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Date: 10 December 2018

Dear Sir/Madam

You are invited to the following meeting:

**Harbour Board**  
**Council Chamber, Town Hall, Lerwick**  
**Monday 17 December 2018 at 3pm**

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 27 August 2018 (enclosed).
1. Ports & Harbours - Performance Overview 2018/19 Quarter 2  
*PH-18*
  2. Management Accounts for Harbour Board 2018/19 – Project Outturn at Quarter 2  
*F-087*
  3. Pilotage Accounts for Harbour Board 2018/19 – Project Outturn at Quarter 2  
*F-089*
  4. 2018/19 Capital and Revenue Projects Report  
*PH-19*
  5. Harbourmasters Report  
*PH-17*



## **MINUTE**

## **A & B - PUBLIC**

**Harbour Board  
Council Chamber, Town Hall, Lerwick  
Monday 27 August 2018 at 3.30pm**

**Present:**

M Burgess	A Cooper
S Coutts	A Duncan
S Leask	A Manson
D Simpson	R Thomson

**Apologies:**

None

**In Attendance:**

J Smith, Director of Infrastructure Services  
A Inkster, Team Leader – Port Engineering  
H Tait, Team Leader - Accountancy  
S Summers, Administration Manager  
P Wishart, Solicitor  
L Malcolmson, Committee Officer

**Chair**

Ms A Manson, Chair of the Board, presided.

**Circular**

The circular calling the meeting was held as read.

The Chair ruled, in accordance with Section 43(2) of the Local Government in Scotland Act 2003, the attendance of Councillor Burgess during the proceedings be permitted by telephone link.

**Declarations of Interest**

None

**Minutes**

The minutes of the meeting held on 21 May 2018 were approved on the motion of Mr Cooper seconded by Mr Leask.

19/18     **Ports and Harbours Performance Report 2018/19 – Q1**

The Board considered a report by the Team Leader - Port Engineering (PH-16-18-F) summarising the activity and performance of the Ports & Harbours service for Q1 - 2018/19.

The Team Leader - Port Engineering introduced the main terms of the report.

In response to a request for an update on dialogue with Enquest, the Director of Infrastructure Services explained that Enquest and the Council have shared and

separate objectives, with the main focus being on safety, but also in finding new business for the Port. He advised that there would be a set of events conducted for HIE Shetland to feed into and stated that Officers would continue to work with all parties in the months and years to come.

The question was asked whether a reduction of harbour charges would attract more activity into the Port rather than companies using ship to ship transfers. The Director of Infrastructure Services said that there was nothing to suggest that this would influence such decisions and it was not seen as a critical factor. He said that, whilst it was important to remain competitive, from experience with Schehallion he believed that had the Port offered service free of charge they would still not have used the Port.

Reference was made to PH-17-22 Scalloway Harbour and Small Ports and a request was made for the web presence to be improved. The Team Leader – Port Engineering advised that this had been discussed at a recent management team meeting and it had been recorded as an action to be progress. Assurance was given that this matter would also be progressed through the Harbour Board's action note, and did not require a formal addition to the decision required.

**Decision:**

The Board NOTED the contents of the report and the achievements of the service; progress against the priorities set out in the Ports & Harbours service plan.

20/18

**2018/19 Capital and Revenue Projects Report**

The Board considered a report by the Team Leader – Port Engineering (PH-15-18-F), which provided updates on the significant engineering projects for Ports & Harbours Operations during the financial year 2018/19.

The Team Leader – Port Engineering introduced the report and in referring to the delay in VTS replacement, he advised that specialist engineers would arrive on Wednesday for a week to conclude any network issues. He also advised in detail, the significant savings in power consumption having now replaced the Gluss navigational lights with LED technology that has a lifespan of 10 years, and confirmed that the Fuglaness Navigational Aids would be upgraded next with the same technology. The Team Leader – Port Engineering also commented on the Sullom Voe Jetty Replacement and the Tug Jetty Cathodic Protection Renewal providing an explanation on the construction of the tug jetty, and how cathodic protection may not be successful in protecting the structure in the long term. An update was also provided on the Toft Pier and Scalloway Fish Market tender returns.

During discussions, the Director of Infrastructure Services provided more detail around the process for external funding in regard to the Toft Pier and it was hoped that there would be a positive update at the next Harbour Board meeting. He also confirmed that assurance had been given by the Government that any funding allocation would be underwritten up to 2020. He said however that it was important to know what the final funding allocation figure might be.

Reference was made to paragraph 4.28 on the Foula Harbour and Ferry Terminal water depth. The Team Leader – Port Engineering advised that efforts were being made to secure a licence for the dumping of spoil and SEPA were involved in that process. He also advised that although this was taking

time it was hoped that the dredging would take place before the end of the year. The Board acknowledged that there was a risk that the weather would not allow this to take place but as the work required would only take a day or two it was hoped that a weather window would permit the work to be carried out. It was noted however that there was a risk that the work may have to be delayed until spring.

Discussion took place around the progress made for the temporary facilities at the Scalloway Fish Market and it was noted that in terms of consents and licences required the temporary arrangement was being classified as a different fully freestanding facility. It was confirmed that the consents required for the new facility would not delay the demolition of the fish market.

During debate, the Board was informed that Seafood Auction Company had complemented the Council on its handling of the Scalloway Fish Market project and whilst acknowledging that there were likely to be teething problems they wished there appreciation of staff involved to be recorded.

The Director of Infrastructure Services advised that arrangements would be made for Members to view the temporary facility at the Scalloway Fish Market in the next few weeks.

**Decision:**

The Board NOTED the content of the report.

21/18

**Management Accounts for Harbour Board: 2018/19 – Projected Outturn at Quarter 1**

The Board considered a report by the Executive Manager - Finance (F-062-18-F) presenting the projected outturn position for 2018/19 as at the end of the first quarter for revenue and capital.

The Team Leader – Accountancy introduced the report, and the Board noted its contents.

**Decision:**

The Board RESOLVED to review the Management Accounts showing the projected outturn position at Quarter 1.

22/18

**Pilotage Accounts – 2018/19 Projected Outturn at Quarter 1**

The Board considered a report by the Executive Manager - Finance (F-069-18-F) presenting the projected outturn position for 2018/19 as at the end of the first quarter.

The Team Leader – Accountancy introduced the report, and the Board noted its contents.

**Decision:**

The Board RESOLVED to review the Pilotage Accounts showing the projected outturn position at Quarter 1.

23/18

**Harbourmaster's Report**

The Board considered a report by the Harbourmaster – Ports & Harbours (PH-14-18-F), that briefed and informed the Port Marine Safety Code (PMSC) Duty Holder of the professional concerns and the current status as reported by the Harbourmaster.

The Director of Infrastructure introduced the report.

In responding to a question regarding the incident described at paragraph 2.24, Officer explained that the gas involved was noxious in nature rather than combustible. It was explained that the gas is normally purged before entering the Port and would be dispelled by a light breeze, however the process had not been completed properly by the Vessel and it was therefore returned to the open sea to carry out the process properly before re-entering the Port. It was noted that the vessel would have incurred further charges therefore it was unlikely that there would be a reoccurrence.

Reference was made to paragraph 2.25 where a fishing Vessel grounded in Fair Isle harbour. Following some explanation by officers as to how the matter was handled, it was agreed that the Harbourmaster would be asked to provide more detail on whether this incident had been reviewed and what the next steps would be, reporting to the Board meeting on 3 October 2018.

**Decision:**

The Board NOTED the content of the report.

The meeting concluded at 4.05pm.

Chair



<b>Meeting(s):</b>	<b>Harbour Board</b>	<b>17 December 2018</b>
<b>Report Title:</b>	<b>Ports &amp; Harbours Performance Report 2018/19 – Q2</b>	
<b>Reference Number:</b>	<b>PH-18-18F</b>	
<b>Author / Job Title:</b>	<b>Andrew Inkster, Team Leader – Port Engineering</b>	

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

- 1.1 The Harbour Board should discuss the contents of this report and make any relevant comments on 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 Q2 - 2018/19, 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) 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 by external trading within the Harbour Account.

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 – Q2 – 2018/19

Progress on Key Service Actions and Performance indicators are set out in appendix one, two and three attached to this report.

#### 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:

- It will continue to be a challenge to meet surplus targets and contribution to reserves. East of Shetland production is likely to decline further and Clair Ridge and associated tanker movements is not anticipated on stream until late 2018. **Corrective Action:** Monitor costs and give early notice to Council of any projected failure to meet the budgeted surplus so that remedial action can be planned and undertaken.
- Management structure temporary arrangements have been implemented, pending further review. **Corrective Action** continued availability of management support arrangements;
- The handover of SVT operation from BP to Enquest has meant changes from an arrangement which has been in place for some 40 years. This continues to present associated risk as well as opportunity. **Corrective Action** - continue close communications with Enquest and active involvement in relevant work streams.

