

**Harbour Board**  
**Port Administration Building, Sella Ness**  
**Monday 2 February 2009 at 11.00am**

**Present:**

A T J Cooper	L Boswell
A T Doull	I J Hawkins
E L Fullerton	R C Nickerson
A Polson	C Smith
J Tait	

**Apologies:**

R S Henderson	J H Henry
F A Robertson	

**In Attendance (Officers):**

R Moore General Manager, Ports & Harbours Operations  
G Greenhill, Executive Director - Infrastructure  
B Edwards, Operations Manager, Ports  
A Inkster, Port Engineer  
S Summers, Administration Manager  
W Shannon, Assistant Chief Executive  
K Foster, Accountancy Officer  
H Tait, Service Manager Management Accountancy  
B Robb, Management Accountant  
L Gair, Committee Officer

**Circular:**

The circular calling the meeting was held as read.

**Declarations of Interest:**

None

**Minutes:**

The minute of the meeting held on 6 & 18 November 2008 was confirmed.

**Members' Attendance at External Meetings – Update**

Mrs I J Hawkins &	Meeting with Orkney Towage, Port Authority and Harbour
R Moore	Authority, also attended by Orkney Islands Council
	Members – Orkney, 23 January 2009

Members of the Board posed questions and discussed the following:

- New business in Orkney
  - Long term anchorage – A low charge had been set in order to attract business, however income was received through pilotage fees, tugs as ships approached or left during anchorage and post and goods that are ferried out to the ships. There would also be a small economic boost to the community if the crew were to come ashore. Robust safety procedures in place for long term anchorage crews. Regular checks were carried out to ensure sufficient crew were on board to allow the vessel to sail if required during increased wind levels. Members were

advised that long-term anchorage was not an option in Sullom Voe as it did not have safe anchorage.

- Ship-to-Ship Transfers – 10 movements took place last year with 20 predicted this year. Long-term anchorage had also attracted ship-to-ship movements. Members were concerned that Sullom Voe was reactive to business and not proactive it was discussed and agreed that a more focussed approach was required. Members queried whether Shetland could learn from Orkney and whether it would be possible to work together with them, or would they be competing for the same business, it would also be important to remember other ports in Shetland when considering new business.
- PR/Business Manager – Members were advised that Orkney had recruited a PR/Business Manager to attract more business and that the post was under a 2 year contract and the postholder had to justify the existence of the post. The postholder in Orkney had provided evidence of new business already.
- Emergency Planning at Gulberwick – In June a report had been sought regarding the Emergency Planning issues related to vessels anchored off Gulberwick. The Chairperson advised that were a spill to occur in the Lerwick Harbour area, it would be the responsibility of the Lerwick Port Authority, however if it occurred elsewhere it would be the responsibility of the Local Authority and therefore was an issue to be discussed by Council but not the Harbour Board.

01/09

#### **Trust Owned Piers**

The Board considered a report by the Operations Manager – Ports, attached as Appendix 1.

In response to 3 queries from Mrs E L Fullerton regarding Appendix A, the Operations Manager – Ports advised that the “benefit” stated in paragraph 4.4 was to be determined by the Board, from the information provided by Officers. He also advised that the Port Engineer would inspect the piers and maintenance records mentioned at 3.4 and 3.5 and determine whether it could be covered by the budget available.

The General Manager responded to queries from Mr J Tait and advised that the Board would not take on piers that would be a draw on resources and in response to a specific query regarding the road, the Chairperson advised that the road would remain the community’s responsibility with right of access being given to the Council. He said that the community wished to develop around the pier, and had spent money on its upkeep and that it was well fended and maintained. He added that the pier had been maintained by dedicated individuals, who did all of the work, who now wished to disinvest themselves from that work.

Following further discussion, Mr R C Nickerson moved that the Board approve an amendment to the Paragraph 4.3 of Appendix A adding that “Future medium and long term liabilities be considered as well. “ Mrs E L Fullerton seconded.

The Chairperson moved that the Board approve the recommendation contained in the report with an addition to paragraph 9.1 “....Trust Piers and Community Piers.”, and a new paragraph 9.3 be added “That the policy include consideration of medium and long term maintenance of assets.” Mr J Tait seconded and the Board agreed.

02/09

#### **Capital Programme 2009/10**

The Board considered a report by the Assistant Chief Executive, attached as Appendix 2.

