

The Highland Council

Minutes of Meeting of the **Harbours Management Board** held in Committee Room 1, Council Headquarters, Glenurquhart Road, Inverness on Friday 27 January 2017 at 10.45 am.

Present:-

Mr H Fraser	Mr K MacLeod
Mr R Greene	Mr H Morrison (by tele conference)
Mr A Henderson (by tele conference)	Mr B Murphy
Mrs L MacDonald	Mr G Phillips
Mr G Mackenzie	Dr A Sinclair

In attendance:-

Mr W Gilfillan, Director of Community Services
Ms C Campbell, Head of Performance and Resources
Mr T Usher, Harbours Manager, Community Services
Mr C Howell, Head of Infrastructure, Development and Infrastructure Service (Item 4)
Mr A MacIver, Principal Engineer, Project Design Unit (Item 4)
Miss J MacIennan, Principal Administrator, Corporate Development Service

Also in attendance:-

Ms L Parsons, Stewart & Parsons Ltd (Item 5)

Mr G Phillips in the Chair

Business

1. Apologies for Absence

There were no apologies for absence.

2. Declarations of Interest

The Board **NOTED** the following declaration of interest:-

Item 6 – Mr B Murphy (non-financial)

3. Minutes

There had been circulated, and were **NOTED**, draft Minutes of Meeting of the Harbours Management Board held on 9 December 2016.

4. Uig New Ferry Redevelopment

There had been circulated Report No HMB 1/17 dated 19 January 2017 by the Director of Community Services updating Members of the project to redevelop the facilities at Uig Harbour to accommodate the new larger ferry for the Uig, Tarbet, Lochmaddy triangle, which was scheduled to enter service in October 2018. Prior to the meeting a revised report had also been circulated, together with time lines for the various elements of the project and details of the procurement pathway.

During a presentation, Members were provided with information covering the scope of the works required and specific details of the inspection works which had been carried out and technical reports that had been produced. To progress to the design stage further reports on various elements of the project would be provided including site investigation, a traffic study, coastal wave study, a link span option appraisal, environmental/ecological aspects and a concrete survey of the existing pier head. A finance model was also being prepared for Harbour Dues and the budget for the project, which would be considered by the new Council Administration, was in the region of £23m. Specific details as to how the project was being funded meantime, to allow works to continue, were outlined to Members.

During discussion, the following points were made:-

- the costs involved in the bunkering of liquefied natural gas (LNG) had reduced and the provision of this at Uig merited consideration. Clarification was required from CMAL as to its proposals for LNG to allow the Highland Council to move matters forward;
- similarly, the bunkering of diesel fuel should be explored. This would enable the current storage tanks at Portree to be relocated, if necessary, bearing in mind the community approach which had been made to take over the Portree Pier;
- confirmation was sought, and received, as to when details of the geometry of the new vessel would be received, given the impact this would have on the link span requirements and costings;
- the marshalling area was inadequate to meet the vehicle capacity of the existing ferry and this would be further exacerbated with the increased capacity of the new vessel. Consideration therefore needed to be given to extending the marshalling area, otherwise the new vessel would sail under capacity;
- the closure of the pier, in terms of dates and times, needed to be well managed given the volume of traffic involved;
- there were issues which still needed to be incorporated into the work programme such as dredging, property transactions etc;
- a charge of £3.323m had been set aside for project management/site supervision etc and confirmation was sought, and received, that the majority of this would be internal Council charges;
- there was merit in speaking to the Ullapool Trust given their experience with the recent Ullapool-Stornoway ferry replacement;
- in the long term, the provision of a new link span represented better value for money rather than a refurbishment; and
- details of the day-to-day governance of the project having been outlined, the important role of the Harbours Management Board was highlighted. As and when required, Members experience and knowledge would be utilised and, if necessary, a special meeting of the Board could be held.

