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Date: 18 April 2018

Dear Sir/Madam

You are invited to the following meeting:

Harbour Board
Boardroom, Port Administration Building, Sella Ness
Wednesday 25 April 2018 at 2pm

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 the meeting held on 5 March 2018 (enclosed).

ITEMS

1. Sullom Voe Harbour Area – Development Planning
PH-08-18
2. Business Justification Case – Purchase of Multratug 30
PH-07-18
3. Ports & Harbours Business Programme
PH-09-18



Shetland Islands Council

Agenda Item

1

Meeting(s):	Development Committee Environment & Transport Committee Harbour Board Policy & Resources Committee	23 April 2018 24 April 2018 25 April 2018 30 April 2018
Report Title:	Sullom Voe Harbour Area – Development Planning	
Reference Number:	PH-08-18F	
Author / Job Title:	John Smith, Acting Executive Manager – Ports & Harbours	

1.0 Decisions / Action required:

- 1.1 That Development Committee take the necessary strategic decision to authorise development of a Marine Development Masterplan for Sullom Voe Harbour Area;
- 1.2 That Environment and Transport Committee and Harbour Board consider and comment to Policy and Resources Committee on aspects within their respective remits (see paragraph 6.10 of this report), and,
- 1.3 That Policy and Resources Committee consider any views from the Committees/Board before deciding to give final approval of the resources required from the Harbour Account to undertaken this planning exercise.

2.0 High Level Summary:

- 2.1 This report presents proposals on how best to progress the consideration of planning and marine development guidance for the Sullom Voe Harbour Area.
- 2.2 It provides background on current marine development arrangements, and how they were developed. It then considers the objectives and practicalities of planning future development in the Sullom Voe Harbour Area in a balanced and structured fashion.

3.0 Corporate Priorities and Joint Working:

- 3.1 Section 3 in the Ports and Harbours Strategic Overview considers overall Council priorities for economic development and transport as they relate to marine activities in some detail.
- 3.2 'Our Plan 2016 to 2020' states; "We will be an organisation that encourages creativity, expects co-operation between services and supports the development of new ways of working".
- 3.3 This report recognises the importance of cross Council co-operation in much of the work that Ports & Harbours is involved in and therefore looks to discuss that work with, and be informed by, key committees.

4.0 Key Issues:

- 4.1 Shetland's participation in the Oil and Gas industry is underpinned by the Port of Sullom Voe. As part of the arrangements for effective port management and conservancy the majority of Yell Sound, from the Point of Fethaland, mainland to Fogla-lee, Yell in the north to the Ness of Copister, Orfasay, Samphrey and Burra Ness at the South East, is designated as the "Sullom Voe Harbour Area" (SVHA). This area also includes the piers and harbours at Collafirth, Toft and Ulsta as well as the waters up to the head of Sullom Voe at Mavis Grind.
- 4.2 In addition to Oil & Gas support activity there are a range of other users and stakeholders in the area. Fishing, shellfishing, transport and leisure users all utilise Yell Sound frequently, it is also an important environmental location including the Sullom Voe Special Area of Conservation (SAC) designation for the whole inner harbour area and has been the subject of continuous environmental monitoring by the Shetland Oil Terminal Environmental Advisory Group (SOTEAG) since the Sullom Voe Oil Terminal was opened.
- 4.3 Aquaculture is currently not permitted anywhere in the SVHA by policy contained in the Supplementary Guidance – Aquaculture adopted in April 2017, see appendix 1 for background. There is continued commercial interest from the aquaculture sector in possible future development in the SVHA should arrangements change. Other potential future users of the area include marine renewables as well as further fishing, leisure and oil and gas interests.
- 4.4 Given the range of potentially competing interests and the changes to technologies and user needs and interests over time it is likely that a comprehensive "Marine Masterplan" that considers the full range of competing uses within the SVHA would be the best method of planning and guiding future development in a balanced, structured and sustainable manner.
- 4.5 Shetland has had a non-statutory marine spatial plan in place since 2006. The current 4th edition was adopted as supplementary guidance to the Shetland Local Development Plan in 2015 and is due to be replaced in 2019 by Shetland's first Regional Marine Plan (RMP) as required under the Marine (Scotland) Act 2010.
- 4.6 Public consultation on the scope of the draft RMP for Shetland is due to commence in April 2018, and it is proposed that the following new policy statement will be included in that draft plan:
- "DEV4: All proposals for marine-related developments located within or adjacent to a designated harbour area must comply with any harbour plans, policies, directions and by-laws in place within such designated harbour areas."*
- 4.7 The production of a "SVHA Masterplan" would inform the draft RMP for the Sullom Voe designated harbour area. It would clearly be guided by the general principles, objectives and overarching policies of the Shetland RMP, but would go into greater detail within the SVHA. The Masterplan would provide a foundation for future marine development in the SVHA and the arrangements required for that to be most effectively managed. The outcome of any master planning exercise would also inform whether there is a need for a review of the policy prohibiting aquaculture within the SVHA and it may be preferable for both exercises to run concurrently to prevent unnecessary time lag.

4.8	A Shetland Partnership “Locality Planning” exercise for the Yell, Unst and Fetlar, a masterplan for the “Shetland Hub” (the Sullom Voe landward area) and Crown Estate asset management pilots are also being progressed at this time. Any SVHA masterplan would work alongside these exercises with each informing and complementing the other.
4.9	The conduct of any Master Planning exercise would be a joint activity between the Infrastructure and Development Departments drawing on the expertise of the Planning, Economic Development and Community Planning and Development Services in particular.
4.10	Costs of the exercise would be borne by the Harbour Account as the area under consideration is a designated harbour area. It is difficult to be precise about the timetable for the completion of a comprehensive Masterplan but it would be likely to take some 12 to 18 months to conduct the wide range of consultation, data collection, modelling and associated activity.
5.0 Exempt and/or confidential information:	
5.1	None
6.0 Implications:	
6.1 Service Users, Patients and Communities:	The potential for a review has already been the subject of consultation with stakeholders including the Sullom Voe Association, SOTEAG, relevant Council services, fishing, shellfish, salmon and mussel aquaculture interests. The development of any Master Plan would be the subject of further widespread consultation among these stakeholders and local communities.
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 earns income from the services provided at the Port of Sullom Voe, and other piers and harbours within the SVHA. It also bears the costs of providing the infrastructure and those services.</p> <p>Protecting and balancing Council, community and commercial financial interests would be an important factor in any comprehensive Master Planning interest.</p> <p>It is likely that some external costs in specialised economic appraisal and environmental assessment services would be required to produce any Master Plan. It may be possible to access these services as per the arrangements in place for the</p>