The Assistant Chief Executive introduced the report, and provided a brief explanation to the information contained in the appendices. He advised that a Member/Officer Working Group would be set up to look ahead at a 5-year plan.

During discussions Members agreed that the decisions taken at the Special Harbour Board meeting held on 18 November 2008 would remain the position of the Harbour Board. Members were concerned that no appendix was attached to reflect the decisions made, and that the synergies between projects identified by the Board had been lost in the process that followed the Special meeting. It was also pointed out that the seminar held by the Chief Executive had not included the non-Councillor Members of the Board.

Members were advised that the Harbour Board's recommendations would be reported directly to the Council, and would not be discussed at the Infrastructure Committee.

The Chairperson sought clarification from the Assistant Chief Executive and the Service Manager Management Accountancy regarding the funding of the Ports and Harbours Capital Programme. Members were advised that the Ports and Harbours capital projects were funded from a number of sources and Reserve Fund projects did form part of the overall £20m. The Service Manager Management Accountancy also provided an explanation as to why the Tug Replacement Programme was funded through the Harbour Account. Members were advised that although projects were funded from separate accounts, the overall programme had to be considered and approved at the same time. The Assistant Chief Executive confirmed that he would prepare a separate report on the Ports and Harbours Capital Programme, with an appendix reflecting the decisions made at the special meeting on 18 November 2008, and that the minute of the meeting would be included as a further appendix.

Following a request, the Service Manager Management Accountancy stated that, she would be able to provide information, to the Board Members, on the Ports and Harbours capital programme projects and where they were funded from.

The Chairperson therefore moved that the Board recommend to the Council that the decisions made at the Special Harbour Board on 18 November 2008 be reaffirmed and funded from the Reserve Fund. Mrs I J Hawkins seconded.

03/09

#### **Table of Dues 2009/10**

The Board considered a report by the Service Manager Management Accountancy attached as Appendix 3.

The Service Manager Management Accountancy introduce the report and provided an explanation for the increase in charges.

The Chairperson drew attention to paragraph 1.4 of the report and referred to the Harbour Users Panel A and advised that Mr L Boswell had expressed his disappointed, on behalf of the industry, at the increased charges. Mr Boswell said that he wished to reiterate his comments and said he was disappointed at the increase which was well above inflation at a time when oil prices were lower, stating that it was unwelcome and unhelpful to win new business. Mr Boswell asked that the Board review the proposal to implement the increase.

In response to a query from Mr J Tait regarding the shortfall of the predicted throughput, Mr Boswell advised that forecasts were taken from pipeline groups, and throughput forecasts were set using the best information available to them.

The Service Manager Management Accountancy, explained that when possible the charges were held, but advised 2-3 years ago there had been a 25% increase implemented, again due to a drop in throughput. The Chairperson added that previously there had been an equalisation account which served as a cushion, however that account was now closed and the Board agreed that although the 17% increase this year was significant, it was necessary at this time. The Chairperson also advised that in the last 2½ years the Chief Executive had approached the industry on 3 occasions, to discuss the short and long term needs of Sullom Voe, however he received no response to his requests for dialogue. He added that the most recent correspondence was sent on 25 January 2009 and a response was awaited. The Chairperson stated that the Council would not run Sullom Voe at a loss as they were obliged to make a profit. He said that the port had a difficult year ahead operationally, and that he had concerns about the terminal's running costs. The Chairperson said that there was business to be won West of Shetland and that it was important to work together with the industry. He concluded by stating that if Schiehallion were to close, 40% of the port's business would go and would result in considerable charges for harbour users. He therefore made a plea to the industry to meet with the Council.

Mr Boswell said that oil prices were now at a level not seen since 2004 and that he welcomed the opportunity to work with the Council.

The Chairperson said that it was important for Members and the Industry to realise that to recover expenditure to achieve profitability would have required a 37% increase this year, however the Chief Executive said it should be capped at 17%.

Mr R C Nickerson said that the port had to make a profit and was no different to other ports and that the Harbour Board had a responsibility to the Council and Community to run a viable business. He hoped that minds would be focused and come to the table. Mr Nickerson moved that the Board approve recommendations in the report and add a further recommendation 6.3 that the future development of the ports and harbours be included as a standard item on future agendas. Mr A T J Cooper seconded.

Members discussed the report further and agreed that a meeting with the industry should be arranged timeously and that although the increase should have been 37%, it was important not to drive the industry away, keep employment and proactively attract new business.

