

REPORT TO: AUDIT AND PERFORMANCE COMMITTEE ON 28 APRIL 2010

SUBJECT: HARBOUR CONDITION

BY: DIRECTOR OF ENVIRONMENTAL SERVICES

1. REASON FOR REPORT

- 1.1 This report was requested by the Committee Chairman and asks the Committee to note the current maintenance provision for harbours and the position in relation to their operation and that of the dredger.
- 1.2 This report is submitted to Committee in terms of the Council's Administration Scheme relating to the functions of the Council with regard to maintenance of harbours.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- a) notes the condition of the Council's harbours as contained within this report.**

3. BACKGROUND

- 3.1 The Council is responsible for maintaining the harbours at Buckie, Burghead, Cullen, Findochty, Hopeman and Portknockie.
- 3.2 Reference is made to the allocation of mainstream funds approved at the Special Meeting of Moray Council on 10 February 2010 and to the Revenue Budget 2010/2011 Harbour Maintenance report submitted to Economic Development and Infrastructure Committee on 20 April 2010, and to the agreement at the February meeting that this Committee receive a report on the condition of the Council's harbours.
- 3.3 **Buckie**

Approximately 60 to 80 cargo ships use Buckie harbour annually, handling commodities such as barley, timber, steel fabrications and animal feed. As a result, a substantial amount of employment is related directly to the harbour and its continued operation. This includes the shipyard, Forsyths Fabrication shed, Simrad Electronics as well as Stevedores. Without the continued operation of the harbour these jobs would not exist. Barley and malt are shipped through the port as part of the whisky industry. Timber is regularly exported and so it supports the harvesting, road haulage and forest management industries. Other cargoes handled include salt for Council Roads and the import/export of food stuffs from

local farms. Handling these commodities sustains employment in Moray by using the most efficient way of transporting them, so making local firms competitive.

In addition, fishing remains an important part of the local economy and up to 25 vessels regularly land fish at the harbour. During the squid season in the autumn, harbour income has increased substantially in recent years. This helps to sustain local employment both in fishing, net repair, ship repair and fish processing. The port is also a base for vessels maintaining offshore wind power facilities.

3.4 **Burghead**

The harbour at Burghead has been classed as a commercial port but in recent years there have been no cargo ships due to the length limitation on vessels of 58 metres, continual silting of the harbour approaches, and the need of shipping agents to use large ships to maximise the economies of scale. Cargos which were transported through Burghead are now handled at Buckie where larger ships can be accommodated. As a result, up to 24 fishing vessels, mostly single manned, are now accommodated in the harbour. There are also 12 recreational craft regularly berthed there with a waiting list for berths. Priority is given to fishing boats because:

- a. they generate more income for the harbour;
- b. they create employment;
- c. there is a knock-on benefit to the local businesses and industry through supply services and repairs.

3.5 **Recreational Harbours**

At Cullen, Findochty, Hopeman and Portknockie, some 280 boats have regular berths and most of these are owned by local people. In addition, a limited amount of inshore fishing is carried out.

3.6 **Income and Expenditure**

The total harbour income in 2008/2009 was £287,000 and direct expenditure was £607,000 as shown in **Appendix 1**. This expenditure includes staff costs, harbour premises and running costs and harbour repairs and maintenance, including dredging.

3.7 **Maintenance Funding**

In the past maintenance work was split into 3 categories:

- a. works essential for health and safety;
- b. works to enable existing operations to continue;
- c. improvements.

Present levels of funding only allow some works in the first category to be carried out and there is now insufficient funding to complete all of them. The current list of outstanding works is shown in **Appendix 2** along with photographs at **Appendix 6** which illustrate the nature of the problem. However, due to their exposed position, rates of erosion and undermining, deterioration of harbour structures and equipment accelerates with time, and so the cost of repairs increases more rapidly as they are deferred. This results in a larger final cost as maintenance ceases to be viable and the only alternative is replacement. In the event of a health and safety issue where funds are not available to allow the necessary action to be taken, then a harbour may have to be closed.

