

The Highland Council

Minutes of Meeting of the **Harbours Management Board** held **REMOTELY** on Friday 16 October 2020 at 10:30 am.

Present:-

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

Mr A MacInnes
Mr W MacKay
Mr D Rixson

Non-Member also in attendance:-

Mrs T Robertson

In attendance:-

Mr C Howell, Head of Infrastructure
Ms T Urry, Head of Roads and Transport
Mr M Mitchell, Finance Manager
Mr R Porteous, Roads Operation Manager
Mr T Usher, Harbours Manager, Community Services
Mr A MacIver, Principal Engineer, Project Design Unit
Miss J MacLennan, Principal Administrator, Chief Executive's Service
Ms O Bayon, Administrative Assistant, Chief Executive's Service

1. Apologies for Absence

Apologies for absence were intimated on behalf on Mr J Gray and Mr D MacLeod.

2. Declarations of Interest

Mr A MacInnes declared a financial interest in any item relating to harbour dues and the purchasing of fuel via Highland Council harbours and piers given his involvement in the seafood industry and as a director of organic sea harvest.

3. Minutes

There had been circulated, and was **NOTED**, the Minutes of Meeting of the Harbours Management Board held on 25 February 2020.

4. Uig Harbour Redevelopment - Update

There had been circulated Report No HMB/6/20 dated 5 October 2020 by the Executive Chief Officer Infrastructure and Environment.

Following an update Members raised the following points:-

- changes to the contract and the shifting of risks fell to the client but clarification was sought as to which body this referred to. In response, it was explained that currently 80% of this contract was grant funding from Transport Scotland and 20% was Highland Council. Any additional costs would be met by an increase in Harbour Dues;

- the innovative factors of the design had undoubtedly affected what the contractors were willing to take on and this was brought out by the allowance of £8.6M for the risks sitting with the Council;
- clarification was sought as to whether Transport Scotland's contribution was capped and that additional costs would fall on the Council;
- the two significant risks were whether the design could be built and that the costs of overrunning would fall to the Council; and
- tenders had come in £3M in excess of Transport Scotland's ceiling for the main civils infrastructure works tender which did not include for the linkspan, dredging and new terminal building tender costs which were still to be tendered. It is hoped that this would be reduced in the proposed revised contract and retender strategy which included the bad weather risk element reverting to the client rather than the contractor. However, this raised concerns that this could result in a cash flow dilemma for the Council in the short term. In response, Members were assured that these factors had been taken into the harbours due accounting model and any additional costs – project, construction or costed risks – would be met by an increase in Harbour Dues.

The Board **NOTED** the position.

5. Corran Ferry Project – Outline Business Case – Update

There had been circulated Report No HMB/7/20 by the Executive Chief Officer Infrastructure and Environment.

During discussion, the following issues were considered:-

- Members welcomed the sensible and pragmatic approach being adopted. While the aim in the long term was to bridge the Corran Narrows, it was recognised that until that came to fruition two ro-ro vessels were required to ensure a sustainable and reliable service;
- the community consultation had proved successful and there was general support now for the proposal;
- vessels would need repair and maintenance and it was hoped that the boatyard at Corpach could accommodate some of this work;
- a response to the letter sent to Paul Wheelhouse, Minister for Energy, Connectivity and the Islands had been received;
- it was critically important to emphasise the importance of the Corran Ferry in meeting the socio-economic needs of the fragile communities it served. It was particularly important any time the A30 was closed;
- it was confirmed that the socio-economic study would be updated to reflect current issues; and
- in response to a query it was confirmed that hybrid vessels ran in both diesel and electric. Full electric vessels would not be practical in terms of their weight and the infrastructure needed. The hybrid vessels considered would achieve a 30% reduction in fuel savings. In this regard, it was pointed out that hydrogen vessels could also be considered.

The Board:-

- i. **NOTED** that a letter was sent to the Cabinet Minister seeking approval to form a working group with officers from Transport Scotland, regarding the possibility of transferring over responsibility for the Corran ferry service in accordance with the principles set out in the Scottish Ferries Plan;
- ii. **AGREED** to support the proposal for the new preferred Vessel and Infrastructure option - 2 x 25 car smaller hybrid vessels straight through (Ro-Ro) operation as detailed in Appendix 2 of the report;
- iii. **NOTED** Vessel and Infrastructure general arrangements and analysis including high level capital costs as detailed in Appendix 3 of the report; and
- iv. **NOTED** the requirement for the project managers secondment to be extended by 2 years (up to May 2023) to facilitate the ongoing discussions/negotiations with Transport Scotland/CMAL and other key stakeholders, and to ensure that links between the Local Community and Officers are maintained. The secondment would continue to be funded through the Corran Ferry trading account.

