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**REPORT TO: AUDIT & SCRUTINY COMMITTEE ON 8 FEBRUARY 2017**

**SUBJECT: MV SELKIE – DREDGING OPERATIONS COUNCIL HARBOURS**

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,  
PLANNING & INFRASTRUCTURE)**

**1. REASON FOR REPORT**

- 1.1 To inform the Committee of the operational status of the Council owned dredger, MV Selkie.
- 1.2 This report is submitted to Committee in terms of Section III (H) (20) of the Council's Scheme of Administration relating to reports on the performance of and trends within all of the Council's services in terms of service standards and performance information.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the committee scrutinise and note the progress made in relation to:**
  - (i) **dredged quantities from Moray Harbours.**

**3. VESSEL OPERATIONS**

- 3.1 MV Selkie was handed over to Moray Council as a complete vessel on 11 May 2016, following conclusion of the construction phase of the contract to supply a new build dredger vessel to Moray Council.
- 3.2 Officers developed a plan for the commissioning and first year of operation of the dredger in late 2015. The programme allowed for the potential for late delivery of the vessel, as the build schedule had little allowance for slippage. It also anticipated the volume of training and testing required by a new vessel and crew, and planned for internal works only being carried out. Warranty issues are also likely to occur. The exact timing of these issues are not possible to predict in advance, but time was allowed and the programme was kept deliberately at a headline level. This is summarised as follows:

<b>2016 Programme</b>	
March 2016	Vessel launch
	Sea Trials
	Vessel Handover
April 2016 – June 2016	Crew start date
	Equipment Training
	Trial Dredges
July 2016	First crew block leave period
	Commence internal dredging work
October 2016	Second crew block leave period
	Boats out at leisure harbours
	Continue internal dredging work
December	Third crew block leave period
January – March 2016	Internal dredging work – leisure harbours.

- 3.3 The actual operational delivery for 2016, showed some slippage with the late delivery of the vessel, and the resignation of the deckhand in August 2016, however, this had no material impact on operational delivery. This is summarised below:

<b>2016 Actual</b>	
April 2016	Crew start date
	Vessel launch
May 2016	Sea Trials
	Vessel Handover
	Equipment Training
June 2016	Trial Dredges
July 2016	First crew block leave period
	Commenced internal dredging work (Buckie & Burghead)

August 2016 – September 2016	Deckhand resigned – recruitment process
October	Second crew block leave period
	Boats out at leisure harbours
	Crew training
November – December 2016	Dredging work Buckie, Burghead, Cullen, Findochty, Hopeman, Portknockie
December 2016	Third crew block leave period

3.4 The forward plan for January – March 2017 is as follows:

<b>Programme: January – March 2017</b>	
January	Buckie – 5 days Portknockie – 3 days
	Cullen – 3 days
	Hopeman – 2 days
February	Burghead – 6 days Findochty – 9 days
March	Work to spud leg wires – 5 days

Time is allocated in March for delays to the January / February work by adverse weather.

3.5 Internal monitoring takes place in a variety of formats:

- Master's log – detailed narrative of all work undertaken by day, including weather conditions
- Budget monitoring – Moray Council's harbours have a budget of £141,000 for dredging for the year 2016/17. This is covered in Section 5 below
- Quantity monitoring – planning takes place to forecast the total tonnage to be excavated from each harbour. This is influenced by operational need, budget availability, marine licence limits and time available.

3.6 A total of 12,990 tonnes of material has been removed from Moray Council harbours since June 2016.

3.7 Most of this (9,000 tonnes) has been removed from Burghead due to the accumulation of sand across the harbour entrance. This causes navigational

and safety issues for the local fishing fleet. This accumulation can re-occur at any time depending on the prevailing weather and tidal conditions.

- 3.8 Over 3,000 tonnes have been removed from Buckie harbour, mainly around the cargo berths on Piers 1 and 2. A small amount of additional work is required in the entrance channel.
- 3.9 This is a similar total (c.13,000 tonnes) to that excavated per annum by Madsens under contract at Buckie and Burghead in previous financial years.
- 3.10 Trial dredging has been carried out in the entrances to the four leisure harbours. During the final quarter of this financial year it is planned to remove over 6,000 tonnes of material from the leisure harbours. This takes the council to the limit of the licenced quantities that may be removed from the leisure harbours in this licence year (October – October for the leisure harbours). It should be noted, that following this work, dredging cannot take place at the leisure harbours until October 2017 in accordance with the marine license conditions.
- 3.11 It is also planned to clear the entrance channel at Buckie (2,000 tonnes) and carry out further dredging works at Burghead (2,400 tonnes) as the harbour entrance has started to silt up again. The licensed quantities at Buckie and Burghead are much higher, and the constraints at these locations are budgetary, and potentially time related.
- 3.12 A quantity of this work was carried out as crew training and familiarisation. From April 2017 all work will be carried out as an internal contract with the Harbours as client.
- 3.13 This work is summarised below:

