

**Harbour Board****25 November 2015****Management Accounts for Harbour Board:
2015/16 – Projected Outturn at Quarter 2****F-055-F****Report Presented by Executive Manager -
Finance****Corporate Services****1. Summary**

- 1.1 The purpose of this report is to enable the Harbour Board to monitor the financial performance of services within its remit to ensure that Members are aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget. This report shows the projected financial consequence of the service performance detailed in the Ports & Harbours Performance Report, and allows the Board the opportunity to provide early instruction to officers to address any forecast overspends or shortfall in income in order that the budget is delivered by the year-end.
- 1.2 This report presents the projected outturn position for 2015/16 as at the end of the second quarter for revenue and capital. The forecasts have been determined by Finance Services after consultation with the relevant Budget Responsible Officers.
- 1.3 The projected outturn position for operational services under the remit of the Harbour Board is an adverse variance of £2.020m on revenue and an underspend of £339k on capital.
- 1.4 The projected outturn position for the other income from the Terminal berthing charge, Shetland Gas Plant and Marine Fund contribution is a reduction in budgeted income of £1.174m.

2. Decision Required

- 2.1 That the Harbour Board RESOLVE to review the Management Accounts showing the projected outturn position at quarter 2.

3. Detail

- 3.1 On 3 December 2014 (SIC Min Ref: 96/14) the Council approved the 2015/16 revenue and capital budgets (including the General Fund, Harbour Account, Housing Revenue Account and Spend to Save) requiring a draw from reserves of £7.646m. It is vital to the economic wellbeing of the Council that the financial resources are managed effectively and expenditure and income is delivered in line with the budget, as any overspends will result in a further draw on reserves, and would be evidence that the Council is living beyond its means.
- 3.2 This report forms a part of the financial governance and stewardship framework that ensures that the financial position of the organisation is acknowledged, understood and quantified on a regular basis. It provides assurance to the Corporate Management Team and the Board that resources are being managed effectively and allows corrective action to be taken where necessary.
- 3.3 Since the approval of the 2015/16 budget, revisions to the capital budget have been incorporated for the Council's budget carry forward scheme. Therefore, this report refers to the revised capital budget that is now in place.

Revenue

- 3.4 The projected revenue outturn position for the Harbour Board is an adverse variance of £2.020m (241%) for Ports & Harbours operational budgets, which means that the services under the remit of the Board are not on course to provide their budgeted surplus to reserves. There is also a projected reduction in other income from the Shetland Gas Plant, Terminal berthing charge and the Marine Fund of £1.174m (25%). See appendix 1 to this report for further detail.

Capital

- 3.5 The projected outturn position on Harbour Board capital project expenditure is an underspend of £339k (42%) which means that the services will spend less than their Council approved budget. See appendix 2 to this report for further detail.

4. Implications

Strategic

4.1 Delivery On Corporate Priorities

There is a specific objective within the Corporate Plan to ensure that the Council is “continuing to keep to a balanced and sustainable budget, and are living within our means”, and that the Council continues to pursue a range of measures which will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes, and maintaining a strong and resilient balance sheet.

The Medium Term Financial Plan also includes a stated objective to achieve financial sustainability over the lifetime of the Council.

4.2 Community /Stakeholder Issues – None.

4.3 Policy And/Or Delegated Authority

Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Board may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2015/16 financial year. This report provides information to enable the Board to ensure that the services within its remit are operating within the approved budgets.

4.4 Risk Management

There are numerous financial risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.

From a financial perspective risks are an integral part of planning for the future, as assumptions are made. These assumptions can be affected by many internal and external factors, such as supply and demand, which may have a detrimental financial impact.

The main financial risks for the services in this report are:

- reduction in tanker traffic at Sullom Voe;
- delay in Shetland Gas Plant becoming operational; and
- reliance on oil and gas prices for the throughput agreements for both the Sullom Voe Harbour and the Shetland Gas Plant.

These risks are outwith the control of the Council, therefore having access to the most up-to-date information helps the Council to plan for any realisation of these risks.

If these risks are not addressed, the Council may be in breach of its policy in the Medium Term Financial Plan that "The oil industry should never be subsidised by Shetland taxpayers, and that over the whole remaining lifetime of the Port the total value of the surpluses generated on the capital invested should be at least equal to the average rate of return that would be generated if the capital was invested with the Council's fund managers."

This report is part of the framework that provides assurance, or recognition of any deviation from the budget that may place the Council in a financially challenging position and require remedial action.

