

The Highland Council

Minutes of Meeting of the **Fishery Harbours Management Board** held in Committee Room 1 on Thursday 12 September 2013 at 2.00 p.m.

Present:

Dr I Cockburn
Mr H Fraser
Mr H Morrison

Mr B Murphy
Mr G Phillips (Chair)

Non-Members also present:

Dr A Sinclair

Officials in attendance:

Mr N Gillies, Director of Transport, Environmental and Community Services
Mr S MacNaughton, Head of Transport and Infrastructure, TEC Services
Mr T Usher, Harbours Manager, TEC Services
Mr M Mitchell, Finance Manager (TEC Services), Finance Service
Miss J MacLennan, Principal Administrator, Chief Executive's Office
Mrs T Bangor-Jones, Administrative Assistant, Chief Executive's Office

Business

1. Apologies for Absence

Apologies for absence were intimated from Mr A Henderson, Mr R Greene, Mr M Rattray and Ms M Smith.

2. Declarations of Interest

There were no declarations of interest.

3. Proposed Maintenance and Improvement Works for 2013/14

There had been circulated Report No FHMB/16/13 dated 29 August 2013 by the Director of Transport, Environmental and Community Services which invited Members to recommend approval of the programme for maintenance and improvement works for 2013/14.

During a summary of the report, it was confirmed that the revenue and capital budgets in 2013/14 were £184k and £350k respectively. As a result of budget limitations, works were carried out on a priority basis, some of which would extend into future financial years. The exact extent of revenue funded works was also dependant on the success of commercial trade realising the budgeted income figures while Capital expenditure levels were set by allocation through the Council's Capital Programme. Members were cautioned that changes to the programme of works could also be affected by external and unforeseen events such as winter storm damage.

Updates were given on projects as follows:-

Kinlochbervie Ice Plant – a survey had been undertaken which recommended repairs to the timber piles and would cost an estimated £60k. The work would be carried out in 2014/15.

Uig Ro-Ro Ramp – a full de-scale and repaint of the link-span structure was now required and the project was estimated to cost £600k. As it was anticipated that Caledonian MacBrayne would retain the contract until at least 2016, no modifications would be required to the structure.

Kinlochbervie Tanker Berth – the old tanker berth situated in Loch Clash was small and the distance from the fuel tanks was not ideal. It was proposed therefore to build a new tanker berth alongside to the fuel tanks which would eliminate problems encountered with the current berthing facilities and piping fuel from Loch Clash to the fuel tanks.

Kinlochbervie Market Chill Facility – it was explained that this was the only un-chilled market in Scotland. The project was dependant on match funding from the European Fisheries Fund and, although the fund was currently fully spent, it was intended that a bid would be made for funds when the scheme re-opened in 2015.

Kyle Fishery Pier Rock Armour Repairs - the contracts had now been let and construction was expected to start within the next 14 days.

It was further confirmed that Highlands and Islands Enterprise (HIE) were looking for projects to increase tourism in Caithness and Sutherland. In this regard, a joint meeting was to take place soon about a project to increase the number of berths in Helmsdale Harbour, a popular stop for yachts sailing north.

During discussion, Members having welcomed the proposed works, specific attention was drawn to the Rock Armour repair works at Kyle and assurances were given that, where Health and Safety issues were involved, matters were addressed as expeditiously as possible. HIE's proposals were also welcomed but it was asked that harbours on the west coast also be kept in mind for any future initiatives, Broadford being cited as a particular example.

Thereafter, the Board:-

- i. **AGREED** to recommend to the Transport, Environmental and Community Services Committee approval of the programme for maintenance and improvement works for 2013/14 as set out in Appendix A of the report; and
- ii. **NOTED** the works which had already been completed.

4. **The Highland Council Rum Harbour Revision (Transfer) Order 2013**

There had been circulated Report No FHMB/17/13 dated 29 August 2013 by the Director of Transport, Environmental and Community Services which advised Members that the legal process to transfer the powers of the Harbour Authority from Scottish Natural Heritage (SNH) had been completed.

