

## The Highland Council

Minutes of Meeting of the **Harbours Management Board** held in Committee Room 1, Council Headquarters, Glenurquhart Road, Inverness on Friday 4 December 2015 at 10.30am.

### **Present:**

Mr H Fraser	Mr H Morrison
Mr A Henderson	Mr B Murphy
Mrs L Macdonald	Mr G Phillips
Mr G Mackenzie	Dr A Sinclair
Mr K Macleod	

### **In attendance:**

Mr W Gilfillan, Director of Community Services  
Mr R Evans, Head of Roads and Transport, Community Services  
Mr T Usher, Harbours Manager, Community Services  
Mr M Mitchell, Finance Manager (Community Services), Finance Service  
Ms A Macrae, Committee Administrator, Corporate Development Service

### **Business**

#### **1. Apologies for Absence**

An apology for absence was intimated on behalf of Mr R Greene.

#### **2. Declarations of Interest**

There were no declarations of interest.

#### **3. Appointment of Chair**

On the motion of Mr A Henderson seconded by Mrs L Macdonald, the Board **AGREED** to appoint Mr G Phillips as Chair.

Thereafter, Mr G Phillips proceeded to take the Chair.

#### **4. Minutes**

There had been circulated, and were **NOTED**, Minutes of Meeting of the Harbours Management Board held on 24 April 2015.

Arising from the Minute, a point was raised in regard to progress with the Council's applications for funding to the European Maritime and Fisheries Fund in respect of Lochinver Ice Plant and Market Chilling at Kinlochbervie. It was explained that the applications had been prepared ready for submission but that there had been a delay in the Fund being opened. It was now anticipated that applications to the Fund would be accepted from January 2016.

The Board **NOTED** the update.

## 5. Proposed Maintenance, Repair and Improvement Works for 2015/16

There had been circulated Report No HMB 7/15 dated 13 November 2015 by the Director of Community Services detailing proposed maintenance, repair and improvement works at various Highland Council harbours for the financial years 2015/16.

Thereafter, the Harbours Manager gave a brief overview on a number of projects including schemes at Dunbeath, Lochinver and Kinlochbervie.

During discussion, Members raised the following points:-

- issues in regard to the provision of a new ice plant at Lochinver Harbour and in particular the importance of it being responsive to customer demand in terms of the type of ice produced and the most competitive price being secured for the development;
- it was queried whether the Market Chilling project at Kinlochbervie project would be completed in 2017 and whether there was an alternative proposal in the event the project did not come to fruition given that while the fishermen had been patient to date any further delays may raise concerns; and
- a point in regard to the potential to install solar panels at Kinlochbervie Fish Market; in this regard it was noted that prices had been obtained but that due to changes in Government funding in relation to such schemes any proposal may not be as financially viable as in the past and therefore it was important to monitor the market in terms of pricing over the next period.

Discussion then followed on a proposal to remove the existing fuel tanks at Kinlochbervie Harbour in response to concerns about the construction of the bund on which they were located which was gravel on bedrock and therefore the potential safety and contamination implications in the event of any fuel spill. The proposal was to replace the existing tanks with four self bunded tanks which were surplus to requirements at Lochinver Harbour and further details were provided in regard to the proposed logistics of the operation. In response to questions it was confirmed that the proposal would provide a long term solution to the problem at Kinlochbervie Harbour and it was hoped to complete the works in the current financial year at an estimated cost of £45,000.

Thereafter, Members also commented as follows:-

- it was important that the works were carried out at the earliest opportunity so that it could be demonstrated the Council had acted in a prompt and proper manner in dealing with any potential safety and contamination risks;
- a point in regard to progress with the provision of a fuel point for tankers at the breakwater at Kinlochbervie Harbour and issues around whether there was a demand for this facility at this time;
- an assurance was sought and provided that the new self bunded tanks held sufficient capacity to meet the current and any likely future demand for fuel; and
- an assurance was sought and provided that in the event any proposals came forward for the use of the existing tanks which would be surplus to requirements, then these be brought to the Board in the first instance.

Following further discussion, the Board **NOTED** the position of the works currently underway and those proposed.

## 6. Diabaig Jetty Dues Agreement

There had been circulated Report No HMB 8/15 dated 11 November 2015 by the Director of Community Services advising Members of the dilapidation of the pier at Diabaig, the issues surrounding ownership and the agreement reached with local pier users to fund the ongoing operations, maintenance and repairs of the facility.

In discussion Members welcomed the agreement made with users and reference was made to the opportunities to enter into more of these types of agreements with communities in respect of harbours and across the Service.

The Board **APPROVED** the dues agreement made with the users of Diabaig jetty.

## 7. Uig New Ferry Redevelopment

There had been circulated Report No HMB 9/15 dated 26 November 2015 by the Director of Community Services advising Members of the intention of Caledonian Maritime Assets Ltd (CMAL) to procure a new larger ferry for the Uig, Tarbet, Lochmaddy triangle service. To accommodate the larger ferry, the infrastructure at Uig harbour may require some upgrading, and to assess what upgrades may be necessary and the associated costs a study and report was required.