A strong balance sheet and the availability of usable reserves ensures that the Council is prepared for significant unforeseen events should they arise.

Any draw on reserves beyond the Council's sustainable level would have an adverse impact on the level of returns from the Council's long-term investments. This situation would require to be addressed quickly to ensure no long term erosion of the investments.

4.5 Equalities, Health And Human Rights – None.

4.6 Environmental – None.

Resources

4.7 Financial

The 2015/16 Council budget does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means.

Every £1m of reserves spent in excess of a sustainable level will mean that the Council will have to make additional savings of £50k each year in the future as a result of not being able to invest that £1m with fund managers to make a return.

It is therefore vital that the Council delivers its 2015/16 budget, and this report demonstrates that the services under the remit of the Harbour Board are not projecting to achieve this. This is mainly due to the reduction in tanker traffic at Sullom Voe and the global low oil price affecting throughput income. Also the delay in the Shetland Gas Plant becoming operational and the low gas price have also resulted in a substantial shortfall in budgeted income.

There are three main elements which create the overall Harbour Account projected outturn negative variance of £3.194m:

- Ports & Harbours Operations - there is a projected negative variance of £2.020m against budget set of £839k net income. This will result in the requirement for a draw from the Reserve Fund of £1.181m.
- Shetland Gas Plant - there is a projected negative variance on the income from the Shetland Gas Plant of £1.180m against budget which will result in a contribution to reserves of £250k.
- Terminal Berthing Charge - the berthing charge to Ferry Operations Service for use of terminal infrastructure will be on target resulting in a return to reserves of £3.045m.

As described above, although the overall projected return to reserves from the Harbour Account is £2.259m, this surplus is mainly derived from the terminal berthing charges to Ferry Operations Service and is therefore funded from within the Council and does not result in additional income to the Council overall.

The Harbour Board capital programme has a projected underspend of £339k which are savings in the current financial year.

4.8 Legal – None.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5. **Conclusions**

- 5.1 The overall projected outturn position for the services under the remit of the Harbour Board is an adverse variance of £3.194m against budget on revenue and an underspend of £339k on capital projects.

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List of Appendices

Appendix 1 – Projected Revenue Outturn Position 2015/16

Appendix 2 – Projected Capital Outturn Position 2015/16

Background documents:

SIC Budget Book 2015-16, SIC 3 December 2014

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=16958>

Harbour Board

1. Projected Revenue Outturn Position 2015/16

Variance (Adv)/Pos at Q1 £000	Service Area	Budget Q2 £000	Outturn at Q2 £000	Variance (Adv)/Pos at Q2 £000
0	Ports Management	21	21	0
(718)	Sullom Voe	(1,367)	1,564	(2,931)
159	Scalloway	(299)	(653)	354
48	Other Piers	155	(38)	193
0	Terminals	650	286	364
(511)	Ports & Harbours Operations	(840)	1,181	(2,020)
0	Terminal Berthing Charge	(3,045)	(3,045)	0
(1)	Marine Fund Contribution	(138)	(144)	6
(1,320)	Shetland Gas Plant	(1,430)	(250)	(1,180)
(1,321)	Other Income	(4,614)	(3,439)	(1,174)
(1,831)	Overall Contribution to Reserve Fund	(5,453)	(2,259)	(3,194)

The projected outturn variance figures at quarter 1 are included above for reference. The main reasons for the changes from the quarter 1 projected outturn variance to the quarter 2 position are receipt of updated tanker traffic projections from the Sullom Voe Terminal operators, accommodation vessel and barge remaining in Scalloway longer than anticipated, and receipt of information from the Shetland Gas Plant regarding operation start date.

An explanation for the main variances by service is set out below:

1.1 Ports Management – projected outturn breakeven

1.2 Sullom Voe – projected outturn variance (£2.931m) (214%)

This projected variance relates to:

- reduction in tanker income due to the extended maintenance shutdown of the Clair Field Platform and receipt of information on tanker traffic projections received from the Sullom Voe Terminal operators (£1.677m);
- reduction in the Harbour Throughput Agreement payment from Sullom Voe Terminal due to the low oil price and related Permanent Crude Oil Index which are used in the calculation (£266k);

- additional maintenance costs for Shalder and Tirrick due to 5 year backlog of maintenance requiring major works and engine overhaul (£123k);
- overtime for Towage crews for 4th tug duty when tankers visit, drydocking and drydocking cover (£150k);
- on job training supervision requirements for new Marine Officer (£100k); and
- reduction in management and engineering support charges due to vacant posts £210k.