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

5. Strategic Business Plan

There had been circulated Report No HMB 2/17 dated 19 January 2017 by the Director of Community Services updating Members on the progress of commissioning a Strategic Business Plan and presenting Members with a report entitled "Initial selection of prospects for further investigation".

During a detailed presentation Ms Parsons recapped the various industry sectors together with associated opportunities, the assets under consideration and areas

meriting active investigation. In addition an analysis of the various sectors was provided.

During discussion, the following points were made:-

- when looking at opportunities, it was important to take into consideration the percentage return on capital and growth rates. Small investments could sometimes generate considerable profit;
- the cruising sector had grown considerably in recent years but there was an indication that this was now starting to slow down;
- although a limited number of people came to Highland to sail, this industry sector was on a sound footing and future prospects were good;
- there was merit in considering freight train hubs at harbours. Although at present the only viable option for this was at Kyle of Lochalsh, discussions should take place with Network Rail with a view to providing rail heads at other ports in the future;
- in regard to the potential to develop sites for the storage, and distribution, of LNG information was sought as to how this could actively be progressed;
- the development of an airport at Ashaig, Broadford could allow Kyle of Lochalsh to be used as a terminal for transporting personal to oil platforms in the future; and
- there were small pockets on the east coast of Skye that could be used for the winter storage of yachts and leisure craft and a scoping exercise should be carried out to ascertain their potential.

The Board:-

- i. **NOTED** the latest position of the creation of a Strategic Business Plan;
- ii. **AGREED** that the table detailing the consultant's conclusion be circulated to Members of the Harbour Board; and
- iii. **AGREED** to consider further the potential to provide LNG storage facilities at the Council's harbours.

6. Seaprobe Atlantis Pontoon at Kyle

Declaration of Interest:

Mr B Murphy declared a non-financial interest in this item on the grounds that he was acquainted with one of the contributors to the report through their involvement with the A82 Partnership and elected to not take part in discussion and to abstain from any vote.

There had been circulated Report No HMB 3/17 dated 19 January 2017 by the Director of Community Services providing the recently commissioned report (circulated separately as Booklet A) on the navigational safety issues surrounding the proposal from the owner of "Seaprobe Atlantis" to install a private pontoon in proximity of the commercial slipway at Kyle Harbour.

Some Members were of the view that the recommendation to the Duty Holder should be that the appeal was rejected and raised the following points:-

- the report was a factual, comprehensive and objective evaluation of the navigational issues and, while the hazard of collision from vessels berthed on the Railway Pier could be mitigated, the risk of collision from vessels using the

- slipway was sufficiently high to merit the report's author to recommend that the proposed pontoon location be rejected;
- the report contained diagrams and technical information as well as taking into account representations from others; and
 - when considering the risk, it was important the Council was not made unduly liable.

Other Members speaking in support of a recommendation not to reject the appeal, made the following points:-

- the report stated, under Document Information, that the content was provisional. Furthermore, the information contained in it was anecdotal, had been drawn from third party sources and had not been verified;
- with the exception of the owner of the "Seaprobe Atlantis", contributors were objectors to the proposal and, it was argued, they should not have been given the opportunity to influence the report;
- the approach/departure track showed a large vessel crabbing in while there was photographic evidence demonstrating that landing craft could approach the slipway straight on;
- the tidal and wind reports were from a different location; and
- the Automatic Identification System data showed very little traffic using the pier and there appeared to be a lack of clarity as to how many times the slipway was in fact being used.

Speaking in clarification as to the provisional nature of the report, officers explained to that the final report had been received after the agenda and papers had been sent to the Harbour Board Members. However, the only change between that and the version circulated to Members had been the removal of the provisional caveat.

Having considered the contents and recommendations of the consultant's report, Mr K MacLeod, seconded by Mr G Phillips, **MOVED** to recommend to the Duty Holder that the appeal was rejected on the grounds of navigational safety.