	<p>production of the Shetland RMP. Additional costs will be met from the Council's Harbour Account.</p> <p>Any diversion of resource from the Council's Harbour Account for non-operational activity, given the consequential income foregone, requires a decision from Policy and Resources Committee.</p> <p>No detailed cost estimate has been produced at this stage, but other recent Master planning exercises conducted by the Council have cost up to £100,000.</p>
6.6 Assets and Property:	While the SVHA is not technically a Council owned asset, the seabed belongs to the Crown Estate, the foreshore and port infrastructure are Council assets. Capital Projects will be consulted with regard to potential impacts on these assets, and as advisors on any engagement with the Crown Estate.
6.7 ICT and new technologies:	No implications arising directly from this report.
6.8 Environmental:	Protection of the Shetland marine environment is a key priority and would be the prime objective in any marine master planning exercise.
6.9 Risk Management:	Structured planning and guidance about long term development is intended to reduce risk associated with unplanned activity and mitigate potential adverse environmental and economic consequences.
6.10 Policy and Delegated Authority:	<p>Development Committee</p> <p>The relevant functional areas include relate to strategic regeneration, development, economy and business, energy, fisheries, arts, culture, and tourism and community regeneration / community development.</p> <p>Environment and Transport Committee</p> <p>The relevant functional areas include the natural environment, roads, transport and ferry services.</p> <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>

	Policy & Resources Committee Develop and recommend the corporate plan, the development plan and the overall framework of strategies contained in the Policy Framework. A matter having application across or which affects the terms of reference of more than one body will be referred to the Policy and Resources Committee who may give such advice as may be appropriate or refer the matter to the Council. Secure the co-ordination, control and proper management of the financial affairs of the Council.	
6.11 Previously considered by:	Harbour Board Policy & Resources Committee	7 February 2018 12 February 2018

Contact Details:

John Smith, Acting Executive Manager – Ports & Harbours
 jrsmith@shetland.gov.uk
 26 March 2018

Appendices:

Appendix 1 – SVHA Planning Policy Development Background

Background Documents:

Ports & Harbours Strategic Overview

END

Aquaculture exclusion in Sullom Voe Harbour Area – Policy History

Zetland County Council Act 1974

Part II/ GENERAL DUTIES AND POWERS/ Sections 5 & 6:

5. –(1) *It shall be the duty of the Council, subject to the provisions of this Act, to take all such action as they consider necessary or desirable for or in connection with–*
- (a) the conservancy of, and the control of development in, the coastal area and in the vicinity of a harbour area;*
 - (b) the promotion of development and the provision, maintenance, operation and improvement of port and harbour services and facilities in, and in the vicinity of, a harbour area.*
6. *The Council shall exercise jurisdiction as a harbour authority and the powers of the harbourmaster shall be exercised within–*
- (a) the areas the respective limits or which are described in Schedule 1 to this Act; and*
 - (b) any area designated by the Secretary of State under section 33 (Harbour jurisdiction in respect of works) of this Act.*

North Mainland Local Plan Report of Survey, June 1985

4.56 *The suitability of a site for salmon farming depends on sea conditions (shelter, water depth and water exchange) and on the absence of conflict with existing fishing, navigation, recreation and nature conservation interests. No sites have been identified in Sullom Voe because of the risk of oil pollution and possible navigational hazards.*

North Mainland Local Plan (Draft) Summary Leaflet, June 1988

Salmon Farming

Offshore salmon farming, which is the fastest-growing industry in Shetland, is controlled by the Council by means of a system of Works Licences. The Council has detailed policies on the siting of salmon cages which aim, amongst other things, to reduce the likelihood of disease and protect other water uses. Comment would be welcomed on the extent to which scenic quality should be taken into account. Salmon farms will not be allowed in the Sullom Voe Harbour Area for as long as its main purpose is the navigation of vessels using Sullom Voe Terminal.

North Mainland Local Plan Public Participation Report, April 1989

Appendix G – North Mainland Local Plan (Draft) Summary of Written Comments and Action Taken

Shetland Salmon Farmer's Association comments:

Policies E9-E10 – Amend text to allow a rational and balanced consideration of fish farming development within the Sullom Voe Harbour Area before closure of the Terminal.

Response:

Amend Policy E10 to read “Fish farming will not normally be permitted...” to allow for special cases where there would be no conflict with shipping and harbour operations.

North Mainland Local Plan, September 1989

Industrial Strategy/ Salmon Farming/ paragraph 3.29:

Special consideration will need to be given to any proposals for salmon farming in Sullom Voe or in the voes off Yell Sound. Salmon farms will not normally be permitted in the designated Sullom Voe Harbour Area in view of the dangers of oil pollution, the likely conflict with vessels navigating the approaches to Sullom Voe Terminal, and the danger that effluent from the salmon farms will upset the detailed chemical and biological monitoring programmes undertaken by SOTEAG in Sullom Voe and Yell Sound. In order to assess the effects on the environment caused by discharges from the Terminal, SOTEAG has to be able to carry out studies of water quality and sediment composition which could easily be disturbed if pollutants from another source are entering the water. It is proposed that this policy should be reviewed when the oil output from the Terminal has declined to 50% of its peak (1986) level in order to allow the planned introduction of salmon farming into this area when the Terminal eventually closes.

Salmon Farming Policies:

E9 - Fish farming will not normally be permitted anywhere within the Sullom Voe Harbour Area (as defined in the Sullom Voe Harbour Revision Order 1980) for as long as its primary purpose is to accommodate vessels engaged in the carriage of hydrocarbons or other dangerous substances.

E10 – Policy E9 will be reviewed when oil throughput at Sullom Voe Terminal has decreased to 50% of its peak (1986) level in order to allow the planned introduction of fish farming to the Sullom Voe Harbour Area after the closure of the oil terminal.