1.3 Scalloway – projected outturn variance £354k (118%)

This projected variance relates to:

- increased income from the accommodation barge and vessel which are remaining at Blacksness Pier for longer than anticipated £453k; and
- approval of fishmarket repairs capital project to be funded from additional vessel revenue income described above (£180k).

1.4 Other Piers - projected outturn variance £193k (125%)

This projected variance relates to:

- minor underspending on maintenance costs across all 17 piers £127k; and
- increased salmon and storage income at Cullivoe, Walls and Mid Yell £66k.

1.5 Terminals – projected outturn variance £364k (56%)

This projected variance relates to mainly carrying out terminal condition survey works this year to inform future years' maintenance requirements £362k.

1.6 Terminal Berthing Charge - projected outturn breakeven

1.7 Marine Fund Contribution - projected outturn variance £6k (4%)

This projected variance relates to a minor increase in funding required for unfunded pension costs.

1.8 Shetland Gas Plant - projected outturn variance (£1.180m) (83%)

The income budget was based on the Gas Plant being operational for the whole of 2015/16. The operators have now advised that the Shetland Gas Plant will be operational by December 2015. The throughput rental is also based on the gas price which is low at the moment, compared to the prices used when setting the budget.

Harbour Board

2. Projected Capital Outturn Position 2015/16

Proj.Outturn Variance at (Adv)/Pos at Q1 £000	Service	Revised Annual Budget Q2 £000	Projected Outturn at Q2 £000	Proj.Outturn Variance at (Adv)/Pos at Q2 £000
364	Ports & Harbours	804	465	339
364	Total Controllable Costs	804	465	339

The projected outturn variance figures at quarter 1 are included above for reference.

2.1 Ports & Harbours Operations – projected outturn variance £339k (42%)

The projected outturn variance is due to ongoing contract preparation work for terminal life extensions resulting in savings in the current financial year of £339k.

**Harbour Board****25 November 2015****Pilotage Accounts for Harbour Board:
2015/16 - Projected outturn at Quarter 2****F-068-F****Report Presented by Executive Manager -
Finance****Corporate Services****1.0 Summary**

- 1.1 The purpose of this report is to enable the Harbour Board to monitor the financial performance of the pilotage services provided by the Council.
- 1.2 This report presents the outturn position for 2015/16 as at the end of the second quarter.
- 1.3 The projected outturn position shows an adverse variance of £418k (114%) against annual budget which results in an overall net deficit of £53k.

2.0 Decision Required

- 2.1 That the Harbour Board RESOLVE to review the Pilotage Accounts showing the projected outturn position at quarter 2.

3.0 Detail

- 3.1 There is a requirement to prepare accounts relating to pilotage under Section 14 of the Pilotage Act 1987.
- 3.2 The details of what must be included in these accounts are set out in regulations (The Statutory Harbour Undertakings (Pilotage Accounts) (Regulations) 1988, SI 1988/2216).

The accounts must show the details of:

- revenue from pilotage charges and details of the use of pilotage exemption certificates; and

- total expenditure incurred in providing the service of a pilot, providing, maintaining and operating any pilot boats, and administrative or other associated costs.
- 3.3 These accounts must be available for inspection by the public at the harbour authority's offices. Members of the public shall be able to buy a copy for a reasonable fee.
- 3.4 The Council is also under a duty to keep accounts in respect of the "harbour undertaking" in accordance with section 65 of the Zetland County Council Act 1974, (ZCC Act). Pilotage is part of the harbour undertaking and as such should appear in those accounts. Any surplus on the harbour undertaking is credited to the Reserve Fund set up under Section 67 of the ZCC Act.
- 3.5 The Pilotage Accounts showing the projected outturn position at quarter 2 are attached as Appendix 1.

4.0 Implications

Strategic

- 4.1 Delivery On Corporate Priorities
This report contributes to the Corporate Plan by ensuring that good-quality information is provided regularly to enable high standards of governance.
- 4.2 Community /Stakeholder Issues – None.
- 4.3 Policy And/Or Delegated Authority
Section 2.1.2(3) of the Council's Scheme of Administration and Delegations states that the Board may exercise and perform all powers and duties of the Council in relation to any function, matter, service or undertaking delegated to it by the Council; more specifically referred to in paragraph 2.7.
- 4.4 Risk Management – Failure to keep Pilotage Accounts would place the Council in breach of its legal duties.
- 4.5 Equalities, Health And Human Rights – None.
- 4.6 Environmental – None.

