Shetland Islands Council

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Date: 9 April 2019

Dear Sir/Madam

You are invited to the following meeting:

Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 17 April 2019 at 11.30 a.m.

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

Yours faithfully

Executive Manager – Governance and Law

Convener: M Bell
Depute Convener: B Wishart

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.

1. Asset Investment Plan – Business Case – Toft Pier
ACP-01

Shetland Islands Council

Agenda Item **1**

Meeting(s):	**Shetland Islands Council**	**17 April 2019**
Report Title:	**Asset Investment Plan – Business Case – Toft Pier**	
Reference Number:	**ACP-01-19-F**	
Author/ Job Title:	**Robert Sinclair, Executive Manager – Assets, Commissioning and Procurement**	

1.0 Decisions / Action required:

That the Shetland Islands Council RESOLVES to:

1.1 adopt the preferred option, namely to rebuild and extend Toft Pier, as set out in Appendix A; and

1.2 approve the budget in the Council's 5 year Asset Investment Plan.

2.0 High Level Summary:

2.1 This report presents an asset investment proposal for approval, which has been considered by the Council's Asset Investment Group (AIG) based on the submission of a Full Business Case (FBC). The AIG has assessed the submission for completeness and confirmed that it contains sufficient information to enable Members to determine the matter.

2.2 This proposal is provisionally funded within the Council's Asset Investment Plan (AIP) 2019-24, which was approved by the Council on 26 February 2019 (Min Ref: 09/19). If approved, it will commit to net capital expenditure of £1.9m, beginning in 2019/20.

2.3 The business case is provided as Appendix A to this report.

3.0 Corporate Priorities and Joint Working:

3.1 The Gateway Process for the Management of Capital Projects supports our Financial Strategy, Reserves Policy and Budget Strategy. 'Our Plan 2016 to 2020' states that "Excellent financial-management arrangements will make sure we are continuing to keep to a balanced and sustainable budget, and are living within our means" and that "We will have prioritised spending on building and maintaining assets and be clear on the whole-of-life costs of those activities, to make sure funding is being targeted in the best way to help achieve the outcomes set out in this plan and the community plan".

4.0 Key Issues:

4.1 On 29 June 2016 the Council adopted a new Gateway Process for the Management of Capital Projects, Min. Ref. 46/16, drawing on national and best practice guidance, to ensure the robustness of all capital projects.

4.2 This revised process is based on the process developed by the Office of Government Commerce (OGC) and is in common use throughout the public sector. It applies 'Prince 2' principles to the process and is aligned with the '5-Case Model' that has been promoted to both Officers and Members through 'Building Better Business Case' training. A key principle in that procedure is that the Council's AIP is re-prioritised on an annual basis, however business cases can be processed at any time. By approving a Full Business Case or Business Justification Case, Members are agreeing that the project should progress to the implementation stage, subject to being prioritised and included in the Council's Asset Investment Plan. This project is provisionally funded in the Council's AIP for 2019-24.

4.3 A summary of the business case referred to in Appendix A to this report is set out below:

4.3.1 Appendix A – Full Business Case – Toft Pier

- Replacement, reconfigured pier;
- Extended to provide berthing face of 120m;
- Capital cost of £2.9m, but external funding of £1.0m expected to reduce SIC cost to £1.9m;
- The Financial Case includes the outcome of the tendering exercise, clarity on external funding and the conditions attached to that funding;
- Subject to works beginning during summer 2019, completion expected by late 2020;
- Construction will be dependent on planning consent.

4.4 The FBC sets out a number of options, including 'Do Nothing' and demolishing the existing pier. As stated above, the preferred option is to rebuild and extend the pier.

4.5 Section 3.4 of the FBC describes the Net Present Value (NPV) analysis that has been undertaken by Finance service. It has been demonstrated that, if only the benefits to the Council are considered in these calculations, the preferred option can demonstrate a positive NPV, but only in the most optimistic scenario.

4.6 However, the FBC also includes NPV calculations that include the quantitative benefits to the community, in particular the current pier users but also an assessment of the effects of proposed commercial activity in the area. When these quantitative benefits are included, the NPV is clearly positive.

4.7 The funding being requested for this replacement, extended, Toft Pier demonstrates a return on investment if the view is taken that it represents an investment in the community. The benefits to the Council itself are less clear.

5.0 Exempt and/or confidential information:

5.1 There is no exempt information contained in the report. However, if detailed consideration of the tendering process is required at Council, advice will have to be taken as to the proceedings.

6.0 Implications:

6.1 Service Users, Patients and Communities:	Upon completion, the proposal described in the appendix to this report will enhance the quality of the infrastructure used by the Council in its delivery of services.
6.2 Human Resources and Organisational Development:	No implications arising directly from this report.
6.3 Equality, Diversity and Human Rights:	No implications arising directly from this report.
6.4 Legal:	No implications immediately arising from the content of this report.
6.5 Finance:	The capital proposal in this report has been provisionally budgeted for in the 2019-24 Asset Investment Plan pending approval of the attached business case. The capital cost and ongoing revenue implications of the project is: Capital - This project represents capital replacement and upgrading of existing infrastructure and is projected to cost £2.9m. £1.0m of external funding has been secured from the European Maritime and Fisheries Fund (EMFF), leaving a net capital cost to the Council of £1.9m which will be financed by borrowing in line with the Council's Capital Funding Policy. Revenue - The ongoing revenue and borrowing costs of £116k per annum will be funded by the Fees and Charges in the Harbour Account, on completion of the project build.
6.6 Assets and Property:	The proposed development described in this report would represent a significant asset to the Council.
6.7 ICT and new technologies:	No implications arising directly from this report.
6.8 Environmental:	No implications arising directly from this report.
6.9 Risk Management:	Toft Pier continues to deteriorate, with vehicular access being blocked for some time. In order to control the risk to the public, significant expenditure will be inevitable in the near future. Demolition costs are estimated at £500k. Should the project be delayed, there is a risk that the EMFF will be lost. Also, the most economically advantageous tender will only be held until 19 April 2019. Thereafter there is the risk of cost increase and delays to the programme. It should be noted that, at the time of drafting this report, the project has yet to secure planning consent. This also could have an effect on the construction programme.

6.10 Policy and Delegated Authority:	Approval of the financial strategy and budget framework is a matter reserved for the Council having taken advice from Policy and Resources Committee. Given timescales involved, the Leader agreed to the report proceeding directly to Council.	
6.11 Previously considered by:	Shetland Islands Council	21 February 2018

Contact Details:
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17 April 2019

Appendices:
Appendix A – Full Business Case – Toft Pier

Background Documents: None
END

Shetland Islands Council

Toft Pier

Full Business Case (FBC)

Version	Date Issued	Brief Summary of Change	Owner's Name
1	16/09/2016	Toft Pier Business Justification Documentation	John Smith
2	23/12/2016	Toft Pier Business Justification Case	John Smith
3	08/01/2017	Yell Sound & Toft Outline Business Case	John Smith
4	10/02/2017	Yell Sound & Toft Pier Strategic Outline Case	John Smith
5	25/07/2017	Toft Pier Outline Business Case – User Consultation Draft	John Smith
6	20/10/2017	Toft Pier – Outline Business Case – Finance & Development Draft	John Smith
7	25/10/2017	Toft Pier – Outline Business Case – with NPV update	John Smith
8	31/10/2017	Toft Pier – Outline Business case – with covering reports	John Smith
9	01/09/2018	Toft Pier – EMFF Business case – with tender returns, letters of support etc.	John Smith
10	16/01/2019	Toft Pier – Full Business case – with covering reports, EMFF application and award.	John Smith
11	23/1/2019	Toft Pier – Full Business case – with covering reports – Updated with Finance Comments	Brenda Robb
12	29/1/2019	Toft Pier – Full Business case – Updated Commercial case following initial AIG feedback	John Smith
13	7/3/2019	Toft Pier – Full Business Case – Updated economic case following further AIG feedback	John Smith
14	8/3/2019	Toft Pier – Full Business Case – Updated management / financial case from AIG feedback	John Smith
15	10/3/2019	Toft Pier - Full Business Case - updated financial/NPV information	Brenda Robb
16	13/3/2019	Toft Pier - Full Business Case - updated draft tender evaluation	John Smith
17	21/3/2019	Toft Pier - Full Business Case - updated financial case	Brenda Robb
18	22/03/2019	Toft Pier - Full Business Case - updated historic landings from MMO	John Smith
19	28/03/2019	Toft Pier - Full Business Case – amended commercial case	Robert Sinclair / John Smith

1 Introduction and Background

This Full Business Case has been prepared to review options and help determine a way forward for Toft Pier.

This report recognises the deteriorated physical state of the current Toft Pier as an issue that requires resolution, and seeks to inform the decision making process about what should be done.

It has been developed using the agreed standards and format for Business Cases, as defined in “Shetland Islands Council - Gateway Process for the Management of Capital Projects – June 2016”. This will mean best value has been demonstrated between options, and that decisions can be taken on a well-informed basis.

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

The key areas which must be evaluated in the Five Case Model are;

- the **strategic case**. This sets out background, and explains the reasons why it is appropriate to consider change at this time. Part of that is understanding and documenting the investment objectives for the area under consideration.

- the **economic case**. This demonstrates that the Council has properly evaluated and selected the most economically advantageous option, the one which optimises value for money. This evaluation has to take into account both the Council's direct costs and benefits; and wider community costs and benefits.

- the **commercial case**. This sets out the content of the service required; and whether we can find a supplier or partner who can deliver the option the Council wants.

- the **financial case.** This describes the funding arrangements for the preferred way forward and confirms the affordability of that for the Council.

- the **management case**. This examines what the Council will have to do to deliver the preferred option and confirms how that will managed.

2 The Strategic Case

Part A: The strategic context

2.1 Organisational overview

The Port of Sullom Voe, Scalloway Harbour and a network of small piers and terminals stretching around Shetland are owned by Shetland Islands Council, and operated by the Council's Ports and Harbours service.