Works Licence Policy

Policy E9 quoted in Annex 1 (Other relevant Planning Policies and Designations) of the 1999 Works Licence Policy.

Wording of Policy E9 as contained in Annex 1 (Other relevant Planning Policies and Designations) of the 2004 Works Licence Policy changed from previous in that it reads:

Fish farming will not ~~normally~~ as a matter of policy be permitted anywhere within the Sullom Voe Harbour Area (as defined in the Sullom Voe Harbour Revision Order 1980) for as long as its primary purpose is to accommodate vessels engaged in the carriage of hydrocarbons or other dangerous substances.

The above amended wording was also carried over to the 2005 Works Licence Policy.

Aquaculture Planning Policy

Policy M7 of the 2007 Interim Policy for Marine Aquaculture:

Over time, the Council has adopted policies in coastal areas of Shetland where there is a general presumption against aquaculture development. Such policies are as follows:

- (a) Fish farming will not as a matter of policy be permitted anywhere within the Sullom Voe Harbour Area (as defined in the Sullom Voe Harbour Revision Order 1980) for as long as its primary purpose is to accommodate vessels engaged in the carriage of hydrocarbons or other dangerous substances;*
- (b) No aquaculture developments will be permitted in Whiteness Voe north of a line between Usta Ness and Grutwick or the upper part of Weisdale Voe between the Taing of Haggersta and Vedri Geo;*
- (c) No further new aquaculture developments will be permitted in Busta Voe north of a line drawn between Hevden Ness, Mainland and Green Taing, Muckle Roe as a matter of policy, and variations to existing sites north of this line should not result in either an increase in site size, a change in site location or an increase in environmental or visual impact.*

Policy M7 carried over to the 2017 Aquaculture Supplementary Guidance (now Policy G4) which was adopted as statutory supplementary guidance to the Local Development Plan in April 2017.

Challenges to Policy

In 2003, works licence applications were lodged for three salmon farm developments within the limits of Sullom Voe Harbour Area. All three applications were withdrawn prior to determination.

Also in 2003, eight works licence applications were lodged by two competing developers for mussel farm developments within the harbour limits. All eight applications were refused by the Marine Development Sub-Committee as contrary to Policy E9 of the North Mainland Local Plan. Six of the eight decisions were the subject of appeals to Scottish Ministers, all of which were dismissed.

Interpretation of “Fish farming”

Extract from the reports for the eight mussel farm works licence applications:

Part 9.1 of the Council’s Works Licence Policy interprets “marine fish farming” to mean “the cultivation of finfish or shellfish in the coastal area”. In light of this interpretation, the term “Fish farming” as stated in Policy E9 of the North Mainland Local Plan applies to all forms of aquaculture development, including mussel farming.

The Town and Country Planning (Scotland) Act 1997 defines “fish farming” as the breeding, rearing or keeping of fish or shellfish (which includes any kind of sea urchin, crustacean or mollusc).

Initial mention of policy review (2017)

Extract from minute 06/17 of the Development Committee meeting of 08 February 2017:

During the discussion, the Leader referred to the existing Policy, that aquaculture developments are not permitted within the Sullom Voe Harbour Area, and he suggested the need for a review in that regard.

Mr Robertson moved that the Committee approve the recommendation in the report. In seconding, Mr Robinson proposed that a review be undertaken of the Sullom Voe Harbour Area for aquaculture developments, to be reported in due course. Mr Robertson agreed to this addition to his motion, and the Committee concurred.

Decision:

The Committee RECOMMENDED to the Council that it resolve to adopt the Supplementary Guidance – Aquaculture as statutory guidance to the Local Development Plan.

The Committee requested a review be undertaken of the Sullom Voe Harbour Area for aquaculture developments, to be reported in due course.

Extract from minute 09/17 of the Shetland Islands Council meeting of 22 February 2017:

The Council considered a report by the Chair of Development Committee (SIC-0217-DV-12) which presented the Supplementary Guidance (SG) - Aquaculture.

In introducing the report, Mr Cooper advised from the additional decision at Committee, for a review to be undertaken of the Sullom Voe Harbour Area for aquaculture developments, to be reported in due course. Mr Cooper moved that the Council approve the recommendation in the report. Mr T Smith seconded. Dr Wills asked for his abstention to the decision to be recorded.

Dr Wills advised on his alarm at the request for a review to be undertaken of the status of the Sullom Voe Harbour Area, which at present was free from aquaculture developments. He advised on the tonnage of farmed salmon produced in Shetland during 2013, but he questioned if anybody knew what was the tonnage of salmon faeces released. He said that he did not agree to any increase in aquaculture developments, where it is not a sustainable industry, and there are also the problems with sea lice. He said that despite a large oil terminal at Sullom Voe, the inshore area is relatively pristine, and the Special Area of Conservation status, which had largely contributed to this situation, should never be changed.

During the discussion, Members were advised on the discussion at Development Committee and on the purpose of the review. It was confirmed that there is no assumption that the review would result in any new developments, but that a review of the status of the area was overdue.

Mr Robertson advised on the thorough consultation process, he said that the SG – Aquaculture was an excellent document, and that salmon farming was an important industry to Shetland. In terms of the review, he advised on the need for an extremely cautious approach when considering aquaculture developments in Sullom Voe. Mr Cooper advised on the need for the review to be carried out, which he said would not impact on the SG for the aquaculture industry.

