30 May 2018	10 a.m.	Multratug 30 Purchase Options (Harbour Board) Scalloway Fishmarket Update (Harbour Board)	Multratug 30 Purchase Options (P&R and Council by Ports & Harbours)
Development	24 May 2018	31 May 2018	11 June 2018	2 p.m.		
Env & Trans	25 May 2018	1 June 2018	12 June 2018	10 a.m.		
Harbour Board	28 May 2018	4 June 2018	13 June 2018	2 p.m.		
Policy and Resources	31 May 2018	7 June 2018	18 June 2018	10 a.m.		
Shetland Islands Council	11 June 2018	18 June 2018	27 June 2018	10 a.m.		
Cycle 4 – Performance Monitoring Meetings						
Committee	Draft Reports	Cleared Reports	Meeting	Time		
Development	9 Aug 2018	16 Aug 2018	27 Aug 2018	11.30 a.m.	P&H Performance Report 2018/19 Q1 Harbourmaster Report Q1 Port Engineering Report Q1 Management Accounts (by Finance) Pilotage Accounts (by Finance) Harbour Board Business Programme	
Env & Trans	9 Aug 2018	16 Aug 2018	27 Aug 2018	2 p.m.		
Harbour Board	9 Aug 2018	16 Aug 2018	27 Aug 2018	3.30 p.m.		
Policy and Resources	10 Aug 2018	17 Aug 2018	28 Aug 2018	10 a.m.		
Shetland Islands Council	13 Aug 2018	20 Aug 2018	29 Aug 2018	2 p.m.		

Monday, 26 February 2018

Ports & Harbours Business Programme – 2018/19

Cycle 5 – Ordinary						
Committee	Draft Reports	Cleared Reports	Meeting	Time		
EJCC	4 Sept 2018	11 Sept 2018	20 Sept 2018	10 a.m.	Toft Pier Full Business Case (Harbour Board & Development) Scalloway Harbour Development Proposals (Harbour Board and Development) Ports & Harbours Capital Budget Estimates (Harbour Board) Sullom Voe Contract Operations Update (Harbour Board)	Toft Pier Full Business Case (P&R and Council by Capital Projects) Ports & Harbours Capital Budget Estimates (P&R and Council by Capital Projects)
Development	13 Sept 2018	20 Sept 2018	1 Oct 2018	2 p.m.		
Env & Trans	14 Sept 2018	21 Sept 2018	2 Oct 2018	10 a.m.		
Harbour Board	17 Sept 2018	24 Sept 2018	3 Oct 2018	2 p.m.		
Policy and Resources	20 Sept 2018	27 Sept 2018	8 Oct 2018	10 a.m.		
Shetland Islands Council	15 Oct 2018	22 Oct 2018	31 Oct 2018	10 a.m.		

Monday, 26 February 2018