

# **Oban Bay Stakeholder Group**

## **Summary of evaluation of the running costs associated with a conservancy based Trust Port for Oban Bay and its approaches**

### **Introduction**

In September 2018 the Oban Bay Management Group (OBMG) agreed to a request from Argyll and Bute Council to 'pause the process' of seeking a HRO for CMAL to become the SHA for the majority of Oban Bay and its approaches. This request was a consequence of the public response to the consultation process which had been carried out over preceding months. It was agreed that the Oban Bay Stakeholder Group (OBSG) would undertake a more detailed evaluation of the costs associated with running a 'wet' Trust Port operating on a conservancy basis. This paper summarises the results of that evaluation thus far.

### **Trust Port governance structure**

As part of the evaluation members of the OBSG Finance Working Group consulted with a wide range of ports and harbours in Scotland. Whilst initial focus was on Tobermory, it quickly became apparent that although the Tobermory 'model' was based on Community ownership and management it is in fact more closely aligned with that of a Private Port. Consequently, the model which was adopted for the evaluation was based on that used at Mallaig - one of the first Harbours to convert to a Modern Trust Port in 2012. The Governance structure which was used for the evaluation was as follows:

*Harbour Board*                      Maximum of 8, all remunerated with Board Members receiving (2019/20) £3,000 pa for attendance at a minimum of 6 meetings. Vice Chair to have remuneration at 200% of Board Member, and Chair to receive 300%.

*Chief Executive*                      Appointed by the Harbour Board, CEO to have overall responsibility for the strategic and operational management of the Harbour. Executive post, ie with a vote at Board meetings. T&Cs determined by Harbour Board.

*Harbour Master*                      Suitably qualified employee responsible for the day to day operation of the Harbour, supported by

*Two Assistant Harbour Masters* (also salaried and qualified) and

*Administrative assistant* employed on a full time basis.

Total costs (Salary, insurances and superannuation etc) for the HM, AHMs and Admin Assistant have been provided by A&BC to allow accurate costs to be used in the evaluation. With regard to the CEO a budget has been used as consideration may be given to applicants tendering for the post rather than merely replying to a job advert.

One of the recurring themes that arose during discussions with the various HAs was their frustration at not being able to 'ring fence' posts or representation for significant stakeholders.

The Mallaig HRO even defines what a significant stakeholder is, although in practice this brings about little real benefit. Discussions with Transport Scotland have confirmed that this is fundamental to the Modern Trust Port objectives, ie membership of the Board should be open to all. The OBSG would therefore welcome further dialogue with the OBMG about how the views of various Stakeholders/Users might best be accommodated in the future.

### **Evaluation of costs**

The evaluation of anticipated annual running costs are contained in tabular form overleaf. A conservative approach has been taken throughout. For example, whilst it might be possible to operate a 'wet' conservancy Trust Port with just one Assistant HM and a part time administrative assistant, the evaluation has allowed for more than this. Similarly, where the evaluation of costs was found to be similar to those derived from the initial evaluation undertaken by the OBMG then the higher of the two values has been used.

Where possible the tabulated costs have been categorised using the same headings as the original OBMG evaluation. The items which have been considered have also been compared against the PMSC to ensure that all relevant items have been included.

It can be seen from the tabulation that the projected annual running costs of a 'wet' conservancy based Trust Port are of the order of £325,000. This is **significantly** lower than the £800k that was stated by the OBMG in their paper of 28 March 2018, and very close to the £250k figure that was quoted for either the A&BC or CMAL options at that time.<sup>1</sup> Given this, it is considered by the OBSG that the advantages of an independent Trust Port significantly outweigh the relatively small difference in annual running costs, and that this should therefore be the preferred option for the future management of Oban Bay and its approaches.<sup>2</sup>

### **Conservancy Charges**

There is clearly some way to go before detailed charging mechanisms can be finalised. However, at the current time it should be noted that using the model proposed by the OBMG in 2018 a conservancy charge of 2 pence per GT would provide a total income of £340k. Whilst a contingency of more than 5% might be preferred, particularly during the early years, this does demonstrate that the Trust Port option is both viable and reasonable as requested by Transport Scotland.