Escalation of possible policy review (2018)

Council Committees (February 2018)

Extract from report title “Ports & Harbours Strategic Overview” presented to Harbour Board on 07 February and Policy & Resources Committee on 12 February:

4.7 *The second relates to a review of the blanket exclusion of aquaculture from the whole Sullom Voe Harbour Area which is currently in force. The Harbourmaster and Marine Examination Panel have concluded that this blanket exclusion is no longer required in the outer Sullom Voe Harbour Area for navigational safety reasons, given the substantial reduction in tanker traffic using Sullom Voe.*

4.8 *It is their recommendation that consultation on a case-by-case basis, in the same way that marine development is managed in other locations, would provide sufficient safeguard for existing and anticipated Oil Tanker traffic management within that area. These processes also allow for other stakeholders and concerned parties to comment on any developments proposed.*

4.9 *The Sullom Voe Harbour Area blanket exclusion is part of the Councils suite of Planning guidance. It is recommended that any review of that guidance take into account this revised position relating to the outer Sullom Voe Harbour Area. Any review would be co-ordinated by Development Services.*

The report can be viewed here:

<http://www.shetland.gov.uk/coins/Agenda.asp?meetingid=5526>

Extract from minute 2/18 of the Harbour Board meeting of 07 February 2018:

Sullom Voe Harbour Area. *The Acting Executive Manager – Ports and Harbours advised of an expression of interest from the aquaculture industry to reconsider the blanket exclusion that currently exists for the Sullom Voe Harbour Area. During discussions it was suggested that if the industry accepts the risk to their aquaculture business in the event of an oil spill, lifting the blanket ban may be an option. However there was still a desire for oil and pipelines coming ashore in the North of the harbour area and allowing aquaculture activities may discourage the oil industry from coming into Sullom Voe. A request was made that more discussion on this matter was required, and in particular with the Sullom Voe Association (SVA) in the first instance. The Director of Infrastructure Services agreed stating that it should be on the SVA agenda in March which would help Officers and Members to understand how Enquest will support West of Shetland development. The Harbourmaster advised that he had looked at a number of areas from a navigational perspective where it would not impinge on navigation in the harbour area.*

A suggestion was made that it would be useful to identify certain routes as possible pipeline options to evidence to the Oil industry that there are routes available, making Sullom Voe an attractive option. The Director of Infrastructure Services said that this would spark discussion with the industry were the SVA to identify these routes. She added that the master plan for Sullom Voe fits in well with this suggestion and it would be good to align all this work to see what could be done in terms of works licences, bringing the three strands together.

During discussion around specific areas that could be identified within the harbour area for sea farming, it was recognised that there are a number of assets around Shetland that have been created that provide no benefit to the Council as Harbour Authority for use of the harbour other than landings across piers. It was suggested that the Council could look into being actively involved as a developer owning its own works licence where a salmon farmer would rent the area during the production cycle. The Director of Infrastructure Services agreed that this could be discussed during the master planning stage in terms of how it relates to other activities that are not just oil and gas activities.

In considering the recommendations contained in the report, comment was made that more information was required around paragraph 4.7-4.9 on the harbour area before a decision is made. Members were reassured however that the decision required today was to simply undertake a review to consider whether the blanket ban should remain and that more information would be brought to the Harbour Board to make a decision. In seeking assurance from the Solicitor, Members were advised that Legal Services would look at all areas of consideration during the review process. The Solicitor said that it was prudent to look at the activities of Ports and Harbour and Legal Services will be part any review process.

During debate it was suggested that sight of the original report that approved the blanket ban would be useful and following further discussion, Mr Cooper moved that the Harbour Board approve the recommendation to Policy and Resources Committee that the actions proposed in sections 4.4 to 4.6 of this report relating to: the disposal of ex foot passenger piers; and that the review of blanket exclusion of aquaculture activity from the whole Sullom Voe Harbour Area at sections 4.7, 4.8 and 4.9 be the subject of a further report to the Harbour Board and the Development Committee which will include an initial view from the Sullom Voe Association, on activity in the inner and outer harbour area, and include sight of the original report that resulted in the decision of the Council excluded harbour activity in the Sullom Voe Harbour area. Mr Burgess seconded.

Decision

The Harbour Board;

- CONSIDERED the information and proposals described in the Ports & Harbours Strategic Overview and;*
- RECOMMENDED to Policy and Resources Committee.....that the review of blanket exclusion of aquaculture activity from the whole Sullom Voe Harbour Area at sections 4.7, 4.8 and 4.9 be the subject of a further report to the Harbour Board and the Development Committee which will include an initial view from the Sullom Voe Association, on activity in the inner and outer harbour area, and include sight of the original report that resulted in the decision of the Council excluded harbour activity in the Sullom Voe Harbour area. Mr Burgess seconded.*

Extract from minute 17/18 of the Policy & Resources Committee meeting of 12 February 2018:

In introducing the report, the Acting Executive Manager – Ports & Harbours advised from the decision at Harbour Board, to recommend the actions proposed in sections 4.4 to 4.6 of the report relating to the disposal of ex foot passenger piers, but that the review of blanket exclusion of aquaculture activity from the whole Sullom Voe Harbour Area at sections 4.7, 4.8 and 4.9 be the

subject of a further report to the Harbour Board and the Development Committee, which will include an initial view from the Sullom Voe Association, on activity in the inner and outer harbour area, and include sight of the original report that resulted in the decision of the Council excluded harbour activity in the Sullom Voe Harbour area. In that regard, the Acting Executive Manager – Ports and Harbours advised that the further report would be presented during the May cycle of meetings.

In moving the recommendation in the report, Mr Cooper referred to the decision at Harbour Board for consultation to take place with Sullom Voe Association, and he suggested that SOTEAG also be consulted in terms of environmental issues. Mr Coutts seconded.

Decision:

The Committee RESOLVED to approve the actions proposed in sections 4.4 to 4.6 of the report relating to; the disposal of ex foot passenger piers; and

That the review of blanket exclusion of aquaculture activity from the whole Sullom Voe Harbour Area at sections 4.7, 4.8 and 4.9 be the subject of a further report to the Harbour Board and the Development Committee which will include:

- an initial view from the Sullom Voe Association on activity in the inner and outer harbour area,*
- consultation with SOTEAG in terms of environmental issues, and*
- sight of the original report that resulted in the decision of the Council excluded harbour activity in the Sullom Voe Harbour area.*

Aquaculture exclusion in Sullom Voe Harbour Area – Policy Review Procedures

The policy prohibiting aquaculture in the Sullom Voe Harbour Area is presently contained in the Aquaculture Supplementary Guidance (SG) which forms part of the suite of SG to the Shetland Local Development Plan 2014. The relevant part of the policy states:

G4 Over time, the Council has adopted policies in coastal areas of Shetland where there is a general presumption against aquaculture development. Such policies are as follows:

(a) Fish farming will not as a matter of policy be permitted anywhere within the Sullom Voe Harbour Area (as defined in the Sullom Voe Harbour Revision Order 1980) for as long as its primary purpose is to accommodate vessels engaged in the carriage of hydrocarbons or other dangerous substances;

Following public consultation, the draft Aquaculture SG was presented to the Development Committee on 08 February 2017. The Committee recommended to the Council that it resolve to adopt the Aquaculture SG as statutory guidance to the Local Development Plan. The Council, at its meeting of 22 February 2017, adopted the Aquaculture SG as statutory guidance to the Local Development Plan. As required by Regulations, notification to Scottish Ministers of the Council's intention to adopt the Aquaculture SG took place on 16 March 2017. Notice was received on 10 April 2017 that Scottish Ministers did not propose to issue a direction in relation to the Aquaculture SG which resulted in it being adopted by the Council on that date.