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

<b>5.0 Exempt and/or confidential information:</b>	
5.1	None
<b>6.0 Implications</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public. The service uses a range of customer engagement forums, customer feedback and complaint analysis to drive service change and service improvement.
<b>6.2 Human Resources and Organisational Development:</b>	There are a number of actions in this service plan with staffing implications. Care is taken to ensure that staff are involved and informed about changes that might affect them, that Human Resources are closely involved and that relevant Council policies are followed. Ensuring staff feel valued and supported especially through periods of challenge and change is a key consideration for the Ports & Harbours management team.
<b>6.3 Equality, Diversity and Human Rights:</b>	The service uses Equalities Impact Assessment to ensure its services are supporting those most in need and not making inequalities worse;
<b>6.4 Legal:</b>	No implications arising directly from this report.
<b>6.5 Finance:</b>	The actions, measures and risk management described in this report are projected to be delivered within approved budgets. Full details of the financial implications are presented in the Management Accounts for Harbour Board: 2018/19 – Projected Outturn at Quarter 2 report, which is also being presented to this meeting.
<b>6.6 Assets and Property:</b>	Professional Ports & Harbours staff manage a range of high value assets used to provide service, including the Tug Fleet and Tanker Jetties at the Port of Sullom Voe. A number of the actions in the Ports & Harbours service plan relate to maintenance and replacement of these assets for the delivery of commercial services. Capital Programme staff are closely involved in that capital planning and procurement.
<b>6.7 ICT and new technologies:</b>	No corporate ICT issues at this time, however the new Vessel Traffic Services Port Information system utilises a complex mix of Radar, AIS, radio and other communications technology.
<b>6.8 Environmental:</b>	The Infrastructure Directorate leads the delivery of the Council's Carbon Management Plan and delivers a programme of works to reduce energy usage across the Council's assets including those managed by Ports & Harbours.
<b>6.9 Risk Management:</b>	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

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

#### **Contact Details:**

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29 November 2018

#### **Appendices:**

Appendix One - 18/19 Service Plan Actions  
Appendix Two - Council Wide Indicators  
Appendix Three - Service Performance Indicators  
Appendix Four - Risk Register

#### **Background Documents:**

Our Plan 2016-2020

Council Medium Term Financial Strategy

Infrastructure Directorate Plan 2018/19

Ports & Harbours Strategic Overview  
Ports & Harbours Service Plan 2018/19



# Appendix 1 - Harbour Master & Port Operations - Service Plan Actions

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





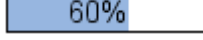

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## OUR PLAN 2016-2020

### 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		Disposal of ex-foot passenger piers approved by Council, now with Capital Projects.
			Actual Start	30-May-2017		
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Oct-2018		
			Completed Date		Experiencing issues, risk of failure to meet target	
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		EMFF Grant application has been deferred. Current tender exercise has been cancelled pending further information on grant availability
			Actual Start	30-May-2017		
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	30-Sep-2018		
			Completed Date		Experiencing issues, risk of failure to meet target	

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		Tender awarded to CHAP Construction with works on site programmed to commence in December 2018. Completion by Spring 2020.
			Actual Start	30-May-2017	<div><div>60%</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-2019		
			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		Attended Skipper Expo Cullivoe received "highly commended" award.
			Actual Start	30-May-2017	<div><div>65%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2019		
			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-17-02 POSV Contract Operations	Consider options for contracting out services at the Port of Sullom Voe	Evaluation of potential for contract operations and/or improved internal arrangements for delivery of aspects of Ports & Harbours activities at the Port of Sullom Voe	Planned Start	01-Apr-2017		Workstream identified in PoSV SOC, scoping work being undertaken with HR / Finance / Legal / Procurement.
			Actual Start	30-May-2017	<div><div>40%</div></div>	
			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		Discussions held with Enquest re development opportunities, immediate focus Ship to Ship operations
			Actual Start	30-May-2017	<div><div>30%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2020		
			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	Recommmendations 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		Discussions with stakeholders ongoing
			Actual Start	30-May-2017	<div><div>75%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	30-Nov-2019		
			Completed Date		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 fenders at Sellaness, barge booked for installation May 2018
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-Dec-2017	Expected success	
			Due Date	31-May-2018		
			Completed Date	18-May-2018	Likely to meet target	
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		Multratug 30 contract completed and vessel in service
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date	03-Apr-2018	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		Xanatos working to resolve outstanding issues
			Actual Start	30-May-2017	<div><div>90%</div></div>	
			Original Due Date	31-Dec-2017	Expected success	
			Due Date	31-May-2018		
			Completed Date		Experiencing issues, risk of failure to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-17-13 Gluss Leading Lights Replaced	New leading light installation completed and in service	Replace ageing "floodlight" style leading lights with modern LED technology to improve reliability, efficiency and environmental impact.	Planned Start	01-Apr-2017		Works complete and lights in service.
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-Oct-2017	Expected success	
			Due Date	31-May-2018		
			Completed Date	23-Jul-2018	Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-18-01 EU Port Services Regulations	Prepare for and implement requirements of EU Port Services Regulations	Audit of current arrangements undertaken, action plan developed and implemented	Planned Start	03-Apr-2018		Discussions ongoing following consultant review
			Actual Start	03-Apr-2018	<div><div>50%</div></div>	
			Original Due Date		Expected success	
			Due Date	28-Feb-2019		
			Completed Date		Likely to meet target	
Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-18-02 Port of Sullom Voe - Long Term Jetty Strategy	Determine and agree long term jetty strategy	Consider and agree long term Port of Sullom Voe Tanker Jetty strategy between SIC, SVT and OGA	Planned Start	02-Apr-2018		Discussions with Enquest ongoing
			Actual Start	13-Aug-2018	<div><div>20%</div></div>	
			Original Due Date		Expected success	
			Due Date	30-Jun-2019		
			Completed Date		Likely to meet target	







Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-18-03 Multratug 30 Purchase	Determine whether to exercise any of the purchase options within the MT30 Purchase contract	Sustainable future of towing operations	Planned Start	02-Apr-2018		Purchase completed October 2018
			Actual Start	14-Aug-2018	<div><div>100%</div></div>	
			Original Due Date		Expected success	
			Due Date	01-Nov-2018		
			Completed Date	20-Nov-2018	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 delivered in line with schedule (further details in Team Leader - Port Engineering progress reports).
			Actual Start	30-May-2017	<div><div>100%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	31-Mar-2018		
			Completed Date	03-Apr-2018	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		Programme submitted for review by Consultant
			Actual Start	30-May-2017	<div><div>60%</div></div>	
			Original Due Date	31-Mar-2018	Expected success	
			Due Date	30-Sep-2018		
			Completed Date		Experiencing issues, risk of failure to meet target	

### 6) Internal transport investment

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

Code & Title	Description	Desired Outcome	Dates		Progress	Progress statement
PH-18-04 Port & Terminal Dredging	Programme of Port and Ferry Terminal Dredging	Plan and deliver programme of port and ferry terminal dredging	Planned Start	03-Apr-2018		Marine licence to be awarded before end 2018
			Actual Start	03-Apr-2018	<div><div>60%</div></div>	
			Original Due Date		Expected success	
			Due Date	31-Oct-2019		
			Completed Date		Likely to meet target	

## Appendix Two

## Risk Register - Ports and Harbours

Risk & Details	Likelihood	Current Impact	Risk Profile	Current and Planned Control Measures	Probability	Target Impact	Risk Profile
<b>Category</b>	<b>Operational</b>						
<i>Corporate Plan</i>	<i>C6. Economy and Housing - Sullom Voe Future</i>						
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	Significant	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	Significant	Medium	• Appropriate engagement in handover workstreams	Unlikely	Minor	Low
<i>Corporate Plan</i>	<i>F13. Our "20 By '20" - Workforce Planning</i>						
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	Significant	Low	• Council HR Management arrangements in place, effective workforce development	Rare	Minor	Low
<i>Corporate Plan</i>	<i>F5. Our "20 by '20" - Standards of Governance</i>						

<p>Pollution incident from shore or operations, collision, grounding, uncontrolled release from vessels.</p> <p>Trigger : Collision, Grounding, uncontrolled release from vessels</p> <p>Consequences : Environmental damage, possible closure of port, financial and legal penalties, investigation, reputational damage</p> <p>Risk type : Escape of pollutant</p> <p>Reference - P0001</p>	Rare	Major	Medium	<p>• Safety Management System, Vessel Traffic Service, Compulsory pilotage, Qualified and competent staff....Robust operational procedures and emergency response plan</p>	Rare	Significant	Low
<p>Service relies on a range of specialist staff with different skills, experience and qualifications</p> <p>Trigger : Geographic,, financial, national and international shortage of personnel with specific qualifications or skills</p> <p>Staff don't show up for work/ sickness absence</p> <p>Consequences : delay or halt to operations, lengthy recruitment processes, costly, reputational impact.</p> <p>Risk type : Staff number/skills shortage</p> <p>Reference - P0005</p>	Rare	Significant	Low	<p>• Workforce planning project, restructure being implemented.</p>	Unlikely	Minor	Low
<p>Severe weather stops staff getting to/from place of work</p> <p>Trigger : landslide blocks road so staff can't get to work, any prolonged bad weather.</p> <p>Consequences : Service restricted or short-term halt to ops</p> <p>Risk type : Storm, Flood, other weather related, burst pipes etc</p> <p>Reference - P0009</p>	Rare	Significant	Low	<p>• Adverse weather policy, Business continuity plans in place</p>	Rare	Minor	Low

