

MINUTE

‘A&B’

Special Harbour Board
Council Chamber, Town Hall, Lerwick
Wednesday 9 February 2011 at 10am

Present:

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

Apologies:

L Boswell	A Polson
C Smith	

In Attendance (Officers):

G Greenhill, Executive Director - Infrastructure
R Moore, Head of Ports & Harbours Operations/Harbour Master
B Robb, Management Accountant
L Gair, Committee Officer

Chairperson:

Mr A T J Cooper, Chairperson, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest:

None.

07/11 **Harbour Dues 2011/12**

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

The Management Accountant briefly introduced the report.

Mr R S Henderson moved that the Board approve the recommendations contained in the report, seconded by Mr J H Henry.

Mr R C Nickerson referred to paragraph 1.2 and said that he had continually suggested that the yearly £4m income target was unrealistic in the current climate in light of the reduced throughput at the port. Mr Nickerson referred to paragraph 5.4 and said that he understood that the Board had asked the previous Chief Executive to investigate and look at the Equalisation Account, which had been eliminated in 2005. He said that this had to be looked at to ensure the port is not forced to close early and the Chief Executive should be asked to enter into dialogue and come with suggestions on how to move this forward. Mr Nickerson asked Mr Henderson if he would include these points within his recommendation to the Council. Mr R S Henderson, with the support of his seconder agreed.

Mr J Tait questioned where the 5% increase had come from and asked where this increase lay in comparison to other ports in Britain. The Head of Ports and Harbours Operations advised that Sullom Voe was consistently more expensive than any other port in the UK but explained that this was due to the infrastructure available and the high levels of port safety. He explained that the port boarding and landing dues remained the same because the percentage rise did not significantly increase the charge, but there was likely to be a percentage increase next year.

In response to further queries from Mr Tait, the Head of Ports and Harbours Operations advised that the passenger vessel and accommodations barges charges were introduced last year and were set at an optimistic rate. He explained further that the port does not provide the same links to fresh water and sewage systems that are available in other ports. The Head of Ports and Harbours Operations said that it was important to be competitive and the decision was taken to maintain the charge in the hope that passenger ships or accommodation barges may be attracted. He also reminded Members that there had been an exceptional increase of 19% last year with this year's increase being just above inflation. The Head of Ports and Harbours Operations added that there would be savings made from the Ports of the Future project and the sale of assets as a result of that. He said that it would then be possible to meet the £4m income target, however that could not be confirmed until agreements were in place.

Mr J Tait moved that the Board look at increasing the charges for Sullom Voe, by 7% with further consultation with the Harbour User's Panel. Mr R C Nickerson seconded. Mr Tait agreed to include within his motion the points raised by Mr Nickerson with regard to a reduction to a £3m target and that the Chief Executive be asked to investigate the Equalisation Account.

The Executive Director – Infrastructure provided information on the possible year on year savings to be made as a result of the ports to the future project.

(Mrs E L Fullerton declared an interest in relation to the ports to the future project).

Mrs I J Hawkins referred to the Audit Commission and commented that it was important not put the port in the position whereby it would not achieve it's target and said that she continued to support a reduction in the target.

In response to a query, the Head of Ports and Harbours Operations indicated that, if the Board agreed to further consultation on a 7% increase, he would arrange a meeting with the Harbour User's Panel A next week but advised it would take time for the industry to consult with their head offices.

Mrs I J Hawkins asked that the figures for other ports in Britain be provided in advance of the budget setting meeting tomorrow. The Head of Ports and Harbours Operations said that he would endeavour to email those figures directly to Members early tomorrow.

The Head of Ports and Harbours Operations confirmed to the Chairperson that the income and charges for pilotage and landing dues is returned to the operational budgets for the pilotage and boarding and landing services. The Chairperson suggested this issue merited further investigation.

During further discussions, the Chairperson referred to the Marine Fund and requested an early valuation of the Marine Fund to establish what additional funding

may be required to meet its contingent liabilities. Both Mr Henderson and Mr Tait agreed to include this request within their respective motion and amendment.

Following summing up, voting took place with a show of hands and the results were as follows:

Amendment (J Tait) 4
Motion (R S Henderson) 5

The Board therefore found in favour of the motion, namely that the Board agreed to a 5% increase in charges as detailed in the report with the addition that the Board recommend to the Council that;

- the £4m p.a. income target be reduced to £3m
- the Chief Executive investigate and look into an Equalisation Account.
- an early report be presented on the valuation of the Marine Fund to establish what additional funding may be required to meet its contingent liabilities

08/11 **Harbour Estimates 2011/12**

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

The Management Accountant briefly introduced the report.

In response to a query from the Chairperson regarding the central administration recharges, the Head of Ports and Harbours Operations explained that, as a result of attracting new business as well as staffing and planning issues there had been an increase in the advice required from Human Resources, Legal Services and Finance Services. He said that without knowing the future decisions of the Council he expected that this draw on central services would reach a peak later in the year and that this would fall away the following year to normal operating levels.

Mr A T J Cooper moved that the Board approve recommendation 8.1, seconded by Mr A T Doull.

(Mr F A Robertson left the meeting)

Members discussed the need to prepare more, during the coming year, for the budget setting exercise. The Board agreed that work should begin immediately and be reported on regularly throughout the year providing information for the projected year's business and budgets, in advance of the budget setting process.

The meeting closed at 10.45am.

A T J Cooper
Chairperson