

Harbour Board**Port Administration Building, Sella Ness****Wednesday 10 June 2009 at 10.00am****Present:**

A T J Cooper	L Boswell
A T Doull	E L Fullerton
I J Hawkins	R S Henderson
J H Henry	R C Nickerson
F A Robertson	C Smith
J Tait	

In Attendance (Officers):

R Moore, Head of Ports & Harbours Operations/Harbour Master
G Greenhill, Executive Director - Infrastructure
B Edwards, Operations Manager, Ports
A Inkster, Port Engineer
S Summers, Administration Manager
N Grant, Head of Economic Development
R Sinclair, Senior Contract Manager, Capital Programme Service
B Robb, Management Accountant
L Gair, Committee Officer

Circular:

The circular calling the meeting was held as read.

Declarations of Interest:

None

Minutes:

With the exception of the following items, the minute of the meeting held on 29 April 2009 was confirmed.

Minute Ref. 10/09 Mrs I J Hawkins drew attention to page 3 of 8 and suggested the following amendment to the last sentence of the second paragraph. “Mr Robertson added that should renewables such as wind turbines

Members’ Attendance at External Meetings – Update

Mr J H Henry KIMO UK Meeting regarding Containerships – Aberdeen - 5 June 2009.

15/09 Potential Diversification of Uses for Sullom Voe Terminal and Port

The Board considered a report by the Head of Economic Development, attached as Appendix 1.

The Head of Economic Development introduced the report.

Mr J Tait queried why the development worker would be based in Scalloway and suggested that as the Board was leading the Marine Energy Plan, the development worker should be based at Sella Ness. He said that the technical facilities were already present and the physical facilities were expected. The Head of Economic Development explained that the development worker was to consider the Shetland

wide solution and the NAFC Marine Centre seemed the sensible place, with its existing capabilities. Some Members spoke in support of the decision to have the post based in Scalloway. The Chairperson said that it was important for there to be formal links between the NAFC Marine Centre and the Head of Ports and Harbours with reports being presented to the Board every two cycles.

The Chairperson asked whether the information from Arch Henderson would be robust enough to slot into the local plan. The Head of Economic Development confirmed and advised that Arch Henderson had engaged with representatives from the Planning Service in pulling together the information.

16/09

Port Marine Safety Code

The Board considered a report by the Harbour Master/Head of Ports and Harbours attached as Appendix 2.

The Head of Ports and Harbours introduced the main issues of the report and advised that the Compliance Letter had to be signed by the Chairperson. He advised that both Members and Non-Councillor Members of the Board together with all remaining Councillors and the Chief Executive, were invited to a special meeting of the Board on 9 July 2009 so that they can be informed of their responsibilities under the code and safety management systems.

The Head of Ports and Harbours briefly explained the role and responsibilities of the Council and the Board in terms of the safe operation of Sullom Voe and Scalloway. He advised that the code applied to harbours where pilots were required and therefore it did not apply to small piers.

The Head of Ports and Harbours advised that the designated person, namely the Port Operations Manager, would be responsible for presenting changes and updates, affecting the code, to the Board.

In response to a query from Mr J Tait, the Head of Ports and Harbours explained that DNV stood for DET NORSKE VERITAS and DNV provided risk management services. Responding to a further query the Port Operations Manager advised that the company had a dedicated auditing department, which had provided a good service and were therefore used each year by Ports and Harbours.

Mr R C Nickerson noted that paragraph 3.5 stated the Code was not mandatory. The Head of Ports and Harbours clarified that it was not mandatory however if Harbour Authorities did not take up it would be made mandatory and that there was pressure on ports to follow it.

Mr F A Robertson queried whether the Marine Safety Code covered Ferries. The Head of Ports and Harbours advised that, whilst in Yell Sound, ferries were covered therefore if a ferry was being used inappropriately, Ports and Harbours would be able to do something about it. He added that ferries were covered by their own safety system and the MCA audited them as well.

Mrs I J Hawkins moved that the Board approve the recommendations contained in the report. Mr L Boswell seconded and asked that the DNV report be submitted to the next Harbour Board.