<p>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</p> <p>Link is now fibre optic with an ADSL back-up - likely more robust than previous infrastructure.</p> <p>Servers are in Lerwick with local expertise for breakdowns etc.</p> <p>Trigger : IC tech failure, weather, off-isle failure, tech link breaks.</p> <p>Consequences : Service is compromised, no forecasts, staff have to relocate to a venue where they can get tech link.</p> <p>Risk type : Loss of IT facilities</p> <p>Reference - P0022</p>	Unlikely	Minor	Low	• Adverse weather policy, Business Continuity Plans in Place	Unlikely	Minor	Low
<p>Loss of facilities due to fire or other incident</p> <p>Trigger : Technical problem, error, breakdown, incident.</p> <p>Consequences : Crash, emergency landing, unplanned action, harm to staff, service users, premises, equipment, impact on service</p> <p>Risk type : Fire, lightning, aircraft, explosion</p> <p>Reference - P0026</p>	Rare	Major	Medium	• SMS, Business Continuity Planning, Fire Risk Assessment	Rare	Significant	Low
<p>Port services cover a large geographic, dispersed area which cannot have 24 hour security. Ships are often unmanned</p> <p>Trigger : terrorism, agrieved personnel, ex employee, vandalism or malicious damage</p> <p>Consequences : Damage to premises or facilities, interruption to service</p> <p>Risk type : Terrorism/Activists</p> <p>Reference - P0028</p>	Rare	Major	Medium	• SMS, ISPS, BP's security plan, SIC business continuity plan and approve	Rare	Major	Medium
<p>Professional error of judgement anywhere in ports and harbours.</p> <p>Trigger : Poor practice/performance</p> <p>Consequences : Suspension of service, contractual or legislative penalty.</p> <p>Risk type : Professional Errors and Omissions</p> <p>Reference - P0030</p>	Rare	Significant	Low	• Training, Workforce Development, Audit	Rare	Significant	Low

<p>Failure to deliver a statutory duty or comply with legislation including EU procurments legislation, Carbon reduction</p> <p>Trigger : Workload, conflicting demands and deadlines, short staffed</p> <p>Consequences : Exceed working time directive limits, staff could be tired, driving home late on possibly icy roads, leads to an accident.</p> <p>Risk type : Breach of Legislation - Data Protection, Human Rights, Employment Practice, Health and Safety etc</p> <p>Reference - P0048</p>	Rare	Significant	Low	<p>• Awareness raising, training and monitoring in place, staff have a better understanding of requirements, more pre-planning for...large expenditure</p> <p>Development of Carbon management plan and climate change planning.</p> <p>Comply with procedures.</p>	Rare	Significant	Low
<p>Safe Operations - Ports and Harbours delivers a range of heavy engineering and transport services.</p> <p>Trigger : Insufficients skills/training, poor communication, inadequate procedures</p> <p>Consequences : Staff absence, failure to deliver service, civil claims against SIC, personal injury</p> <p>Risk type : Accidents /Injuries - Staff/Pupils/ Clients/Others</p> <p>Reference - P0051</p>	Unlikely	Significant	Medium	<p>• 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.</p>	Rare	Significant	Low
<b>Corporate Plan</b>							
<b>F7. Our "20 By '20" - Procurement</b>							
<p>Port operations rely on various suppliers and services including fuel, key components, sub-contractors</p> <p>Trigger : Anything that stopped critical services or supplies for an extended period or without notice</p> <p>Consequences : Stops the service, loss of income, impact on oil companies and terminal</p> <p>Risk type : Failure of Key supplier</p> <p>Reference - P0035</p>	Unlikely	Significant	Medium	<p>• Financial Controls, existing council procedures in place</p>	Unlikely	Minor	Low
<b>Category</b>							
<b>Strategic</b>							
<b>Corporate Plan</b>							
<b>C6. Economy and Housing - Sullom Voe Future</b>							
<p>Loss of income from downturn in business</p> <p>Trigger : Temporary shutdown of oil terminal or an oil field for period of months</p> <p>Consequences : Loss of income, impact on SIC services, draw on reserves</p> <p>Risk type : Loss of revenue/income</p> <p>Reference - P0016</p>	Unlikely	Major	Medium	<p>• Budget controls, monthly monitoring, ongoing attention to markets, working with customers to maintain demand.</p>	Unlikely	Significant	Medium

## Appendix 3 - Harbour Master & Port Operations - Service Performance Indicators

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

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	Previous Years		Quarters					
Code & Short Name	2016/17	2017/18	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q2 2018/19	Past Performance and Future Improvement Statements
	Value	Value	Value	Value	Value	Value	Target	
PH-01 SVT Crude Oil Export Tonnage	5,910,787	5,040,168	1,224,496	1,400,802	1,075,075	1,351,105	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	63	15	17	13	17	17	Crude Oil Export Tankers have continued close to anticipated short term levels.
PH-03 Scalloway Market Fish Boxes	158,444	182,732	40,424	47,990	50,078	47,533	36,000	Landings though Scalloway and Cullivoe continue to exceed target and show strong growth from previous years.
PH-04 Scalloway Market Fish Tonnage	7,129	8,449	1,818	2,159	2,253	2,139	1,500	Landings though Scalloway and Cullivoe continue to exceed target and show strong growth from previous years.





## Appendix 4 - 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	2015/16	2016/17	2017/18	2018/19		Past Performance and Future Improvement Statements
	Value	Value	Value	Value	Target	
OPI-4A-HM Staff Numbers (FTE) - Harbour Master & Port Operations	98.4	102.1	97.3	103.1		<b>Performance</b> Staff numbers are within budget and at a level necessary to provide the expected service. <b>Improvement</b> Key posts are identified and succession planning is in place to avoid Service issues in the future.
OPI-4C-HM Sick %age - Harbour Master & Port Operations	2.2%	1.1%	3.3%	2.4%	4.0%	<b>Performance</b> 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 sucessfull return to work achieved where possible. <b>Improvement</b> We will continue to apply the Council's "Maximising Attendance" policy for all absences.
OPI-4E-HM Overtime Hours - Harbour Master & Port Operations	20149	21010	21737	10665		<b>Performance</b> 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. <b>Improvement</b> 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.
OPI-4G-HM Employee Miles Claimed - Harbour Master & Port Operations	63,014	55,434	55,098	26,041		





<b>Meeting(s):</b>	Harbour Board	17 December 2018
<b>Report Title:</b>	Management Accounts for Harbour Board: 2018/19 – Projected Outturn at Quarter 2	
<b>Reference Number:</b>	F-087-F	
<b>Author / Job Title:</b>	Jamie Manson, Executive Manager - Finance	

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

- 1.1 The Harbour Board RESOLVES to review the Management Accounts showing the projected outturn position at Quarter 2.

### **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 14 February 2018 (SIC Min Ref: 5/18) the Council approved the 2018/19 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 £11.734m. 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 Committee that resources are being managed effectively and allows corrective action to be taken where necessary.
- 2.4 Since the approval of the 2018/19 budget, revisions to the budget for capital slippage have been incorporated. Therefore this report refers to the revised budget that is now in place.

<b>3.0 Corporate Priorities and Joint Working:</b>	
3.1	There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means; and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.
<b>4.0 Key Issues:</b>	
4.1	This report presents the projected outturn position for 2018/19 as at the end of the second quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant budget responsible officers.
4.2	The projected revenue outturn position for Ports & Harbours Operations is a reduction in surplus of £1k, which means Ports & Harbours Operations are generally on course to provide their budgeted surplus to reserves.
4.3	The projected capital outturn position for Ports & Harbours Operations is an underspend of £1.193m in 2018/19, with a slippage requirement for 2019/20 of £1.267m, resulting in an overall overspend of £74k. This means that Ports & Harbours Operations are projected to spend more than their Council approved capital budget.
4.4	The projected outturn position for the Shetland Gas Plant is an increase in income of £276k.
4.5	See appendices 1 and 2 attached for detailed information on the revenue and capital outturn positions.
<b>5.0 Exempt and/or confidential information:</b>	
5.1	None.
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.2 Human Resources and Organisational Development:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.3 Equality, Diversity and Human Rights:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.
<b>6.4 Legal:</b>	Any implications in relation to the actions and service provision in this report will be included in the Ports & Harbours Performance Management report also presented at this meeting.