2.2 Business strategies

See Ports & Harbours Strategic Overview.

2.3. Other organisational strategies

See Ports & Harbours Strategic Overview.

Part B: The case for change and overview of progress this far

The fundamental "Case for Change" regarding Toft Pier lies in the unavoidable need to take action because of its deteriorated structure, beyond that which can be rectified by maintenance repairs.

The Council has statutory obligations under the Port Marine Safety Code as responsible Harbour Authority for the Sullom Voe Harbour Area, within which Toft Pier is located. In the near future, the pier will inevitably have to be either demolished and removed, or rebuilt, to be able to comply with those obligations.

Progress This Far

An outline business case was prepared which considered 6 options as ways forward for Toft Pier.

The preferred option identified was to rebuild the pier as a fit for purpose berthing facility for multi-use across aquaculture and fisheries sectors with potential addition users.

The Asset Investment Group recommended approval of that option. They also recommended that on the strength of the OBC the project should proceed to full design and the necessary procurement process undertaken to generate tenders required for an application for European Maritime and Fisheries Funding support.

These recommendations were approved by the Policy & Resources Committee on the 12th February 2018.

Niras Frankel were engaged to support the production of a tender package and supervision of any resulting construction and a tendering exercise was conducted with bids made by two companies.

An application for funding support was submitted to the EMFF and after deferral confirmation of the offer of a £1m grant, with potential for further support, was proposed by Marine Scotland.

The EMFF application is included as Appendix 2 and EMFF Grant Award confirmation as Appendix 3.

2.4 Investment objectives

The objectives listed below are those agreed by the Council at the initiation of the PwC strategic review of the Port of Sullom Voe.

They were also set out in the recent Ports and Harbours Strategic Overview reported to Committees and recommended as the key objectives when considering any Ports related business cases.

Environmental & Legislative:

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

Economic & Social:

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

Financial:

- Maximise long-term value of assets by maximising opportunity and exploring new sectors
- Optimise exposure to financial risk, including:
  - Minimise downside risk of major incidents, such as decline in business activity and any associated decommissioning/legacy costs

  - Retain potential upside from any growth in port operations
- Optimisation of fixed asset base and reduction in recurring maintenance costs

The Port of Sullom Voe and the Council's Ferry Terminals continue to be the subjects of other significant review activity. Toft Pier has had well-publicised and immediate issues with which culminated in its deck closure.

It is well established that small ports, harbours and piers make a significant economic and social contribution right around Shetland, primarily in the fisheries, aquaculture and transport sectors, but also in their social and cultural significance. The whole aquaculture industry depends on a network of small harbours and piers, not all Council owned, and the inshore shellfish fleet operates mainly from small harbours and piers. Together those sectors have a significant value to the Shetland economy, and have particular significance in a number of remote and rural areas.

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

A substantive repair and maintenance programme approved in 2014 for the majority of Council piers and harbours is currently being implemented. It is designed to protect the Councils investment in existing piers and harbours, and enable them to continue to provide their important services. This maintenance programme is described in the Business Justification Case for ports capital maintenance and renewal, and is updated in supporting annual reports.

Toft Pier is not part of that maintenance and renewal programme as its structure has deteriorated to an extent where cathodic protection, fender replacement etc. are not sufficient. Decisions now need to be taken regarding the specific situation at Toft Pier with some urgency given its condition, this FBC focuses on that issue.

The justification for any spending by the Council on any service, including the provision of a pier or a small port, must demonstrate how that spending provides value for that cost. For Toft Pier, that means sustaining and maximising benefits to the Council and Shetland from activities in the marine sector, balanced against the cost of how that is done.

As the Council is the responsible Harbour Authority for its harbour areas, it also has statutory responsibilities to ensure its assets and services comply with the requirements of the Port Marine Safety Code, Health and Safety legislation and other relevant statutes. Toft Pier is within the Sullom Voe Harbour Area, the Council is the

formal Harbour Authority for that area, and therefore the Council must discharge its statutory responsibilities in that respect.

Projects going beyond maintenance, i.e. those considering significant expansions of service, involving significant redevelopment costs, demolitions, removal of infrastructure or other more radical options, are typically subjected to a high level of scrutiny. The business case process is intended to provide that rigour.

These decision points about significant change need the assembly of a strong evidence base. They need to demonstrate that they either deliver significant benefits, for any costly service development; or have well understood and acceptable adverse impacts, for substantial reductions or removals of service. Only after that is as clear as possible, can significant changes be decided on by the Council and implemented.

This FBC seeks to assemble and present that evidence so that a well informed decision on the best way forward can be made.

2.5 Overview of main potential benefits from this investment

To demonstrate that investment to sustain, enhance or remove any service, Toft Pier included, is best value; then the benefits of that investment need to be identified and quantified, both for the Council and for the overall Shetland economy and communities.

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

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

Investment objectives	Main benefits criteria by stakeholder group
Ensuring environmental protection and compliance with legislative obligations (effective)	Clean and safe operations across the network. Quantifiable Reduced operating costs and maintenance Reduced need for reactive investment Reduced Carbon and other environmental impact Qualitative Improved public and community image Able to comply with legislative and quality accreditation criteria including the requirements of the Port Marine Safety Code and Health and Safety legislation.
Maximising Economic & Social benefits to the Council and Community (economic)	Contributions to maximising activity and profitability at individual piers, sustaining their operating life and their contribution to the Shetland economy. Quantifiable Additional income to primary producers from maintained / increased catches or other activity Resultant multiplier in Shetland economy for that increased economic activity Reduced or avoided producer costs in shorter steaming times etc. Qualitative Continued potential for additional commercial or social activity.

Supporting the Financial objectives of the Councils long and medium term financial plans by maximising income surpluses within available investment resources. (efficient)	Best value for the Council Quantifiable Best use of Council resources for the community overall Maximising income surpluses / minimising deficits from the piers within available investment resources. Qualitative Maintain and/or enhance valued community infrastructure.

2.6 Current arrangements and main marine activities in the Sullom Voe Harbour Area / Yell Sound

Yell Sound is a significant navigation channel used by vessels crossing from east to west of Shetland and vice versa. It is also the navigation channel for oil tankers visiting the Sullom Voe Oil Terminal. The Council's northern isles ferries operate across Yell Sound, from Toft Ferry Terminal to Ulsta Ferry Terminal.

Most of Yell Sound is designated as the "Sullom Voe Harbour Area" including the Port of Sullom Voe, Collafirth Pier, Toft and Ulsta Ferry Terminals and Toft Pier. Conservancy, navigation and pier provision within the Sullom Voe Harbour Area is the responsibility of the Council's Ports and Harbours Service as the Sullom Voe Harbour Authority.

Contractual and legislative arrangements exist through the ZCC Act and agreements with the owners and users of Sullom Voe Oil Terminal to provide safe and suitable berthing and navigation within that area. That legislation and contractual arrangements provide for the costs of harbour facilities to be recovered from Harbour users rather than being a burden on general Council funds and funders.

There are crab and lobster fisheries in the northern areas of the Sound and significant scallop beds in a number of areas in the inner Sound, both north and east.

Those fisheries are prosecuted by a number of small (less than 15m) vessels who fish and land on a day-to-day basis from one of the local small harbours and piers with seasonal variation in the areas fished.

Aquaculture activity within the Sullom Voe Harbour Area, which covers most of Yell Sound, has been excluded since 1976.

This exclusion is currently under review through the "Sullom Voe Harbour Area Marine masterplan" to determine whether it continues to be appropriate for current and anticipated circumstances and oil export volumes.

2.7 Overview of piers and harbours within the Sullom Voe Harbour Area and around Yell Sound

Collafirth Pier – Convenient for north end of Yell Sound – Lay-by berth for Altair pelagic trawler. Facilities at Collafirth are congested with little additional space there for more boats to berth. Satisfactory state of repair, cathodic protection and re-fendering planned as part of core maintenance programme. Potential location for user operated crane.

Ulsta - Ferry Terminal and Marina/Small boat facility – Mid Yell Sound – Some berthing space but no landing facilities. Satisfactory state of repair with no significant development planned in general port facilities. Also being considered as part of internal transport review.

Burravoe (Community Owned Pier) – Mid Yell Sound - Limited draught and entry/exit weather restrictions. No known developments planned.

Port of Sullom Voe / Sella Ness – Mid Yell Sound – Tanker Jetties, Tug Pier, Pollution Pier and Construction Jetty – Fully occupied by Sullom Voe tugs, pilot launches, mooring boats, work boats and pollution response craft and accommodation barge. Satisfactory state of repair, cathodic protection planned as part of core maintenance programme although some uncertainty about medium / long-term maintenance options for the Tug Jetty. Also under review through the Port of Sullom Voe strategic review process.

Toft Fishing Pier – East Yell Sound - when operational had 66m of berthage and a berthing depth of up to 5m. It was originally built in 1951 for the Yell Ferry Service and was rebuilt in 1971 with the current sheet pile structure. Ferry Service use stopped when the new ferry terminal was built alongside c2005. Since then it has continued to be used regularly by a number of shellfish boats and occasional other ad-hoc users. While it has had occasional safety and repair works it has had no major maintenance. Access to the pier was restricted to pedestrians in 2014 and

closed to all users in December 2016 as there are now holes in the pier deck and infill is washing out of the steel piling.

Toft Ferry Terminal - East Yell Sound – Linkspan and breakwater serving the mainland end of the Yell Ferry Service. No general port facilities, also part of the Internal Transport review.

Setters Ness, Lunnaness – East Yell Sound - Greigs Seafood Aquaculture Shore Station – Fully occupied by Salmon farm vessels. No known developments planned.

Ollaberry Pier – Mid Yell Sound – (Private) Old stone pier with little berthage and little to no maintenance. No known developments planned.

