

# MINUTE

‘A&B’

**Harbour Board**  
**Boardroom, Port Administration Building, Sellaness**  
**Wednesday 13 October 2010 at 10.00am**

**Present:**

A T J Cooper	I J Hawkins
J H Henry	R S Henderson
R C Nickerson	A Polson
J Tait	

**Apologies:**

A T Doull	
E L Fullerton	F A Robertson
C Smith	

**In Attendance (Officers):**

G Greenhill, Executive Director - Infrastructure  
R Moore, Head of Ports & Harbours Operations/Harbour Master  
J Williamson, Design Manager  
A Inkster, Engineering Manager – Ports  
B Robb, Management Accountant  
S Summer, Administration Manager  
L Gair, Committee Officer

**Also:**

A Halcrow, Unite  
H Pottinger, Unite

**Chairperson:**

Mr A T J Cooper, Chairperson, presided.

**Circular:**

The circular calling the meeting was held as read.

**Declarations of Interest:**

None.

**Minutes:**

The minutes of the Harbour Board meeting held on 25 August 2010, having been circulated, were confirmed.

**Member's Attendance at External Meetings**

Mr R C Nickerson	Coast Watch Exercise by Emergency Planning, Lerwick, 16 and 17 September 2010. The Board agreed that a report be presented to the next meeting, from Emergency Planning, on post exercise evaluations.
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42/10 **New Business**

The Board noted a report by the Head of Ports and Harbours Operations/Harbour Master, attached as Appendix 1.

The Head of Ports and Harbours Operations introduced the main terms of the report. In response to queries the Head of Ports and Harbours Operations advised that the Gas Condensate comes from the North of Russia and is transported in an ice strengthened ship. He said that if successful, this work would begin in November 2010. He advised that contact had been made with the company but he awaited a response from them.

Mr R C Nickerson thanked the Head of Ports and Harbours Operations and Mr C Smith for the work they had done so far. He asked that the Board agree that a report being presented to the next meeting of the Board on the options to allow consideration of the need for a new post of New Business Development Officer. He said that existing staff have a lot of work on their hands and with the increase in income there was a window of opportunity to employ someone to take this forward. Mr Nickerson added that it may not require a new post, as a growth item, but a consultant may be employed to attract new business.

The Chairperson advised that a review of administration from the top down would be undertaken next and that would need to be addressed before the end of the financial year. He said that this role would be a major issue to be looked at but it would be done as part of the whole review. Mr R C Nickerson said that this suggestion should not be put off and requested the report for the next cycle. At the request of the Chairperson, the Executive Director – Infrastructure explained to the Board that his intention was to undertake a full review on how Ports and Harbours Operations does business and that would include the new business role. He went on to advise that he expected to present a report on a proposed way forward on the future management of the facility in the next two cycles and the Board agreed to this with the caveat that it is done in time for the revenue estimates reporting in February 2011.

At the request of the Chairperson the Head of Ports and Harbours Operations confirmed that he would extend an invitation to brokers, shipping agents and buyers, to visit Sullom Voe to see first hand what facilities that Ports and Harbour Operations has to offer. He also advised that he would extend the invitation to the Minister of Transport, as previously requested.

The Head of Ports and Harbours Operations advised that there had been talks with Total regarding the accommodation unit and the construction of the site with a view to securing new business. He explained that the contract was yet to be awarded for this and Officers were working with all of the bids that the contractors put forward. The Executive Director – Infrastructure advised that meetings would be held next week with Total, the Head of Ports and Harbours Operations, the Economic Development Unit and himself to look at future planning and what works would come through the jetty. They would consider widening the road and phasing the use of the jetty so that plant coming in does not interfere with the day to day running of the terminal.

The Head of Ports and Harbours Operations confirmed that some business had been secured from activities West of Shetland. Scalloway was being used as a port of convenience in bad weather, for crew changes and for sourcing fresh supplies of water and milk.

#### **43/10 Ports Project Monitoring Report**

The Board considered a report by the Harbour Master/Head of Ports and Harbours Operations, attached as Appendix 2, and the following updates were provided.

Dock Symbister - RCM 2309

The Port Engineering Manager advised that since the last meeting the Architect, Groves Raines had approached several agencies with regard to funding but had confirmed that funding was unlikely at this time. He said that they were now looking into the possibility of mothballing the structure until funding may arise. In response to queries, the Ports Engineering Manager confirmed that the situation was getting worse.

Mr A Polson advised that there were currently 10 boats in the dock with a 10 boat waiting list for the Marina and suggested that to fill the dock in would not help the situation. Mr J Tait said that he had not realised that the dock was being used. The Port Engineering Manager explained that the dock was open for vessels but access and egress was from the landwards side of the pier with the seaward side being affected by structural deterioration. He added that the engineers said that it would be difficult to predict when a collapse of the structure would happen but that the situation was being monitored closely and when indications show that it is unsafe it will be cordoned off further. The Chairperson said it was important not to use the pier to the extent that the structure gets worse.