<b>Dredging Quantity Summary</b>						
<b>Harbour</b>	<b>Budgeted Days (relates to financial budget)</b>	<b>Days worked to December 2016</b>	<b>Forecast Days January – March 2017</b>	<b>Tonnes Removed to December 2016</b>	<b>Tonnes Forecast January – March 2017</b>	<b>Total Financial Year End Tonnes</b>
Buckie	12	7	5	3,100	2,000	5,100
		+ 9 training days				
Burghead	31	25	6	9,090	2,400	11,490
		+ 9 training days				
Cullen	3	0	3	200	1,000	1,200
		+ 1				

		training day				
Findochty	9	0	9	200	3,280	3,480
		+1 training day				
Hopeman	2	0	2	150	450	600
		+1 training day				
Portknockie	3	0	3	250	950	1,200
		+1 training day				
TOTAL	60	32	28	12,990	10,080	23,070
		+22 training days				

3.14 In scheduling dredging operations a number of factors have to be considered, including:

- Weather conditions
- Tidal pattern
- Access arrangements at the harbours, including mobilisation time
- Vessel maintenance activities
- Crew working hours and holiday entitlement

3.15 Additionally, in the dredger's first year there are further factors which include the learning curve of a new vessel and new crew – greater efficiency levels are already being achieved within the year through training and familiarisation.

3.16 Warranty issues have also had to be accounted for in year one It should be noted that before handover of a marine vessel there is no 'fault free running' tests or similar. It is common that warranty faults are attended to and resolved during the first year of operation. Since vessel handover in May 2016 this has included:

- Hydraulic hose failure on the excavator
- Prolec system not fully installed during manufacture
- CAT engine – leaks and seal failures
- Warranty issue with standard repair required by CAT on all engines (not specific to MV Selkie)
- Excavator stress on boom and alarm sensor activation
- Gearbox filter replacement on excavator

For each of these issues the vessel has had to be moored in Buckie awaiting the relevant supplier's engineer. In the majority of instances it would have

caused a warranty breach to work the vessel before the engineer had attended.

- 3.17 For maximum efficiency the Selkie's crew are on an annualised contract which equates to a standard SJC salaried full time officer. Each crew member is contracted to work 150 days per annum, each working day being 11 hours in length. This allows for efficient working days over tides without incurring continuous overtime. It also allows the crew to be stood down when weather conditions are not favourable or productive work is not in place. It is planned that the crew will not normally work over 150 days per annum unless there is sufficient external work to offset against the overtime. This means that even in future years with external work in place it will be normal to see the vessel moored at Buckie for periods.
- 3.18 The majority of the annual leave entitlement for the crew is arranged in three block leave periods which are pre-set in discussion with the crew. This varies from year to year and balances work requirements with the need for predictable and consistent annual leave for individuals.
- 3.19 The dredger's deckhand resigned in August 2016, reducing the available crew to 2, which meant that the dredger was not able to operate until a new deckhand had been recruited, without using expensive agency staff, which was not felt appropriate as there was sufficient scope in the year one programme to fulfil the council's internal dredging requirement within the financial year. This did however highlight a resilience issue that needs addressing for the future. This ship's master has been scoping out a 'stand by' role which could be fulfilled by existing harbour staff. This will require training, and a competence assessment, the scope and content of which is currently being planned. This will provide a level of resilience for basic operations and avoid unnecessary additional staffing costs in a variety of circumstances. Resilience plans for more detailed operations (including ship's master) need further consideration. It should be noted that there is no business case to employ additional crew members beyond the current 3 permanent crew members.

#### **4. SUMMARY OF IMPLICATIONS**

##### **(a) Moray 2026: A Plan for the Future and Moray Corporate Plan 2015 - 2017**

The efficient operation of the dredger contributes to the economic vitality of Moray, providing direct and indirect employment and tourism opportunities.

##### **(b) Policy and Legal**

It is important that the dredger has a commercial position in the long term in order to avoid any potential State Aid issues.

**(c) Financial implications**

The dredger is currently operating within established budget provision.

**(d) Risk Implications**

The dredger is a high profile service amongst coastal communities receiving much public attention. It is important that the dredger operates efficiently and successfully to avoid the risk of avoidable adverse publicity.

**(e) Staffing Implications**

The dredger is operating within established staffing arrangements. The resilience work described above will require the cooperation of harbour staff but does not require any material change to job descriptions.

**(f) Property**

There are no property implications arising from this report.

**(g) Equalities**

There are no equalities issues arising from this report.

**(h) Consultations**

The Principal Accountant, Senior Solicitor (Property & Contracts), Committee Services Officer and Equalities Officer have been consulted and their comments incorporated in this report.

**5. CONCLUSION**

- 5.1 The dredger is on track operationally. It will not be possible to carry out any additional dredging works at the Councils leisure harbours in this financial year, beyond that forecast, as the marine licence limit will have been reached. Additional dredging works within the Councils commercial harbours, beyond that forecast, will be constraint by available budget.**

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Background Papers:  
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