As an **AMENDMENT**, Mr H Fraser, seconded by Mr H Morrison, moved that the appeal was not rejected on the basis of the navigational risk assessment report by ABPmer for the following reasons:-

- (a) the environmental information was based on information supplied by a third party's previous technical work on a completely divorced site;
- (b) ABPmer were assisted in compiling the report by Alasdair Ferguson, Fergusson Shipping and Transport; Murdo Macrae, a trustee of Kyle and Lochalsh Community Trust (KLCT); and Robert Thomson, Harbour Master at Kyle of Lochalsh, on the grounds that all three had lodged or supported objections to the siting of the pontoon. All three were considered to have vested interests, on behalf of the companies and organisations they represented and should have declared an interest and abstained from participating (It was also noted that the Seaprobe Atlantis also took part in compiling the report);
- (c) in the report ABPmer had served notice at the beginning of the document that "sections of the document may rely on information supplied or drawn from third party sources. Unless otherwise expressly stated in the document ABPmer has not independently checked or verified such information". The report had been prepared with anecdotal information and as such could not be considered as safe recommendation or conclusion;

- (d) ABPmer made it quite clear that the content of the document should be considered provisional and should not be relied upon until a final version marked “issued for client use” was issued. The document had not been marked as such and could not be considered as final; and
- (e) impact with structure from a vessel transiting to the slipway had been considered and concluded to be the highest scoring risk assessment with a level of significant. That risk level would only be of concern under adverse conditions, which were not a regular occurrence, and the risk would be significantly reduced to ALARP if the harbour authority managed the slipway – which it was required to do. The proposed location should not therefore be rejected until that option is fully explored.

On a vote being taken, the **MOTION** received 5 votes and the **AMENDMENT** received 2 votes, with 2 abstentions, and the **MOTION** was therefore **CARRIED**, the votes having been cast as follows:-

For the Motion:

Mr R Greene, Mr A Henderson, Mr K MacLeod, Mr G Phillips and Dr A Sinclair.

For the Amendment:

Mr H Fraser and Mr H Morrison.

Abstentions:

Mr G Mackenzie and Mr B Murphy.

7. Service Redesign Board – Briefing Paper

There had been circulated Report No HMB 4/17 dated 5 January 2017 by the Director of Community Services updating Members on a paper that was presented to the Council Redesign Board on 29 November 2016.

The Redesign Board had welcomed the work which was already underway in terms of producing a Strategic Business Plan and the progress made to date. It had suggested that the Harbours Management Board might also want to redefine the focus of the strategic working taking place and consider significantly rationalising its harbours/piers asset base and to look at an accelerated closure/transfer of assets and/or the transfer to an Arm’s Length External organisation or newly established Harbours Trust financially independent from the Council. In addition, there was merit in considering how it could develop income streams and become more commercial. This could be achieved, for example, by raising Harbour Dues but it would be important to take into account what would be sustainable in each locality. In taking these proposals forward a project group would be established made up of officers with relevant expertise with a view to reporting back to the Harbours Management Board at regular intervals.

During discussion, the following points were made:-

- when disposing assets to community bodies it was essential to be thorough, to take time and carry out detailed consultation;
- an approach had been made by the community for the potential asset transfer of the pier at Portree. It was important such approaches were acted upon expeditiously and the process which Services were to follow would be circulated to all Members;
- the pier at Portree had deteriorated over time and the Portree and Braes Trust were eager to develop it and to attract vessels. This Trust was better placed than the Council to attract sources of funding;

- by divesting assets to a Harbour Trust there was a danger that the Council would lose potential future income, the leisure craft industry being cited as an area which had not yet been fully developed. However, it was pointed out that the Redesign process would continue for some time and no final decisions had yet been made; and
- whilst it was important to look at fees and charges annually, it was important that increases were sustainable and business was not lost as a result.

The Board:-

- NOTED** the paper presented to the Redesign Board;
- AGREED** to review the scope of the Strategic Review of Harbours to incorporate the additional objectives from the Council Redesign Board; and
- NOTED** the setting up of the cross service and stakeholder group to deliver an options paper by December 2017 on the way forward.