Any review of the Aquaculture SG would have to be taken forward by the Planning Service following direction to do so by the Council. Given the statutory status of the document, notification to

Scottish Ministers of the Council's intention to undertake a review would be advised. Public consultation on the scope of the review would be required before adoption of any amended Aquaculture SG by the Council. Finally, notification to Scottish Ministers of the Council's intention to adopt any amended Aquaculture SG would be required.

Should it be the will of the Council for the policy prohibiting aquaculture to be lifted from parts of the Sullom Voe Harbour area, the Planning Service is minded it will be essential to fully masterplan the area taking account of all sectors, stakeholders and constraints. That in itself is a significant piece of work which would require adoption by the Council following full stakeholder engagement, consultation, etc. From past experience, it is estimated that it will take 12-18 months from now until any such masterplan could be adopted.

Links to Marine Spatial Planning

Shetland has had a non-statutory marine spatial plan in place since 2006. The current 4th edition was adopted as SG to the Shetland LDP in 2015 and is due to be replaced in 2019 by Shetland's first Regional Marine Plan (RMP) as required under the Marine (Scotland) Act 2010. Public consultation on the scope of the draft RMP for Shetland is due to commence in April 2018, and it is proposed that the following new policy will be included in that draft plan:

DEV4: All applications for marine-related developments must comply with any harbour plans, policies, directions and by-laws in place within designated harbour areas.



Meeting(s):	Harbour Board	25 April 2018
Report Title:	Business Justification Case – Purchase of Multratug 30	
Reference Number:	PH-07-18F	
Author / Job Title:	John Smith, Acting Executive Manager – Ports & Harbours	

1.0 Decisions / Action required:

- 1.1 That the Harbour Board consider this report, and in particular the matters highlighted in section 4.6, in order to inform the Council's decision on exercising a purchase option for Multratug 30 within the bare boat charter contract for that vessel through the reporting of the Business Justification Case for decision to the Policy and Resources Committee by the Capital Programme Service.
- 1.2 That the Harbour Board consider the proposal to rename Multratug 29 to "Tirrick" and rename Multratug 30 to "Shalder".

2.0 High Level Summary:

- 2.1 This report provides the Harbour Board with an opportunity to consider and comment on options to purchase Multratug 30.
- 2.2 The Harbour Board is asked to consider this proposal within their remit of strategic oversight and direction of the operation of the Council's harbours to help inform subsequent Council decisions.
- 2.3 The report also provides the Harbour Board with the opportunity to give its view on the proposal to rename Multratug 29 and 30, Tirrick and Shalder.

3.0 Corporate Priorities and Joint Working:

- 3.1 'Our Plan 2016 to 2020' states;
 - "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."

4.0 Key Issues:

- 4.1 On 29 June 2016 the Council considered a report that included an action that would;

"Stabilise the short term towage fleet including arrangements for continuing the services provided by the two vessels which are now very close to their end of life".

- 4.2 The tug Multratug 29 was bare boat chartered on the 20th April 2017 following a competitive tendering exercise and subsequently purchased.
- 4.3 The tug Multratug 30 was bare boat chartered on the 23rd March 2018 under the same competitive tendering exercise that secured the Multratug 29 bare boat charter.
- 4.4 Multratug 30 has been brought into service following a training and familiarisation programme with Towage staff, meets service specification and has demonstrated satisfactory performance, see Appendix 2 for further information.
- 4.5 After positive performance evaluation a Business Justification Case (see Appendix 1) was developed to examine whether, and if so when, it might be most advantageous for the Council to consider her purchase. The Bare Boat charter contract contained options for purchase at 6 months, 1 year, 2 years and 3 years from delivery and the Business Justification Case recommended exercising the 6-month option.
- 4.6 Attention of the Harbour Board is particularly drawn to consideration of;
- Whether the Harbour Board has had sufficient opportunity to provide strategic oversight and direction in this aspect of the operation of the Council's harbour undertaking, consider this proposal and make observations to the Council.
 - Whether it has been demonstrated that Multratug 30 meets the Council's technical performance requirements adequately to be considered for purchase to the satisfaction of the Harbour Board.
 - Whether the proposal to buy Multratug 30 is satisfactory within the requirement for the Harbour Board to 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; most significantly in this case the requirement for tanker berthings, at the Port of Sullom Voe, to be conducted utilising four suitable tugs.
 - Whether any risks associated with the purchase of a tug at this time are proportionate and can be managed satisfactorily in terms of any unresolved issues relating to the long term provision of towage services by the Council at the Port of Sullom Voe, when balanced against medium and long term cost and technical performance considerations.
- 4.7 This would also be an appropriate time for the Council to consider renaming these vessels. While Multratug 29 and Multratug 30 may have been relevant names for vessels in the Multraship fleet, they are not very appropriate for Council vessels. Informal discussions to date have favoured the retention of the names Tirrick and Shalder (or possibly Tirrick II & Shalder II) for the two replacement vessels.
- 4.8 The retiring vessels were very well regarded by staff, by the marine industry and had a positive image in the community. They served the Council and Shetland community reliably, safely and to great profit over their considerable careers. Both names are immediately identifiable and distinct as radio call signs and they are both well-known Shetland names for iconic birds.