North Roe Pier – North Yell Sound – (Private) Small pier very occasionally used by small fishing vessels/pleasure boats but with most preferring to use Collafirth. No lift capacity. No known developments planned.

Gaza Pier – Mid Yell Sound/Sullom Voe – (Private) – Built for the potential export of rock from the Sullom Quarry. Now in poor state of repair and access closed.

Whale Firth (Head) – West Yell – (Private) Large pontoon approximately 60m long and pier approximately 30m long primarily used by small fishing vessels. No heavy lift capacity. No known developments planned. 5m depth in the centre of the channel allows for good access to the berth.

Mid Whale Firth, Grimister - West Yell (Private) - Aquaculture shore station fully occupied with aquaculture vessels. No known developments planned.

Southlaide Voe – North Yell Sound – (Private) Small pier with limited access from land. No known developments planned.

Mossbank Pier – East Yell Sound (private) - Small pier with limited access from land. No known developments planned.

2.8 Recent usage of Toft Pier

Income and expenditure relating to Toft Pier over the last few years and predicted for 2018/19 is as follows:-

	2015/16 £	2016/17 £	2017/18 £	2018/19 Projected Outturn £
Annual Dues	(964)	(772)	(891)	(1,603)
Landing Dues	0	(2,864)	(5,189)	(3,544)
Wharfage/Storage Charges	(3,001)	(4,536)	(3,062)	(4,000)
Pleasure Craft/Commercial Shipping Dues/Others	0	(71)	(274)	(2,837)
Sub-total Income	**(3,965)**	**(8,243)**	**(9,416)**	**(11,984)**
Employee Costs	575	665	681	969
Repair & Maintenance	9213	131,673	44,402	56,598
Management Costs	71	0	296	0
Sub-total Expenditure	**9,860**	**132,337**	**45,379**	**57,567**
Net Total	**5,894**	**124,095**	**35,964**	**45,583**

Over a number of years, there has been very limited expenditure and modest income at Toft Pier. Costs rose considerably with the installation of a hired in temporary pontoon structure as a reaction to the requirement to close the pier deck in November 2016 due to its state of deterioration.

2.8.1 Caught Shellfish Landings and Income

Over recent years, some five or so inshore shellfish boats have used Toft Pier regularly to land their catches; in addition, there are other less frequent users.

From figures published by the Marine Management Organisation, the value of caught shellfish landed at Toft/Sullom over the last few years was:-

	Crabs £	Lobsters £	Scallops £	Squid £	Whelks £	Total £
2014	11,000	2,000	305,000	3,000	0	321,000
2015	43,000	3,000	458,000	0	3,000	507,000
2016	1,000	3,000	470,000	4,000	14,000	492,000
2017	500	1,000	363,500	0	0	365,000
2018	0	0	305,000	0	0	305,000

Landings at Toft are showing a steady decline as the pier condition and usability has deteriorated further and the pontoon was installed etc.

The MMO figures give an annual “Benchmark” potential income from shellfish landings at Toft of approximately £10,000 per annum (2% of £500,000) if landings could be returned to 2015/16 levels and dues on all landings were fully paid.

2.8.2 Salmon Aquaculture

There has also been historical use of Toft by both mussel and salmon farmers, particularly by those located in the area at the east end of Yell Sound. However, that has ceased in recent years due to the deteriorating state of the pier. Vehicular access to the pier deck was restricted in 2014 due to a partial collapse and all main deck access removed in 2016.

Salmon are harvested either by “live haul” of living fish by wellboats direct to the processing facilities, or “dead haul” of fish killed on site and then transported to the nearest suitable pier, where the fish are taken to a processing facility by trucks.

Since Toft Pier deck closure, attempts have been made to use the back of the Ferry Pier at Toft to land “dead haul” harvested salmon, however this has proved somewhat awkward due to the quayside height and the fendering arrangements. A reinstated Toft Pier would be capable of supporting “dead haul” operations better and would be very convenient for east Yell Sound production, with 15 minutes vessel steaming time as opposed to 2 hours plus to Lerwick.

There has been a significant shift in harvesting strategy in the past year by some producers from “live” to “dead” haul for a number of reasons. In the first six months of this financial year an additional 2,500 tonnes of Salmon / estimated value over £10m, which in previous years would have been “live hauled” by wellboat, have been “dead haul” harvested over Shetland Islands Council piers. This additional activity has generally been on the West side of Shetland so far and has resulted in an additional £35,000 landing dues.

It is uncertain at this time whether this change in harvesting strategy will extend further, however this possibility is examined within the economic case for the evaluation of Toft Pier options.

Salmon farming also depend on small boats to provide site support services. Feed provision through larger vessels and periodic fish management activities such as lice management typically utilises larger vessels. Small salmon farm vessels tend to work from private shore stations, the larger vessels need deeper berthing facilities.

2.8.3 Mussel Aquaculture

Mussel farming also depend on small boats providing site support services and larger vessels for harvesting operations. Again, the smaller vessels typically operate from private shore stations but the bigger boats require deeper berthing facilities.

There had also been historical use of Toft by mussel producers, the original pier deck failure in 2014 involved a forklift truck involved in mussel operations. However, their usage has also largely stopped since vehicular access to the pier deck was restricted.

2.8.4 Review of Sullom Voe Harbour Area

The Shetland Salmon Farmers Association and the Shetland Shellfish Association asked the Council to reconsider the exclusion of aquaculture from the Sullom Voe Harbour Area during the recent Local Plan consultation exercise.

The Sullom Voe Harbour Area covers most of Yell Sound and both bodies feel the current restrictions should be re-evaluated in light of reducing tanker movements, as there is potential for the expansion of aquaculture in this area.

Ports and Harbours have reviewed the Harbour Area from a marine navigation perspective. Initial results of this review would indicate that there are areas of sea where other activity could now be possible without adversely affecting tanker navigation.

A comprehensive review is now being conducted to enable the production of a "Sullom Voe Harbour Area Marine masterplan". This includes consultation with a wide range of users, potential users, commercial, environmental and community interests. It will provide an authoritative evidence base to consider further policy development and consideration of future development.

The Sullom Voe Harbour area is also the subject of a pilot management proposal being developed in partnership with Crown Estate Scotland.

2.8.5 White Fish

The opportunity to use Toft Pier by white fish vessels has also been very limited since vehicular access stopped in 2014. Before that, landings for consignment did occur from time to time, as did engineering and other ad hoc services and works.

There was a £10,000 landing value of cod between Collafirth and Toft indicated from the MMO 2016 figures, which might reflect an emerging inshore fishery, which is now becoming of some significance in other areas around Shetland. MMO figures show that a total of c£400,000 of white fish has been landed in Shetland by boats under 10m in the first 8 months of 2017, a breakdown of that by pier is not currently available.

2.8.6 Port of Sullom Voe contingency use

The Sullom Voe tugs use the Sellaness Tug Jetty for berthing and operations. This jetty is currently being investigated to determine what works will be required to ensure its operational life extend to 2050 and beyond. It is possible that significant structural works, which could take it out of service for an extended period, will be required at some point in the next few years.

If that were the case, then alternative berthing arrangements at a pier with sufficient depth would be required, 6m+. The Sullom Voe Construction Jetty has some capability but a redeveloped Toft Pier would provide a further contingency to secure the continuity of oil exports from SVT.

2.8.7 – Marine renewables

There continues to be potential for marine renewable development in Yell Sound as it is a high tide flow resource. Discussions are ongoing between Ports & Harbours, Development Services and other stakeholders to determine how that potential can be quantified better.

2.8.8 Net Services Station

There is a private sector company currently developing a significant commercial project to establish a Net Service Station adjacent to the proposed pier development in Toft offering a variety of services for the Aquaculture industry.

Their proposed services would include:

- wash, dsinfect and repair net service
- salmon cage net storage facility
- manufacture of new nets
- supply a range of aquaculture products, including rope, shackles and fishing gear
- designated area for salmon cage building, cage modification and decommissioning.

They believe this would be the first service of its kind in the UK and regard the location at Toft as ideal as it is centrally located for work boats to off load and collect serviced nets.

The project is at an advanced planning stage and planning consents have been applied for. The project would only proceed through further stages if a suitable pier is developed at Toft.

2.8.9 Other Users/Potential Users

Other business users of the port include Shetland Crab at Ronas Voe, and QA Fish to collect shellfish, with some occasional use by engineering service firms, haulage, and fuel suppliers on a very ad-hoc basis as pier access is very constrained.

Potential also exists for the consideration of ice and fuel services if the number and nature of users expanded. Salmon harvesting and white fish landing both require significant ice supplies and all marine vessels require fuel-bunkering services.

Marine survey work is required from time to time on the pipelines coming in and out of SVT and a redeveloped Toft Pier would be a convenient working location for vessels involved in that activity.

Recreational use does not generate much in the way of harbour charges at Toft Pier however there is clearly some activity in the neighbouring area as indicated by the

small boats at moorings and the private pontoon. A sea angling / tourist charter business has recently been established in the area with the intention of operating from Toft if possible.

2.9 Main Risks

The preferred option is a relatively straightforward marine construction project of the type the Council has delivered successfully at a number of other locations, Walls and Uyeasound being examples. Capital cost estimates, timescales and long-term revenue cost implications can be projected from a wide range of previous projects of a similar nature. Detailed technical issues have also been identified in the production of the tender package.

The Council continues to monitor carefully the risk of operating the current Toft pier interim arrangements for the requirements of the Port Marine Safety Code and other legislative compliance. This monitoring regime is expensive in itself and has already determined that these interim arrangements have a very limited lifespan before they will also have to be withdrawn.

Risks of uncertainty about the nature of likely future usage and business volumes seem to have prevented decisions being taken by the Council relating to Toft Pier in recent years. The evidence assembled in the Outline Business Case, EMFF application and FBC should now help deliberations reach a conclusion on the way forward.

Risk	Risk Management Actions
A perception that the Council's overall investment objectives for small piers / ports / harbours lack some clarity which could complicate or tend to delay decision making.	Clear proposals regarding investment objectives have been set out in the Ports & Harbours Strategic Overview recently considered by Committees. These have been built into this FBC to help present a clear explanation of why various options could be pursued and what the consequences are likely to be.
Evidence and anecdotal opinion about the historic, current and projected usage of Toft Pier (and other small piers) are conflicting, this could complicate objective decision making.	The most realistic estimates available have been used in this FBC with appropriate caveats and sensitivity ranges applied.

Risk	Risk Management Actions
Without a decision on the preferred way forward safety, technical, commercial and planning uncertainties remain unresolved. Without active decision-making the lose/lose scenario of makeshift arrangements of the sort presently in place which result in economic loss to the businesses and financial loss to the Council continues.	The balance of risks between active decision-making and further information gathering needs to be recognised and managed appropriately. The assembly of the best evidence available in this Full Business Case will assist in decision-making.

2.10 Constraints and Dependencies

2.10.1 Usage data and Income recovery

The lack of detailed and dependable data on usage of this, and other small piers, over a number of years has hampered decision making regarding significant investment.

Even if the Council decided that it wanted to provide services at small piers free of charge, then it would still have to understand usage and value before it could demonstrate best value in any investment.

Usage and income from the Council's bigger ports, i.e. The Port of Sullom Voe, Scalloway and Cullivoe is very well understood and fully recovered. There is no fundamental reason why that cannot be the same at small ports.

Actions to improve this situation were implemented as part of the 2017/18 revision of Harbour Dues and communication and consultation with harbour users will continue as these are bedded in.

There is widespread understanding and acceptance across harbour users that fair and transparent charges for the use of valuable services for their provision, maintenance and investment in, by commercial operators is right and proper. It is a matter of designing and implementing those usage monitoring and charging regimes effectively to resolve this issue. Ports and Harbours are committed to working to achieve that.

3 The Economic Case

This section documents and evidences that the most economically advantageous alternatives for the Council and wider economy as a whole have been considered and evaluated with appropriate consideration of risk.

3.1.1 Critical success factors

The critical success factors (CSFs) in this Outline Business Case have been aligned with the investment objectives previously described.

1 - All services and facilities the Council provides to the community must be of good quality and resilience. i.e. safe and fit for purpose, meet reasonable customer expectations and reasonable community aspirations and be able to cope with changes to legislation, technology and expectations etc. (effectiveness).

2 – Support businesses (existing and/or new) to be more competitive by helping improve quality, reduce costs, improve access to new product lines or markets, take opportunity of increased volumes etc. (economy).

3 - Any investment of public money on behalf of the community must be done as efficiently as possible in value for money terms; whole life costs and impacts etc. so that best value is obtained in all areas. (efficiency).

3.1.2 Alternative ways forward and short list of options

There have been a number of reviews and reports on the issues and options around Toft Pier over the years, notably in 2014 when a socio-economic impact assessment of small piers was undertaken by local independent consultants and reported to Council.

While no action resulted from these reviews and reports, together they formed a body of strategic option appraisal information which the Outline Business Case, EMFF funding application and this Full Business Case has drawn on.

From that information and subsequent research and analysis, the following main ways forward were considered:

- Alternative 1 – do nothing at any of the existing small piers and harbours in the Port of Sullom Voe Harbour Area / Yell Sound other than the maintenance actions already planned.

- Alternative 2 – dispose of or demolish the Toft Pier and seek ways to accommodate the activity there by reorganising and/or enhancing facilities elsewhere.

- Alternative 3 - reinstate some, all or extended pier facilities at Toft.

These alternatives essentially frame the “long list” for options and the analysis below established six “short list” options which the Outline Business case assessed.

Alternative 1 – do nothing beyond existing maintenance plans

(This is in effect being implemented as a stopgap in respect of Toft Pier until some other medium / long-term decision is made.)

Option 1 - Due to the state of deterioration all public access to the main deck of Toft pier has now been restricted completely. Relatively soon mooring equipment, fenders and ladders will have to be removed, and permanent signage and barriers erected unless an alternative way forward is adopted.

An interim pontoon arrangement has been rented to allow some berthing and access for small fishing craft alongside the inside face of the pier. That however does not provide very straightforward loading or unloading to or from vehicles.

Ultimately, this arrangement cannot be a viable long term option as it is inevitable that further emergency works would be required on an ad-hoc basis when the pier structure collapses further. Eventually that will also require the current interim berthing facility to be removed on safety grounds and the pier closed completely.

Alternative 2 – remove Toft Pier and seek alternative provision at existing piers

Option 2 – If the Toft Pier can no longer fulfil a useful purpose that justifies its cost then it should be considered for removal. Practically this would have to be done through demolition. There is no identifiable interest from any other party in acquiring the existing Toft Pier given its deteriorated state. It would seem unacceptable for the Council to allow it to decay slowly over a long period of time as a hulk, given the Council’s environmental management and other safety obligations.

Apart from Toft Pier, the Council owned small harbour and pier facilities within the Sullom Voe Harbour Area / Yell Sound (Ulsta, Toft Ferry Pier, Collafirth and the Port of Sullom Voe) are generally in a satisfactory condition. There are also provisions in the Council’s core pier maintenance programme for cathodic protection, periodic refendering and other works to ensure that continues.

Both Collafirth and the small boat facilities at the Port of Sullom Voe are already congested and do not have obvious space for the permanent relocation of any further vessels for berthing, and in particular access to small boat landing facilities. Neither Toft Ferry Pier or Ulsta Ferry Terminal have provision for landing of catches or product.

There are no development plans under current consideration and no obvious opportunities for low cost expansion at neighbouring Council owned ports. The likely cost of adding significant additional berthing or landing space at Collafirth or the Port of Sullom Voe would be of a similar order or higher than the estimated costs of Toft Pier reinstatement.

These other Council piers are also less favourably located for access to the east Yell Sound scallop beds, the main fishing grounds of the Toft based boats, and for any east Yell Sound aquaculture activity. Boats would face extra costs to steam to either, in terms of additional fuel, and increased dead time, 1-11/2 hours extra each way.

The highest value fishery landing at Toft is currently scallops, this is regulated by the Shetland Shellfish Management Order (SSMO). Those management arrangements only allow fishing between 6.00 am and 9.00 pm therefore additional steaming time to and from the grounds either reduces fishing time or extends the working day.

There are also potential negative safety impacts travelling to and from other more distant piers both in terms of weather conditions when crossing strong tide conditions and crossing the tanker and other traffic navigation channels.

The other community or private piers and harbours on Yell Sound would not appear to offer many straightforward development options either. The active locations at Ulsta Marina, Burravoe and Settersness are either operating at capacity or have significant draught and landing restrictions. The other locations are now very infrequently used and have very limited or very old infrastructure.

Again the likely cost of adding significant additional berthing or landing space at any of these would be of a similar order or higher than the estimated costs of Toft Pier reinstatement, notwithstanding the complications of ownership and operation.

Full demolition and removal would also remove the breakwater action of the existing pier for the private pontoon and small boats anchored further inside Toft Voe. It is difficult to be precise about the ultimate impact of that as the effectiveness of the pier as a breakwater is only partial in any case, however it would clearly be negative.

Option 3 – As an alternative to demolition and complete physical removal, it could be possible to convert the remaining structure to a permanent breakwater by collapsing the existing structure and covering it on both sides with rock armouring.

This would have the same effect on fishing effort as removal, but would retain the sheltering action of the basic structure.

Alternative 3 – Reinstate some or all of the facilities at Toft pier

A number of options for the reinstatement of Toft Pier have been developed over time, there have been a number of discussions with users and ideas. Most of these options have been previously reported to the Council in various forums without conclusions being reached.

Options for partial / full reinstatement of Toft Pier

Option 4) Repair the inner quay face and rock armour the outer face
Option 5) Replace the old pier with a new structure of similar size and shape
Option 6) Replace the old pier with a new structure of extended size and shape

The Outline Business Case examined these options and concluded that the preferred way forward was Option 6 – Replace the old pier with a new structure of extended size and shape.

This Full Business Case considers Option 6 – Rebuild and Extend in detail and compares costs and benefits of that option with the reference cases for Option 1 – Do Nothing and Option 2 – Demolish.

Further Analysis of the Preferred Option

3.2 Economic appraisal

This section provides an overview of the main costs and benefits associated with the preferred option and for comparative information Option 1 – Do nothing and Option 2 - Demolish.

It includes an analysis of;

- quantifiable costs and benefits (both Council only and wider Shetland economy);
- qualitative costs and benefits, and;
- risks.

3.2.1 Quantifiable Costs

Costing assumptions

- One off costs for construction – Estimated costs of one off works – demolition/ construction from Ports & Harbours and Capital Projects marine engineering specialist staff and discussions with relevant contractors involved in similar recent construction / demolition works.

- Annual running costs – Estimated costs of operation and maintenance – analysed from component costs and benchmarked from costs of similar piers in Shetland.

- Calculation period– 50 years, the expected lifespan of a modern pier built to good quality standards and well maintained.

- Costs at other locations – No practical development or rationalisation opportunities have been identified at the other small piers within the Sullom Voe Harbours Area (Collafirth & Sellaness), at the Ferry Terminals (Ulsta & Toft) or at the private piers and jetties in the vicinity, Burravoe, Setters Ness, Ollaberry, North Roe, Gaza, Whale Firth or Southlaide Voe. Therefore no costs of development in these locations have been included in estimates. Should removal of all service at Toft Pier be the ultimate decision it is likely that some additional cost at Collafirth and/or Sellaness would have to be re-visited.

Option 1 – Close Toft Pier and Install a Temporary Pontoon

This is the de-facto "do nothing" option being implemented at the moment, it cannot however continue indefinitely as further deterioration in the pier is inevitable.