Resources

4.7 Financial

The overall projected outturn position shows an adverse variance of £418k against annual budget.

The main reasons for the variance are:

- reduction in pilotage income for reduced tanker traffic at Sullom Voe for the extended maintenance shutdown of the Clair Field earlier in the year, and information on reduced tanker numbers

for the remainder of the year received from the Sullom Voe Terminal operators £335k; and

- staff supervision costs for on-the-job training of new Marine Officer £100k

4.8 Legal – The Council has statutory obligations to keep separate accounts in respect of the harbour undertaking and also separate pilotage accounts. Section 3(1) of the ZCC Act states that the harbour undertaking means "the harbour undertaking for the time being of the Council authorised by this Act". This means that the harbour undertaking must be considered only in terms of what the Council is authorised or duty bound to do under the ZCC Act. Pilotage is part of the harbour undertaking and income and expenditure is accounted for accordingly.

4.9 Human Resources – None.

4.10 Assets And Property – None.

5.0 Conclusions

5.1 The overall projected outturn position is an adverse variance of £418k (114%) against annual budget which results in an overall net deficit of £53k.

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List of Appendices

Appendix 1 – 2015/16 Projected Outturn at Quarter 2

Background documents:

None

END

2015/16 Pilotage Accounts - Projected Outturn at Quarter 2

F-068 - Appendix 1

	Sullom Voe			Scalloway			Overall		
	Annual Budget	Projected Outturn	Variance (Adv)/Fav	Annual Budget	Projected Outturn	Variance (Adv)/Fav	Annual Budget	Projected Outturn	Variance (Adv)/Fav
	£	£	£	£	£	£	£	£	£
Charges in respect of :									
Boarding & Landing	-473,021	-338,112	(134,909)	-13,172	-13,172	0	-486,193	-351,284	(134,909)
Pilotage Services provided as authorised by section 10(1) of the Pilotage Act 1987	-1,159,795	-929,808	(229,987)	-35,000	-35,000	0	-1,194,795	-964,808	(229,987)
Use of PEC issued as authorised by section 10(3) of the Pilotage Act 1987	0	0	0	0	0	0	0	0	0
TOTAL INCOME	-1,632,816	-1,267,920	(364,896)	-48,172	-48,172	0	-1,680,988	-1,316,092	(364,896)
Boarding & Landing	379,493	379,493	0	2,992	2,992	0	382,485	382,485	0
Pilotage	618,933	681,283	(62,350)	21,166	21,166	0	640,099	702,449	(62,350)
Sub-Total Employee Costs	998,426	1,060,776	(62,350)	24,158	24,158	0	1,022,584	1,084,934	(62,350)
Boarding & Landing	9,085	9,355	(270)	779	779	0	9,864	10,134	(270)
Pilotage	4,465	4,445	20	44	44	0	4,509	4,489	20
Sub-Total Supplies & Services	13,550	13,800	(250)	823	823	0	14,373	14,623	(250)
Boarding & Landing	90,590	71,339	19,251	9,387	9,387	0	99,977	80,726	19,251
Pilotage	5,239	7,239	(2,000)	28	28	0	5,267	7,267	(2,000)
Sub-Total Transport & Mobile Plant	95,829	78,578	17,251	9,415	9,415	0	105,244	87,993	17,251
Boarding & Landing	7,044	6,807	237	0	0	0	7,044	6,807	237
Pilotage	646	646	0	6	6	0	652	652	0
Sub-Total Property & Fixed Plant	7,690	7,453	237	6	6	0	7,696	7,459	237
Meeting Liabilities under Part III of the Act	0	0	0	0	0	0	0	0	0
Boarding & Landing	78,046	96,484	(18,438)	185	185	0	78,231	96,669	(18,438)
Pilotage	46,070	44,795	1,275	41,399	32,565	8,834	87,469	77,360	10,109
Sub-Total Admin and Other Costs	124,116	141,279	(17,163)	41,584	32,750	8,834	165,700	174,029	(8,329)
TOTAL EXPENDITURE	1,239,611	1,301,886	(62,275)	75,986	67,152	8,834	1,315,597	1,369,038	(53,441)
NET TOTAL	-393,205	33,966	(427,171)	27,814	18,980	8,834	-365,391	52,946	(418,337)