4.9	It is proposed that both vessels are officially renamed at the start of June 2018 regardless of whether the Council chooses to exercise a purchase option as the Council is committed to at least a three year charter contract for MultaTug 30.
5.0	Exempt and/or confidential information:
5.1	None
6.0	Implications:
6.1 Service Users, Patients and Communities:	The proposals described in this report will either enhance the quality and / or condition of the assets used by the Council in its delivery of services.
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>Paragraph 7 of the Business Justification Case attached as Appendix 1 sets out the full details of the funding and affordability of the Tug purchase for the Council.</p> <p>The capital cost of the preferred option is approximately £7.615m dependent on the Euro-GBP exchange rate on the date of purchase, plus approximately £120k for broker and legal fees. These costs are proposed to be funded by external borrowing, and repaid through the fees and charges from the Harbour Account with no impact on the Council's financial sustainability.</p> <p>The estimated annual revenue repayments of £647k demonstrate a more cost-effective option to the current bare boat charter cost of £1.040m per year. All other revenue running costs are already fully budgeted as they are required under the current bare boat charter arrangement.</p>
6.6 Assets and Property:	The proposals described in this report will enhance the quality of the Council's existing asset base and improve the efficiency and cost of operation.
6.7 ICT and new technologies:	No implications arising directly from this report.
6.8 Environmental:	No implications arising directly from this report.

6.9 Risk Management:	<p>Failure to progress the most favourable financial arrangement may result in unnecessary additional expenditure in the future.</p> <p>The main risk transfer with purchase would be the ownership of a tug should Shetland Islands Council no longer require such a vessel. That would only likely to happen if the Council ceased to operate towage services at the Port of Sullom Voe. In that eventuality, it would be expected that any contract for towage operations would include a requirement to purchase or charter the existing Tugs. No specific timetable has yet been set by the Council for the conclusion of a review of this area.</p> <p>The main risk mitigated by purchase would be certainty over the financial implications and technical characteristics of a long term component of the towage fleet. Should a re-procurement exercise be conducted it will require a repeat of procurement costs and unavoidably introduce an element of unpredictability in the price and technical suitability of the successful vessel tendered.</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 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 – Business Justification Case – Multratug 30
Appendix B – Essential Requirements Verification – Multratug 30

Background Documents: None

END



MultraTug 30:

Business Justification Case (BJC)

CONTENTS

1. Purpose
2. Strategic context
3. Case for change
4. Available options
5. Preferred option
6. Procurement route
7. Funding and affordability
8. Management arrangements

Appendix A - Multratug 30 BJC

BUSINESS JUSTIFICATION CASE

1. Purpose

This Business Justification Case is to consider whether the financial case exists for purchase of the Tug – Multratug 30 on xx October 2017 for €8.8m which equates to £7.6m at the current exchange rate excluding broker and legal fees.

2. Strategic Context

Tug Acquisition

Shetland Islands Council – 29 June 2016 (Council meeting).

44/16 Review of Strategic Options for the Ports of Sullom Voe - Progress & Next Steps

The Council considered a joint report by the Director of Infrastructure Services and the Acting Executive Manager – Ports and Harbours (PH-10-16-F) which described progress on the strategic review options for the future operation of the Port of Sullom Voe and proposals regarding further activity.

On the motion of Ms Manson, seconded by Mr Henderson, the Council approved the recommendation in the report.

The report stated an action that would:".

"5.6 Stabilise the short term towage fleet including arrangements for continuing the services provided by the two vessels which are now very close to their end of life including their disposal and replacement. This should be based around a procurement exercise for bare boat charter to ensure medium term flexibility and should also allow for future purchase options to be included in the longer term should that become desirable."

Decision:

The Council **RESOLVED**, having taken account of the views of Committees, to instruct the Director of Infrastructure, or her nominee, to progress the next steps set out in Section 5 within the report and report back to Council on their further findings.

Follow Up Activity:

The Tug Multratug 29 was bare boat chartered on the 20th April 2017 following a competitive tendering exercise. Following successful acceptance testing and performance of duties and an appraisal of financial options, Multratug 29 was subsequently purchased on the 26th October 2017 under a six month option contained within that contract.

A sister Tug, Multratug 30 was bareboat chartered from the same procurement exercise on the 23rd March 2017 and has also passed all acceptance tests and been deployed in operational service.

Appendix A - Multratug 30 BJC

This business justification case examines the financial options available to the Council for purchase of Multratug 30.

Tug Disposal

Shetland Islands Council – 8 March 2017 (Council meeting)

24/17 Disposal of tugs Tirrick and Shalder

The Council considered a report by the Acting Executive Manager – Ports and Harbours that presented information relating to the disposal of the tugs Tirrick and Shalder.

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

Ms Manson advised that this report had been considered and approved by the Harbour Board and moved that the Council approve the recommendation contained in the report. Mr Robinson seconded.

Decision:

The Council granted delegated authority to the Director of Infrastructure, or her nominee, to dispose of the tugs Tirrick and Shalder.

The tug Tirrick was sold to Greek buyers during June 2017 and has now left the Council fleet.

The Tug Shalder has been sold to the same Greek buyers and left the Council fleet in April 2018.

3. Case for Change

A. Business needs

The Port of Sullom Voe requires 4 tugs to perform all tanker berthings.

The fleet now comprises the Tystie, Dunter, Multratug 29 and after sale of the Shalder, Multratug 30, which is on bare boat charter for a period of three years.

That charter was designed with a series of purchase options built in to allow the Council to demonstrate satisfactory performance of the vessel before making any decision about buying.

Appendix 1 to this report sets out Multratug 30's compliance with our performance requirements which were demonstrated as part of the tendering and evaluation process.

Performance appraisal has also continued during the commissioning process since March 2018 which has been conducted between Ports and Harbours Management, Towage Staff and Marine Pilots with support from Multratug Training Masters and Engineers.

Appendix A - Multratug 30 BJC

This report now provides an option appraisal of the financial implications between exercising one of those purchase options and continued charter.

B. Benefits

A full performance appraisal of the vessel has been undertaken and will continue to be updated as her time in service extends.

There have been no operational issues highlighted or suggestions that the vessel has not met our performance specification, rather that the vessel has in most cases exceeded both the specifications and expectations of sea staff.

As it has now been demonstrated that performance meets specification, the decision on whether or not to exercise a purchase option is primarily a financial consideration.

C. Risks

The nature of Bare Boat charter already leaves the charterer with the responsibility for ongoing maintenance and repair of the vessel.