During a summary of the report, Members were reminded that the original process had involved absorbing the Loch Scresort Harbour Area within the existing Highland Council Harbours Act 1991. This Act encompassed all Highland Council Harbours, including the new facilities at Eigg, Muck, Inverie and Raasay. However, for legal and political reasons, this had not proved possible and the eventual process involved Highland Council taking over SNH's existing Rum Harbour Order. Attention was drawn to specific elements of the Harbour Order which, it was commented on, had particular merits.

Responding to queries it was confirmed that SNH had paid for the old pier and slipway to be repaired and that they were now in good structural order. With

regard to the new ferry terminal, it was further confirmed that the terminal was built to a high specification and, therefore, maintenance would not be an issue in the foreseeable future. Attention too was drawn to the income from ferry harbour dues and that these monies would cover the terminal running costs.

Having been informed of Mr Henderson's appreciation for the transfer of the Order to Highland Council, the Board **NOTED** that the new "Highland Council Rum Revision Order (Transfer) 2013", as shown in Appendix B of the report, had been made and that the Highland Council was now the Harbour Authority for Rum.

5. Kyleakin Berthing Dolphins

There had been circulated Report No FHMB/18/13 dated 29 August 2013 by the Director of Transport, Environmental and Community Services which invited Members to reconsider their previous decision to acquire the berthing dolphins at Kyleakin Harour from Caledonian Maritime Assets Ltd (CMAL) which was to be carried out by way of a re-assignment of the Crown Lease from CMAL.

During a summary of the report, Members were reminded that, prior to the Skye Bridge construction, the Skye ferry would berth overnight on the mooring dolphins. The dolphins had originally been in the ownership of Caledonian MacBrayne but, as a result of the restructuring of Scotland's ferry operations, ownership had transferred to CMAL. In 2010, CMAL having deemed the dolphins surplus to requirements, they were offered to the Highland Council at nil cost. However, despite on-going discussion with the Crown Estates Land Agents, it had not been possible to secure the re-assignment of the seabed lease with acceptable terms and CMAL remained the current tenant.

In the period since May 2010 there had been no interest from any large vessels who wished to berth on the dolphins and it was pointed out that further modifications would be required if smaller boats wished to berth alongside. Further investment would also be required for a berthing pontoon structure to straddle the two Dolphins, along with an access bridge. Without income from the structures, the cost of rents, maintenance and the obligation to remove the structures at the end of any tenancy would be an unrecoverable financial burden. Consequently, in light of these new issues, Members were asked to review an earlier decision and advise that the Council was no longer interested in adopting responsibility and ownership.

During discussion, Members commented that no commercial use had been found and the dolphins continued to be an eyesore. It was reasonable, therefore, to withdraw from the process and decline to adopt responsibility and ownership of them.

The Board **AGREED** to recommend to the Transport, Environmental and Community Services Committee that their previous decision be rescinded and to advise CMAL and the Crown Estates that the Council was no longer interested in adopting responsibility for Kyleakin dolphins.

6. Suinish Ferry Slipway: Isle of Raasay – Future Use and Status

There had been circulated Report No FHMB/19/13 dated 29 August 2013 by the Director of Transport, Environmental and Community Services which invited Members to consider a number of options in relation to the Suinish slipway on the Isle Raasay and recommended that the Suinish slipway be adopted into the existing Sconsor slipway lease, the retention of the landward fencing and that

opportunities were sought for its future use which included the option to sell to others.

During a summary of the report, it was explained that, when a new “Heads of Terms” variation was being drafted for the slipway widening works at Sconser, the Crown Estate had attempted to introduce a new plan for the disused Suisnish slipway and it was noticed that this differed from the original plans. The proposed combined revised rent, which would incorporate the slipway extension at Sconser and the Suisnish slipway, was £675 per annum of which the Suisnish slipway element was £25.