<b>6.5 Finance:</b>	<p>The 2018/19 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.</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 2018/19 budget.</p> <p>This report demonstrates that Ports &amp; Harbours are projecting to spend more than their Council approved budget, resulting in a reduction in the budgeted contribution to Reserves.</p>
<b>6.6 Assets and Property:</b>	<p>Any implications in relation to the actions and service provision in this report will be included in the Ports &amp; Harbours Performance Management report also presented at this meeting.</p>
<b>6.7 ICT and new technologies:</b>	<p>Any implications in relation to the actions and service provision in this report will be included in the Ports &amp; Harbours Performance Management report also presented at this meeting.</p>
<b>6.8 Environmental:</b>	<p>Any implications in relation to the actions and service provision in this report will be included in the Ports &amp; Harbours Performance Management report also presented at this meeting.</p>
<b>6.9 Risk Management:</b>	<p>There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.</p> <p>From a financial perspective, risks are an integral part of planning for the future, as assumptions are required to be made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.</p> <p>The main financial risks for Ports &amp; Harbours Operations are:</p> <ul style="list-style-type: none"> <li>• any reduction in tanker traffic at Sullom Voe;</li> <li>• reliance on oil price and throughput volume for the agreement for provision of port facilities at Sullom Voe Terminal; and</li> <li>• increasing maintenance requirements on ageing tugs and other port infrastructure.</li> </ul> <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>	
<b>6.10 Policy and Delegated Authority:</b>	<p>Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Committee 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 2018/19 financial year. This report provides information to enable the Committee to ensure that the services within its remit are operating within the approved budgets.</p> <p>The Council's Financial Regulations state that the Executive Manager - Finance has a responsibility to ensure that detailed monitoring by Directors and Executive Managers is carried out and that the Council will determine the reporting content, timescale, frequency and receiving committee(s) required for monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p>	
<b>6.11 Previously considered by:</b>	<i>n/a</i>	<i>n/a</i>

**Contact Details:** Brenda Robb, Management Accountant, [brenda.robb@shetland.gov.uk](mailto:brenda.robb@shetland.gov.uk),  
27 November 2018

**Appendices:**

Appendix 1 – Harbour Board Projected Revenue Outturn Position 2018/19

Appendix 2 – Harbour Board Projected Capital Outturn Position 2018/19

**Background Documents:**

SIC Budget Book 2018/19, SIC 14 February 2018

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=22032>

## Harbour Board

## 1. Projected Revenue Outturn Position 2018/19

Projected Outturn Variance at Quarter 1 (Adv)/Pos £000	Service Area	Revised Annual Budget at Quarter 2 £000	Projected Outturn at Quarter 2 £000	Budget v Projected Outturn Variance Quarter 2 (Adv)/Pos £000
209	Sullom Voe	(9,446)	(9,437)	(9)
(253)	Scalloway	64	70	(6)
(91)	Other Piers	(2)	177	(179)
143	Terminals	(1,427)	(1,620)	193
<b>8</b>	<b>Total Ports &amp; Harbours Operations</b>	<b>(10,811)</b>	<b>(10,810)</b>	<b>(1)</b>
	Shetland Gas Plant	(1,024)	(1,300)	276
<b>8</b>	<b>Overall Total</b>	<b>(11,835)</b>	<b>(12,110)</b>	<b>275</b>

The projected outturn variance figures at quarter 1 are included above for reference. The main reasons for the changes from the quarter 1 projected outturn variance to the quarter 2 position are additional operational costs for new tug vessel and increased income from fish landings at Scalloway.

An explanation of the significant projected outturn variances by service area at quarter 2 are set out below.

## 1.1 Sullom Voe – projected outturn variance (£9k)

The projected variance is mainly due to:

- additional overtime costs for Towage staff undertaking training on the new tug vessels (£113k);
- pre-contract drydocking costs for the new Tug Shalder (£63k);
- increased fuel costs for tug vessels due to rising fuel prices (£48k);
- additional overtime for Marine Pilots providing cover until new Marine Pilot has completed training (£43k); offset by
- loan charges for the new Tug Tirrick lower than budgeted £136k;
- requirement to reprofile the drydocking for Tug Tystie into 2019/20 to better meet operational requirements £120k;
- vacant Executive Manager - Port Operations awaiting the outcome of the departmental management restructure £60k.

## **1.2 Scalloway – projected outturn variance (£6k)**

The projected variance is mainly due to:

- over-budgeting on commercial shipping dues not anticipated to be achievable (£165k); offset by
- additional fish landings in line with fishing industry activity £100k.

## **1.3 Other Piers - projected outturn variance (£179k)**

The projected reduction in income is mainly due to over-budgeting on fish and salmon landing dues and wharfage charges not anticipated to be achievable (£166k).

## **1.4 Terminals – projected outturn variance £193k**

The projected variance is mainly due to:

- underbudgeting of the terminal berthing charge for additional shuttle runs and vessel hires £103k;
- dredging at Gutcher ferry terminal to be postponed until 2019/20 due to licensing requirements and consultation timescales £50k.

## **1.5 Shetland Gas Plant - projected outturn variance £276k**

The projected increase in income is due to increased gas price £276k.



## Harbour Board

## 2. Projected Capital Outturn Position 2018/19

Overall Projected Outturn Variance Quarter 1 (Adv)/Pos  £000	Service	Revised Annual Budget at Quarter 2  £000	Projected Outturn at Quarter 2  £000	Budget v Projected Outturn Variance Quarter 2 (Adv)/ Pos  £000	Slippage required in 2019/20  £000	Overall Projected Outturn Variance Quarter 2 (Adv)/ Pos  £000
(5)	Ports & Harbours Operations	13,654	12,461	1,193	(1,267)	(74)
(5)	<b>Total Controllable Costs</b>	<b>13,654</b>	<b>12,461</b>	<b>1,193</b>	<b>(1,267)</b>	<b>(74)</b>

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

An explanation of the significant projected outturn variances at quarter 2 are set out below.

### 2.1 Ports & Harbours Operations – projected outturn variance (£74k)

Additional spend for new Tug Shalder vessel purchase due to unfavourable exchange rate on transaction date (£35k); and additional consultancy costs for Toft Pier to get to tender stage to meet tight funding application deadline (£34k).

#### Slippage

A total of £1.267m budget will be slippage into 2019/20. This relates to the Hamarsness Ferry Terminal Painting project which is delayed due to pressure of other projects and difficulty in obtaining required consultancy work £350k, and the Tug Jetty Cathodic Protection project also delayed whilst detailed surveys and feasibility options are investigated £917k.





<b>Meeting(s):</b>	Harbour Board	17 December 2018
<b>Report Title:</b>	2018/19 Pilotage Accounts – Projected Outturn at Quarter 2	
<b>Reference Number:</b>	F-089-F	
<b>Author / Job Title:</b>	Jamie Manson, 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 2.

## **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 2018/19 as at the end of the second quarter.
- 4.2 The projected outturn position is a reduction in net surplus of £42k (4%) against net income budget of £1.019m which results in a net surplus of £977k. This is mainly due to additional overtime costs for training of a new Pilot.
- 4.3 The detailed 2018/19 Pilotage Accounts Projected Outturn Position at Quarter 2 is attached as Appendix 1 to this report.

<b>5.0 Exempt and/or confidential information:</b>	
5.1	None
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	None
<b>6.2 Human Resources and Organisational Development:</b>	None
<b>6.3 Equality, Diversity and Human Rights:</b>	None
<b>6.4 Legal:</b>	The Council has statutory obligations to keep separate accounts in respect of the harbour undertaking and also separate pilotage accounts. Section 3(1) of the ZCC Act states that the harbour undertaking means "the harbour undertaking for the time being of the Council authorised by this Act". This means that the harbour undertaking must be considered only in terms of what the Council is authorised or duty bound to do under the ZCC Act. Pilotage is part of the harbour undertaking and income and expenditure is accounted for accordingly.
<b>6.5 Finance:</b>	<p>The projected outturn position is a surplus of £0.977m which is a decrease in net surplus of £42k against annual budget.</p> <p>The main reason for the reduction in surplus is additional overtime for Pilots providing cover until the new Pilot has completed the necessary training.</p>
<b>6.6 Assets and Property:</b>	None
<b>6.7 ICT and new technologies:</b>	None
<b>6.8 Environmental:</b>	None
<b>6.9 Risk Management:</b>	Failure to keep Pilotage Accounts would place the Council in breach of its legal duties.

<b>6.10 Policy and Delegated Authority:</b>	Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Board may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council; more specifically referred to in paragraph 2.7.	
<b>6.11 Previously considered by:</b>	n/a	n/a

**Contact Details:**

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27 November 2018

**Appendices:**

Appendix 1 – 2018/19 Pilotage Accounts Projected Outturn at Quarter 2

**Background Documents:**

None



Shetland Islands Council  
2018/19 Pilotage Accounts  
Projected Outturn at Quarter 2