Harbour Board
Policy & Resources Committee
Shetland Islands Council

25 November 2015
25 November 2015
2 December 2015

2016/17 Budget and Charging Proposals Harbour Board

F-072-F

Report Presented by Executive Manager
Finance

Corporate Services

1.0 Summary

- 1.1 The purpose of this Report is to enable the Harbour Board to consider the budget proposals for services within the Board's remit, which will in turn contribute towards ensuring that the Harbour Board meets the surplus target as set out in the proposed Medium Term Financial Plan for the period 2015-2020.
- 1.2 The summary budget proposals for the services under the remit of the Harbour Board is a surplus of £7.485m on harbour activity, internal Council contributions of £3.189m, and £693k from the Shetland Gas Plant, split by activity area as follows:

Service	2016/17 Proposed Budget £000
Ports Management & Engineering	64
Sullom Voe	13,188
Scalloway	890
Other Piers	817
Jetties & Spur Booms	2,083
Terminals	1,090
Total Expenditure	18,132
Harbour Fees & Charges	(23,534)
Jetties & Spur Booms	(2,083)
Total Income	(25,617)
Harbour Activity - Net Surplus	(7,485)

Internal contribution from the General Fund for terminal berthing charges	(3,045)
Internal contribution from the Marine Fund for pension costs	(144)
Contribution to the Reserve Fund	10,674
Balanced Budget	0

Service	2016/17 Proposed Budget £000
Shetland Gas Plant contribution	(693)

2.0 Decision Required

- 2.1 That the Harbour Board RECOMMEND to Policy and Resources Committee and Council that they approve the budget proposals for 2016/17 included in this report and set out in detail in the Budget Activity Sheet (Appendix 1) and Table of Dues (Appendix 2).

3.0 Background

- 3.1 The proposed Medium Term Financial Plan, setting out an integrated budgeting and reserves strategy for the period 2015-2020, is to be considered by Council on 18 November 2015. This report has been written subject to approval of that Plan.
- 3.2 As part of the budgeting strategy, Ports & Harbours Operations were provided with a target budget contribution for 2016/17, as follows:

Ports & Harbours Operations	Revised Target 2016/17 (Surplus)/ Deficit £000
Harbour Activity	(5,417)
Shetland Gas Plant Contribution	(693)

- 3.4 By adhering to these target budget contributions, Members will ensure that the organisation is now achieving a financially sustainable budget for 2016/17 with the use of reserves at a sustainable level.
- 3.5 The approach taken to develop these budget proposals was incremental budgeting, which means that the costs of each area were built up using existing budgets as the base-line. At all times ensuring activities are to be carried out in the most efficient way.
- 3.6 The proposed Table of Dues charging structure included in the budget proposals for Ports & Harbours is attached as Appendix 2.

4.0 2016/17 Budget Proposals

The following section describes the changes proposed in the budget for 2016/17.

4.1 Harbour Activity

4.2 As shown above in paragraph 1.2, the budgeted surplus for 2016/17 from harbour activity is £7.485m.

4.3 This budget has been developed in consideration of the following:

- to meet the requirement in the proposed Medium Term Financial Plan to support Council service expenditure and balance the budget for 2016/17;
- to address under-investment in Port infrastructure which require urgent life extension works; and
- to recover the projected loss in the current year relating to a 26% reduction in tanker numbers from those supplied by the Sullom Voe Terminal operators.

4.4 The charges in relation to tanker traffic have been increased by 83% and all other charges have been increased by 3%.

There are also some changes to the Table of Dues for both Sullom Voe and Harbours and Terminals excluding Sullom Voe, as follows:

- additional conditions relating to ships dues;
- Scale A - yachts - up to 10 mtrs;
- Scale B - any vessel continuously occupying a berth at pier/or which does not leave the harbour limits within a 14 day period will be liable for an additional charge;
- charges for harbour craft and plant - hire of a pilot/harbour launch and hire of a mooring boat;

4.5 Shetland Gas Plant Contribution

It is anticipated that the gas plant will become operational by December 2015 and the budgeted income of £693k reflects current oil and gas prices.

5.0 Implications

Strategic

5.1 Delivery On Corporate Priorities – The budget has been produced to deliver the Directorate Plan which will contribute to meeting the Corporate Plan's Vision that the Council wants to be known as an excellent organisation that works well with its partners to deliver sustainable services for the people of Shetland. The budget has also been produced bearing in mind the specific achievement in Corporate Plan of continuing to keep to a balanced and sustainable budget, and living within our means.

5.2 Community/Stakeholder Issues –

5.2.1 The Harbour Users Panel A is scheduled to meet on 17 November 2015 to consider the proposed Table of Dues to be levied at Sullom Voe. The minutes of this meeting will be circulated once available.