The Port Operations Manager advised that a copy of the updated Marine Safety Code had been placed in the Members Room at Lystina House and it had also been

published on the website. He said that as it was a living document, any changes could be made and updated on the website the same day, therefore the website would have the most up to date version at all times.

The Chairperson duly signed the Letter of Compliance.

17/09

Revenue Monitoring – Ports and Harbours Operations

The Board considered a report by the Head of Finance, attached as Appendix 3.

The Management Accountant provided Members with a copy of Appendix A and B, and introduced the report. She advised that the figures for the appendices had been produced yesterday.

In response to specific queries regarding the Appendices, the Management Accountant provided explanations for the variances with regard to Jetty Booms and the profiling issues relating to other budgets. She added that the main issue would be the Single Status back pay provision that would appear in 2008/09 figures but would be paid during 2009/10.

In response to a query from Mr L Boswell regarding the end of year forecast, the Management Accountant advised that from period 6 onwards a more realistic view of how the budgets would be at the year-end would be provided. The Head of Ports and Harbours advised that until Schiehallion was back up and running, it would be difficult to see the true income for the year.

Mrs E L Fullerton said that she would have been happy with Appendix A on its own and did not want officers to spend time providing detailed information as she felt that the Board had to be careful not to get into the detail of the budgets. The Chairperson agreed that the Board should not begin to micro manage the service, but said that it was important for the Board to have an understanding of what managers were doing and the intricacies of the service. He said that it might be that information is focussed on a particular service at each meeting and on occasions where information provided may impact on staff, the item would be heard in private. He added that this level of understanding would assist Members in justifying what services were provided by ports and harbours and also provide support to officers. Mrs Fullerton said she was happy with the Chairperson's explanation, but was concerned that the detail provided was not best use of officers' time. The Management Accountant advised that the information was provided monthly for Budget Responsible Officers and Heads of Service.

During further discussion, it was agreed that each meeting would focus on a specific service provided and that for the next cycle, budget details be provided on Tugs. The Executive Director – Infrastructure said that he welcomed scrutiny and agreed that the tugs was a suitable service to look at, and Members agreed that it be held in private if sensitive issues were included.

18/09

Ship-to-Ship Transfers

The Board noted a report by the Harbour Master/Head of Ports and Harbours attached as Appendix 4.

The Head of Ports and Harbours introduced the report and provided an update on the current situation. He said that Jetty 4 was used the most for Ship-to-Ship (StS) transfers, but was currently undergoing maintenance and was out of service. Members noted that Jetty 4 would be operational again by 12 June 2009. He

referred to all four jetties and highlighted the issues around vetting, demurrage, the need for a letter of indemnity and the measures that would need to be in place, to allow more StS transfers to occur. The Head of Ports and Harbours advised that StS transfers were mainly carried out through Orkney who also offered long term anchorage providing companies with the opportunity for using ships as floating storage tanks. The Head of Ports and Harbours further advised that he and Mr L Boswell, Manager of the Sullom Voe Terminal had been in discussions to consider how to make the process more efficient. He advised that a letter of indemnity was being discussed between the Council's Legal Service, BP in Aberdeen and the Safety and Risk Insurance Section. The Head of Ports and Harbours advised that when the letter of indemnity had been agreed, it would be brought to the Board for consideration.

Mr R C Nickerson was concerned that the port was being asked to keep jetties vacant for the industry when StS transfers could be taking place. He said there was a need for more flexibility. The Chairperson explained that under the agreement between the industry and the Council the industry had exclusive use of the jetties and would have to be asked if another ship could use it. He added that under that agreement the industry was responsible for the maintenance and repair of jetties. The Chairperson said that a second stage of use may be considered where the industry have preferential use, but not exclusivity, where they would be entitled to first call of use. Or a further stage would be for the Port to decide what ship used the jetties without reference to the industry, however that would mean they were no longer responsible for the repair or maintenance of the jetty. The Chairperson said that the current situation was that the industry has exclusive use but were allowing further use to be made. He said that he would be happy for that to be worked on further. He concluded by stating that officers should keep pressure on the lawyers to produce a letter of indemnity, which would then have to be agreed by all parties. Following on from the Chairperson's explanation, Mrs I J Hawkins stated that the negotiations should begin towards the oil industry have preferential use.

