

The Highland Council

Minutes of Meeting of the **Harbours Management Board** held in Committee Room 2, Council Headquarters, Glenurquhart Road, Inverness on Tuesday 25 February 2020 at 2.15 pm.

Present:-

Mr R Balfour
Mr B Boyd
Mr J Gray
Mr A Henderson
Mr D Louden

Mr A MacInnes
Mr W MacKay (VC)
Mr D MacLeod
Mr D Rixson (VC)

In attendance:-

Mr M MacLeod, Executive Chief Officer Infrastructure and Environment
Ms C Campbell, Head of Performance and Resources
Ms T Urry, Head of Roads and Transport
Mr M Bain, Project Manager
Mr M Mitchell, Finance Manager
Mr T Usher, Harbours Manager, Community Services
Ms F MacBain, Committee Administrator, Chief Executive's Service
Mr A MacIver, Principal Engineer, Project Design Unit, Development and Infrastructure Service

1. Apologies for Absence

An apology for absence was intimated on behalf on Mr A Sinclair.

2. Declarations of Interest

There were no declarations of interest.

3. Minutes

There had been circulated, and was **NOTED**, the Minutes of Meeting of the Harbours Management Board held on 13 November 2019.

4. Uig Harbour Infrastructure Improvements

There had been circulated Report No HMB/1/20 dated 18 February 2020 by the Executive Chief Officer Infrastructure and Environment.

A presentation updated the Board on the following:-

- Vessel Delivery;
- Tender Issue;
- Marine Licences and Harbour Revision Order;
- New Terminal Building Planning;
- New Terminal Building Lease Agreement;
- Temporary Compound Area;
- Funding;

- Community Engagement;
- New Boat Steps – a working group had been established to review requirements and aspirations for disabled access; and
- Next Steps – main civil works tender, detailed design, marine licences and harbour revision order, construction start (estimated May 2020), and completion (estimated March 2022).

During discussion, information was sought, and provided, on the functions of a pontoon compared to steps, with the pontoons not suited to larger vessels but with improved disabled access. Continued engagement on this via the working group was welcomed and, in response to a request, Mr A Henderson indicated his willingness to chair the planned public engagement event. The importance of providing disabled access was emphasised but this had to be balanced against costs and practicalities. The cost of enhanced access would have to be met by the Council as the Scottish Government had made it clear this was not part of the refurbishment of the pier. It was clarified that much of the financial risk associated with the contract, such as delays due to severe weather, would be borne by the contractor. Staff who had worked on the project were thanked.

The Board **NOTED** the position.

5. Corran Ferry Market Testing Exercise

There was tabled Report No HMB/2/20 by the Executive Chief Officer Infrastructure and Environment.

In addition, there had been circulated separately a copy of the Risk Register which was referred to in a presentation, which also covered the following issues:-

- Methods of engagement;
- Visit to CMAL, Port Glasgow, where topics discussed had included vessel design, timescales, slipway design, operational profile and fuel type, and vessel and infrastructure tendering costs;
- The need for a Statement of Requirements to outline the high-level new vessel requirements, which might require a naval architect, to be sourced via a tendering process;
- Timescales for a new vessel, estimated at 38 months;
- The approximate tendering costs for the vessel and infrastructure;
- Market Testing Exercise conclusions; and
- Next Steps including meeting with Transport Scotland and presenting a project progress report to the Economy and Infrastructure Committee on 14 May 2020.

During discussion, the following issues were considered:-

- the proposed new ferry would be theoretically interchangeable with other vessels (in practice with around 4 other vessels);
- in relation to carbon neutrality, modern vessels were around 30% more efficient, with an estimated lifespan of 20-30 years. The importance of reliability was emphasised, given the life-line nature of the crossing.

- Reference was made to the use modern technology in some vessels which had proved complex and time-consuming to repair;
- with reference to the market testing exercise, the reasons why a private operator was not being recommended were detailed and discussed. Reference was made to specific private operators who were too small or who had not expressed an interest in tendering. It was clarified the information had been distributed via Tenders Electronic Daily (TED), the European public procurement journal;
 - noting the timescales, and the strategic importance of the crossing, it was important a decision was made and the project advanced as soon as possible. The age of the current vessel meant that some spare parts had to be manufactured to order and required specialist installation. Refits were taking six weeks, when previously required four, and the spare vessel was also unreliable due to its age. In relation to the urgency of the situation, attention was drawn to the risk register, which had service failure ragged red;
 - local people could purchase a season ticket at a discounted rate and this accounted for approximately 34% of income from the ferry;
 - the additional weight of around 50 tonnes for a battery-operated vessel was unlikely to be feasible but this option would be explored in due course;
 - early dialogue was being undertaken with Transport Scotland about potential transfer of the service;
 - the estimated cost of a replacement vessel and associated infrastructure was £40m. There were no plans to replace the spare vessel, instead a service plan would be put in place to cover refit or repair periods;
 - investment in a local repair/refit yard could reduce the time a vessel would be out of service;
 - even with an increase in vehicle capacity on the new vessel, it was likely to operate as a shuttle service much of the time;
 - Options 2 and 3a could be removed from the recommendation in the report; and
 - attention was drawn to the importance of considering environmental issues. This would be covered more fully at a later stage in the process and was already included on the risk register.

The Board **NOTED** the position *and* **AGREED** to remove *Options 2 and 3a from the potential delivery methods, these relating to private operators.*

6. Schedule of Rates and for Financial Year 2020/21

There had been circulated Report No HMB/3/20 dated 19 February 2020 by the Executive Chief Officer Customer and Communities.

The report was summarised and, during discussion, information was sought, and provided, on how long the current charging regime had been in place with inflationary increases, which was around four years. The schedule of rates did not include fishing dues which were usually a percentage of the value of the catch. Some larger contracts were negotiated individually to ensure prices remained competitive.

The Board **AGREED** to recommend to the Economy and Infrastructure Committee that it:-

- i. notes the contents of the Scheduled of Rates and Dues, exclusive of the annual inflationary uplift, which is to be applied when known;
- ii. approves the publication Schedules of Rates and Dues for Highland Council Harbours for the financial year 20/21; and
- iii. approves the introduction of Power Washer charges as described.

7. Proposed Management Agreement for Portmahomack Harbour

There had been circulated Report No HMB/4/20 dated 19 February 2020 by the Executive Chief Officer Customer and Communities.

A presentation was provided on the harbour area and the proposal for a community group to take over the management of the statutory harbour was summarised. Following discussion, the Board **AGREED** to recommend to the Economy and Infrastructure Committee that it:-

- i. notes and welcomes the interest of the Portmahomack Harbour User Group in the management of the Harbour;
- ii. approves further discussions with the User Group to investigate how the development of the Harbour would work in practice; and
- iii. given the sensitivities surrounding the waiting list and the “Statutory” nature of the harbour, agrees to decline the proposal for the User Group to manage the existing waiting list or organise the berthing, until the proposed developments have been secured.

8. Financial Performance 1 April 2019 to 31 January 2020

There had been circulated Report No HMB/5/20 by the Executive Chief Officer Customer and Communities.

There was a shortfall on budgeted fuel sales due to falling global fuel prices and market volatility and it was unlikely this would be corrected during the remaining six weeks of the financial year. However, the value of landing dues had been increasing.

The Board **NOTED** the financial position to 31 January 2020.

The meeting ended at 4pm.