8. Internal Audit – All Services, Rental Income

It was recalled that, as part of the 2015/16 audit plan, an audit was undertaken to review the processes for ensuring the correct application for rental incomes. In this connection, there had been circulated Report No HMB 5/17 dated 5 January 2017 by the Director of Community Services updating Members of the outcomes in relation to Harbour properties.

Having been assured that a safe and robust system was now being used to ensure leases were in place and rental incomes collected, the Board **NOTED**:-

- the issues raised; and
- the action plan in place to implement improvements.

9. Fish Farm Moorings Licence – Uig Harbour

There had been circulated Report No HMB 6/17 dated 19 January 2017 by the Director of Community Services updating Members of a request from a fish farm operator for a licence to moor fish farm cages within the Statutory Harbour Limits in Uig Bay.

Members were reminded about the background surrounding the application and the need for the seabed to be dredged to deeper levels than before prior to the introduction of the larger vessel servicing the Tarbet–Lochmaddy–Uig route. Following on from previous discussions, a list of licence conditions had been drawn up and sent to the fish farm operator with an offer of a meeting. In response, a draft legal agreement had been returned and legal advice was being sought from the Head of Corporate Governance. However, a number of issues still required to be incorporated into this agreement and it was hoped discussions could take place to address outstanding matters.

In terms of dredging, heavy metals had been present in seabed samples taken and therefore the proposal suggested to Marine Scotland was for the spoil ground to be located outwith the harbour area, 1.1 km from the proposed jetty. Given the costs of carrying out an environmental analysis it was hoped agreement could be reached as soon as possible, prior to the fish farm commencing operation in August 2017. Dredging would then take place in 2018, immediately prior to the vessel coming into service.

During discussion, the following points were made:-

- there was merit in the fish farm operator and the Council presenting a united front when seeking permission from Marine Scotland to allow dredging to take place outside the harbour area;
- every effort should be made to avoid trawl and creel area and to locate a spoil ground as close as possible to the Harbour Area;
- although not included in their draft agreement it was understood the fish farm operator was amenable to implementing preventative measures to reduce the impact of dredging on the health of the fish; and
- the fish farm would bring significant financial and economic benefit to the local area and, also bearing in mind the need for dredging to take place for the new vessel, it was important to reach consensus as quickly as possible to allow both the fish farm's licence and the Council's licence from Marine Scotland to be granted.

The Board **NOTED** the current position.

10. Elgol Harbour Tour Boat Operators

There had been circulated Report No HMB 7/17 dated 19 January 2017 by the Director of Community Services providing an update on the tour boat operators at Elgol Harbour for the 2017 season and proposing changes to the management of the harbour to reduce the costs of providing a Harbour Master and the introduction of a clock to assist with timekeeping.

In particular, Members were informed that, for the coming season, Elgol harbour would be placed under the remit of the Uig Harbour Master. In addition, recognising the importance of encouraging an amicable environment for all tour boats to operate in, officers were asked to revisit the possibility of introducing By Laws to provide a mechanism to deal effectively with any breaches of the Code of Conduct.

The Board:-

- i. **NOTED** the consultation responses from the two operators;
- ii. **APPROVED** the proposed changes to the manning of Elgol Harbour;
- iii. **APPROVED** the 2017 timetable; and
- iv. **AGREED** to revisit the possibility of introducing By Laws for Elgol Harbour.

11. Financial Performance 1 April 2016 to 31 December 2016

There had been circulated Report No HMB 8/17 dated 19 January 2017 by the Director of Community Services setting out the financial performance of Highland Council Harbours for the period 1 April 2016 to 31 December 2017.

Having been informed of improved fuel sales and income from harbour dues, the Board **APPROVED** the financial position to 31 December 2016.

The meeting ended at 1.25 p.m.