In response to a query from Mrs I J Hawkins, the Head of Ports and Harbours advised that Fendercare considered removing the StS equipment, however through negotiations, they agreed to leave the equipment. He said that there was a possibility that they may remove the equipment in the future, and that it was important to consider other options. Mr Nickerson asked that any indications by Fendercare to remove the equipment, should be reported to the Harbour Board.

Mr J H Henry asked how much notice was provided to Ports and Harbours on a possible StS transfer. The Head of Ports and Harbours said that they may receive a general query a week in advance however that may change, due to a dip in the price per barrel, within 12 hours of the transfer.

In response to a query from Mr Boswell, the Head of Ports and Harbours advised that the biggest barrier to the services provided by Shetland compared to Orkney was the vetting and availability of berthing. He said that the company need to know that the transfer would happen on a certain date and added that Sullom Voe would be more financially attractive to larger LCC vessels. Feedback had indicated that companies find Sullom Voe a safe, professional and good services provider however if faced with barriers, they move on to Orkney.

The Chairperson said that Flota had assets that Sullom Voe did not but that Sullom Voe offered a safe jetty operation, which would be more preferable than two ships, side by side in open water, on a winter's night.

19/09 **West Pier, Scalloway**

The Board noted a report by the Engineering Manager – Ports, attached as Appendix 5.

The Port Engineer introduced the report and advised that he and a representative of Arch Henderson looked underneath the pier and there was no doubt that the whole structure was moving. In response to concerns raised by the Chairperson that paragraph 4.1 did not make it clear that there was to be no berthing, the Port Engineer confirmed that the outside of the pier would not be used by any vessels. He advised that the fendering had been removed, to be used elsewhere, and signs had been erected to say no berthing. He advised that the aquaculture industry were still able to use the inside of the pier.

Mrs I J Hawkins advised that this Pier should have had been replaced as the second phase of the new facility, which would have given a depth of 10 metres, however it did not get through the capital programme 2 years ago. She said she was disappointed that the harbour was losing berthing space for large vessels but as it was now on the capital programme, no money should be spent on it at this time.

20/09 **New Business**

The Board noted a report by the Harbour Master/Head of Ports and Harbours attached as Appendix 6.

The Head of Ports and Harbours introduced the report. Mr R C Nickerson thanked the Head of Ports and Harbours for visiting Fair Isle and was pleased that the issue he raised with regard to cruise ships and harbour dues was being addressed.

In response to a further query from Mr Nickerson regarding the manning of tugs, the Head of Ports and Harbours advised that it was possible to advertise to agencies for cover during periods of planned leave. However as agency staff were mainly from south, it was not easy to source them and induct them at short notice. Mrs I J Hawkins said that it was important to weigh up the cost of calling on agency staff.

Mrs E L Fullerton referred to a number of Merchant Navy employees who worked one month on and one month off and said that there may be an opportunity for a pool of suitably trained staff to be established in Shetland. She said that induction training could be provided in advance allowing them to be employed faster locally. Mrs Fullerton said it was important to be innovative and to have a “can do” attitude.

The Head of Ports and Harbours advised that he had spoken to Human Resources with a view to creating a pool of skilled and trained staff and it was envisaged that a number of personnel would be inducted and held on record. He said that this would provide the flexibility to call on someone to cover sick leave with the advantage that there would be a reduction in overtime costs.

Mrs Hawkins advised that she attended the Fisheries Exhibition and that although it had changed over the years and there appeared to be fewer stalls, she said it was important to attend to promote Shetland ports.

(Mr R C Nickerson left the Boardroom)

21/09 **Ports Project Monitoring Report**

The Board noted a report by the Harbour Master, attached as Appendix 7.

Dock, Symbister – RCM 2309

The Port Engineer introduced the item and advised that he had now received the first part of the Architects report but that he had technical issues to take up with them. He also asked for a rebuild cost. In response to a query from Mr J Tait, the Port Engineer advised that he too was concerned about drying out the dock and that what had been proposed could work but required further discussion. The Senior Contract Manager added that the suggestion for the revised layout looked like the most cost effective option compared to the previous option of a terminal at North Voe. He said however that it had not been through the STAG process, which would be reported to the Infrastructure Committee on 16 June 2009.