The only significant risk transfer with purchase would be the ownership of a tug should Shetland Islands Council no longer require such a vessel. That is only likely to happen if the Council ceased to operate towage services at the Port of Sullom Voe.

In that eventuality it would be expected that the contract for operations would include a requirement to purchase or charter the existing Tugs.

4. Available Options

In this appraisal there are two available options;

- 1) Continue the charter of Multratug 30 for the full three-year contract without purchase.

This would mean returning Multratug 30 at the end of the charter period. Assuming the Council was still undertaking towage operations at the Port of Sullom Voe, this would require a follow up procurement exercise. Indicative costs do not indicate that any significantly cheaper alternative purchase opportunity would be likely to be available at that time when purchase and re-procurement costs are taken into account.

- 2) Invoke one of the contract purchase options.

This would mean keeping Multratug 30 as a long term component of the Councils towage operation.

A financial appraisal for each of the contract purchase options is included below.

Daily Rate	£ 2,850	Charter Date	23/03/2018
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Appendix A - Multratug 30 BJC

	Purchase Price*	Charter Charge*	Total Cost*
Six months	£ 7,614,640	£ 521,550	£ 8,136,190
Year	£ 7,225,255	£ 1,040,250	£ 8,265,505
Two years	£ 7,095,460	£ 2,080,500	£ 9,175,960
Three Years	£ 6,965,665	£ 3,123,600	£ 10,089,265

*All costs based on exchange rate of EUR-GBP of 0.8653.

Requirements for Notifications of Intent to Purchase and Purchase Option Dates

Days Notice	95 - 90	65 - 60	35 - 30	
	1st Notification	2nd Notification	3rd (and Firm) Notification	Date of Purchase
Six months Option	20 th – 25 th June 2018	20 th – 25 th July 2018	19 th – 24 th August 2018	23 rd September 2018

5. Preferred Option

On the basis of the above, the financial analysis of the contract demonstrates that purchasing Multratug 30 after 6 months' operation is the most cost effective contractual situation. This is due to the purchase price being reduced by a lower value per day than the cost of the bare boat charter.

6. Procurement Route

This procurement would be within the scope of the existing Bare Boat charter with purchase options contract, which has been subject to full EU procurement processes.

60 and 90-day Intent to purchase will have to be notified in June and July to comply with the provisions of the contract, however these are not binding.

A firm 30-day notification will have to be notified between the 19th and 24th August for a purchase on the 23rd September.

7. Funding and Affordability

The proposed capital cost of the preferred option is €8.8m which equates to £7.6m when calculated at the EUR:GBP exchange rate of 0.8653. The actual cost will fluctuate up or down dependent on the exchange rate on the date of purchase. There will also be additional broker and legal fees of approximately £120k.

In line with the Council's Medium Term Financial Plan and Borrowing Policy, the capital costs would be funded by external borrowing which would add to the Council's external debt.

Appendix A - Multratug 30 BJC

Interest rate forecasts suggest a higher rate of borrowing in the medium term (2 to 3 years), therefore it would be advantageous to borrow at the earliest six-month option.

The borrowing costs are estimated to be in the region of £647k per annum over a 20-year period which would be funded through the fees and charging structure within the Harbour Account and therefore not impact on the Council’s financial position.

The estimated borrowing costs of £647k per annum demonstrate a more cost effective option to the bare boat charter cost per annum of £1.040m.

The Executive Manager – Ports and Harbours has estimated the residual value of the vessel at £2m based on a useful economic life of 20 years.

8. Management Arrangements

The suitability of the vessel will already have been established during the charter period and staff training completed as part of her integration into the fleet.

Change of ownership documentation and any associated registry updates will be completed as part of the purchase transaction and project managed by the Team Leader – Marine Engineering supported by the Councils Procurement, Finance and Legal services, the Councils shipbroker and specialist marine legal advisors as necessary.

John Smith
Acting Executive Manager – Ports & Harbours

Ends.....

Appendix B - Essential Requirements – Multratug 30

Criteria	Essential Requirement	Fully Met	Cross Ref to Vessel Technical Specification	Verification
Main Dimensions				
Type:	<ul style="list-style-type: none"> Tractor or ASD type vessel 	Yes	Damen ASD 3212	Build specification alongside class and flag certificates
Age	<ul style="list-style-type: none"> ≤5 years 	Yes	Certificate of Registry	Build specification alongside class and flag certificates
Length	<ul style="list-style-type: none"> ≥27m ≤40m 	Yes	International Tonnage Certificate	Build specification alongside class and flag certificates
Gross tonnage	<ul style="list-style-type: none"> ≥350 ton ≤600 ton 	Yes	International Tonnage Certificate	Build specification alongside class and flag certificates
Freeboard	<ul style="list-style-type: none"> Commensurate with harbour limit operations; 30 knots wind, 2.5m swell with minimum water on deck 	Yes	She has an closed stern so minimum water on deck	Build specification alongside class and flag certificates. Open open water performance verified in local sea trials.
Draught	<ul style="list-style-type: none"> ≥4m ≤6.5m 	Yes	International Tonnage Certificate	Build specification alongside class and flag certificates
Performance				
Min speed	<ul style="list-style-type: none"> ≥10 knots 	Yes	Specification Sheet	Verified in local sea trials.
Endurance	<ul style="list-style-type: none"> Sufficient to reach range of mainland Scotland Dry Dock's – 4 days at economical speed 	Yes	Fuel use of 7m3 at economical speed. Fuel Tank capacity of 131.2m3	Max fuel confirmed as 131m3 24 hour economical speed trial: 7.4 m3 per day ≡ 308.3l/hr comparable with Tystie/Dunter class.
Main propulsion machinery, auxiliary machinery and ancillary equipment	<ul style="list-style-type: none"> Must be capable of being readily serviced and maintained by UK based service and part suppliers Class UMS notation 	Yes	Damen UK	UK supplier verified