3.8 **Capital Funding**

Since 1996, Moray Council has invested £1,249,000 in harbour capital works as shown in **Appendix 3**. Most of these have been at Buckie harbour. Improvements are no longer carried out from the maintenance budget due to funding limitations. A list of identified improvement works is shown in **Appendix 4**. This includes replacement of existing facilities (as opposed to their repair) of items such as the pontoon mooring system at Findochty, along with the pontoons which have reached the end of their worthy life. Where such replacement works are deferred, an increasing expenditure is incurred dealing with reactive works such as storm damage repairs and this further reduces the funds available for planned maintenance. It is recommended that for future works, priority is given to capital projects related to maintaining or improving health and safety, followed by those which enable existing operations to continue.

3.9 **Strategy Development**

At the meeting of Economic Development and Infrastructure Committee on 31 March 2009, (Item 16 of the minute) the committee agreed:

- a. that Buckie is the priority harbour for development;
- b. that opportunities at other ports will be kept under review;
- c. to note that the condition of the pontoons at Findochty is giving concern and replacement is required.

3.10 **Shearwater**

Regular dredging of the approach channels is essential for the continued operation of Buckie and Burghead. Both are susceptible to rapid silting during easterly and northerly gales and if not dealt with promptly, the draught of vessels which can be accommodated reduces substantially. The Council has also a contractual commitment in leases to Buckie boatyard and Forsyths that a silt-free channel is maintained. The vessel is currently operating at a profit due to increased hire rates and sustained work load from external harbour authorities. The dredger is 42 years old and nearly at the end of her working life. The next major inspection is due in 2013 when both the skipper and first mate reach retirement age. In the recent past major inspections have resulted in the need to carry out relatively expensive repairs. Design, tendering, construction and commissioning

of a new vessel would take at least 2 years. Competition from the Shearwater undoubtedly keeps the cost of employing external dredging contractors low, however, if there was no successor, costs would increase significantly (in excess of double). In 2007, the consultants, Halcrow were commissioned to investigate the business case for a replacement. They concluded that replacement was justified and that a new vessel would cost £4m.

3.11 A position statement of the harbours condition in 2007/2008 is given in **Appendix 7.**

4. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

The report encompasses the main aims of the Economic Development programme by maintaining existing harbour facilities for residents, visitors, businesses and workers.

(b) Policy and Legal

Provision of harbours is a statutory duty. As a harbour authority, the Council has a statutory duty to maintain them under the Port Marine Safety Code.

(c) Resources (Financial, Risks, Staffing and Property)

Financial:

The current level of revenue funding is £148,195 for repairs and £70,000 for dredging, totalling £218,175.

- **Grants are not available for maintenance works.**
- **Future harbour developments could include provision to encourage wind farm service vessels using them as a base, recreation and creel boat pontoons, and tourism. However in the 1980's, Grampian Regional Council carried out speculative capital improvement works in an attempt to attract oil and fishing related industries which were not successful. It is essential in the current financial climate that future developments be backed by a sound business case.**
- **The Shearwater is now operating at a profit and a replacement is estimated at £4m (2007 prices). This situation could change quickly as a result of a breakdown, a number of which have occurred in recent years. Hiring external contractors to dredge to present standards will cost well in excess of doubling current costs.**

Risks:

At present levels of maintenance funding, there is a risk that:

- **the Council will fail to meet basic health and safety standards and harbours will be closed to some or all users**
- **The rate of deterioration will increase and could result in structural failure which would require greater expenditure in the future.**
- **Storm damage will increase in extent and frequency.**
- **Specific facilities will become unserviceable (such as piers, masonry steps or pontoons) resulting in their closure because they are beyond repair.**

Staffing:

All inspection, design and supervision of maintenance and work is carried out by existing staff except when specialist qualifications are required (such as diving inspections). In such cases a suitably experienced and qualified person must be employed.

Currently there are no staff to specialise in promotion and development of the six harbours and this has restricted past expansion.

Property: The Policy and Resources Committee agreed on 14 November 2009 to proceed with the sale of the former boat yard at Bank Street, Buckie. A schedule of other Council owned properties in the vicinity of each harbour is shown in Appendix 5.

(d) Consultations

Mark Palmer, Chief Financial Officer, Alasdair McEachan, Principal Solicitor (Commercial and Conveyancing) and Alex Burrell, Estates Surveyor have been consulted in the preparation of this report.

8. CONCLUSIONS

- 8.1 The 6 Moray harbours have experienced a downturn in trade and are therefore subsidised by the Council. Their condition is deteriorating, with maintenance works constrained by available revenue funding.**

Author of Report: Keith Stratton, Senior Engineer, Transportation

Background Papers:

Ref: