

# MINUTE

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**Special Harbour Board**  
**Council Chamber, Town Hall, Lerwick**  
**Wednesday 10 February 2010 at 9.00am**

**Present:**

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

**Apologies:**

R S Henderson  
C Smith

**In Attendance (Officers):**

G Greenhill, Executive Director - Infrastructure  
R Moore, Head of Ports & Harbours Operations/Harbour Master  
A Christie-Henry, Project Manager, Ports for the Future Project  
D Evans, Human Resources, Ports for the Future Project  
B Sclater, Operations Manager - Marine  
P Gray, Engineering Manager - Marine  
B Edwards, Operations Manager - Ports  
A Inkster, Engineering Manager – Ports  
S Summers, Administration Manager  
B Robb, Management Accountant  
L Gair, Committee Officer

**Chairperson:**

Mr A T J Cooper, Chairperson, presided.

**Declarations of Interest:**

Mrs E L Fullerton declared an interest in item 3  
Mr J Tait declared an interest in discussions relating to Dues and Shellfish

6/10 **Harbour Dues 2010/11**

The Board considered a report by the Service Manager, Management Accountancy, attached as Appendix 1.

The Head of Ports and Harbours Operations introduced the report and advised that the Panel A and B meetings had been held. He said that Panel B Members had raised concerns regarding the state of the aquaculture industry in this time of difficulty. He also reported that the Terminal Managers were broadly accepting of the dues.

In response to a query from Mr J Tait, the Head of Ports and Harbours Operations advised that, assuming all changes in the Ports to the Future report were made and the projected Ship-to-Ship transfers are undertaken, it would be possible to achieve the £4m target next year. He said however if Schehallion or another company were to shut

down it would affect that position. He added however that it would be unlikely that the £4m target could be achieved in future years.

Mr J Tait referred to agenda item 2 regarding the figures in paragraph 7.3 and the Head of Ports and Harbours Operations confirmed that the difference was due partly to the Schehallion shut down, but that in turn had affected exports. The Head of Ports and Harbours Operations said that it had been a number of years since the Service achieved the £4m target set by the Council.

The Chairperson said that the Port was dealing with a fluid situation and it had to maintain a competitive rate. He said that some companies such as Schehallion might have other options available to them when the contract is ready for renewal. The Chairperson explained that, when in operation, Schehallion amounted to approximately 40% of the income and it was important not to set a price that was out of kilter with the rest of the industry.

The Head of Ports and Harbours Operations reminded Members that the Board increased the dues by 17% last year to match the shortfall. He explained that the Port was amongst the most expensive ports in Europe and companies review their position every couple of years and to lose Schehallion would have a detrimental effect on the Port.

Mr R C Nickerson said it was important to send a strong message to the Council that the £4m target would be fragile over the next 2 years at least. In response to a further query, the Head of Ports and Harbours Operations explained in detail the operations involved in a vessel entering and leaving the Port and advised that leaving the port was quicker and had less demand on number of tugs required therefore the charges reflected a lower cost for vessels leaving the Port. Mr Nickerson expressed his concern that there would be more risk involved in a laden vessel leaving the Port. Mr Nickerson commented that these were issues that should also be looked at by the Sella Ness Strategy Group. The Executive Director - Infrastructure said he would look into arranging this.

Mrs E L Fullerton said that the viability of the Ports was important and it had to be competitive as it created a huge amount of business for Shetland and it was important not to lose the business. Mrs Fullerton moved that the Board approve the recommendations contained in the report, seconded by Mrs I J Hawkins.

During further discussions, the Chairperson reminded the Board that the £4m budget was set by Members during the budget setting exercise in August last year and that for 2011/12 the matter should be argued at that point this year. Mr Boswell said that in the current economic climate the Industry would like to have seen no change, but recognised the Council's efforts and therefore made no objection to the increase.

#### 07/10 **Harbour Estimates 2010/11**

The Board considered a report by the Head of Finance, attached as Appendix 2.

In referring to paragraph 4.1.4, Mr J Tait queried the maintenance figures in light of obtaining 2 new tugs. Head of Ports and Harbours Operations explained that for a short time there would be an excess of tugs and remedial works would be required to make them fit for sale. In addition surveys and inspections would be needed on all vessels. He anticipated that the increased cost would be for 1 year only and following a request from the Chairperson he agreed that a more detailed breakdown of the budget would be provided to Members by email.

Mr F A Robertson moved that the Board approve the recommendations contained in the report, Mr A T Doull seconded.

Member discussed the £659,000 overspend and the Chairperson requested that the Management Accountant provide a report to the next meeting on the analysis of the overspend with a view to finding ways of reducing the overspend over the next year. The Head of Ports and Harbours Operations advised the Board that although there was an overspend, this was a significant improvement on previous years as the Ports was close to achieving the £4m target. He said that the Service had worked hard to achieve the improvements and would continue to do so.

**In order to avoid the disclosure of exempt information, Mr A T J Cooper moved, and Mrs I J Hawkins seconded, to exclude the public in terms of the relevant legislation during consideration of agenda items 3.**

*(The media left the meeting)*

**08/10 Interim Report on Ports for the Future Project**

The Board noted a report by the Executive Director - Infrastructure.

The Executive Director – Infrastructure introduced the report and provided a detailed and comprehensive verbal presentation on the progress of the project.

Members commended the Executive Director – Infrastructure and the Project Team for their work and the production of a clear and concise report, in light of the complex issues and history of the Service.

Mr R C Nickerson moved that the Board approve the recommendations contained in the report and agreed to include within his motion that the report be presented directly to the next meeting of the Council. Mr F A Robertson seconded.

Mr A T J Cooper reminded Members and Officers that the report and discussions had been held in private and advised that no comments should be given to the press.

The meeting concluded at 11.15am.

A T J Cooper  
CHAIRPERSON