

**REPORT TO NORTHERN ROADS COLLABORATION JOINT COMMITTEE –
18 MAY 2018**

COLLABORATIVE OPTIONS FOR DREDGING

1 Recommendation

The Joint Committee is recommended to:

1.1 Consider the contents of this report and agree that this project should be pursued further in line with paragraph 2.7 of this report.

2 Background/Discussion

- 2.1 Moray Council purchased a dredger, MV Selkie in May 2016 to replace the MV Shearwater. The details of the vessel are outlined in **Appendix 1**. The dredger was bought to dredge in Moray Council's own harbours as well as competing for work in other Council and Trust/Commercial harbours in and around Scotland.
- 2.2 The vessel has a crew of 3, Skipper, mate/crane operator and engineer. All have appropriate certification. The crew work annualised hours to provide flexibility for taking holidays during non-productive time.
- 2.3 Procurement rules prevent other authorities from simply requesting the use of the dredger without going through a tendering process. Moray Council also have to recover their costs to ensure compliance with state aid rules.
- 2.4 To provide greater flexibility and cost reduction opportunities for partner authorities to access the use of the dredger, 3 options have been considered these have been assessed by legal advisors. The advice details the issues in terms of procurement and highlights various risks for each of the three options but does confirm that the arrangements could be put in place without the need to go through a procurement process. In summary these are:

Option 1 - Call Off Contract

- Call off the use of the dredger when required
- Pay full costed day rate
- No need for individual procurement process
- Easy to administer
- No reduced rates
- Moray Council schedule vessel on first-come first serve basis
- No guarantee of availability

Option 2 - Equity share of dredger

- Purchase capital share of dredger
- Commit to 25 years (loan charge period of vessel)
- Moray Council retain 40% of asset; remaining 60% available

- The larger the commitment by partners, the lower the annual cost
- Pay share of Operating Costs based on share
- Operating Costs subject to annual inflation rises
- Residual value of dredger will be shared by partner(s) at end of life
- Share in any “profit” from commercial work obtained
- Guaranteed use of vessel based on equity share
- Ability by partners to plan harbour dredging
- Moray Council will schedule vessel to ensure availability
- Moray Council will be the lead authority

Option 3 – Short term Commitment

- Commit to an annual usage (number of days) of vessel
- Commit to a number of years, rate set at outset with annual inflation increases
- Daily Rate payable dependent upon days committed
- If partner(s) drop out a penalty will be applied to maintain the rate for remaining partner(s)
- Rate calculated for full cost recovery
- Share in any “profit” from commercial work obtained
- Moray Council will schedule vessel to ensure availability
- Improved planning of harbour dredging for partners
- Moray Council continue to own asset
- Moray Council will be the lead authority

- 2.5 The 3 options highlighted above are typical of the type of approaches that could be applied to other collaborative projects involving shared assets.
- 2.6 It is recognised that further work is required by officers to look at the details of these options and cost savings options in relation to their own authority harbour dredging needs.
- 2.7 It is also recognised that it is a matter for each Council to approve any collaborative agreement and the interaction between this committee and each of the partnering Committees has to be fully established. However, the initial step is for this Committee to agree that this proposal is worthy of further discussion between the partnering authorities. Moray Council will then submit a report to its own committee to agree to enter into formal discussion on the basis of the proposals outlined in this report.
- 2.8 The Joint Committee’s Legal Monitoring Officer within Aberdeenshire Council and Financial Monitoring Officer within the Highland Council have been consulted in the preparation of this report and their comments are incorporated within the report and are satisfied that the report complies relevant legislation.

3 Implications and Risk

- 3.1 An equality impact assessment is not required because the proposals do not have a differential impact on any of the protected characteristics.

3.2 There are no staffing implications. There will be financial implications, the details of which will not be known until a preferred option has been decided upon.

3.3 The following Risks have been identified as relevant to this matter:

Financial

- Revenue and Capital commitments for maintaining Council owned Harbours may vary over the length of any agreement.
- Best Value will have to be demonstrated as compared to other service delivery options.

Operational

- Detailed programming of works across all partners harbour assets will be required to balance demand with availability. Consideration may also have to be given to how other organisations could request access to the dredger.

Ewan Wallace
Lead Officer

Report prepared by Stephen Cooper, Head of Direct Services, Moray Council
9 May 2018

Dredging Services



The MV Selkie is an efficient, highly manoeuvrable and cost-effective solution to a wide variety of dredging and associated marine projects.

Based at Buckie harbour on the Moray Firth, the vessel ideally suited to service ports and harbours around the UK coastline.

Equipped with a 360° excavator and a range of buckets, MV Selkie is available for one-off dredging projects, contracts and other civil marine works.

You can see pictures from our test dredging at Whitehills Marina by visiting their website (<http://www.whitehillsmarina.co.uk/?p=619>).

MV Selkie facts and figures

Designers: MacDuff Ship Design Ltd.

Builders: MacDuff Shipyard Ltd. (Buckie)

Classification: Workboat Cat 3

Crew: Master, Engineer & Deckhand

Home port: Buckie, Moray Firth

LOA: 25.7 metres

Registered Length: 24.2 metres

Breadth: 8.2 metres

Draught: Hopper empty 2.3metres/ full 3.2metres

Max Speed: 9 knots

Range: 1,400 NM

Dredging Equipment: Long reach excavator with buckets

Max. Dredging Depth: 9 metres

Hopper Capacity: 147 cubic metres

Positioning: 2 spud legs & bow thruster

Availability: June 2016

For all dredging enquiries, please email us (<mailto:dredging@moray.gov.uk?subject=dredging%20enquiry>).