(Mr R C Nickerson returned to the Chamber)

Mr R S Henderson indicated that the Whalsay Community would rather have this option than a terminal at North Voe, but that it would mean filling in the dock. The Head of Ports and Harbours drew attention to option 4 of the handouts provided (Appendix 7a) and advised that he had been made aware that the fishermen were keen for dredging to be done around the pelagic berths to allow double banking of fishing vessels. He said that if option 4 were approved, the marina would have to be moved to the pelagic berths for a period of approximately 1 year. He also noted that he was unsure of the views of the pelagic fleet on this issue.

Mr J Tait moved that the Board agree that no decision on the Peerie dock be made at present. Mrs E L Fullerton seconded stating that there be no new works until the Senior Project Manager provided a further update. The Senior Project Manager advised that if feedback from the community was positive the design could be prepared by the end of the year.

During further discussions the Board agreed that the Port Engineer pursue Grove Raines for their final report and the Port Operations Manager and the Port Engineer visit the Peerie Dock to assess its condition.

Tug Replacement Programme – RCM 2313

The Head of Ports and Harbours provided a brief update and distributed photographs, attached as Appendix 7b, and advised that Superintendents were looking after the process. He had received information indicating that the launch date had slipped by one month but was confident that it would not delay delivery of the vessels. The responses for the naming of the tugs had been passed to Members for comment and the new names would be reported to the next Harbour Board meeting.

(Mr R C Nickerson returned to the Boardroom)

Uyeasound RCM2314

The Senior Contract Manager provided Members of the Board with an overview of the projected outturn figures relating to this project and stated that there would be in excess of £10,000 remaining at the end of the project.

The Chairperson said that he was delighted with the quality of work and the community's appreciation was clear to see. He added that he was pleased that the project had been completed within budget and as a Board they must be advised if other projects are likely to run over budget. The Chairperson said that this had been a well-delivered project.

In response to a query, the Head of Ports and Harbours advised that the Chairperson for the Waterfront Trust was consulting with the Community with regard to the old pier, and early indications were that they wanted to keep it. He advised that a further update would be brought to the next Harbour Board meeting.

Walls Pier - RCM2316

Members of the Board considered the two options detailed in the report. Mr F A Robertson said that instead of detailed design work, it made sense to crystallise the design prepared last year, which would give a footprint that would be accurate enough for core sampling to be done for sheet piling to be carried out. He said that there was sufficient money to proceed in that way. He added that there was a need to purchase land but no works licence was required. Mr Robertson said that detailed design and contract documents would take 6 months to prepare.

In response to queries from the Chairperson, the Senior Contract Manager advised that the anticipated cost of a site investigation would be likely to add around £70,000 to the cost of design work and that this, when added to any fees associated with the consents process could bring the total cost to £200,000. Members considered the possibility of sourcing funds from slippage from other projects. The Executive Director – Infrastructure said that more information was needed before looking for slippage.

Mr Robertson said that it was critical to have the results of Arch Henderson's assessment and that a load restriction should be considered.

During further discussions, the Board agreed that in order to respond to the Whalsay Link Tendering process, it was important to establish a way forward. The Board agreed that the Executive Director – Infrastructure should seek, from Council on 1 July 2009, the delegated authority required to allow him to administer the allocated budget. The Board also agreed that a report be brought to the Special Harbour Board meeting, to be held on 9 July 2009, providing clarity on the way forward with costs and what can be spent on design and seabed survey.

Mr Robertson agreed with Board Members that the Port Operations Manager and the Port Engineer should be invited to the Walls Community Council meetings.

Water Main, Scalloway, RCM 2315

Noted.

Standby Generator, Port Admin Building.

Noted.

Plant, Vehicles and Equipment – PCM2101

Noted.

Navigational Aids – PCM2104

ADT having difficulty securing accommodation for the engineer, but an engineer will be provided as soon as possible.