### **Proposal**

The OBSG ask the OBMG to support them in creating a Trust Port to manage the unregulated waters of Oban Bay and its approaches, and invite interested stakeholders and users to work together to produce a harbour that is both safe and compliant with all current legislation.

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<sup>1</sup> Following that meeting the CalMac Harbour Manager has advised that the true cost of either A&BC or CMAL is likely to be closer to £300k PA

<sup>2</sup> As originally proposed by the then Oban Harbour Development Group in 2012

**Governance & personnel**

Board	Chair (£9k), Vice Chair (£6k) and 6 members (£3k each)	£33,000	
CEO	Budget allocation but subject to further consideration	£50,000	
Harbour/LPS Operational Staff	One HM and two AHM, weighted to take account of overtime/standby payments	£123,000	
Admin Assistant	One full time post	£26,000	£232,000

**Retained/professional services (many as contingency)**

Legal	As OBMG estimate	£10,000	
Accountancy	Based on similar organisations	£5,000	
Education/PR	Increase on original OBMG estimate	£10,000	
Investigation	As OBMG estimate	£5,000	
PMSC & H&S	Additional item to reflect ongoing training and equipment needs	£5,000	
Environment (OSCP)	As OBMG estimate	£4,000	
Dredging	As OBMG estimate	£2,000	
Surveying	As OBMG estimate	£1,000	
Security (PSA)	As OBMG estimate	£5,000	£47,000

**Overheads**

Utilities	Considered an overestimate, but also to include office running costs	£10,000	
Accommodation	Based on similar business premises	£10,000	
Insurance	Grossly underestimated in original OBMG estimate, current figure based on initial feedback from specialist broker	£26,000	£46,000

**Total anticipated annual running cost** **£325,000**

**Summary of the annual running costs for a modern Trust Port for the unregulated waters of Oban Bay and its approaches.**

**Winter timetable**

	M	T	W	T	F	S	S
Coll & Tiree	715 1525	715 1525		715 1525		715 1525	715 1525
Lismore	645 1910	645 1910	645 1910	645 1910	645 1910	800 1855	900 1755
Craignure	645 1746	800 1946	800 1746	800 1746	800 2145	731 2145	946 1946
Colonsay	1215 1710		1215 1700		1030 1515	1330 1055	
Castlebay	1330 1430	1330 1430	1330 1430		1330 1430		1330 1430
South Uist	1110 1740		1430 1500		1130 1230	1130 1230	1430 1500
Earliest	645	645	645	645	645	715	715
Latest	1910	1946	1910	1910	2145	2145	1946
Daily span	12:25	13:01	12:25	12:25	15:00	14:30	12:30
Suggested start	630	630	630	630	630	700	700
Suggested finish	1930	2000	1930	1930	2200	2200	2000
Span (hrs/mins)	1300	1330	1300	1300	1530	1500	1300
<b>Total weekly hours based on suggested hours</b>						96	

**Summer timetable**

	M	T	W	T	F	S	S
Coll & Tiree	715 1525	1500 2240	715 2130	715 1525	615 1410	615 2240	715 1525
Lismore	645 1910	645 1910	645 1910	645 1910	645 1910	800 2055	1000 1755
Craignure	645 2005	730 2005	730 2005	730 2005	730 2335	730 2005	950 2005
Colonsay	1630 2115	900 1405	1610 1630	1630 2115	1630 2115	1620 1645	1630 2115
Castlebay	1240 1330	1240 1330	715 2130	1240 1330	1240 1330	1240 1330	1240 1330
South Uist				No service			
Earliest	645	645	645	645	645	615	715
Latest	2115	2240	2130	2115	2325	2240	2115
Daily span	14:30	15:55	14:45	14:30	16:40	16:25	14:00
Suggested start	630	630	630	630	630	600	600
Suggested finish	2130	2300	2145	2200	2345	2300	2130
Span (hrs/mins)	1500	1630	1515	1530	1715	1700	1530
<b>Total weekly hours based on suggested hours</b>						<b>112</b>	

Maximum permitted hours including stand-by and overtime 144