Mr Polson expressed his concern that the dock would not be considered until the Whalsay link issue had been decided upon. The Chairperson explained that although the whole of Symbister Harbour was being looked at the pier was a separate matter. He advised that the dock would have to be restored as a historic monument and the main issue for the project was the lack of funding at this time and the lack of priority on the capital programme.

Mr R C Nickerson asked that this matter continue to be reported to each meeting with the addition of information relating to the boats using the facility and the condition of the pier. Mrs I J Hawkins also requested that photos be provided for Members at the next meeting of the Board.

In response to a query from Mr J H Henry, the Chairperson requested that the insurance position also be checked and reported to the next meeting of the Board.

The Chairperson referred to the main area of Symbister harbour and said that this was untidy which did not always allow access for net mending. The Chairperson asked that the Pier Master be asked to clean up the net mending area and that it be kept clear of cars.

#### Tug Replacement Programme – RCM 2313

The Head of Ports and Harbours Operations provided an update on the issue of directional stability with regard to the Solan and the backpressure of the engine and exhaust. He advised that modifications had also been suggested for the Bonxie and these will be done. The Head of Ports and Harbours Operations advised that the best optimistic delivery date would be mid-late November 2010 but cautioned that this could change.

During discussions, the Head of Ports and Harbours Operations confirmed that the design and hull propulsion was a Voith design and there would be discussions with the yard, the engine manufacturer and the hull designer to establish where responsibility lies. He stressed the point that it was not the Council who was liable. In response to concerns expressed by Mrs I J Hawkins, the Head of Ports and Harbours Operations explained that the contract specification states that if the tugs do not meet our requirement we would get a large proportion of our money back and would allow us to look for alternative vessels. He said that he felt the Council was not at that stage yet

and was confident that the technical issues would be solved. He added that aside from these technical issues, the project team were happy with the quality of the vessel.

The Head of Ports and Harbours Operations confirmed to Mr J Tait that the longer the project takes there would be additional costs to the Council. He explained that the cost of staff working in Spain would increase due to the need for hotels, food and travel. He explained that the contract has penalty clauses and the fixed price contract allows the Council to impose a penalty on the last stage payment for late delivery of the tugs. He said that he did not have the exact figures for Mr Tait but anticipated that what would have been paid to the Yard so far would be in the region of 60% of the total cost.

Mr J H Henry said that he was even more surprised to hear of the problems being experienced, considering that the vessels were of a tried and tested Voith design. He expressed his concerns about this problem.

Mr R C Nickerson requested more detail than currently provided on this item and asked for a report on the risks, how it will be resolved and the costs that are being incurred. The Chairperson agreed. He went on to say that the yard has to deliver a vessel of merchantable quality and that it should not leave Spain until it is so. He said that in the early trials everyone was happy with the standard of the ship and bollard pull. He said that the current issues compromise the merchantable quality and it was important for the tug crews to have confidence in the vessels before they are delivered. Mrs I J Hawkins referred to the merchantable quality, the costs to the Council in terms of staff time and expenses and the need for so many alterations and said that there needs to be a point where the Council says enough is enough and asks for a new vessel.

The Chairperson said that he was confident that the vessels would be delivered to the standard required.

#### Walls – RCM 2316

The Design Manager advised that the detailed design would be complete by the end of the month at which time the project would go out to tender in the first or second week of November 2010.

The Board noted that the decision for grant funding was currently with the Ministers and would be made public soon.

#### Water Main, Scalloway – RCM 2315

The Port Engineering Manager advised that four tenders had been received, two of which were very competitive and a letter of acceptance would be sent out today. He said that work would commence within 4 weeks with a 16 weeks period for completion, which would mean that the work would be done by the end of the current financial year.

In response to a query the Port Engineering Manager advised that disruption would be kept to a minimum as the work would be progressed in phases to allow access where required. He also advised that the bulk of the work was needed in the fish market area, which should not affect oil related traffic.

#### Plant, Vehicles and Equipment – PCM 2010

The Ports Engineer Manager advised that quotes for the forklift were being sought and orders would be placed before the next meeting of the Board.

#### Navigational Aids – PCM 2104

The Ports Engineer Manager provided an update on the Navigational Aids at Gluss and the lone worker monitoring system.

At the request of Mr R C Nickerson, the Head of Ports and Harbours Operations explained the health and safety requirement for such a system to protect lone workers. During discussions Mr R C Nickerson stressed the need for adequate parameters to be set to ensure a quick response, should the member of staff be taken ill, to ensure continuous monitoring of the system. He acknowledged that this was an operational matter and that the Head of Ports and Harbours Operations was now aware of his concerns.

The Chairperson asked why the navigational towers were no longer needed. The Port Engineer Manager advised that they may be needed but all options were being looked at. He said that as there was a need for maintenance it seemed prudent to take the opportunity to explore all options.