(Mr J H Henry left the Boardroom)

Mr J Tait queried how the solar powered buoys would perform in winter with limited daylight. The Port Engineer advised that the company stood by their product. He

explained that Ports and Harbours already encountered problems with the buoys in February and in his opinion, there was nothing to lose by trying them. He added that if similar problems occurred, it would be simpler to have only a lantern to replace.

Sullom Voe Terminal Jetty Maintenance Contract

The Port Engineer advised that the engineer from Holland was now in Shetland and the Jetty 4 tower was on schedule for returning to service by 12 June 2009.

The Port Engineer said that there had been good communication with BP who had supported the process and stated that Malakoff had done well.

Warehouse, Scalloway

Noted.

Scalloway Dredging – RCM 2208

The Senior Contract Manager advised that SNH had approved the license agreement in principle and that there should be no issues to address in order to get final agreement.

Fetlar Breakwater – GCY7214

Mr R S Henderson advised Members of the Board that budget costs provided would be the subject of a report to Infrastructure Committee. Members were also advised that the project would come under the Ferries budget but that part of the funding for the small berthing facility would fall under Ports and Harbours Operations during 2010/11.

Projects Currently Underway

Noted.

(Mr J H Henry returned to the Boardroom)

22/09 **Port Operations Report**

The Board noted a report by the Head of Ports and Harbours, attached as Appendix 8.

The Port Operations Manager introduced the report and advised that the incident involving Loch Rannoch would be discussed at the Technical Working Group. Also Scalloway had seen an increased number of Pilot jobs during May and praised Ports and Harbours staff for their work during the busy period.

Mrs I J Hawkins expressed her thanks to Scalloway Staff and was pleased to see the level of activity at Scalloway Harbour.

In order to avoid the disclosure of exempt information, Mr A T J Cooper moved, and Mr A T Doull seconded, to exclude the public in terms of the relevant legislation during consideration of agenda items 9.

(Mr C Smith left the Boardroom)

23/09 **Exempt Minute of Harbour Board held on 29 April 2009**

Mr L Boswell referred to exempt minute reference 14/09 on page 8, and advised that he had not been at the meeting, but in response to a comment made, he would

like to assure Members of the Board that there was not a problem at a higher level, but explained that there was a due process that had to be followed.

24/09

Staffing Report

The Board noted a report by the Harbour Master/Head of Ports and Harbours.

The Head of Ports and Harbours introduced the report and Members noted the information provided. The Head of Ports and Harbours advised that when the staffing review was at a stage that models could be considered, a report would be brought to the Harbour Board. He added that Officers were working to a tight timescale, as information was required for the budget setting exercise during September to November. The Head of Ports and Harbours also advised that the Executive Director – Infrastructure would be leading the review.

The Executive Director – Infrastructure said that the Head of Ports and Harbours had done a fantastic job to date and that he hoped to complete the review by 1 December 2009. He said that it was important to know and understand the history of the service provided and that he wanted to provide a sustainable service for customers in the future. The Executive Director – Infrastructure added that diversification and flexibility of working was key to the review. He said that he would bring tested models to the Board at future meetings and advised that staff would be engaged in the review where they wanted to be engaged. He added that as well as Human Resources being involved, they would bring in customer liaison for face-to-face negotiations. The Executive Director said that he was optimistic that the service could be sustainable and that savings could be achieved. He said that he looked for support from the Board during the next few months.

During discussions, Mr L Boswell said that he would provide port activity information to the Chief Executive by the end of June 2009.

In response to a query from Mrs Fullerton, the Executive Director – Infrastructure advised the Board that the Review Project Board would consist of Executive Director – Infrastructure as Lead Officer, Ms J Orr from Human Resources, Ms M Smith from Finance Services and Mr K Adam from Legal Services. Mrs Fullerton suggested that an elected member be part of the project board in order to provide a layperson's perspective. During brief discussion, the Chairperson advised that he and the Vice Chairperson would liaise with the Executive Director – Infrastructure and the Board agreed that the Executive Director should be given scope to carry on as outlined and that he report to Members with proposals.

The meeting concluded at 1pm.

A T J Cooper
CHAIRPERSON