5.2.2 The Harbour Users Panel B met on 10 November 2015 to consider the Table of Dues to be levied at all piers and harbours. A copy of the minutes of this meeting are attached as Appendix 3 for information.

5.3 Policy And/Or Delegated Authority – The Harbour Board has delegated authority under section 2.7.3 of the Council's Scheme of Administration and Delegations to consider all development proposals and changes of service level within the harbour undertaking, including dues and charges, and make appropriate recommendation to Policy & Resources Committee and the Council. Approval of the revenue budget requires a decision of the Council, in terms of Section 2.1.3 of the Council's Scheme of Delegations.

5.4 Risk Management – The main risk for the Harbour Account is that the level of tanker throughput is insufficient to generate enough income to meet both revenue and capital expenditure. A failure to meet the target surplus will result in the Council using its reserves unsustainably.

This risk is reduced by discounting the tanker numbers supplied by the Sullom Voe Terminal operators to a level which is historically more in line with actuals. Receiving updates from industry on the latest position helps the Council to plan for any realisation of this risk.

5.5 Equalities, Health And Human Rights – None.

5.6 Environmental – The safe operation of the harbour by appropriately trained and competent staff is essential to the protection of Shetland's marine environment. Sullom Voe is designated by the European Commission as a Special Area of Conservation.

Resources

5.7 Financial – This report presents budget proposals that are consistent with the budget strategy included in the proposed Medium Term Financial Plan for 2015-2020. Any decision to recommend changes to the proposals in this report will result in an increased or decreased contribution to reserves, and may result in not meeting the targets in the proposed Medium Term Financial Plan. This will require a formal amendment and be fully quantified in the Board's decision.

5.8 Legal – The proposals in this report will allow the Council to meet its statutory requirements and ensure that those services meet the appropriate legislative requirements.

The Council is required to stipulate separate charges for each of the chargeable elements of the consolidated charge. This is set out in the

Table of Dues attached as Appendix 2. There is a requirement to publicise any changes to Harbour Dues six weeks before the implementation date of 1 April 2016.

The Harbour Board has delegated authority under section 2.7.2 of the Council's Scheme of Administration and Delegation to act as Duty Holder required by the Port Marine Safety Code and ensure that the necessary management and operation mechanisms are in place to fulfil that function. The Port Marine Safety Code states at paragraph 4.1:

"For the purposes of this Code, the duty holder should ensure that the harbour authority discharges its responsibilities to:

- Take reasonable care, so long as the harbour is open for the public use, that all who may choose to navigate in it may do so without danger to their lives or property.
- Conserve and promote the safe use of the harbour; and prevent loss or injury caused by the authority's negligence.
- Have regard to efficiency, economy and safety of operation as respects the services and facilities provided.
- Take such action that is necessary or desirable for the maintenance, operation, improvement or conservancy of the harbour."

In addition, the duty holder must ensure that enough resources are available to discharge their marine safety obligations and set the level of dues accordingly.

5.9 Human Resources –None.

5.10 Assets And Property – A risk based approach will be taken for the management of property assets to minimise the deterioration and potential failure of assets over the life of the proposed Medium Term Financial Plan. Where possible unused assets will be disposed of to reduce ongoing revenue costs and maximise capital receipts for the Council.

6.0 Conclusions

- 6.1 The proposals in this report meet the target budget contributions as set out in the proposed Medium Term Financial Plan 2015-2020 for the services under the remit of the Harbour Board.
- 6.2 These proposals will enable the Infrastructure Directorate to deliver their Directorate Plan as well as to move towards meeting the requirements of the proposed Medium Term Financial Plan in future years.

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Appendix 1 - 2016/17 Ports & Harbours Operations Budget Activities