F-089 - Appendix 1

2018/19 Pilotage Accounts	Sullom Voe			Scalloway			Overall		
	Annual Budget at Quarter 2	Projected Outturn at Quarter 2	Budget v Projected Outturn Variance at Quarter 2 (Adv)/Pos	Annual Budget at Quarter 2	Projected Outturn at Quarter 2	Budget v Projected Outturn Variance at Quarter 2 (Adv)/Pos	Annual Budget at Quarter 2	Projected Outturn at Quarter 2	Budget v Projected Outturn Variance at Quarter 2 (Adv)/Pos
	£	£	£	£	£	£	£	£	£
Boarding & Landing	-693,600	-693,600	0	-10,000	-10,000	0	-703,600	-703,600	0
Pilotage Services provided as authorised by section 10(1) of the Pilotage Act 1987	-1,672,800	-1,672,800	0	-25,000	-25,000	0	-1,697,800	-1,697,800	0
Use of PEC issued as authorised by section 10(3) of the Pilotage Act 1987	0	0	0	0	0	0	0	0	0
<b>Total Income</b>	<b>-2,366,400</b>	<b>-2,366,400</b>	<b>0</b>	<b>-35,000</b>	<b>-35,000</b>	<b>0</b>	<b>-2,401,400</b>	<b>-2,401,400</b>	<b>0</b>
Boarding & Landing	367,628	367,628	0	4,740	5,254	(513)	372,368	372,882	(513)
Pilotage	808,910	851,580	(42,670)	17,301	17,863	(562)	826,211	869,444	(43,233)
<b>Sub-Total Employee Costs</b>	<b>1,176,538</b>	<b>1,219,209</b>	<b>(42,670)</b>	<b>22,041</b>	<b>23,117</b>	<b>(1,075)</b>	<b>1,198,579</b>	<b>1,242,325</b>	<b>(43,746)</b>
Boarding & Landing	9,961	11,395	(1,434)	1,798	1,798	0	11,759	13,193	(1,434)
Pilotage	3,109	6,185	(3,076)	41	81	(41)	3,150	6,267	(3,117)
<b>Sub-Total Supplies &amp; Services</b>	<b>13,070</b>	<b>17,580</b>	<b>(4,510)</b>	<b>1,839</b>	<b>1,880</b>	<b>(41)</b>	<b>14,909</b>	<b>19,460</b>	<b>(4,550)</b>
Boarding & Landing	45,218	45,281	(62)	8,595	8,595	0	53,813	53,875	(62)
Pilotage	1,677	1,689	(12)	22	22	(0)	1,699	1,712	(12)
<b>Sub-Total Transport &amp; Mobile Plant</b>	<b>46,895</b>	<b>46,970</b>	<b>(75)</b>	<b>8,617</b>	<b>8,617</b>	<b>(0)</b>	<b>55,512</b>	<b>55,587</b>	<b>(75)</b>
Boarding & Landing	19,641	19,641	0	2,158	2,158	0	21,798	21,798	0
Pilotage	148	148	0	2	2	0	150	150	0
<b>Sub-Total Property &amp; Fixed Plant</b>	<b>19,789</b>	<b>19,789</b>	<b>0</b>	<b>2,160</b>	<b>2,160</b>	<b>0</b>	<b>21,948</b>	<b>21,948</b>	<b>0</b>
Boarding & Landing	12,479	11,328	1,151	15,819	15,819	0	28,297	27,146	1,151
Pilotage	56,826	52,084	4,742	5,748	5,686	62	62,574	57,770	4,804
<b>Sub-Total Admin and Other Costs</b>	<b>69,304</b>	<b>63,412</b>	<b>5,893</b>	<b>21,567</b>	<b>21,505</b>	<b>62</b>	<b>90,871</b>	<b>84,916</b>	<b>5,955</b>
<b>Meeting Liabilities under Part III of the Act</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Expenditure</b>	<b>1,325,596</b>	<b>1,366,959</b>	<b>(41,362)</b>	<b>56,224</b>	<b>57,278</b>	<b>(1,054)</b>	<b>1,381,821</b>	<b>1,424,237</b>	<b>(42,416)</b>
<b>NET TOTAL</b>	<b>-1,040,804</b>	<b>-999,441</b>	<b>(41,362)</b>	<b>21,224</b>	<b>22,278</b>	<b>(1,054)</b>	<b>-1,019,579</b>	<b>-977,163</b>	<b>(42,416)</b>







<b>Meeting(s):</b>	<b>Harbour Board</b>	<b>17 December 2018</b>
<b>Report Title:</b>	<b>2018/19 Capital and Revenue Projects Report</b>	
<b>Reference Number:</b>	<b>PH-19-18F</b>	
<b>Author / Job Title:</b>	<b>Andrew Inkster Team Leader – Port Engineering</b>	

### 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 2018/19.

### 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.
- 3.2 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 2018/19 financial year.

#### Scalloway Fish Market

- 4.2 This contract has been awarded to CHAP Construction.
- 4.3 It is expected that work will commence on demolishing the existing market in early December 2018 with anticipated completion by Spring 2020.
- 4.4 The application for external funding was unsuccessful. The full project cost will therefore be funded by external borrowing. A report including detailed financial implications will be brought forward to the next cycle of meetings.
- 4.5 The temporary chilled facility is now in operation and users are very pleased with the temporary landing arrangements so far.

#### Sullom Voe VTS Radar Replacement Contract

- 4.6 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.
- 4.7 Installation works are complete, but final software commissioning has not yet taken place.

#### Tug Jetty Cathodic Protection Renewal

- 4.8 Due to the unusual design of this Jetty, in comparison to most other SIC small Ports, a detailed examination of the structure and review of available future options is ongoing.
- 4.9 Further inspection work continues to ascertain which, if any type of CP system will extend the structures life. This will now include the removal of sections of pier deck to ascertain the internal condition of the structure.

#### Navigation Aids

- 4.10 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.
- 4.11 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.
- 4.12 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.

#### Plant Vehicles and Equipment

- 4.13 This budget will be used to replace vehicles at Sella Ness, in line with agreed Council renewal policies.

#### SVT Jetty Maintenance Project

- 4.14 The 2018 Jetty Maintenance routine work scope is now complete.
- 4.15 Preparations for the 2019 programme of works are now being undertaken.

#### SVT Jetty Two Fender Replacement

- 4.16 The berthing dolphin fenders on Jetty Two have been swapped for similar fenders which utilise a softer compound rubber.
- 4.17 The works involving the use of the 400 tonne Norwegian lift barge "Eide 6" were completed on budget within a very tight operational window with no disruption to Sullom Voe Terminal or Harbour activities.

4.18 This alteration will temporarily limit ship size to 120.000 tonnes DWT on Jetty Two, but will prolong the operational life of Jetty Two before it must be taken out of service for essential concrete repairs. This extension of current operational life will enable SVT to complete its topside work scope on Jetty Three, thereby ensuring that at least one operational jetty is available at all times during the next 3-5 years.

4.19 Once the concrete repairs are completed on Jetty Two, the original fenders will be installed, and the jetty will regain its original operational capability with no restriction on ship size.

4.20 The works were completed ahead of schedule and within the agreed SVT budget.

#### Jetty Two Scaffold Removal

4.21 A large scaffold platform, installed by SVT underneath the Jetty Two approach road last year was damaged during an adverse period of bad weather.

4.22 The platform was deemed too badly damaged to be safely recovered, so divers were used to recover the structure from the seabed.

4.23 The works were completed ahead of schedule and within the agreed SVT budget.

#### Toft Pier

4.24 The application for external funding for this project has been deferred. The grant review committee were supportive of the project in principal, as it benefits both the sea-fisheries & aquaculture sectors. However, it is unclear when or if any funding can be made available.

4.25 Tenders for this project have been received and evaluated. However, as funding has been deferred on this project, the current tendering exercise has been cancelled. Planning and other consent applications will continue, and once the details of any external funding are made clear, a full business case will be presented to the Council.

#### Cathodic Protection

4.26 As part of the ongoing annual programme of cathodic protection installation, tender documents are well advanced for the installation of a sacrificial system on West Burrafirth Pier during this financial year.

#### Foula Harbour / Ferry Terminal

4.27 Foula Harbour and Ferry Terminal 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 this financial year.

4.28 Marine Scotland have approved the dredging and disposal licence and it is expected to be issued before the end of 2018.

### Symbister Harbour Breakwater repairs

- 4.29 Due to delays in contractor availability and internal resources, the scheduled repairs to Symbister breakwater have been delayed. As the work has now become urgent in places, emergency repair works have been awarded to Tulloch Developments.
- 4.30 Tulloch Developments have direct recent experience of utilising a crane and grab for the placing of armour stone in areas with difficult access, and this method of repair is ideally suited to this location.
- 4.31 A subsequent grant of up to £75k towards repair costs has been confirmed by Marine Scotland, with a deadline for completion of 31 March 2019. To secure this funding, Tulloch Developments would have to continue with the full extent of repairs if that deadline is to be met.
- 4.32 The final decision on the extent of the repairs to be undertaken in the short term has not yet been made by the Director of Infrastructure. That decision, and any implications arising from it, will be reported to the next cycle of meetings.

### Small Port Major Fender Repairs

- 4.33 In addition to ad-hoc fender repairs during this financial year, large scale fender repair and replacement projects are planned to occur in:
- Mid Yell - Design work and tendering are ongoing at this time.
  - Skerries – This project has been tendered and awarded to Ocean Kinetics.

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

5.1 None

## **6.0 Implications :**

<b>6.1 Service Users, Patients and Communities:</b>	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.
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The temporary pontoon at Toft Pier is an area where any reduction in availability would create significant disruption.

