

AGENDA ITEM 8vi

The Highland Council

Minutes of Meeting of the **Harbours Management Board** held in Committee Room 1, Council Headquarters, Glenurquhart Road, Inverness on Wednesday 13 November 2019 at 2.00 pm.

Present:-

Mr M Finlayson	Mr D MacLeod
Mr A Henderson (in the Chair)	Mr H Morrison
Mr D Louden	Mr D Rixson
Ms A MacLean	

In attendance:-

Mr M Bain, Project Manager
Ms C Campbell, Head of Performance and Resources
Ms F MacBain, Committee Administrator, Chief Executive's Service
Ms S McKandie, Interim Head of Revenues & Customer Services
Mr A MacIver, Principal Engineer, Project Design Unit, Development and Infrastructure Service
Mr M Mitchell, Finance Manager
Mr T Usher, Harbours Manager, Community Services

1. Apologies for Absence

Dr I Cockburn, Mrs L MacDonald and Mr W MacKay.

2. Declarations of Interest

None.

3. Minutes

There had been circulated, and were **NOTED**, Minutes of Meeting of the Harbours Management Board held on 20 August 2019.

4. Uig Harbour Infrastructure Improvements

There had been circulated Report No HMB15/19 dated 4 November 2019 by the Executive Chief Officer Customer and Communities.

A presentation updated the Board on the following:

- Vessel delivery;
- Marine licences and harbour revision order;
- New terminal building planning;
- New terminal lease agreement;
- The temporary compound area and agreements with Highlands and Islands Enterprise and the Scottish Fire and Rescue Service;
- New Boat Steps issues and proposals following concerns about disabled access;

- Funding and community engagement; and
- Next steps, which included detailed design, marine licence and Harbour Revision Order issues, planning application consents, construction start date of March 2020 and estimated completion date of March 2022.

During discussion, the following issues were considered:

- The report had also been considered by local Members at a Ward Business Meeting;
- Community concerns about disabled access to the new boat steps were in relation to smaller boats as part of enhanced projects, with the main access to the ferry gangways being the responsibility of the Ferry service operator. Current proposals for the steps were summarised and it was acknowledged that public expectation was higher than the project was able to fulfil, and this required to be addressed through engagement with harbour users and the wider community. A suggestion was made that a ramp could be placed over half of the steps, although this might cause other spatial limitations. Suggestion had also been made by community representatives for a hinged walkway, however given the exposed location, high potential for weather-related damage and the high maintenance costs, this was not considered practical. Much effort had gone into maximising access; and
- Information was sought and provided on the level of funding that was being provided by the Scottish Government, 80%, and from the Council's capital contribution, a maximum of £2.5m. Discussions were underway with the Scottish Government on funding models for the remaining 20%, including the level of increase in Harbour Dues, and on ownership of risk in the event of project delays or overspends.

The Board **NOTED** the position and **AGREED** the Principal Engineer, Project Design Unit, investigate means of communicating a realistic overview of the project to harbour users and the local community.

5. Service Income Review

There had been circulated Report No HMB16/19 by the Executive Chief Officer Customer and Communities.

A new Council policy had been agreed in March 2019 which included a £15 surcharge for invoices, and the implementation of late penalty fees and interest charges for invoices in respect of commercial customers not paid by 30 days. Implementation of this policy in relation to commercial Harbours customers had been delayed initially for six months, and at the Harbour Management Board meeting in August 2019, further delayed until the November 2019 meeting. This was to allow Harbours staff to communicate the changes to customers and facilitate new payment arrangements to Direct Debit. It was considered vital that Harbours customers complied with this new policy, for the reasons detailed in the report, which also contained projected additional income from the new policy. The risks to current levels of business were acknowledged but it was felt that without attempting to implement the policy which had been agreed by the Council and was being used for other commercial customers, there was no way of knowing whether these risks would be realised.

In response, the Harbours Manager referred to his 18 years of experience dealing with Harbours commercial customers and suggested the assessment of commercial activities should have been undertaken prior to the decision to implement the policy. He reported that informal staff feedback suggested the policy would have a detrimental

impact on customer relations, with the perception that the policy's aim was increased income rather than debt control. He felt there was a significant risk that customers would take their business elsewhere and he detailed his reasons for this, including the need for the agents of foreign fishing vessels to have adequate time to collect payment, and some fishing vessels having to sell their catch before paying their invoices. A trial of the policy could drive away customers who would be unlikely to return and a commercial outlook suggested the need to improve customer relations through having reasonable practices, which he did not consider this to be.