Appendix 2 - 2016/17 Table of Dues

Appendix 3 - Minutes of the Harbour Users Panel B Meeting

END

Service	Activity	Links to Corporate Plan	FTE	Proposed Budget £	Red Amber Green	Proposed Changes to Service Level
Ports & Harbours	Ports Management	Transport arrangements in place that meet individual and business needs and deliver economic growth & give the best possible returns from our investments	10.13	25,040	Green	No change within this budgeting round, however the Strategic Review of the port of Sullom Voe and Scalloway Harbour could propose significant change in year
Ports & Harbours	Ports Engineering	Transport arrangements in place that meet individual and business needs & deliver economic growth and give the best possible returns from our investments	0	0	Green	No change within this budgeting round, however the Strategic Review of the port of Sullom Voe and Scalloway Harbour could propose significant change in year
Ports & Harbours	Sullom Voe	Seeing the best possible returns from our investments	92.82	(8,972,570)	Green	No change within this budgeting round, however the Strategic Review of the port of Sullom Voe and Scalloway Harbour could propose significant change in year
Ports & Harbours	Scalloway	Transport arrangements in place that meet individual and business needs and deliver economic growth and give the best possible returns from our investments	4.26	(153,863)	Green	No change within this budgeting round, however the Strategic Review of the port of Sullom Voe and Scalloway Harbour could propose significant change in year
Ports & Harbours	Other Piers	Transport arrangements in place that meet individual and business needs and deliver economic growth and give the best possible returns from our investments	0	527,185	Green	No change within this budgeting round, however the Strategic Review of the port of Sullom Voe and Scalloway Harbour could propose significant change in year
Ports & Harbours	Terminals	Transport arrangements in place that meet individual and business needs and deliver economic growth and give the best possible returns from our investments	0	(1,956,100)	Green	No change within this budgeting round, however the Strategic Review of the port of Sullom Voe and Scalloway Harbour could propose significant change in year
Ports & Harbours	Gas Plant Rental Income	An economy that promotes enterprise and produces the maximum benefit for Shetland	0	(693,448)	Green	Increased income with anticipated gas plant throughput

**SHETLAND ISLANDS COUNCIL
TABLE OF DUES TO BE LEVIED
AT SULLOM VOE
FROM 1ST APRIL 2016
(Harbours Act 1964)**

"All vessels are expected to be adequately insured prior to entry to, and whilst within, harbour limits. The Harbour Authority reserves the right to refuse entry to uninsured vessels."

DEFINITION

1. Segregated Ballast Tanker

- 1.1 A tanker holding an International Oil Pollution Certificate showing the ship to have segregated ballast tanks in full compliance with Regulation 13 of MARPOL. In addition the ship must be operated in this manner. A copy of the certificate shall be produced to the Harbour Master.
- 1.2 VAT applies to all recreation and pleasure vessels and to all other vessels under 15GT.

CONSOLIDATED CHARGE

2. Consolidated Charge

- 2.1 The consolidated charge for segregated ballast tankers entering the Port of Sullom Voe will be £2.43 for segregated ballast tankers. This charge is made up of the following elements, ship dues, pilotage, mooring and boarding and landing.

Example - Consolidated Charge for segregated ballast tankers is made up of the following:

Shipping Dues	applied per visit	£1.81
Mooring Charge	applied per visit	£0.06
Pilotage Charge	applied (£0.20 x 2)	£0.40
B & L Charge	applied (£0.08 x 2)	£0.16
Total Consolidated Charge		<u>£2.43</u>

RATES AND CONDITIONS OF TOWAGE – SULLOM VOE AREA

- | | | |
|-----------|----------------------------------|-------|
| 3. | Segregated Ballast Tankers/Other | |
| | Per Gross tonne per visit | £2.14 |

4. Tariff - Towage

4.1 Cancellation

A charge of 10 per cent of the above rates will apply if tugs depart the tug jetty and are cancelled before making fast to vessel.

4.2 Aborted Berthings or Sailings

A charge of 50 per cent of the above rates will apply if a movement is unable to be completed after a tug or tugs have been made fast, or have commenced assistance.

4.3 Push Up

A charge of £1823 per tug per hour or part thereof will be levied if a tug or tugs are required to push-up on a vessel during periods of extreme weather conditions.

4.4 Escorting Charges/Shifting from one Jetty to another

Minimum charge of 3 hours	£1823 per hour or part thereof
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4.5 Standby Charge

A charge of £1823 per tug per hour or part thereof will be levied if tugs are not used within an hour of order time.

4.6 Fire Fighting and Oil Dispersal Duties

Within the Terminal and approaches will be charged at a minimum of 3 hours at £1823 per hour per tug thereafter plus cost of fire fighting foam and oil dispersant liquids.

4.7 Late Order Charges

A surcharge of 15 per cent may be charged if less than 12 hours notice is given in writing.

4.8 Bunker Charges

A bunker surcharge will be charged per tug movement, dependent on fuel costs (rates available on application).

4.9 Other

Charges for towage operations not listed above are charged on a case-by-case basis. Rates available on application at time of hire.