Appendix B - Essential Requirements – Multratug 30

Propulsion	<ul style="list-style-type: none"> • Twin and independent propulsion. • If ASD, CP propellers 	Yes	Specification Sheet	Build specification alongside class and flag certificates
Bollard pull	<ul style="list-style-type: none"> • ≥55 tonne 	Yes	Bollard Pull Certificate	Class certificate in addition to winch readings
Main winch	<ul style="list-style-type: none"> • Appropriate to harbour operations for up to ULCC size vessels • Non-electrical drive 	Yes	Hydraulically Driven	Build specification
Class				
	<ul style="list-style-type: none"> • UK based Class surveyors 	Yes		Class transferred to BV UK. Contact: Owen Preece
Flag				
	<ul style="list-style-type: none"> • Owners to allow re-flag British Registry 	Yes		Vessel transferred to UK register
Wheelhouse equipment				
	<ul style="list-style-type: none"> • As Per Tonnage requirements • Area of Operation Near Coastal 	Yes	Unrestricted Navigation GMDSS Area A1+A2	Build specification alongside class and flag certificates
Design				
	<ul style="list-style-type: none"> • Proven standard design with good all round visibility from wheelhouse 	Yes		Build specification additional verification by sea staff during training and vessel operation at Sullom Voe
	<ul style="list-style-type: none"> • If ASD latest keel configuration. 	Yes		Build specification
	<ul style="list-style-type: none"> • Galley shuts off, in one location adjacent to galley 	Yes		Build specification alongside class and flag certificates

Appendix B - Essential Requirements – Multratug 30

	<ul style="list-style-type: none"> Refrigerated cold store 	Yes	Portable Freezer(s) + Refrigerator(s)	Portable appliances provided
	<ul style="list-style-type: none"> Fully noise insulated ECR, if fitted 	Yes		Build specification alongside class and flag certificates. In addition, verified by in service operation
	<ul style="list-style-type: none"> Clearview panel in ER access door 	Yes	Will be fitted on delivery if flag state allows it. (free of charge).	Verified at vessel inspection and subsequent vessel operation in Sullom Voe
	<ul style="list-style-type: none"> Efficient heating in all areas 	Yes		Build specification as well as in service verification
	<ul style="list-style-type: none"> Shore power connection 	Yes		Auto shore power synchronisation fitted at pre contract dry dock
General:				
Accommodation	<ul style="list-style-type: none"> ≥500 GT in line with MLC 2006 <500 GT Berths for 6 person comprising 4 ensuite + Double Ships office 	Yes		Build specification alongside class and flag certificates
Delivery	<ul style="list-style-type: none"> Northern Europe 	Yes		Delivery voyage
Oil pollution response	<ul style="list-style-type: none"> Dispersant deployment, handling and storage capability 	Yes	Will be fitted on delivery (free of charge).	Foam system as per build specification. Dispersant delivery system fitted during pre-contract dry dock
Other				

Appendix B - Essential Requirements – Multratug 30

Documentation	<ul style="list-style-type: none"> • All ships manuals and labels must to be in English • All ships drawing to be in English • All ships maintenance documentation to be in English • Approved computer based maintenance system 	Yes	Currently only internal but will be changed to MARAD	Verified prior to delivery but additional verification during current vessel operations at Sullom Voe
MOB cradle	<ul style="list-style-type: none"> • Approved design rescue cradle 	Yes		Build specification alongside class and flag certificates
Crane	<ul style="list-style-type: none"> • 2 tonne capacity • UK based service agents 	Yes		UK supplier verified
Deck Lighting	<ul style="list-style-type: none"> • Suitable and sufficient illumination across working deck 	Yes		Verified during delivery voyage and subsequent vessel operations at Sullom Voe
Rescue Boat Davit	<ul style="list-style-type: none"> • Self-slewing, lower and raise rescue davit 	Yes	Will be fitted on delivery (free of charge).	Installation delayed as awaiting Flag decision on exemption
ER Fire Suppression	<ul style="list-style-type: none"> • Appropriate own vessel fire containment systems 	Yes		Build specification alongside class and flag certificates
Fire-fighting capability	<ul style="list-style-type: none"> • 	Yes	FiFi1	Build specification alongside class and flag certificates
Life-saving appliances	<ul style="list-style-type: none"> • UK based service agents for SOLAS approved: • Breathing apparatus • Immersion suits • Liferafts (if not on hire) 	Yes		UK suppliers verified

Remarks:

In addition to the above, the vessel's visibility, handling characteristics, engine and equipment performance have all been subject to extensive testing during not only throughout the initial training programme initiated on the vessel's arrival at Sullom Voe but subsequently now that the vessel is in service.

There have been no operational issues highlighted or suggestions that the vessel has not met the specification outlined above but rather that the vessel has in most cases exceeded both the specifications and expectations of sea staff.

David Hopwood. CMarEng, CEng
Team Leader: Marine Engineering

Ends.....



Meeting(s):	Harbour Board	25 April 2018
Report Title:	Ports & Harbours Business Programme	
Reference Number:	PH-09-18F	
Author / Job Title:	John Smith, Acting Executive Manager – Ports & Harbours	

1.0	Decisions / Action required:
1.1	That the Harbour Board 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 business programme for 2018/19.
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 programming.</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:	The last business programme was presented to the Harbour Board on 5 March 2018 (Min. Ref. 9/18)."	

Contact Details:

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

Appendices:

Appendix A – Ports & Harbours Business Programme 2018/19

Background Documents:

None

END

Ports & Harbours Business Programme - Agenda Management Dates 2018

Cycle 2 – Performance Monitoring Meetings					Harbour Board Reports	P&R and Council
Development	3 May 2018	10 May 2018	21 May 2018	11.30 am	P&H Performance Report 2017/18 Q4 Harbourmaster Report Port Engineering Report Management Accounts (by Finance) Pilotage Accounts (by Finance) P&H Service Plan 2018/19 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.	Port of Sullom Voe - Masterplan Update (+ Dev & E&T) Scalloway Fishmarket Update Harbour Board Business Programme	
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 Port Engineering Report 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.		
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 (+ Dev) Scalloway Fishmarket Update Report (+Dev) Port of Sullom Voe Update Report Scalloway Development Opportunities	Toft Pier Full Business Case (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.		

Tuesday, 17 April 2018

Ports & Harbours Business Programme - Agenda Management Dates 2018

Shetland Islands Council	15 Oct 2018	22 Oct 2018	31 Oct 2018	10 a.m	Update Report (+ Dev) Harbour Board Business Programme	
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Tuesday, 17 April 2018