#### Sullom Voe Terminal Jetty Maintenance Contract

The Port Engineer Manager advised that the contract was on schedule and on budget. The Chairperson requested that works already completed, be reported so that Members can see the work that has progressed.

#### Scalloway Dredging – RCM 2208

The Design Manager advised that the tender had been re-advertised with a return date of 14 October 2010. He advised that last week there was more interest shown than the previous time. He said that should all go well, the contract would be awarded by the end of the month.

#### Fetlar Breakwater – GCY7214

The Design Manager advised that planning permission was received on 6 October 2010 and consents were needed for otter disturbance licence and negotiations were taking place with Scottish Natural Heritage as to the need for a cetacean disturbance licence. He advised that tenders were out and an extra week had been granted to allow contractors to firm up costs from their suppliers. The Chairperson advised that there would have to be a spend on this project before the end of this financial year to satisfy grant conditions, but it was likely that the contractor would be in place by December if the prices come back within budget.

#### Sale of Stanechakker

The Head of Ports and Harbours Operations confirmed that the capital receipt from the Stanechakker would be reported to the next meeting. The Board were advised that payment had been received.

#### **44/10 Port Operations Report**

The Board noted a report by the Harbour Master, attached as Appendix 3.

The Head of Ports and Harbours Operations provided a detailed introduction of the report.

Mr J H Henry asked if the aborted berthing could have been avoided if there was a stronger tug available. The Head of Ports and Harbours Operations said that technically that would be possible but operationally there are limits set for the safe berthing of vessels and those limits were approached on this occasion.

Mr R S Henderson sought a report in two cycles on the profit and loss of small ports to include operational costs that show if they are in profit or loss.

The Head of Ports and Harbours Operations referred to Appendix B and Appendix F and said that the figures for fish landings at Scalloway were at odds. The Administration Manager confirmed that Appendix B was incorrect.

The Chairperson referred to Appendix C and was advised that 3 shore based staff had now retired with another retiring soon. The Head of Ports and Harbours Operations said that this would be reflected in the Appendix presented to the next meeting of the Board. The Executive Director – Infrastructure added that the posts would be removed from the establishment and this would be reflected in the budgets for next year.

In response to a request from the Chairperson the Head of Ports and Harbours Operations agreed that Appendix E would be up to date for the next meeting of the Board.

45/10 **Revenue Monitoring 2010/11 - Period 5 - Ports & Harbours Operations**

The Board noted a report by the Head of Finance, attached as Appendix 4.

The Management Accountant introduced the report and provided information on the budget variances.

Mr R C Nickerson referred to paragraph 5.2 and said that there should be a clear message sent to Council and the Director of Finance that the expected £3.9m income is not sustainable. He said that it might be possible to achieve this in the next 2 years through extra business opportunities but beyond that it is not sustainable. Mr Nickerson suggested that a figure of £3m might be more realistic. The Chairperson said that the figure should be reasonable.

In response to queries from Mr J Tait, the Chairperson advised that Schehallion was not currently in service, and confirmed that it would impact on Sullom Voe as it represented 40% of the ports income.

The Management Accountant advised that the positive figure of £1m was due to repairs and maintenance to vessels and fixed plant and said that dry dockings were not on profile. She said that the sum runs across a wide number of codes and may be made up of many different activities, but agreed with the Chairperson that should these sums be spent the figure would be less than £1m.

46/10 **Status Update Report**

The Board noted a report by the Harbour Master/Head of Ports and Harbours Operations, attached as Appendix 5.

The Head of Ports and Harbours Operations introduced the report and provided an update on the following matters:

**Ship-to-Ship Transfers**

The Head of Ports and Harbours Operations advised that a response had been sent to Mr Penning MP on the legislation with regard to StS operations. He said that his reply was supportive of the legislation but questioned the structures and requirement to gain

a license, which would come out as a significant cost to the Council. He said that he hoped to have more to report at the next meeting of the Board. The Chairperson said that it was important to keep pressure on this issue, as activities at sea are not subject to these regulations under the current legislation.

#### Oil

The Head of Ports and Harbours Operations advised that the Loch Rannoch had been in dry dock later than anticipated as it was transferred to the Gulf of Mexico oil spill. In dry dock the Loch Rannoch was due to receive routine maintenance and modification to the connection system for FPSO. He added that Schehallion had been in production but that had stopped with no reason given and no indications on how long it would be for.

The Head of Ports and Harbours advised that he had attended a conference in Edinburgh on the Gulf of Mexico Oil Spill, which was hosted by the Scottish Government and had been attended by the oil industry and environmental agencies. He provided a detailed overview of the discussions with regard to the techniques used and lessons learned so far. The Head of Ports and Harbours advised that he would bring any further information to the Board on this subject as and when it was received.

In response to a query from Mr R C Nickerson, the Head of Ports and Harbours Operations advised that he awaited a response to the question of corporate responsibility and whether the SIC or the Harbour Board have this responsibility. He said that he would report this to the next meeting of the Board.

The meeting concluded at 11.25am.

A T J Cooper  
CHAIRPERSON