

Item: 6

Harbour Authority Sub-committee: 25 May 2021.

Orkney Harbours Masterplan Phase 2.

Report by Executive Director of Development and Infrastructure.

1. Purpose of Report

To consider a proposal to progress Phase 2 of the Orkney Harbours Masterplan.

2. Recommendations

The Sub-committee is invited to note:

2.1.

That, due to the wide geographic spread of the Orkney Harbour Authority area, the Orkney Harbours Masterplan was split into two phases, with Phase 1 comprising Scapa Flow and Kirkwall/Hatston and Phase 2 comprising all other ports/harbours.

2.2.

That, on 16 April 2020, the Council approved the Orkney Harbours Masterplan Phase 1 as a strategic plan for the Statutory Harbour Authority.

2.3.

That the proposed Orkney Harbours Masterplan Phase 2 will align with a strict set of guidelines in the Department for Transport Guidance on the Preparation of Port Master Plans, issued in December 2008, and will align with results from the ongoing studies being carried out in connection with internal ferry services in Orkney.

2.4.

That the proposed Orkney Harbours Masterplan Phase 2 will provide a structured framework for the physical development and transformation of the relevant parts of Orkney's harbours over a 20 year period.

2.5.

That the cost of developing the proposed Orkney Harbours Masterplan Phase 2, including the Strategic Environmental Assessment and Habitats Regulations Appraisal, is estimated at £165,000.

It is recommended:

2.6.

That, subject to budget provision being made available, the Executive Director of Development and Infrastructure should progress works in respect of the Orkney Harbours Masterplan Phase 2.

It is recommended to the Policy and Resources Committee:

2.7.

That, in order to progress works in respect of the Orkney Harbours Masterplan Phase 2, the Miscellaneous Piers and Harbours revenue budget for financial year 2021/22 be enhanced by £165,000, utilising prior year accumulated balances held in the Miscellaneous Piers and Harbours Fund.

3. Background

3.1.

Due to the wide geographic spread of the Orkney Harbour Authority area, the overall Orkney Harbours Masterplan is split into two phases: Phase 1 being Scapa Flow and Kirkwall/Hatston; and Phase 2 to be all other ports/harbours.

3.2.

On 17 March 2020, the Harbour Authority Sub-committee recommended that the Orkney Harbours Masterplan Phase 1 be approved as a Strategic Plan. This was the culmination of works originally started in 2018 and followed a strict set of guidelines as indicated in the Department for Transport Guidance on the Preparation of Port Master Plans, December 2008. The Masterplan Phase 1 was subsequently approved by Council on 16 April 2020.

4. Proposal

4.1.

The fundamental purpose of the Orkney Harbours Masterplan Phase 2 is to provide a structured framework for the physical development and transformation of the relevant parts of Orkney's harbours over a 20 year period. Development of the masterplan comprises the following elements:

- A comprehensive analysis of problems and opportunities informed by market assessment and stakeholder engagement.
- Formulation of objectives.
- Development of outline requirements.
- Proposals to deliver outline requirements and objectives.
- Appraisal of options and public consultation.

4.2.

Phase 2 will also align with any results from the ongoing studies being carried out in connection with the internal ferry services in Orkney. A Strategic Environmental Assessment of the Orkney Harbours Masterplan Phase 2 will be undertaken. In addition, a Habitats Regulations Appraisal and an Appropriate Assessment, if necessary, will also be completed.

4.3.

As with Phase 1, an important and vital element of any Harbour Masterplan is to carry out full and meaningful discussions with stakeholders across a range of sectors. In the case of the Orkney Harbours Masterplan Phase 2, a number of face-to-face or virtual meetings and telephone discussions will be held to hear initial views on issues and constraints. Other services of the Council and public bodies will also be included in this process. All Elected Members will be kept informed of progress, via briefing notes and reports to this Sub-committee, noting that a Members' Seminar will be arranged prior to submission of the final document to the Harbour Authority Sub-committee.

4.4.

The cost of developing the proposed Orkney Harbours Masterplan Phase 2, including the Strategic Environmental Assessment and Habitats Regulations Appraisal, is estimated at £165,000. It is recommended that, subject to budget provision being made available, works to progress the Masterplan Phase 2 be tendered, awarded and completed as soon as possible.

5. Links to Council Plan

5.1.

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Council Plan strategic priority of Enterprising Communities.

5.2.

The Orkney Harbours Masterplan Phase 2 relates directly to Priority 4.4 – Develop Scapa Flow and other Orkney harbours for oil and gas activity and continue to diversify and grow all marine business activity – stimulate marine and non-marine employment, of the Council Delivery Plan.

6. Links to Local Outcomes Improvement Plan

The proposals in this report support and contribute to improved outcomes for communities as outlined in the Local Outcomes Improvement Plan priority of A Vibrant Community.

7. Financial Implications

7.1.

The cost of developing the proposed Orkney Harbours Masterplan Phase 2, including the Strategic Environmental Assessment and Habitats Regulations Appraisal, is estimated at £165,000.

7.2.

With a deficit budget of £404,800 approved for financial year 2021/22, reflecting the uncertainty that still exists around the impact of COVID-19 on the Miscellaneous Piers and Harbours Account in the year ahead, there is currently no capacity within the existing revenue budget to absorb this spending pressure.

7.3.

On the basis that the Miscellaneous Piers and Harbours Account carried an accumulated surplus balance position of £6,889,891 as at 31 March 2020, there is, however, scope to utilise prior year balances for this purpose. That said, the impact of COVID-19 has resulted in a significant shortfall in harbour dues income being realised for last financial year. In advance of the outturn position being finalised for financial year 2020/21, based on the Period 9 budget monitoring position which reported a shortfall of £3,047,300, a deficit of £1,168,200 is being forecast for the financial year end position. Taken together with the current financial year approved budget deficit of £404,800, an accumulated balance position of approximately £5,316,891 is forecast as at 31 March 2021.

7.4.

Separate reports on the agenda are also seeking budget commitments of £4,182,513 in respect of the cost of developing detailed Stage 2 Capital Project Appraisals for projects as part of the Orkney Harbours Masterplan Phase 1.

7.5.

While uncertainty still exists around the actual level of harbour dues income that will be generated over the year ahead, overall, this indicates that scope exists to use these reserves to fund this spending, albeit the margins for risk will be significantly eroded.

7.6.

Any recommendation to vary the current approved revenue budget for the Miscellaneous Piers and Harbours Account in financial year 2021/22 in respect of this project will be as a spending recommendation to the Policy and Resources Committee.

7.7.

The Miscellaneous Piers and Harbours Account operates on a self-financing basis and must therefore generate sufficient income to be able to cover not only the

ongoing running costs but also the maintenance and capital development of associated harbours infrastructure.

7.8.

The timeline for investment in harbours infrastructure is by nature long term and will be dependent on a number of factors including, for example, the support of strategic partners, access to grant funding opportunities as well as the need to adapt to attract new business while still meeting the needs of existing service users.

7.9.

The proposed Orkney Harbours Masterplan Phase 2 will support the development of the long-term capital investment strategy for the Harbour Authority and the Council as a whole.

8. Legal Aspects

There are no legal implications arising directly from the recommendations in this report.

9. Contact Officers

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