Berthing Length	:	30m (pontoon)
Berth Depth	:	3m
Deck Area	:	30m x 5m on pontoon
Lift Capability	:	None

Council costs - There would be an ongoing requirement to monitor and manage the structure from an environmental and health and safety point of view. Survey work, fencing off the pier and installing the pontoon cost £50k for initial works. Annual cost of pontoon rental is £30k per annum.

- Pontoon costs are £30k per annum

- Regular survey and further emergency actions - £15k per annum

- Insurance premiums, rates and Crown estate charges would continue to be payable in some form, albeit at a possibly reduced rate if non-operational, c£5k per annum.

- Theoretically a total cost of £2.5 m over a 50 year lifespan (£50k per annum) although this option could not possibly be sustained for the medium/long term.

Some Council income and wider commercial income associated with wild shellfish catching will continue although the level of usage at Toft is uncertain given the limited berthing and landing facilities.

Council income and wider commercial benefits from other activity will not happen under this arrangement as the interim pontoon facilities only provides a service for small fishing boats.

As previously stated this arrangement cannot be a long-term solution as it is inevitable that further emergency works would be required on an ad-hoc basis as the pier structure collapses further. Eventually that will also require the interim berthing facility to be removed on safety grounds.

Option 2 – Demolish and Remove Toft Pier

To demolish the Toft Pier structure would entail removing the deck and infill from inside the sheet piled box, which would then be cut at seabed level and removed in sections.

Berthing Length : 0m
Berth Depth : 0m
Deck Area : 0m
Lift Capability : None

Council costs - The estimate for this option is in the region of £600k for the demolition works and no ongoing cost once that is complete. Income from harbour dues would become zero.

This is derived from discussions with the local contractor involved in demolition of the Shell pier in Lerwick recently, so has good currency.

Wider costs – An increase of time and fuel costs for affected vessels has been estimated as longer steaming times would be required to and from some fishing grounds.

Council income and wider commercial income associated with wild shellfish catching would be expected to reduce. Some activity would be expected to displace to other Council piers where they are the only option for continued fishing.

There is limited relocation space available and all relocation alternatives involve significant additional steaming time to and from the grounds normally fished from Toft.

Council income and wider commercial benefits from other activity could not happen under this arrangement as there would be no facilities.

Option 6 - Replace with new pier of extended size.

Deeper and longer berthing facilities would be provided by adding a dog-leg at the end of the pier. This would also create better shelter from north-east wind and swell conditions on the inside faces of the pier.

Berthing Length	: 120m
Berth Depth	: 3m inside – 5m outside – 6m dog leg
Deck Area	: 70m x 12m
Lift Capability	: 5 tonne per sq metre + heavy lifting pad

This option is estimated to have a Capital cost of £2.9 million pounds. This cost would be offset by £1m grant funding which has been secured for this project.

Annual costs of overheads, repairs and maintenance and services over the anticipated 50-year lifespan of a new pier of this scale would be expected to be in the order of;

- Revenue - Overheads: Insurance, rates, crown estate charges, electricity, water, inspection and general management - £12k per annum
- Revenue - Repairs & Maintenance: annual routine maintenance of electrics, deck, ladders, lights, safety equipment - £12k per annum.
- Capital - full refender and larger items – £60k every 10 years
- Capital - cathodic protection - £120k every 25 years

- Total £1.6m over 50 year lifespan (£24k per annum revenue costs and £360k capital maintenance costs).

Council income and wider commercial income associated with wild shellfish catching would be expected to be at least at the MS/SSMO benchmark as berthing and landing facilities would be adequate for the current shellfish boats and additional space would be available.

Council income and wider commercial benefits from other activity could potentially increase significantly under this arrangement as there would be berthing and landing facilities beyond those occupied by shellfish boats and berth depths would be increased to the point where they could accommodate the larger aquaculture support vessels, up to 6m draught.

3.2.2 Summary of Quantifiable Costs for each option

The following is a summary of the costs to the Council for each of the options:

	1 - Current	2 - Demolish & Remove	6 - Rebuild & Extend
Estimated Initial Capital Cost	£0	£600k	£2.9m*
Estimated Annual Revenue Operating Cost	£50k	£0	£24k
Estimated Average Annual Capital Maintenance Cost	£0	£0	£7k

***** The initial capital cost to the Council will be reduced by £1m grant funding which has been secured for this project.

3.3 Estimating benefits

The benefits include the direct benefit to the Council in terms of income and the wider economic benefit to Shetland and beyond.

It is recognised that there are both quantitative and qualitative benefits from the options being considered, as separated below:

The wider benefits associated with each option were identified during discussions with the stakeholders in order to ascertain a full picture of the future options for the facility, consultation was undertaken with a number of stakeholders and interested parties.

The benefits identified fell into the following main categories.

Benefit type	Direct to Council	Indirect to Wider Community / Organisation(s)
Quantitative (or quantifiable)	Low capital cost Reduced revenue expenditure Increased income from harbour charges	Reduced or avoided producer costs and time in shorter steaming times etc. Additional income to primary producers form maintained / increased catches Resultant multiplier in Shetland economy for that increased economic activity
Qualitative (or non-quantifiable)	Resolution of obligations and liabilities around a degrading item of Council infrastructure.	More secure and suitable berthing and landing facilities at a convenient location. Maintain or enhance community infrastructure. Continued potential for additional commercial or social activity.

3.3.1 Quantifiable Benefits

These are benefits which can be measured and take account of all wider benefits to the UK, not just benefits to Shetland or the Council. It is recognised that not all benefits can be expressed in monetary values but as far as possible a monetary value has been given to benefits in order to enable a comparison between options to be achieved.

The main quantifiable monetary benefits that have been identified in discussion with Council staff, current and potential users and industry bodies are as follows:

- Income to the Council from harbour charges on usage and landings which would not otherwise have been obtained.

- Income to fishing vessels from landings they would not have made otherwise.

- Reduction in time and fuel costs of users steaming to and from other harbours.

- Income to companies engaged in aquaculture or other industries they would not otherwise have made, and/or costs saved.

Council Income

Harbour dues for shellfish landed at Council ports by vessels under 15m complying with the Council's landing declaration requirements is 2% of gross value. For wild shellfish landings the remaining 98% is shared between the boat and any other direct service providers.

Shellfish landing figures are based on MMO "benchmark" shellfish volumes at Toft over recent years and values and estimated reductions / increases in catch.

The estimates for other potential commercial activity and associated income are a combination of;

- Historical activity from the White Fish / Salmon and Mussel farming sectors which used Toft Pier prior to the restriction of vehicular access in 2014 and all deck access in 2016, and;

- Potential activity from expanded and extended inshore fisheries; increased salmon and mussel farming in Yell Sound and changes to Salmon management activities such as live fish washing and harvesting methods.

It is difficult to estimate precisely what level of activity would arise from reinstated pier facilities at Toft. Recent income levels at other similar sized of piers around Shetland such as Cullivoe, Walls, Uyeasound, Baltasound, Mid Yell and West Burrafirth are listed below, the ranges are the levels achieved at individual piers;

- White Fish Dues – c£1,000 to £50,000 per annum
- Farmed Salmon Dues – c£10,000 to £90,000 per annum
- Farmed Shellfish Dues – c£500 to £1,000 per annum
- Storage Dues – c£2,000 to £25,000 per annum
- Wharfage Charges – c£1,000 to £2,000 per annum

Clearly there is a wide range of income levels achieved depending on the detailed usage of facilities.

Toft is conveniently located for main east Yell Sound shellfish and aquaculture areas. Boats would need to steam an additional 1 to 1.5 hours to Collafirth, Sullom Voe or Symbister with consequent loss of fishing time and increased fuel usage.

While there is some opportunity for displacement it is quite difficult to model that in detail as the actual effect is complex and unpredictable. For the purposes of this aspect of the calculations below displacement has not been included.

3.3.2 Overview of potential Council income for each option

	1 - Current	2 - Demolish & Remove	6 - Rebuild & Extend
Council Annual Income - Shellfish Landings	(£10k)	£0	(£10k)
Council Annual Income - Other Activity	£0	£0	(£107k)

Council income from shellfish would be expected to at least match the MMO benchmark with a repaired or rebuilt pier.

Council income from other areas (white fish / aquaculture / other commercial activity) could rise significantly if the services offered meet customer needs. Evidence from other piers such as Cullivoe and Walls have indicated that £50,000+ per annum Harbour Charge income is achievable.

Other commercial activity has been estimated at c£20,000 per annum for a rebuilt pier through a combination of salmon, shellfish aquaculture, white fish and other marine support services ad-hoc usage. Those activities would require at least a rebuilt pier to allow the 5m berthing depths required.

To achieve this income level there would need to be an average of three visits per week by a larger aquaculture or whitefish vessel, loading, landing or otherwise utilising the Pier and contributing c£400 per visit. (150 x £400 = £60,000).
As examples;

- A white fish vessel landing a catch of 200 boxes would pay around £500 at 2.5% ad valorem landing dues assuming an average value of £100 per box.
- The landing of 20 tonnes of salmon would generate a charge of around £400 at landing dues of 20 per tonne.
- Landing 10 tonnes of mussels would generate a charge of around £100 at a landing charge of £10 per tonne
- Transfer of 12 salmon nets to or from a vessel would incur charges of around £300 at £26.09 per net.

The most significant potential income at Toft would be if it became a commercially attractive landing point for “dead haul” salmon harvesting. It is estimated that there are some 5,000 tonnes of salmon annually harvested on average from sites in the immediate Toft Pier area. This is based on a bi-annual production of c10-12,000 tonnes from those sites. If all of that harvest was landed across the Toft Pier that could generate up to an additional £100,000 per annum based on a £20 per tonne charge.

Should aquaculture be permitted within the Sullom Voe Harbour Area it is possible that significant new production could be established there. If it was possible to replicate the scale of other local sites then industry estimates indicate a further 10,000 tonnes bi-annual production could be possible.