<b>6.2 Human Resources and Organisational Development:</b>	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.
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<b>6.3 Equality, Diversity and Human Rights:</b>	The service uses Equalities Impact assessment to ensure its services are supporting those most in need and not making inequalities worse;
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<b>6.4 Legal:</b>	Legal Services input is sought for all projects requiring formal Tendering procedures.
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<b>6.5 Finance:</b>	The financial implications of these projects are discussed in the Management Accounts for the Harbour Board – Projected Outturn at Quarter 2 report also presented to this meeting. The full cost of the Scalloway Fish Market projects is to be funded by external borrowing. This will result in an estimated annual revenue cost of £297k which will be funded through the fees and charging structure within the Harbour Account.	
<b>6.6 Assets and Property:</b>	None	
<b>6.7 ICT and new technologies:</b>	No corporate ICT issues at this time, however the new Vessel Traffic Services Port Information system utilises a complex mix of radar, AIS, radio and other communications technology.	
<b>6.8 Environmental:</b>	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.	
<b>6.9 Risk Management:</b>	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.	
<b>6.10 Policy and Delegated Authority:</b>	<p><b>Harbour Board</b></p> <p>Strategic oversight and direction in all aspects of the operation of the Council's harbour undertaking in accordance with overall Council policy and the requirements of the Port Marine Safety Code.</p> <p>Act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operational mechanisms are in place to fulfil that function.</p> <p>Consider all development proposals and changes of service level within the harbour undertaking; including dues and charges, and make appropriate recommendations to the Council</p>	
<b>6.11 Previously considered by:</b>	None	

#### Contact Details:

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29 November 2018

#### Appendices:

None.

**Background Documents:**

None.

END



<b>Meeting(s):</b>	<b>Harbour Board</b>	<b>17 December 2018</b>
<b>Report Title:</b>	<b>Harbourmasters Report</b>	
<b>Reference Number:</b>	<b>PH-17-18F</b>	
<b>Author / Job Title:</b>	<b>Greg Maitland – Harbour Master</b>	

### 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) provides independent assurance to the Duty Holder that the Marine Safety Management System (SMS) for which the Duty Holder is responsible, is working effectively. Captain Auld's report is attached as Appendix 1.
- 2.2 This report also details the results of a 3 yearly audit of our SMS, with 1 non-conformity (NC) and a number of observations. This NC was a result of a clerical error which has been addressed and the observations are being considered as part of the SMS review currently being undertaken and expected to conclude December 2018.
- 2.3 2 incidents have been reported, 1 at Sullom Voe, 1 at Scalloway
- 2.3.1 On 25<sup>th</sup> August 2018 a tanker departing Sullom Voe snagged a spring mooring line on the jetty fender securing chain. The vessel was able to free the snagged line but the investigation revealed a design flaw in the fender chain tensioning arrangement which allowed the possibility of such snagging. A modification to the system was designed and has now been installed.
- 2.3.2 On 19<sup>th</sup> September 2018 an oil support vessel berthing at Scalloway caused minor damage to the quay edge and towrail. On investigation the contact was due in part to the fresh wind conditions during berthing and the severe nature of the cutaway stern design of the vessel which allowed the vessel to overhang and quay and make first contact with the quay edge.
- 2.4 Captain Greg Maitland is appointed as the Designated Person Ashore (DPA) for the towage fleet, to provide assurance that this Safety Management System (SMS) is working effectively. His report is attached as Appendix 2.

<b>3.0</b>	<b>Corporate Priorities and Joint Working:</b>
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"> <li>• Our performance as an organisation will be managed effectively, with high standards being applied to the performance of staff and services. Poor performance will be dealt with, and good service performance will be highlighted and shared.</li> </ul>
<b>4.0</b>	<b>Key Issues:</b>
4.1	<p>VTs system replacement – Xanatos/Marico have yet to complete this contract which continues to suffer from software issues. The marine team have risk assessed harbour operations and have additional safeguards in place to mitigate any issues from this and ensure safe and efficient port operations.</p>
4.2	<p>Legal Services continue to work with officers from Ports and Harbours on changes required to the Scalloway and Small Ports Directions. The Sullom Voe General Directions and Pilotage Direction received a challenge with relation to Pilot boarding positions – the wording has been agreed and amended – this will now go out for further consultation.</p>
4.3	<p>The Temporary Chill Facility opened at Scalloway on 22<sup>nd</sup> October 2018 and has been well received by all stakeholders. In its second week of opening the number of boxes handled exceeded all previous landing records for the port.</p>
4.4	<p>The Port Services Regulation came into force on 24 March 2017. The provisions of this regulation will come into effect on 24 March 2019 and in preparation the Shetland Islands Council (SIC) commissioned ABPMer to undertake a review of marine services at the Port of Sullom Voe to ensure the port is compliant when the regulations come into effect. The Port Services Regulation is intended to improve the efficiency and competitiveness of EU ports and to contribute towards their ability to cope with anticipated increased demand. It wants to do this by strengthening market access for port services, in effect encouraging competition; ensuring financial transparency; and improving port coordination and consultation.</p>
4.5	<p>As a Trans-European Transport Network (TEN-T) Port, Sullom Voe will be subject to the Port Services Regulation. The extent of the requirements to comply with this Regulation will largely be determined by the UK Government, as there is considerable scope for flexibility in the way in which Member States may implement this legislation.</p>
4.6	<p>The Port Services Regulation provides requirements for the provision of the following port services:</p> <ul style="list-style-type: none"> <li>• Bunkering;</li> <li>• Cargo-handling;</li> <li>• Mooring;</li> <li>• Passenger Services;</li> <li>• Collection of ship-generated waste and cargo residues;</li> <li>• Pilotage; and</li> <li>• Towage.</li> </ul>



<b>5.0 Exempt and/or confidential information:</b>	
None	
<b>6.0 Implications :</b>	
<b>6.1 Service Users, Patients and Communities:</b>	That the SIC continues to provide a competent service to port users in line with the Service Plan.
<b>6.2 Human Resources and Organisational Development:</b>	Scalloway staff and shift arrangements remain 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.
<b>6.3 Equality, Diversity and Human Rights:</b>	None
<b>6.4 Legal:</b>	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.
<b>6.5 Finance:</b>	The cost for ABP Mer to undertake a review of port services at the Port of Sullom Voe will be met from within existing budgets.
<b>6.6 Assets and Property:</b>	None
<b>6.7 ICT and new technologies:</b>	None
<b>6.8 Environmental:</b>	None
<b>6.9 Risk Management:</b>	<p>Failure to comply with the requirements of the Port Marine Safety Code could lead to regulatory action.</p> <p>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.</p>

<b>6.10 Policy and Delegated Authority:</b>	The scheme of Administration and Delegations states that the role of the Harbour Board is: <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	
<b>6.11 Previously considered by:</b>		

**Contact Details:**

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

**Appendices:**

Appendix 1 – DP report to Harbour Board

Appendix 2 – Towage DPA report to the Harbour Board

**Background Documents:**

NONE

END

## Designated Person Report: 10 December 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 27 August 2018, 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, Deputy Harbour Master (Designate) and Port Safety Officer in which we discussed the monitoring measures and effectiveness of the current Marine Safety Management Systems.

### Recent Publications

The Duty Holder should be aware of the following publication: -

#### Marine Guidance Note MGN 401 (M+F) Amendment 2.

The purpose of this guidance note is to lay out guidance for Harbour Authorities to establish the need for Vessel Traffic Services (VTS) or provision of a Local Port Service (LPS) by means of a 'Formal Risk Assessment' (FSA) into the safety of navigation. The guidance note amplifies the international definitions of VTS in the UK national context, and assists Harbour Authorities in the implementation of a new VTS or the review of an existing VTS. The guidance is also used by the Maritime and Coastguard Agency (MCA), as Competent Authority for VTS, when implementing a coastal VTS.

Key Points:

- It defines the UK's interpretation of VTS;
- Provides guidance for determining the need to establish a VTS;
- Defines the responsibilities of authorities concerned with providing VTS and LPS in the UK;
- The new guidance note has further developed the concept of LPS for national use, and gives advice to Harbour Authorities on the type of service that may be appropriate; and
- It complements the PMSC and the Guide to Good Practice (GtGP) on the management of safety in ports.

### Monitoring Measures

The following report sections describe each monitoring measure in turn.

**Technical Working Group:** A meeting of the Technical Working Group (TWG) took place on 25 October 2018. The minutes record attendance by a representative group of port stakeholders, including a shipping agency representative.

The minutes recorded discussions on a number of topics including the new Oil Spill plan, pilot ladders, ship to ship transfers, updates on SIC's strategic review and technical projects, the draft external PMSC audit report, port industry marine incidents and recent local incidents. Of particular note, the minutes did not record the formal closure of any open incidents in the MarNIS database.

As an example of good practice, the minutes record a discussion on the most effective means by which SIC can work with Sullom Voe Terminal (SVT) and ship vetting agencies to achieve a workable balance between SIC's commitment to maintain an 'open port' (*Section 3.2 SIC's Marine Safety Policy 2017*) and control measures. This includes denial of access to SVT which can be taken against shipping companies failing to ensure their vessels are operated in full accordance with specific safety requirements; particularly the safety requirements for deployment and supervision of pilot ladders.

**Examination and Technical Group:** Meetings of the Examination Panel took place on 20 August 2018 and 18 September 2018.

Minutes of the meeting held on 20 August 2018 record that the Examination Panel discussed issues identified with the new VTS set up and the most effective means of managing marine operations to mitigate the issues, including promulgation of a Notice to Mariners. The minutes also record discussion on the appointment and training requirements for a new marine pilot, including evaluation of the current pilot training record book.