The options available to Members for consideration were to:-

- a) decline the offer of a lease for the Suisnish slipway and demolish the structure;
- b) absorb the slipway into the existing Sconser slipway lease, reopen the slipway and maintain it for ad-hoc use; or
- c) absorb the slipway into existing Sconser slipway lease, leave the slipway fenced off, defer any maintenance, and meanwhile seek opportunities for the future use including where possible sale of the structure.

Responding to queries, it was explained that the cost to demolish the structure would be considerable.

Members then discussed any possible future uses for the slipway and the possible advantages of retaining the slipway.

Thereafter, the Board **AGREED** to recommend to the Transport, Environmental and Community Services Committee:-

- i. the adoption of the Suisnish slipway into the existing Sconser slipway lease;
- ii. the retention of the landward fencing barring use of the slipway along with non-maintenance of the structure; and
- iii. that the Harbours Section seek opportunities for its future use including the sale of the structure to others.

7. Ferry Dues for Sconser/Raasay

There had been circulated Report No FHMB/20/13 dated 29 August 2013 by the Director of Transport, Environmental and Community Services inviting Members to recommend approval of the Memorandum of Understanding with Caledonian MacBrayne for the provision of berthing facilities at Sconser and Raasay.

A summary was given of the report, which included the funding details and terminal infrastructure modifications required for the first of the new hybrid ferries, the MV Hallaig, which would operate on the Sconser/Raasay route. Negotiations had concluded at a point which ensured that that the revised ferry dues would not result in any increase in ticket sales.

During the course of discussion, Members commented that an opening ceremony would be an appropriate way to recognise the excellent project which had been successfully undertaken at the Sconser terminal. The project had also received European monies and the Council did have a duty to publicise this contribution. Initial plans had been to open the terminal at the same time as the new ferry vessel arrived to replace the MV Loch Striven but, with no confirmed date for the arrival into service of the HV Hallaig, it was felt that arrangements for an opening ceremony should proceed. Members further emphasised the importance of ferry

travel for the Raasay community, highlighting that ferry travel there was a necessity and, therefore, the cost of ferry travel should reflect this.

The Board **AGREED** to recommend to the Transport, Environmental and Community Services Committee:-

- i. approval of the Memorandum of Understanding with Caledonian MacBrayne for the provision of berthing facilities at Sconser and Raasay, as contained in Appendix A of the report; and
- ii. the opening of the new Sconser ferry terminal, in consultation with Sconser Community Council.

8. Lease of Property for Seafood Processing at Kyle Harbour

There had been circulated Report No FHMB/21/13 dated 29 August 2013 by the Director of Transport, Environmental and Community Services updating Members on progress regarding the issues of lease conditions non-compliance and outstanding debt relating to a property at Kyle Harbour.

Speaking to the report it was confirmed that the Council had been approached by business associates of the current tenant in relation to the future development of the site, details of which were provided.

During the course of discussion Members suggested that the update on the future development offered an interesting commercial opportunity for Kyle Harbour and the local economy.

The Board **NOTED** the current position.

9. Elgol Jetty – Update

There had been circulated Report No FHMB/22/13 dated 29 August 2013 by the Director of Transport, Environmental and Community Services updating Members on the measures being implemented at Elgol harbour to alleviate issues between tour boat operators, which had previously been reported to the Fishery Harbours Management Board.

Speaking to the report, Members were informed that discussions had continued with the tour boat operators. In relation to the proposal to introduce a 5 minute buffer slot for the boats to pick up and drop off passengers, both operators had requested that the status quo remain. In relation to the signing of the proposed Code of Conduct, to date one operator had signed but it was unclear, at this stage, if the other operator would also do so. A seasonal Harbour Master had been appointed and this had generally worked very well and, although there had been some issues which had required to be addressed, it appeared to have been a good tourist season and an improvement in the situation had been achieved.