For the purposes of this appraisal an assumption has been made that around 2,350 tonnes, some 45% of estimated existing annual production in the local area, could be attracted to Toft if suitable facilities were available. i.e. if a rebuilt and extended pier of sufficient berthing depth, up to 6m, and length of berthing face capable of accommodating large salmon support vessels. While expansion of local production is possible it has not been included in these financial projections.

That 2,350 tonnes of landings would generate c£47k per annum at £20 per tonne landing dues. If additional Sullom Voe Harbour Area production is realised then these volumes and values could be significantly higher.

Wider Costs/Savings and Benefits

3.3.3 Overview of wider costs/savings and benefits shellfish fleet

	1 - Current	2 - Demolish & Remove	6 - Rebuild & Extend
Cost / (Saving) to Shellfish Boats per year	£0	Extra fuel & lubes for 225 trips @ £15 each way = £6,750	Saving of fuel & lubes for 150 trips @ £15 each way =(£4,500)
Value of Additional Shellfish Landings to wider economy per year	£0	Reduction of 10% of landing value = £50,000	Increase of 10% landing value = (£50,000)

With the current pontoon arrangements some of the regular shellfish boats still use Toft Pier some of the time.

Without any Toft Pier these shellfish boats will have to incur additional costs for fuel to make the longer trip to and from another port when accessing East Yell sound fishing grounds, (assumption of three boats, three times a week for six months of the year).

With a rebuilt Toft Pier the boats which have been displaced to other ports would be expected to return to Toft (assumption of two boats, three times a week for six months of the year).

Without Toft Pier shellfish boats will need additional time to make the longer trip to and from another port when accessing East Yell sound fishing grounds thereby losing fishing time and reducing overall catch.

With a rebuilt Toft Pier shellfish boats will not need to make the longer trip to and from another port when accessing East Yell sound fishing grounds thereby gaining fishing time and increasing overall catch.

3.3.4 Overview of wider costs and benefits for other sectors

	1 - Current	2 - Demolish & Remove	6 - Rebuild & Extend
Costs / Saving to other sectors per year	£0	£0	Saving of fuel & lubes cost for 250 trips @ £30 each way = (£15,000)
Value of time savings to other sectors per year	£0	£0	Saving of 1.5 hours time for 250 trips each way @ £200 each = (£100,000)

Other sectors cannot really use the current pontoon arrangements at all, and would not have much usage of a pier with only a 3m internal berthing face which was often occupied by other users.

With a rebuilt Toft Pier offering 5m berthing other users (Aquaculture and other commercial) will have the opportunity to save additional time and costs for the fuel required to make the longer trip to and from another port. (Assumption of one visit per week across 50 weeks of the year).

With a rebuilt and extended Toft Pier offering berthing up to 6m activities like salmon harvesting will be possible and users would save the time and costs required to make the longer trip to and from another port. (Assumption of one visit per weekday on average across the year).

3.3.5 Summary of wider costs and benefits

	1 - Current	2 - Demolish & Remove	6 - Rebuild & Extend
Cost / (Saving) per year	£0	£7k	(£20k)
Value of decrease / increase in activity per year	£0	£50k	(£150k)
Total wider costs / benefits per year	**£0**	**£57k**	**(£170k)**

The table above draws together the estimated costs / benefits to the shellfish sector, and other sectors.

In addition to these wider economic benefits, there is also a well-advanced project to establish a net services station adjacent to a redeveloped Toft Pier.

The potential wider economic impacts of the Net Station proposal has been evaluated by the Council's Economic Development Service. They calculated impacts using figures from the last Input Output survey, based on a productivity index (i.e. the average output per employee, per sector).

Net manufacture is classed as "other manufacturing" which has a per unit productivity index of £0.09m in output per FTE employee. An illustrative calculation was made based on the potential jobs generated from the Net Station, so 15 jobs would lead to an expected total output of £1.36m.

Additionally, the Input-Output multiplier for Other Manufacturing is 1.092, so input of the value suggested above would lead to a multiplier effect of an additional £0.12m.

Based on these calculations above the impact, in terms of output, would be in the region of £1.48m.

3.4 Net Present Value (NPV) Analysis

The detailed NPV appraisals for each option are attached as Appendix 1.

3.4.1 – NPV Assumptions

- A calculation period of 50 years has been used based on the expected lifespan of a well-constructed and well-maintained modern pier.
- Capital costs for each option are taken from the cost estimates described in section 3.2.1 and summarised in section 3.2.2.
- Revenue annual operating costs for each option are taken from the cost estimates described in section 3.2.1 and summarised in section 3.2.2
- Council estimated income for each option is taken from the income analysis described in 3.3.1 and summarised in 3.3.2.
- Estimated Wider Income / benefits for each option is taken from the potential usage analysis described in 3.3.3 and 3.3.4 and summarised in 3.3.5.
- Breakeven and 50 year NPVs for all options including Council and wider benefits are evaluated.

- £1m external funding based on EMFF grant offer is included for relevant options.

- A 3.5% discount rate is used across NPV calculations.

- NPV calculations have also been done with a +20%, optimistic scenario and a -20% pessimistic scenario as offsets from the realistic baseline for sensitivity analysis.

3.4.2 - NPV Calculations over 50 Years (Baseline Realistic Cost / Income / Benefit Assumptions)	**(positive) / negative £000**

	Realistic
	£000
Option 1 - Current	
No Grant - Council Only	938
No Grant - no Community Costs/Benefits to include	938
Option 2 - Demolish	
No Grant - Council Only	580
No Grant - Community Costs/Benefits Included	1,911
Option 6 - Rebuild & Extend	
Includes Grant - Council Only	123
Includes Grant - Community Costs/Benefits Included	(38,567)

3.4.3 "Council Only" analysis of NPV results

The preferred Option 6 - Rebuild & Extend has the lowest negative NPV of the options with a net present value cashflow cost of £123k over 50 years.

3.4.4 "Wider Shetland Including Council" analysis of NPV results.

The preferred Option 6 - Rebuild & Extend has a positive NPV with a net present value cashflow surplus of £38.6m over 50 years.

The reference options are both negative.

3.5 Qualitative Benefits

The potential benefits associated with each option are wider than those quantified by income generation; economic growth; job creation; leverage or exports.

The additional benefits associated with each option were considered during discussions with internal and external stakeholders including individual meetings and a questionnaire circulated around current and potential users.

The main qualitative benefits identified were;

- Resolution of obligations and liabilities around a degrading item of Council infrastructure.

- More secure and suitable berthing and landing facilities at a convenient location.

- Maintain or enhance community infrastructure and continued potential for additional commercial or social activity.

3.5.1 Qualitative Benefits Appraisal

The initial appraisal of the qualitative benefits associated with each option was undertaken by;

- Identifying the qualitative benefits relating to each of the investment objectives and allocating a weight to each benefit with reference to the relative importance attached to it by stakeholders;

- Scoring each of the short-listed options against the benefit criteria on a scale of 0 to 10, 0 not delivering any benefits to 10 delivering the greatest value of benefits. This was informed by the analysis by stakeholders of how that option would deliver against that benefit.

- Benefits scores were allocated and agreed by discussion to confirm that the scores were fair and reasonable.

The results of the qualitative benefits appraisal are shown in the following table:

Factor	Resolution of obligations and liabilities around a degrading item of Council infrastructure.	More secure and suitable berthing and accessible landing facilities at a convenient location for local marine activity.	Continued existing, with potential for additional, community / social activity.
Weight	2	3	1

	Score	Total	Score	Total	Score	Total	Overall
Current	0	0	5	15	2	2	17
Demolish	10	20	0	0	0	0	20
Rebuilt & Extended Pier	10	20	10	30	10	10	60

3.6 Risk appraisal

As discussed earlier it would seem that there are a number of the overarching risks relating to this project; about perceived uncertainty about objectives, uncertainty about impact, usage and value and concerns about decision drift. The result of that has been a failure to determine a way forward in recent years. Those overarching risks are recognised and addressed by using an approach like the “Better Business Case” methodology.

3.6.1 Risk Appraisal Results

A workshop attended by members of the project team was held to identify the main practical risks and asses these for each option.

The following table shows those risks and their scores as assessed against their likelihood and potential impact as allocated from the participants’ judgment and assessment of previous projects.

Risk	Safety of operation and compliance issues		Technical feasibility		Underprovision below level of economic activity		Overprovision above level of economic activity		
	How would each option address PMSC and H&S issues?		How technically feasible is each option?		Risk that an option is insufficient to meet future demand?		Risk that an option is underutilised and persistently operates at a loss?		
	P x I	**Tot.**	**P x I**	**Tot.**	**P x I**	**Tot.**	**P x I**	**Tot.**	**Total**
Current	5x3	15	5x4	20	5x2	10	1x1	1	46
Demolish	1x1	1	3x3	9	5x4	20	1x1	1	31
Rebuild & Extend	1x4	4	3x3	9	1x1	1	4x2	8	24

P = Probability - 1 very Low to 5 Very High and I = Impact using the same scale.

On the basis of the assessment of these risk factors the preferred rebuild option scored best. It is technically feasible, resolves the safety and compliance issues and on balance the risk of some over-provision against need compared to under-provision is prudent when considering a one off project with a long working life. Continuation of current arrangements (Option 1) is the most risky from a combination of safety, compliance, technical factors and it is a poor match to user needs.

3.7 Summary of Economic Appraisal Results

The preferred option overall for this project when taking into account Council costs and benefits, wider community and economic costs and benefits, qualitative benefits and risks was therefore Option 6, Rebuild and Extend as it scored best in all areas of evaluation.

3.8 Sensitivity Analysis

3.8.1 Sensitivity Overview

It is likely that there is much greater scope for variation in income levels, especially around the rebuild options, than there is in costs estimates. It will also be more straightforward to qualify costs further, i.e. additional engineering investigations, than it is to qualify future income projections.