Minutes of the meeting held on 18 September 2018 record that the Examination Panel again discussed issues with the new VTS, specifically recent system crashes, one of which led to a 2.5 hour delay to departing vessels from Sullom Voe. Procedures to be adopted in the event of VTS system failure for arriving and departing tankers at Sullom Voe were drafted and forwarded to Sullom Voe VTSOs for comment. On conclusion of the consultation process, it was intended that the agreed procedures would be formalised and included in the Sullom Voe Safety Management System.

**Safety Sub-Committee: Ports:** Meetings of the Safety Sub-Committee – Ports was held on 9 August 2018 and 15 November 2018. The draft minutes of the meetings continue to demonstrate the active involvement of marine personnel in all aspects of marine safety. Minutes of the meetings recorded discussions on the new method of recording risk assessments, pilot ladder incidents, the new defect reporting system including new marine report forms, recent marine incidents, MAIB safety digest reports and marine safety articles posted on <https://safety4sea.com>.

**Ship to Ship Transfer Operations:** A debrief meeting between SIC marine personnel and Enquest was held on the 18 September 2018, to review ship to ship transfer operations at SVT. Minutes of the meeting record that the following issues were discussed: mooring hooks, mooring diagrams, communications, crew changes, quick release mechanisms for last ropes, fender/hose transfer, berthing preferences, availability of trained personnel and cessation of operations due to lightning. In addition, the meeting identified personnel who should attend future STS debrief meetings. Such meetings are an example of best practice.

**Small Ports:** The table entitled 'Operational and Safety Visits to Small Ports & Harbours and Scalloway 2018', as posted on the website [www.shetland.gov.uk](http://www.shetland.gov.uk), records visits to all small ports, except Fair Isle and Out Skerries, in the period August 2018 to October 2018. The operational and safety visits programme for small ports and harbours remains under review.

**Towage:** The Towage operations DPA's report to the Harbour Board meeting in August 2018 was posted on the website [www.shetland.gov.uk](http://www.shetland.gov.uk) in a timely manner.

**Incidents and Accidents:** The following incident reports were recorded in the MarNIS database (Appendix A) in the period 8 August 2018 to 15 November 2018 inclusive.

Date	Vessel / Location	Incident
25 August 2018	Shanghai Dawn/Sullom Voe	Forward Spring snagged on sailing
19 September 2018	Fugro Venturer/Scalloway	Struck quay during berthing

All incidents have been reported to the MCA but not to the MAIB.

It was noted in item minute 23/18 of the Harbour Board meeting of 27 August 2018 that the Harbour Board had asked the Harbour Master to provide more detail on whether the incident in which a fishing vessel grounded in Fair Isle harbour had been reviewed and what the next steps would be, reporting to the Board meeting on 8 October 2018. It is understood that the Harbour Master was unable to obtain a response from the owners of the fishing vessel and the requirement for him to report to the Board was subsequently cancelled. The grounding was reported to the MCA and to the MAIB but no further action has been taken by either organisation. The Harbour Board's action on this matter is an acknowledgement of its duties and responsibilities as Duty Holder and, as such, is a demonstration of good practice.

**Internal audits:** No internal audits have been completed since June 2018.

**External Audit:** An external PMSC audit was undertaken by ABPmer in the period 21 – 23 August 2018. Finalisation of the PMSC audit report is currently dependent upon receipt of specific items of supporting evidence.

The audit summary in the draft PMSC audit report states: -

*'A single non-compliance (with the PMSC) was recorded; this was due to the PEC [Pilot Exemption Certificate] exclusion letter from Scottish Ministers being out of date. Until a new exclusion can be agreed, the Sullom Voe policy of not allowing PECs is in contravention of the Pilotage Act 1987.*

*A total of 71 observations were made, which should be considered by port management as future improvement actions. There is further effort required to update the marine training matrix and pilotage training. These training schemes should be reviewed to ensure they match the national occupational standards. In addition, the job roles for marine personnel should be reviewed to provide a basis for assigning the essential training required to carry out each role.*

*There is a well-established MSMS with procedures providing additional detail on guidance for operations. It is noted however that there are currently a large number of references to the Code and to other documents which would benefit from an update. It is acknowledged that the review of the MSMS is ongoing; however, these updates should be completed as a priority.'*

To obtain a further extension of the direction allowing SIC to refuse any application for a PEC for Sullom Voe, it has been necessary, as part of the renewal process, to forward details of SIC's training programme for marine pilots to the Chamber of Shipping. A formal response from the Chamber of Shipping is currently awaited. The Harbour Board should be aware that the draft PMSC audit noted as one of the 71 observations that: 'the Small Ports Byelaws have been under review since 2007, and recommended the review process should be completed to ensure that the Small Ports Byelaws are fit for purpose'. The PMSC and the GtGP do not set a time limit for renewing Byelaws, however they do imply that they should be effective in dealing with current issues.

**Consultation:** Consultation with stakeholders continues on the proposed changes to the Sullom Voe General/Pilotage Directions 2001.

An internal review of the Pilotage Directions for Scalloway and the Small Ports is still ongoing.

The Harbour Master has maintained active involvement with stakeholder groups on a range of national and local issues. It is noted as an example of good practice that the Harbour Master has arranged an inaugural Small Port (Mainland) users' consultation meeting for 29 November 2018.

**Harbour Board Meetings:** The public agenda for the Harbour Board meeting of 27 August 2018 and the associated decision note were posted on the website [www.shetland.gov.uk](http://www.shetland.gov.uk) in a timely manner.

**Training:** Identification of essential and desirable training is continuing through the PDP process. Until such time as this process is complete it has been agreed that the use of training as a key performance indicator should continue to be suspended.

Essential training of marine personnel is ongoing. The three existing training matrices, VTS and Marine Officers, Scalloway Small Ports Officers and Launch Crews, continue to be updated as staff change, training courses are completed and qualifications are obtained or revalidated.

A number of tug masters and mates recently attended an Emergency Response course, which included a presentation by Stephan Hennig, the Secretary of State's Representative for Maritime Salvage and Intervention (SOSREP). Positive feedback from the course identified that attendance would be of benefit for a range of SIC's Ports and Harbours personnel.

**Marine Circulars and Notices to Mariners:** Marine circular 05/2018 was issued on 30 August 2018 to provide guidance to VTSOs on the manner in which Sullom Voe VTS should structure Traffic Information Broadcasts whilst ongoing issues are experienced with the upgrade to the Sullom Voe VTS.

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

- No 9/2018 Sullom Voe VTS.

Notices to Mariners 10/2018 and 11/2018 have been cancelled.

**Marine Safety Management Systems:** The review and updating of all SIC's Marine Safety Management Systems and associated operational procedures is now complete. Pending final checks, the 2018 editions of the MSMSs will be published on SIC's ports specific website <http://www.shetland.gov.uk/ports>.

The Engineering element of SIC's Marine Safety Management System's procedures and work instructions remain under formal review.

## 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 for the year ending 20 November 2018**

Location	Open NS Reports	Open PE Reports	Open EP Reports	Open CM Reports	Open PS Reports
Sullom Voe	1	1	0	0	0
Scalloway	1	0	2	0	0
Small Ports	1	0	0	0	0
<b>Total Shetland</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>
'Open' Reports which have yet to be closed formally by the TWG. NS Nautical Safety PE Port Efficiency EP Environmental Protection CM Crisis Management PS Personnel and Public Safety					

2. **Closure of marine incident reports (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports: Mean weeks to close status for the year ending 20 November 2018.**

Location	Mean Weeks to Close NS Reports	Mean Weeks to Close PE Reports	Mean Weeks to Close EP Reports	Mean Weeks to Close CM Reports	Mean Weeks to Close PS Reports
Sullom Voe	13	6	0	0	0
Scalloway	0	0	19	0	0
Small Ports	0	0	0	0	0
<b>Total Shetland</b>	<b>13</b>	<b>6</b>	<b>19</b>	<b>0</b>	<b>0</b>

Note: The KPI shows a significant improvement (compared to the data for the 27 August 2018 DP Report) in the mean weeks to close NS and PS reports at Scalloway. However, the process of closing the reports was not recorded or referenced in the minutes of the most recent TWG meeting, as required by the MSMS (Procedure G-SMSP-2023 as amended by minutes of the meeting of the Examination Panel 7 December 2017).

3. **Risk assessments KPIs (from the MarNIS database) for Sullom Voe, Scalloway and the Small Ports for the period ending 20 November 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
<b>Total Shetland</b>	<b>52</b>	<b>14</b>	<b>16</b>	<b>0</b>	<b>3.8</b>
* A mean assessment score between 3 and 5.99 means that the risks are considered to be low as reasonably practicable (ALARP).					

4. Overdue risk assessments KPIs (from the MarNIS database) for SIC Ports (including Sullom Voe, Scalloway and the Small Ports) for the period ending 15 November 2018

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

5. 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			
Marine Pilots			
Vessel Traffic Service Officers (including relief VTSO)			
Small Ports Officers (including relief SPOs)			
Launch Crews			
<b>Total Overall</b>			

Note: The KPI for training is currently suspended.