In response to a query from the Chairperson, Mr Smith advised that the only feedback he was aware of was from Schiehallion who had expressed concern regarding the increase. The Chairperson advised that the Chief Executive had expressed his willingness to meet with Schiehallion.

Mrs E L Fullerton sought clarity on the charges for small ports and it was confirmed that 3.5% increase had been applied across the Board with the exception of the ad velorum rate.

Members discussed the Ship-to-Ship transfers and heard that one vessel had not met the standards required to come into Sullom Voe. Mr Nickerson queried whether the standards were different for Orkney, and whether that should be reviewed. He added that he did not want to reduce the standards, but would like to know if there were any unnecessary barriers. The Chairperson suggested that it may have been that the ship had not been surveyed, and requested that a report be prepared on where transshipment business was going and why.

04/09 **Ports and Harbours Estimates 2009/10**

The Board considered a report by the Service Manager Management Accountancy attached as Appendix 4.

The Service Manager Management Accountancy introduced the report and provided an update to the information contained in Tables 1, 2 and 3.

Mr R C Nickerson said that he welcomed paragraph 3.2.3 and urged the Head of Ports and Harbours Operations to take forward the proposals, bearing in mind the challenges this year with Schiehallion. He added that they needed to look at the impacts on future business, but he was pleased to see the commitment was in the report. Mr L Boswell said that he supported Mr Nickerson's comments.

The Board sought clarification on specific budgets and Officers provided further information and explanations to the queries.

Mrs I J Hawkins moved that the Board approve the recommendations contained in the report, seconded by Mrs E L Fullerton.

05/09 **Ports Project Monitoring Report**

The Board noted a report by the Harbour Master, attached as Appendix 5.

**Dock Symbister – RCM 2309**

Initial summary not available for the meeting, will be provided at next meeting.

Mr A Polson advised that the problem was not just at the dock but that the structure extended to the marina and ferry terminal. The Port Engineer confirmed that the entire area had not been cordoned off, and that strengthening work was required. He added that the structure to the Marina was in the best condition.

**Tug Replacement Programme – RCM 2313**

The General Manager provided an update and Members were given assurances that the staff were consulted, and feedback had been received. He also advised that the indications were that the bollard pull would exceed 70 tonnes. He confirmed that the programme was on schedule and on budget. In response to a query, the General Manager advised that a report would be presented to Council regarding the sale of 2 tugs. He said that a decision would also be sought on how the money, from the sale of the tugs, would be used, but that it would be placed in the Harbour Account.

**Uyeasound RCM2314**

Work stopped over the new year but was again progressing. Confirmation as to whether the contingency remained intact would be sought from Robert Sinclair, Project Manager.

**Plant, Vehicles and Equipment PCM2101**

Funds will be utilised with the exception of Navigational Aids.

#### Navigational Aids PCM2104

Intention to install standby generators has been delayed, delivery not expected until April. A request to carry over funds to next year has been made.

The General Manager advised that a wave radar system had been received on loan, to monitor the wave height. The system did not work in Yell Sound, therefore equipment would not be purchased.

#### Sullom Voe Terminal Jetty Maintenance Contract

10 expressions of interest received, 6 shortlisted. Contract delayed, tender documents to go out to 6 shortlisted companies this week. Malakoff picking up on works under the maintenance period.

Access towers delayed but should arrive in time for installation dates.

The Chairperson advised a report would be presented to Council on the tender delay. Officers to negotiate directly with existing maintenance contractor – under the exemption of Standing orders, if approved by the Council on 18 February.

#### Warehouse, Scalloway

With SLAP – no progress. The Board agreed that the item remain in future reports.

#### Scalloway Dredging

For consideration in the capital programme.

The Chairperson referred to the appendix to the report and the Port Engineer explained that the Modular Building Works related to the replacement of a building on a Jetty. He explained that the new tower interfered with an old existing building, which had to be removed and replaced.

06/09

#### **Port Operations Report**

The Board noted a report by the Harbour Master, attached as Appendix 6.

The Operations Manager – Ports, advised that there were no incidents to report. The Board noted that the fish market was going well and there were signs of off shore business increasing after the new year.

In response to a query from Mr R C Nickerson, Mr L Boswell advised that a substantial programme was in place around the terminal's drainage system and measures to divert water and additional monitoring and procedures had been put in place. He confirmed these had been used and were working.

The meeting concluded at 12.55pm.

A T J Cooper  
CHAIRPERSON