Following further explanation of the various issues, Members made the following points during discussion:

- Support was voiced for excluding the Harbours customers from the specified elements of the new policy (charging £15 for invoices and implementing interest and charges for late payments after 30 days), citing the unacceptable risk to future business and the Council's reliance on Harbours income. They considered it likely that if customers took their business to alternative harbours, they would most likely not return and that if the policy was about controlling credit, then this was already being undertaken to a satisfactory level. The importance of fostering and rewarding customer loyalty was emphasised, noting that the loss of one large customer could wipe out any savings from implementation of the policy;
- Members voiced support for continuing the suggested practice of issuing a payment reminder at 30 days and implementing interest payments after 40 days and the Interim Head of Revenues & Customer Services was asked to investigate a solution to facilitate this;
- It was suggested the debt figures reported did not support the view that Harbours debt was out of control, and reference was made to fifteen years previously where debt control had been a significant problem, with the situation now much improved;
- In response to concern about the £15 charge for invoices, officers explained that Direct Debit statements would continue to be provided free of charge and these were generally adequate for HMRC or VAT purposes;
- It was emphasised by officers that Harbours customers had to comply with the agreed Council policy, as did other commercial customers. Failure to do so could have wider ramifications for the Council;
- In response to a question from a Member, the Interim Head of Revenues and Customer Services advised that High Life Highland have implemented charges for invoices;
- In response to a suggestion that some flexibility could be incorporated into the policy in relation to Harbours customers, with the Harbours Manager having some discretion to determine whether an individual customer's situation required flexibility in relation to late payment charges (for example boat breakdown), it was thought this to be an unfair burden for an individual officer; and
- There being no support from Members present for the implementation of the £15 invoice charge for Harbours customers, the Interim Head of Revenues & Customer Services was asked to further investigate this and report back at the next meeting in February 2020, with current practices to remain in place until that time, or until the matter was otherwise resolved.

The Board **NOTED** the report and **AGREED** to reconsider the issues discussed at the next meeting in February 2020, as detailed during discussion.

6. Corran Ferry Consultation

There had been circulated Report No HMB17/19 by the Executive Chief Officer Customer and Communities.

A presentation updated the Board on the vessel and slipways options and the next steps, which was to develop Option C (a new larger straight through vessel, with a refit / relief / second vessel secured from elsewhere). Transport Scotland were content with the preferred option and the tendering process would now follow.

During discussion, the following issues were considered:

- It was pointed out that option C had lower infrastructure costs than Option A, and that the funding for infrastructure would be from the Scottish Government;
- In Spring 2020, Transport Scotland would be undertaking a review of their spending projections for 2021-22, and they had suggested it would be advisable for the Highland Council to submit their costings for this project to that timescale, however this was unlikely to be feasible;
- A replacement vessel that met the Scottish Government's green objectives would strengthen the Council's funding position;
- Gratitude was expressed to CMAL for the Vessel Inspection Survey report;
- A standby vessel had been ruled out during the Strategic Business Case process;
- Other issues discussed included the essential nature of the infrastructure and route, Road Equivalent Tariff and Grant Aided Expenditure, noting that GAE was being reviewed as part of the Scottish Government Finance review;
- Attention was drawn to the risk register which would be kept as a standing item on the report and the Chair suggested further discussion of it at Ward level; and
- Both Corran Ferry foremen had won Council staff awards for care and kindness.

The Board **NOTED** the position.

7. Fort William Town Pier Lease

There had been circulated Report No HMB18/19 dated 5 November 2019 by the Executive Chief Officer Customer and Communities.

Following a summary of the report, the following issues were considered:

- Attention was drawn to the possible resale value of some Council leases;
- Information was sought and provided on the ownership of risk in the vicinity of the pier, where infrastructure was in a variety of different ownership and there was no Statutory Harbour Order in place;
- It was suggested that given the uncertainties about the long term future of this area of Fort William, 125 years was too long a period for a lease and that further information on the concrete plans for the pier would be preferred prior to a decision being made. An additional 30 years was suggested as a possible extension period, there being 30 years remaining on the current lease;

The Board **AGREED** they were minded in principle to extend the lease for a further 30 years pending further consideration of the proposals for the development of the facilities at the next meeting of the Board.

8. Cruise Terminal Promotion at Seatrade Cruise Global

There had been circulated Report No HMB19/19 dated 4 November 2019 by the Executive Chief Officer Customer and Communities.

The benefits of selling the Highlands to potential cruise operators were summarised and it was suggested that links could be made with the Principal Tourism & Film Officer.

The Board **AGREED** to support the attendance of a Harbours official on the “Cruise Scotland” stand at the Seatrade Cruise Global in Miami from the 20-23 April 2020 and for future years.

9. Financial Performance 1 July to 30 September 2019

There had been circulated Report No 20/19 dated 5 November 2019 by the Executive Chief Officer Customer and Communities.

The Board **NOTED** the financial position to 30 September 2019.

10. Debt Management

There had been circulated Report No HMB21/19 dated 4 November 2019 by the Service Finance Manager and updated report with corrected typos was tabled.

The Board **NOTED** the current debt position as at 2 October 2019.

The meeting ended at 4.25pm.