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

IALA Category	No of Aids	No of Failures	Availability (%)	Target Availability (%)
Category 1*	51	4	99.84	99.80
Category 2**	68	9	99.68	99.00
Category 3***	14	1	99.60	97.00
<b>Total</b>	<b>133</b>	<b>14</b>	<b>-</b>	<b>-</b>
<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>				

Note: The availability of all aids to navigation exceeds the target set by the Northern Lighthouse Board (NLB).



## Effectiveness of the Marine Safety Management Systems

The monitoring and assessing measures described in this report have identified that:

- The process to renew the direction allowing SIC to refuse an application for a PEC for Sullom Voe is in hand with a response currently awaited from the Chamber of Shipping.
- Supporting evidence from The Northern Lighthouse Board is required before the draft external PMSC audit can be finalised.
- The discussion leading to the closure of marine incident reports (in the MarNIS database) is not recorded in the TWG minutes.

Taking these issues into account, an assurance can be given that the Marine Safety Management Systems for 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.

Operationally, the Marine Safety Management System for Sullom Voe is working effectively. However, until such time as a renewal of the direction allowing SIC to refuse any application for a Pilotage Exemption Certificate for Sullom Voe can be obtained from Scottish Ministers, the Marine Safety Management System is non-compliant with Section 1.3 of the current edition of the Port Marine Safety Code, which requires Duty Holders to comply with the duties and powers under existing legislation (in this situation the legislation is Section 8 of the Pilotage Act 1987).

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

## Appendix A

Shetland Actual and Potential Incident Report Summary  
08 August 2018 to 15 November 2018



# Shetland Actual and Potential Incident Report Summary 08 August 2018 to 15 November 2018

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## 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	1	0	0	0	1

Reported on 15/11/2018

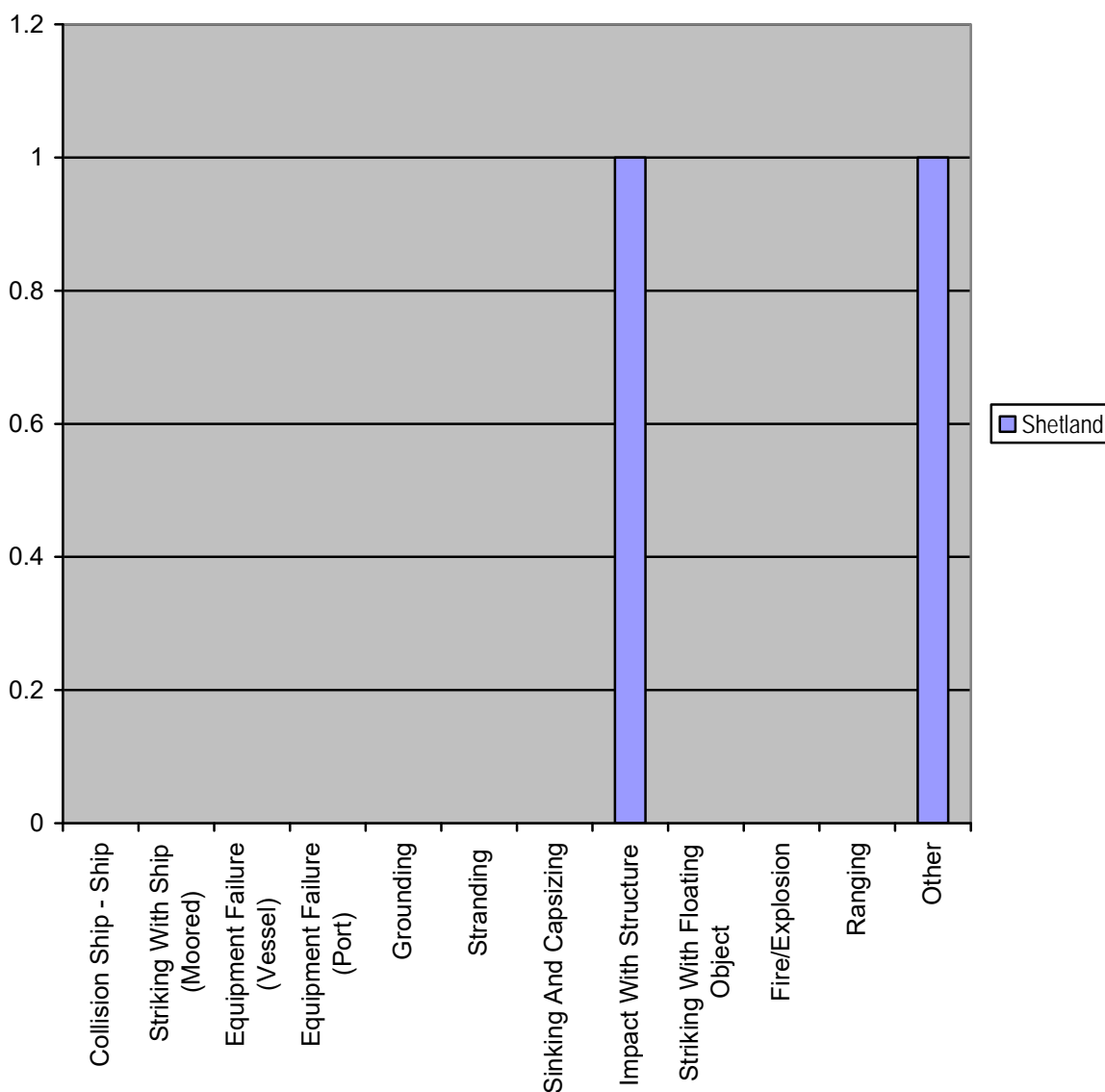


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# Shetland Actual and Potential Incident Report Summary 08 August 2018 to 15 November 2018

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Reported on 15/11/2018



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## Shetland Actual and Potential Incident Report Summary 08 August 2018 to 15 November 2018

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Accident / Incident Details

Date	ID Code	Incident / Potential	Externally Reported	Accident Category	Name and Detail
25/08/2018	SUV0057INV	I	N	Mooring Operation	<p>Shanghai Dawn - Fwd. Spring snagged on sailing</p> <p>At about 0900 the springs were slipped and it, soon after, became apparent that one of the forward lines had snagged on the chains at the after end of Dolphin 3.</p> <p>Primary Cause - Snagging gear</p> <p>Consequences (rated 0 to 4) for - People(0)/Property(0)/ Marine incident / MAIB Report not applicable</p>
19/09/2018	SLW0017INV	I	R	Impact with structure	<p>Fugro Venturer struck quay during berthing</p> <p>Vessels stern landed above fenders on the quay, due to the height of the tide, damaging the toerail, and the concrete quay. Minimal damage caused to the vessel it's self</p> <p>Primary Cause - weather Secondary Cause(s) - 1.Height of tide</p> <p>Consequences (rated 0 to 4) for - People(0)/Property(1)/Planet(0)/Port(0) Marine incident / Optional MAIB Report</p>

Number of Accidents listed = 2

For the period 08 August 2018 to 15 November 2018.

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Reported on 15/11/2018



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

SIC Harbour Board 17<sup>th</sup> December 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**

No reported Incidents received since previous report

#### **Training**

The ISM Code states: *"the Safety Management System should provide for measures ensuring that the Company's organization can respond at any time to hazards, accidents and emergency situations involving it's ships"*.

A two day training program was recently delivered in Emergency management for Tug and Support Personnel, which cumulated in a live exercise involving Tugs, Pilot Launches, VTS, Tug Management and Enquest Emergency Response Staff. The exercise was designed to practice and evaluate existing procedures as well as test resources, in handling an incident at a Council Harbour.

Medical care on board training continues in addition, Trauma Management training shall be conducted in the New Year.

#### **External Audits**

Due to the purchase of Multratug 30 renamed Shalder, The MCA conducted an ISM Audit for issue of a Safety Management Certificate.

The following details all Non Conformance and Observations raised during Audit:

Type	Date Raised	Responsible	Vessel	Deficiency	Status
NC	18/Oct/2018	Master	Shalder	No Evidence on board of Non Conformity closure	Closed
NC	18/Oct/2018	Master	Shalder	No Evidence on board of familiarisation training	Closed

#### **Internal Audits**

The 2018 Audit program for SIC Towage Operations has been completed.

#### **Defects/Non-Conformance/Observations**

None – all closed out

#### **Legislation Changes**

Chamber of Shipping consultation on Tow Rope certification

MGN 592 (M+F) Mooring, Towing or Hauling Equipment on all Vessels: Safe Installation and Safe Operation

**Shetland Islands Council**  
**Towage Operations Designated Persons' Report**  
**SIC Harbour Board 17<sup>th</sup> December 2018**



The Ship Recycling (Requirements in relation to Hazardous Materials on Ships) (Amendment etc.) Regulations 2018

**ISM Review**

The Towage Operations Safety Management System is under review following the completion of the annual audit program, staff training and recent engagement with Industry leaders at the British Tug Owners Association. A consistent industry approach to all things ISM is to keep it “simple” with less tick boxes and more focus on positive employee-management relationships.