Predicting future usage of a facility that has not been previously available over a 50 year future is very challenging. 50 years ago, in 1967, there was no oil and gas industry, no aquaculture, no roll-on roll-off ferries. Extrapolating existing data and trends is of course necessary and valuable for the short and medium term, but becomes a less and less dependable tool as time horizons extend.

Changes in the environment, technology, customer demands and general economic conditions can all affect demand and usage radically.

The table below lists some of the potential future developments and indicates whether they might create positive or negative effects around any Toft Pier usage. It does not seek to translate these into specific financial consequences but may help consideration of whether an "optimistic" or "pessimistic" scenario is likely.

Item	**Possible future developments**	**Possible consequences for any Toft Pier project**
Long term viability of main sectors	Aquaculture and fish catching should be sustainable through the long term.	Generally positive. This would mean core economic activity, which continues to require services, and continues to have sufficiently profitable business models to afford 0.5% – 2.5% charges for those services.
Emergence of new sectors	Tidal power generation remains a potential development sector.	Generally positive. Yell Sound is a strong tidal resource and any business development of scale will require service support.
Fundamental changes in technology, business methods or competition.	Aquaculture may tend to move "offshore" with larger units and support vessel requirements. Harvesting methods may change further between "live haul" and "dead haul" and preferred landing / packing destinations. Fish catching might move to "floating factory" processing or direct landing to mainland markets.	Uncertain. Technical development can require specific support requirements, which could outclass or bypass a small harbour. However moving beyond 6m berthing requires very specialised and expensive infrastructure, which would tend to restrict moves beyond that scale. It would also seem unlikely that the market premiums currently achieved for freshness via local landing will replaced quickly by offshore processing.

Changes in legislation or political factors	Yell sound aquaculture exclusion may change in future. Developments around Brexit may create new quota and access arrangements for local fishing fleets.	Generally positive. The aquaculture opportunity of increased access to Yell Sound could be positive and in line with overall production increase national policy. Fish catching developments are thought on balance to be mostly upside. Increased access and quotas in surrounding maters generally, perhaps inshore in particular.
Environmental changes	Conditions for aquaculture production may change and location of fish stocks might move.	Uncertain. Although technical development of production and catching technologies may be expected to cope with any gradual environmental change.

3.8.2 NPV Sensitivity analysis

Formal NPV sensitivity analysis of options has been conducted using optimistic (costs are 20% lower, income 20% higher) and pessimistic (costs are 20% higher, income 20% lower).

3.8.3 "Council Only" sensitivity analysis of NPV results

Option 6 - Rebuild & Extend becomes positive under the optimistic scenario, the only positive NPV from a "Council Only" perspective.

Reference options are negative across all sensitivity scenarios.

3.8.4 "Wider Shetland Including Council" sensitivity analysis of NPV results.

Option 6 - Rebuild & Extend becomes positive under the optimistic scenario, the only positive NPV from a "Council Only" perspective.

Reference options are negative across all sensitivity scenarios.

3.9 Economic Appraisal Conclusion

Following cost benefit analysis, qualitative benefits analysis and risk assessment it is confirmed that Option 6 - Rebuild and Extend is the preferred option.

4. The Commercial Case

4.1 Introduction

The purpose of this section is to describe how a deal for the preferred option could be procured and comment on the likely commercial appetite for such a deal and any associated issues.

4.2 Procurement Background – Tendering before an FBC has been approved.

The Council decided in February 2018 that for the circumstances of this project, it was most appropriate to seek tenders for the demolition and construction works which would be required to deliver the "preferred option" before considering the Full Business Case.

This approach has allowed clarification of likely demolition and construction costs and further information on the availability of EMFF and other grant support.

It has however created some complexity around tender evaluation and award of contract as it has taken some time for those matters to be concluded and for FBC consideration and decision-making.

A decision was also taken to act to compensate for some of these delays by making an application for necessary planning consents. This recognised that these processes are currently subject to some delays, therefore it was thought prudent to initiate that activity to allow the project to proceed timeously.

The Site Plan submitted showing the overall extent of the proposed works is included as Appendix 1, further details can be accessed at the Council's online Planning Portal, see background information for a web link.

4.3 Services required to deliver the preferred option

Detailed designs and a comprehensive tender package was produced by Niras Fraenkel in consultation with Ports and Harbours Engineering staff and Capital Projects technical staff.

The project was advertised and invitations issued to suitably qualified interested parties. Competitive tenders have been obtained from two marine construction companies to undertake the demolition and construction works required for the preferred option. The overall cost of the lower tender was broadly in line with budget estimates, £2.4m; the other tender was somewhat higher, £2.8m.

It was not possible to identify appropriate Project Management capability from Council project resources. Therefore project management services for the project will be delivered by Niras Fraenkel with local support from Ports and Harbours staff, should the project proceed.

Full details of these services are set out in Appendix 5.

4.4 Procurement strategy

A traditional Bill of Quantities/Lump Sum arrangement was selected in consultation with Council professional staff as the most appropriate procurement strategy. Other approaches considered included design and build and ECI/Target Cost approaches.

The procurement strategy for construction and demolition activity has been through open tender with appropriately experienced companies as an EU compliant tender process under the relevant utilities regulations.

Procurement and delivery has been project led within the Council support from Niras Fraenkel. Consideration will be given to the engagement of further specialist services if that is deemed necessary.

4.5 Remaining procurement activity

Contract award and formal acceptance cannot be concluded with a preferred contractor until this FBC is considered and approved by Council. Niras Fraenkel have advised that these tenders are generally competent and it would be unlikely that significantly different priced bids would be obtained should the works be retendered.

Due to the elapsed time between tender submission and any Council decision and award offer, either tendering party could have withdrawn its bid. This has been clarified with the tenderers and tender validity has been confirmed until 19th April 2019.

4.6 Conclusions and Recommendations

The contractor that submitted the most economically advantageous tender provided a comprehensive tender submission on 8 August 2018, which provided almost all of the information specified in the Instructions to Tenderers. Their tendered price was significantly lower than the other tender received and consequently they scored highly on both the financial and quality aspects of their submission.

To extend the validity of their tender, they increased their price by £41,354.66, although the extended validity of their tender will shortly expire. They have been

requested to extend the validity of their tender again and to confirm any associated additional cost.

Their current offer is **£2,453,103.28**

On 10 March they provided very detailed responses to the tender clarification questions and appear to have only one tender qualification relating to driving piles into hard rock.

Their quality scoring requires to be reviewed following receipt of their responses to the tender submissions log, but is not anticipated to be very different in view of the fact that they scored highly on quality in their original tender.

On the basis of the points noted above, it is considered likely that they will remain the highest scoring tenderer and consequently NIRAS' recommendation to be preferred bidder.

4.7 Potential for risk transfer

Risk Transfer opportunities for this project were considered during the Strategic and Outline Case stages and have been re-visited in this FBC.

The fundamental risk transfer would be demolition of the old Toft pier and no reconstruction. That would eliminate the safety risk of the failing structure, crystallise financial risk in a one of cost of an estimated c£600,000 and transfer the economic risk to commercial operators who would have to utilise other facilities or curtail operations / plans for expansion.

That approach remains as the alternative way forward if the preferred option to rebuild and extend the Toft pier is not approved.

Enquiries were conducted with those commercial operators and organisations where there was thought to be a possibility that they might be willing to build, own and/or operate a replacement pier. This included major aquaculture companies and organisations representing collective fisheries interests. No appetite was found for those proposals as the need for multi-sector use of any viable facility precluded any individual company from regarding it as an activity it could progress independently.

Ensuring multi-sector usage was identified as being very important by most consultees. This is in line with approved Council strategic objectives for small ports and harbour provision to promote commercial marine activity, particularly in the

inshore fisheries, aquaculture and renewables sectors, and to be compatible with community and social interests.

Not finding a private sector route forward was not unexpected. While small scale service jetties are common developments for aquaculture companies, larger facilities with very long term implications have been beyond the scope of their business models.

In addition, the Council has sought to retain ownership and operation of pier infrastructure in the Sullom Voe Harbour Area in particular as a matter of strategic policy. It is not clear that a significant private sector pier development in the SVHA would have been compatible with that approach, but assessing interest in the opportunity was a useful exercise in understanding key user objectives, priorities and constraints.

Similarly, discussions were held with key potential customers to determine whether any contractual commitment to utilise a redeveloped Toft Pier specifically could be agreed. Again, no commercial appetite was found for that sort of arrangement, it is not in place with any operator or organisation for usage of any other Council pier.

Initial work on developing conditions and charging arrangements quickly demonstrated that the level of certainty that could realistically be created around volume of usage would be more than offset by associated obligations around priority use and discounting of dues and charges to contractually secure that business.

All parties regarded the provision of good quality and competitive services as the best route to promote usage and income. A number of key potential users were happy to provide letters of support for the redevelopment proposal as being valuable for their business development and were willing to state their general intent to use such a redeveloped facility. These were included with the EMFF submission.

Following a review of these opportunities and options, this FBC continues to recommend that any redeveloped facility should be owned and operated by the Council.

In parallel with redevelopment, there will be the establishment of a “Toft pier user group” or similar. They will be expected to take a direct interest in the effective utilisation of the facility and seek to ensure its value is maximised and cost effective operation is sustained.

If that initiative is successful then it is hoped that it can be replicated to promote best use and more effective community/user participation at other Council piers and harbours.

Consultation was also undertaken at the OBC stage with professional colleagues and advisors whether any innovative risk sharing or risk transfer arrangement was likely to be possible through the contracting for demolition or construction.

While a range of approaches were considered the ultimate conclusion that this project was best progressed as a traditional Bill of Quantities / Lump Sum arrangement. It was regarded as a similar challenge to recent developments like Walls, Uyeasound and Fetlar, which were constructed successfully using that approach.

4.8 Personnel implications (including TUPE)

It is anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations 1981 – will not apply to this investment as outlined above.