The Harbours Manager advised that the assessment study report was currently being prepared which would detail the essential works required to accommodate the new ferry and also desirable works to undertake improvements to the harbour area. The essential works would include the linkspan, higher rated or additional fenders and the marshalling area. In terms of desirable works this would include the opportunities to review and redesign the layout of the whole area including the potential to reclaim land to build a new ticket office and he provided more specific details in this regard. However he cautioned that until the exact design and specification of the new ferry was known any works to the linkspan could not proceed.

In terms of funding there was a need to discuss with Transport Scotland, in consultation with Comhairle nan Eilean Siar, how the works would be funded. At this stage the indications from the Scottish Government was that the preferred option would be for the Council to fund the capital cost of the works and for these to be recovered in full from the ferry operator through a corresponding increase in harbour dues.

During discussion, Members raised the following points:-

- it was suggested that there was a high level of risk inherent in this project given the different elements and parties involved both in the construction of the new ferry and undertaking the works required to the infrastructure at Uig harbour and the limited timescale by which these works were required to be completed to meet the timescale for delivery of the new vessel;
- in regard to the above it was of the utmost importance there was a joint approach going forward and an overview taken to ensure the different elements of the project were aligned and a successful project achieved;
- that the key issue in regard to the success of the project was the need to maintain good lines of communication between all the parties involved; if difficulties arose in regard to the project then it was suggested the matter should as a priority be escalated to the Minister for Transport and Islands;

- it was important that the Council developed as a priority a single plan of works for Uig harbour and for these works to be progressed as soon as possible, with the linkspan and fenders being considered as the top priority and other works to follow;
- thereafter the next step should be to proceed to recover the costs incurred by increasing the charges to the ferry operator;
- it was noted that a clear understanding was required from CMAL on the new vessel's design so that works could commence on the design and construction of the links and any additional works required to accommodate the new ferry;
- that once the assessment study and report had been received there was a need for an early meeting to be arranged in the New Year between the Council, Transport Scotland, CMAL and Comhairle nan Eilean Siar; and
- it was suggested that a representative/s of CMAL be invited to attend the next meeting of the Board.

The Board:-

- NOTED** the current position;
- AGREED** that an early meeting be arranged between the Council, Transport Scotland, CMAL and Comhairle nan Eilean Siar to discuss the scheme; and
- AGREED** that a representative of CMAL be invited to the next meeting of the Board.

## 8. Landing Obligation Implications

There had been circulated Report No HMB 10/15 dated 25 August 2015 by the Director of Community Services advising Members of the staged introduction of the ban on discarding fish overboard as part of the European Commission's ongoing reform of the Common Fisheries Policy. Members were further advised of the possible adverse implications for the Ports and Harbours sector of the industry.

The report advised that if fishing practices remained as they were then significant quantities of fish which were previously discarded would be landed at ports and these would generally fall into two categories i.e. fish that are able to be sold commercially due to their species and size, and fish that are unable to be sold due to being unmarketable or prohibited from sale due to being below the regulated size. Fish in the second category that were unable to be marketed may require some storage prior to disposal. The issue of storage and disposal of these fish would be further complicated by the regulations stating that such fish must be classed as 'Animal by Products' and therefore be subject to additional regulations requiring separate storage and specialist disposal. The current position of Marine Scotland was that the Fisherman would be ultimately responsible for the disposal of their unwanted catch.

The Harbours Manager advised that he recently received an updated set of guidance from the Scottish Government, details of which he reported verbally to the Board.

During discussion, Members raised the following points:-

- a request that a copy of the most recent set of guidance received from the Scottish Government be circulated to the Board;
- discussion in regard to those ports and harbours in Highland which would be affected by the regulations;

- it was suggested that the indications were that a 6% discard allowance would be set for nephrops boats e.g. prawn trawlers;
- it was noted that in Mallaig consideration was being given to installing freezing facilities to assist fishermen to deal with the 'Animal By Products' that may be require to be stored for a period of time prior to disposal;
- it was suggested there may be provision for some of the undersized fish which could not be sold to be used for bait or commercial uses such as fishmeal or food additives;
- that this was a complex issue for the Council and the fishing industry to deal with given the different regulations that would apply to different vessels and offshore areas, and types of catch and also the loopholes which it was suggested existed in the regulations;
- it was therefore difficult to plan and prepare for the full implications at this stage and that the preparations which had been made by the Council to date should be welcomed;
- it was noted that enforcement of the regulations would be a matter for Marine Scotland;
- it was noted that financial assistance for measures to deal with the implications may be available via the European Maritime Fisheries Fund, but that applications for associated transport and landfill costs would not be considered; and
- concern at the implications for fisherman in terms of being able to maximise their income through the ability to land a high value catch.

The Board:-

- i. **NOTED** the position;
- ii. **AGREED** that the latest guidance published by the Scottish Government be circulated to the Board; and
- iii. **AGREED** that an update on this item be presented to the Board in six months time.