During the course of discussion Members raised questions in relation to Health and Safety matters and were assured that operators were, at present, adhering to requirements, particularly in regard to the storage of flammable liquids. Any breaches of Health and Safety regulations would require to be reported to the Health and Safety Executive. Members welcomed the improvement in relations but were still of the view that consideration needed to be given to the introduction of Byelaws, given that it was unlikely that all the tour boat operators would sign the voluntary Code of Conduct. Meantime, officers were encouraged to continue to communicate with the operators regularly.

Having been informed that the review of Harbour Dues and Charges would take place in Spring 2014, the Board:-

- i. **AGREED** to recommend to the Transport, Environmental and Community Services Committee:-
 - a) the continuation of the seasonal harbour master for the 2014 season, with a review of the need for this post at the end of the 2014 season;
 - b) that the cost of the seasonal harbour master was funded from the Harbours Revenue Budget and this additional expenditure was taken into account when setting the overall Dues and Charges;
 - c) that continued efforts be made to have the Code of Conduct signed by all parties and also that any future application for a slot time be accompanied by a signed Code of Conduct;
 - d) that, as discussed at the Board's meeting on 31 January 2013, Byelaws be introduced to provide a statutory framework for the management of the Harbour taking into account, where possible, the elements contained in the Code of Conduct;
 - e) the withdrawal of any slot times which are not used with any reintroduction of slot times requiring a new application;
 - f) that the current slot times remain in place meantime and the situation be kept under review and that a five minutes buffer was applied to any applications for additional or new slots; and
 - g) Bella Jane boat trips be asked to suspend its slot times on Gala Day.
- ii. **NOTED** that the position on Elgol would continue to be monitored and the Board would be updated on progress and any developing issues.

10. Piers and Harbours Trading Operations Budget Outturn – 2012/13

There had been circulated Report No FHMB/23/13 dated 22 August 2013 by the Director of Transport, Environmental and Community Services setting out the budget outturn for year ending 31 March 2013 in respect of the trading operations for Piers and Harbours.

Members were informed the targeted surplus for 2012/13 had not been achieved due mainly to a reduction in the margin achieved on fuel sales, additional works and an increase in general operational expenditure but there had been a number of variances which had also impacted, details of which were provided. Members were assured that, in 2013/14, fuel margins would be carefully monitored so that any movements could be addressed at an early stage and that repair works would be done at a later stage in the financial year with capital projects being carried out first. However, the piers and harbours trading account had achieved, as required by the Local Government (Scotland) Act 2003, to achieve, at least, a cumulative breakeven position over a three year period.

During the course of discussion Members explored why some harbours had traded better than others. Looking to the future a more strategic approach was required and a report looking at a financial model considering alternative sources of income, such as the leisure and energy industries, was sought together with a profile of the decline of fuel sales over recent years to identify trends and where, if any, fuel sales had plateaued.

The Board:-

- i. **APPROVED** the piers and harbours trading operations outturn position for the year ended 31 March 2013; and
- ii. **AGREED** a report be submitted to a future Board meeting looking at a financial model considering alternative sources of income, such as the leisure and energy industries, together with a profile of the decline of fuel sales over recent years to identify trends and where, if any, fuel sales had plateaued.

11. Financial Performance

There had been circulated Report No FHMB/24/13 dated 2 September 2013 by the Director of Transport, Environmental and Community Services setting out the financial performance of Highland Council Harbours for the period 1 April 2013 to 31 July 2013.

It was confirmed that total fuel sales for the four month period were down on last year's figure. Harbour Dues income for the period was higher than the budgeted figure but, again, was down compared with the same period the previous year. In addition, fuel sales and fish landings were decreasing by volume, reflecting the difficulties in the West Coast and Atlantic fishing industry. As a result expenditure at this early stage of the financial year was being carefully controlled.

The Board **APPROVED** the financial position for the period 1 April to 31 July 2013.

12. Debt Management

There had been circulated Report No FHMB/25/13 dated 2 September 2013 by the Director of Finance providing details of the outstanding debt for piers and harbours as at 2 September 2013.

Having been informed of the details relating to one specific case, the Board otherwise **NOTED** the current debt position.

The meeting concluded at 3.35 pm.