4.9 Accountancy treatment

The construction project would result in the completed asset being held on the Council's balance sheet as a non-current asset under International Accounting Standard (IAS) 16 - Property Plant & Equipment and International Public Sector Accounting Standards Board (IPSAS) 17 - Property Plant & Equipment.

5.0 The Financial Case

5.1 Introduction

The purpose of this section is to set out the forecast financial implications of the preferred option.

5.2 Income & Expenditure Implications:

The Council's payment stream for the preferred option, Option 6 - Rebuild & Extend, over the intended 50 year lifespan of the Pier is set out in the following table:

	2018/19 Year 0 £000	**2019/20 Year 1 Build £000**	**2020/21 Year 2 Build £000**	**2021/22 Year 3 £000**	**2022/23 to 2068/69 Year 4-50 Total £000**
Capital Build Costs	120	1,200	1,580		
Revenue Operating & Borrowing Costs				116	5,684
Capital Maintenance Costs					360
Total Costs	**120**	**1,200**	**1,580**	**116**	**6,044**
Funded by:					
External Grant Funding		(500)	(500)		
Loans Fund	(120)	(700)	(1,080)		
Harbour Account Fees & Charges				(116)	(6,044)
Total Funding	**(120)**	**(1,200)**	**(1,580)**	**(116)**	**(6,044)**

These costs and funding are more fully described in the Economic Case, sections 3.2 and 3.3 and set out in the NPV Analysis attached as Appendix 1 - Option 6 - Realistic - No Community Benefits/Grant Funding Included.

5.3 Balance Sheet Implications

There will be an increase in the value of Long Term Assets of £2.9m and an increase in Long Term Liabilities for borrowing of £1.9m.

5.4 Overall affordability

The estimated capital cost of the project is £2.9m including external professional fees.

The Council has now received and accepted a formal offer of £1m EMFF funding to support delivery of the first phase of this project. This offer was made by Marine Scotland subject to normal EMFF conditions including the need to advise Marine Scotland in writing about any material changes to the project.

If the Council was deemed to have breached EMFF conditions, there is a possibility that the grant award sum will be revised, or cancelled, including that any grant already received for the project could be reclaimed in the future. The grant offer and conditions are included as Appendix 3.

As described in section 4.6 above, on 22 February 2019 the contractor that submitted the most economically advantageous tender was asked by NIRAS to clarify a number of qualifications in their submission and to confirm whether their offer was still valid. The result of this was an increase of £41,354.66 in their price and an agreement that their offer extends until 19 April 2019.

Bearing in mind the conditions attached to the EMFF grant award, the Marine Grants Team were informed of the increase to the tender price. On 28 March 2019 they confirmed by email that the increase in tender value will not affect the grant award.

The Council is now working with Marine Scotland to determine whether further funding support, perhaps an additional £0.5m, can be secured from the Scottish Government's domestic Fisheries and Aquaculture support funding streams to further support the project.

In line with the Council's Medium Term Financial Plan and Borrowing Policy, capital expenditure on new/replacement assets will be funded by borrowing and add to the Council's external debt.

Under the Local Government in Scotland Act 2003 there is a requirement that local authorities should adhere to The CIPFA Prudential Code for Capital Finance in Local Authorities. The Prudential Code seeks to concentrate primarily on ensuring that local authorities' capital spending plans are affordable.

The Council's approved Prudential Indicator for its authorised limit for external debt (which includes borrowing and other long term liabilities) is £123m. The Council's current borrowing and other long term liabilities total £91m, therefore this proposal is within affordable limits.

6. The Management Case

This section addresses the 'achievability' of the scheme by setting out the actions that will be required to ensure the successful delivery of the scheme in accordance with best practice.

6.1 Project Management Arrangements

The project will be managed in accordance with NEC industry standards and PRINCE 2 methodology.

It was not possible to identify appropriate Project Management capability from Council project resources. Therefore Project Management services for this project will be delivered by Niras Fraenkel with local support from Ports and Harbours staff, should the project proceed

Full details of these services are set out in Appendix 5; a summary is included below.

Summary of Contracted Project Management and Supervision Services

Task 1 : Tender supervision and management

- Maintain the role of Employer's Designer.
- Review the ESPD contractor submission and assist SIC in preparation of a list of

  tenderers.
- Assist SIC in issuing the tender documentation
- Arrange and attend site visits with the tendering contractors
- Review and respond to tenderers questions during an 8 week tender period
- Issue tender addenda as appropriate.
- Review the submitted tenders and prepare a tender report with recommendations for review award for action by SIC.
- Attend post tender interviews with tenderers.
- Assist in preparation of contract documentation.

Task 2: Application for Consents

 Adopt the role of agents to SIC and co-ordinate and prepare and submit applications to Marine Scotland for a Marine Consent and to SIC Planning Authority for planning Consent for the works.

Task 3: Period between Contract Award and sitework commencement

 Adopt the NEC3 role of Lead Designer and the role of Principal Designer in accordance with the CDM Regulations

 Adopt the NEC3 defined role of 'Project Manager'

 Adopt the NEC3 defined role of 'Supervisor'

 Respond to Contractor's questions as necessary.

Task 4: Site Construction Period

 Maintain the NEC3 role of Lead Designer and the CDM role of Principal Designer

 Maintain the NEC3 defined role of 'Project Manager'

 Maintain the NEC3 defined role of 'Supervisor'

 Provide full time site based supervision of siteworks, based on a 48 hour week over a period of 10 months.

 Issue the Completion certificate

Task 5: Maintenance Period

 Maintain the role of Principal Designer in accordance with the CDM Regulations

 Maintain the NEC3 defined role of 'Project Manager'

 Maintain the NEC3 defined role of 'Supervisor'

 Prepare a snagging list and provide part time supervision to inspect remedial works required.

 Issue the Defects certificate on completion

6.2 Outline Project Timetable

Milestone Activity	
Consideration of Outline Business Case by AIG and Council Committees	November 2017 to February 2018
Draft EMFF application submitted	January 2018
Preferred option to rebuild and extend pier confirmed by Council and tendering process approved.	February 2018
Works tendered and EMFF grant award determined.	May 2018 to January 2019
Consideration of Full Business Case by AIG and Council Committees	April 2019
Works carried out	2019 / 2020
Works completed and any new structure in service (subject to approval of preferred option)	end 2020

6.3 Use of special advisers

Special Advisers

Specialist Area	**Adviser**
Financial	Finance Services
Technical	Niras Fraenkels + Ports & Harbours
Procurement and Legal	Capital Programme Service and Governance & Law Service
Business assurance	Ports & Harbours Operations
Other	Small Pier Users and other Key Stakeholders

6.4 Outline arrangements for change and contract management

The strategy, framework and plan for dealing with change and associated contract management will follow normal Council contract standards.

6.5 Outline arrangements for benefits realisation

Completion of the project will be delivered by the Project Team reporting progress periodically to the Project Sponsor who will update the relevant Council Services and Committees at least quarterly.

The main benefits that this project will deliver are set out in the table below along with targets and dates.

Following completion and commissioning, initial performance of the new arrangements will be monitored by Ports & Harbours through consultation and joint activity with operational management staff and key pier users.

The results of this monitoring will be reported to relevant stakeholders quarterly as part of performance reporting activity.

Description	Measurement	Target	Date	Cost
Commercial usage of the pier	Volumes and value of fish landed + other activity	Reach SM / SSMO benchmark + Additional activity	2020	£0
Council Income levels	Income received	Reach SM / SSMO benchmark + Additional activity	2020	£0
Reduction in maintenance costs	Maintenance costs paid	Return to budget	2020	£0

6.6 Outline arrangements for risk management

Further details of risk management arrangements will be developed within the project Initiation Documentation.

6.7 Outline arrangements for post implementation review and post project evaluation

The outline arrangements for post implementation review (PIR) and project evaluation review (PER) will be established in accordance with standard Prince 2 practice.

6.8 Gateway review arrangements

All gateway reviews will be conducted using the agreed standards and format as set out in Shetland Islands Council - Gateway Process for the Management of Capital Projects - June 2016

6.9 Contingency plans

In the event that this project fails, the following arrangements will have to be put in place for continued delivery of the required services and outputs

While the detailed nature of contingency arrangements would depend on the particulars of why the project had stalled / failed, options include;

- Ongoing rolling repairs and ad-hoc actions to continue some operation at the Toft location, although that can only be for a limited time.

- Full withdrawal of services at Toft and demolition of pier with further examination of any other local ad-hoc alternatives.

Signed: John R Smith
Date: 28th March 2019
Director of Infrastructure Services

Stakeholder Consultation:

SIC Stakeholders;

- Ports & Harbours Service
- Finance Service
- Capital Programme Service
- Economic Development Service
- Estates Management Service
- Roads Service
- Planning Service
- Internal Transport Service
- Ferry Service

Other Public Sector Organisations

- Marine Scotland
- NAFC Marine Centre
- Shetland Seafood Quality Control
- Highlands & Islands Enterprise
- Crown Estate Scotland

User & Potential Users

- Shetland Shellfish Management Organisation
- Local Shellfish Boats
- Shetland Aquaculture
- Scottish Seafarms
- Cooke Aquaculture
- Grieg Seafoods
- Shetland Mussels
- Blueshell Mussels
- Delta Marine
- Swan Nets
- Ocean Kinetics
- LHD
- Shetland Fishermens Association
- BP SVT
- Total E&P

Community Organisations & Representatives

- Shetland North Ward Members
- Northmavine Community Council
- Delting Community Council
- Local Residents

Appendices

Appendix 1 – NPV Calculations
Appendix 2 – EMFF Application
Appendix 3 – EMFF Grant Award and Conditions
Appendix 4 – Planning Application Site Plan
Appendix 5 – Contract for Project Services

Background Information

Link to Shetland Islands Council Online Planning Application Search Page

https://pa.shetland.gov.uk/online-applications/search.do?action=simple&searchType=Application

Enter “Toft” in the search box to retrieve the Council Toft Pier Redevelopment and Swan Aqua Net Station applications.