6. **Brexit and the Scottish Government Borders Stakeholder Group**

There had been circulated Report No HMB/8/20 dated 1 October 2020 by the Executive Chief Officer Infrastructure and Environment.

During discussion, the following issues were considered:-

- it was understood that vessels would need food producer licences, placing an additional burden on Environmental Health;
- clarification was sought, and provided, as to the Border Control arrangements for cruise ship passengers;
- clarification was also sought, and provided, on the potential impact on EU fishing boats fishing for litter and how the aforesaid litter would be handled. It was expected the current practise would continue given the positive environmental approach adopted by the larger vessels;
- it was unclear what additional resources would be needed to implement the additional measures arising from Brexit and how these would be met;
- foreign fish landings currently generated approximately 25% (£500k) of the income from Harbour Dues and accounted for approximately 50% (10 million litres per annum) of all marine gas oil sales. These were significant figures and what would happen in the next 10 weeks, leading up to Brexit, was a concern. In this regard, it was questioned if east coast fishing vessels would enter west coast waters to fish;
- Councillor MacInnes had a background in import/export of aquaculture products and the systems adopted to manage that. There were opportunities for collaboration with business already set up and working on the routes to market and this information could be passed to the Fishery Harbours Manager; and
- there were concerns about the continuity of the industry and, in the worst case scenario, the impact a disruption would have, even for a short period. The possible reputational damage both nationally and internationally had to be considered and it was therefore suggested the possibility of local Hubs needed to be explored with Environmental Health colleagues to avoid any market disruption.

The Board:-

- i. **NOTED** the border controls that may be implemented and their relevance to fresh fish landings;
- ii. **NOTED** the possible necessity for Border Control Posts to be set up at strategic ports to enable existing fish landings to continue;
- iii. **NOTED** the formation of the Scottish Government Borders Stakeholder Group;
- iv. **APPROVED** membership and attendance of the Stakeholder Group by Officers and Members as appropriate; and
- v. **NOTED** the requirements for export documentation (Export Health Certificate) and the significant challenge posed in issuing them timeously.

7. Appointment of Duty Holder

There had been circulated Report No HMB/9/20 dated 1 October 2020 by the Executive Chief Officer Infrastructure and Environment.

- i. **NOTED** the requirement to appoint a “Duty Holder” to comply with the Port Marine Safety Code;
- ii. **NOTED** the decision making process and legal opinion provided in previous years; and
- iii. **APPROVED** the appointment of the Executive Chief Officer of Infrastructure and Environment into the role.

8. Ground Lease for Television Transmitter at Lochinver Harbour

There had been circulated Report No HMB/10/20 dated 1 October 2020 by the Executive Chief Officer Infrastructure and Environment.

A brief overview was given where it was stated that the new ice plant had been a worthwhile project and that the previous ice plant was now redundant and should be demolished. This would mean that a new site for the television mast was required. Arqiva had agreed to pay for the relocation but they would require a small area of land.. Both sides were currently happy with negotiations with the cost of the lease being £1350 per annum, rising every three years in line with retail price index (RPI).

The Board:-

- i. **NOTED** the current location of the Lochinver television transmitter mast on the redundant ice plant building and the reason for relocation;
- ii. **NOTED** the location within the Harbour Area the telecommunications company would like to relocate to and the time restraint to conclude a lease;
- iii. **APPROVED** the Heads of Terms as agreed; and
- iv. **AGREED** that the matter now be passed to the Head of Corporate Governance to conclude the lease.

9. Financial Performance 1 April 2020 to 30 September 2020

There had been circulated Report No HMB/11/20 dated 8 October 2020 by the Executive Chief Officer Infrastructure and Environment.

A résumé of activity over the previous 6 months was provided together with details on how Covid 19 and Brexit had impacted on trading figures. Overall, taking these factors into account, the financial performance position was reasonable. Although fuel sales had declined in Lochinver and Kinlochbervie, they had increased in Kyle and discussion took place as to how facilities in Kyle could be improved so as to reduce fuelling times.

The Board **NOTED** the position.

10. Debt Management

There had been circulated Report No. HMB/12/20 by the Service Finance Manager.

Members having been assured that, despite Covid 19, the debt position remained consistent, the Board **NOTED** the current debt position as at 30 September 2020.

The meeting ended at 12 noon.