## 9. Strategic Development Plan

There had been circulated Report No HMB 11/15 dated 26 November 2015 by the Director of Community Services updating the Board on the proposal to produce a professional Strategic Development Plan in order to identify and plan the future business direction of for the Council owned harbours.

The Chair circulated a working note on discussions held to date involving some Members and officials in regard to the development of the Strategy. He advised that the terms of reference of the Strategy had been expanded to cover all the potential lines of business around harbours. He advised that tourism had been identified as a source of future revenue subject to investigation of requirements and examination of the business case. Key starting assumptions were the need to develop a route network of yacht moorings approximately half a day's sailing apart; to maximise cruise traffic; bring economic benefit and employment opportunities to coastal areas which were commonly assessed as fragile; and support the above with a business case phased over several years.

It was also important to give consideration to legislative changes which would affect future practices in the inshore and offshore fishing industry, with a potential impact on harbour usage and revenue. The Strategy should also consider other sectors with

development potential such as the opportunities to extract timber by sea instead of by road; aquaculture; support for renewables development and oil exploration on the west coast; and ferries, with any anticipated requirements of new routes or replacement vessels being included in the Strategy.

Thereafter, the proposal was to identify the harbours in scope and clarify the current market requirements in terms of each of the harbours and then map these and develop a vision and list of proposals for each harbour. At that point it could be distilled into a business case in terms of capital investment and revenue spend and income which could then be developed into a long term investment plan with an indication of sustainable revenue income.

In discussion it was noted that work was ongoing by senior officials to identify a resource to prepare and produce the Strategic Development Plan on the basis that while the Harbours Manager had the knowledge in this regard he did not sufficient capacity to prepare and produce the Strategy. The Chief Executive was also keen to examine the potential to develop and invest in this sector to increase income and therefore was supportive of a resource being identified to allow the Plan to be produced as soon as possible.

The Director of Community Services suggested that there was a need to give more weight within the Plan to the communities element and specifically on what communities could take on and do more of in relation to harbours across Highland. He also suggested there was a need to be more explicit in regard to the governance arrangements and requested that under section 5 of the working note on 'Stakeholder Management' a paragraph be added to the effect that the Harbours Management Board would provide a political overview and a project board would provide operational leadership in regard to knowledge, skills, and legal and financial expertise. The project board would meet regularly and report back to the Harbours Management Board.

During discussion, Members raised the following points:-

- it was reported that the Durness Development Group was undertaking a study on the development of facilities at Loch Eriboll to include pontoons, a breakwater, toilets, showers and a hub for yachts; Mr H Morrison advised that he would forward a copy of the proposal to the relevant officials;
- reference to the importance of there being facilities at harbours for both locals and visitors to ensure developments were sustainable;
- the importance of increasing the number of tourist facilities for visitors coming off cruise liners docking in Invergordon and the opportunities to continue to attract increased numbers of these vessels to other ports in the Highlands;
- discussion in regard to the progress with the Upper Loch Linnhe Harbour Authority area feasibility study; it was noted that potentially this initiative could generate significant investment in the area, reference being made to a number of development opportunities and also the need for more controls to be exercised in view of the ever increasing volume of traffic using the loch in the interests of safety;
- in addition to offshore renewables it was important that reference also be made in the Plan to onshore renewables in terms of harbours; and
- it was important that the Strategy be progressed to deliver long terms benefits for harbours and stimulate local economies and not as a short term measure to address budget gaps; and

- in regard to the above the Chair advised that it was important to have a coherent development plan which supported the industry it served, generated income for the Council in a sustainable way and also developed local communities.

The Board **NOTED** progress and **AGREED** that the working note as circulated be updated to include a section on governance on the basis outlined in discussion and detailed above.

## **10. Financial Performance 1 April 2015 to 30 September 2015**

There had been circulated Report No HMB 12/15 dated 25 November 2015 by the Director of Community Services setting out the financial performance of Highland Council Harbours for the period 1 April 2015 to 31 October 2015.

It was reported that fuel sales showed a modest increase, albeit the overall trend was downwards. Landing by value had also increased due to strong fish prices in the first quarter. However, very low fishing activity in the second quarter was giving cause for concern. Income targets may not be met if the trend continued and much would depend on the availability of certain high value species and quota negotiations in Brussels in December 2015.

Based on the financial performance to date, and assuming landing and dues continued at the same level, and major works and operational expenditure were contained within their estimated outturn position, there was an anticipated budget shortfall of £0.250m. Harbours management would endeavour to contain the budget shortfall, however this would be heavily dependent on the marine fuel price remaining at current levels.

The Board **APPROVED** the financial position to 30 September 2015.

## **11. Debt Management**

There had been circulated to Report No HMB 13/15 dated 25 November 2015 by the Director Community Services providing details of the outstanding debt for piers and harbours as at 2 November 2015.

There had also been tabled an updated report which detailed the position as at 1 December 2015.

The Board **NOTED** the current debt position.

The meeting ended at 1.00pm.