**ALL TOWAGE UNDERTAKEN SUBJECT TO UNITED KINGDOM STANDARD
CONDITIONS FOR TOWAGE AND OTHER SERVICES (REVISED 1986)
COPIES OF WHICH ARE AVAILABLE ON REQUEST**

SHIPS DUES

Conditions

1. Ship Dues shall apply to all vessels entering the limits of any of the Council's harbours except in circumstances mentioned at (2) and (3) below. These rates shall also be charged by way of berth rents where a Council pier is used in any location outside the Council's harbour areas. Vessels will be allowed to overstay the four-day period in port without additional charge if the harbour is closed, or if any of the following apply,
 - a) Unberthing is suspended due to winds gusting regularly in excess of 50kts, or a lower wind speed at the duty pilots discretion
 - b) Where cargo is suspended due to wind speeds gusting regularly in excess of 35kts in offshore direction or 44kts in onshore direction
 - c) A vessel is loading two cargoes and the second type is not immediately availableFor the avoidance of doubt, if for operational reasons, the Terminal requires the berth to be vacated, then the above will NOT apply.
2. Ship Dues will not be levied on any vessel, which enters a harbour area in order to enable a pilot to board in difficult weather conditions, and subsequently has to depart as a result of the pilot not being able to board. Pilotage and Boarding and Landing charges will however apply in accordance with section 2 (ii) of the schedule of Pilotage Charges.
3. If a vessel is required to leave the harbour by the Harbourmaster for any reason unconnected with defects in the vessel, or the vessel's operation, no ship dues will be levied on the subsequent re-entry. Please note this concession does not apply to pilotage, boarding and landing or mooring boats.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross tonne shall be reckoned as one gross tonne.
6. Craft based at Sullom Voe and operated by the Oil Industry for the sole purpose of pollution control shall be exempted from Harbour Dues provided they occupy berths designated by the Harbourmaster. When berthed other than at a berth designated for the purpose by the Harbourmaster the full Harbour Dues will be payable.
7. With reference to the four-day period in section 1 above, the following times will be subtracted from the overall time in port:
 - (a) Tankers that for operational reasons, are called to the pilot station in advance of bad weather conditions, a fixed period of 12 hours.

- (b) Tankers that are required to move berth for two or more types of crude oil, a fixed period of three hours per move.

8. Ships dues are inclusive of a fee for garbage waste disposal.

SCALE A - VESSELS PER ENTRY AND STAY PER FOUR-DAY PERIOD OR PART THEREOF

1. Vessels engaged in the provision of services, supply of materials or export of products from the Sullom Voe Terminal and the Gas Processing Plant

Per gross tonne	Segregated ballast tankers	£1.81
	Other	£1.63

2. Any other vessel calling at a Council Pier or Harbour

(a) Per gross tonne	£0.50
(b) Barges - Gross Tonnage by calculation or certificate	£0.50
(c) Passenger vessels/Accommodation Barges or Vessels engaged in offshore oil/gas or other similar operations – Long Term Rate (minimum 1 month stay – per GT per day)	£0.09
(d) Passengers disembarking per person - (tourist traffic/ Passenger liners only)	£2.69
(e) Vessels and barges working within the harbour limits in Yell Sound and not passing inward past number 5 buoy will be charged per gross tonne (Note: vessels transiting are not liable to charges)	£0.41
(f) Yachts – Up to 10 mtrs	£10.00
for every additional mtr	£2.00 per mtr
(g) Minimum charge per entry in stay at any Pier or Harbour	£10.00
(h) All vessels trading regularly on inter –island services per GT per berthing	£0.07

3. Live Fish Carriers

Vessels carrying live fish can apply for an annual compound rate charge equivalent to 40 trips x gt rate.

4. Fish Feed Ships

Vessels regularly involved in the transport of salmon feed using SIC piers and harbours can apply for an annual compound rate charge equivalent to 40 trips x gt rate.

5. Salmon Cages Launched and Floating in Harbour per 4 day period

Up to 70 Metre Cage	£44.95
70 Metre Cage	£45.32
80 Metre Cage	£52.67
90 Metre Cage	£59.29
100 Metre Cage and over	£65.87

SCALE B - COMPOUNDED ADVANCE ANNUAL CHARGES COVERING USE OF ALL COUNCIL PIERS AND HARBOURS

Movements within the harbour prior to successful application of annual compounded rates will be charged at published period rates. Evidence of third party liability insurance may be demanded by the Harbour Authority at any time. The Harbour Authority reserves the right to refuse entry to uninsured vessels. Annual dues are payable in advance and are non-refundable

- 1. Registered fishing vessels**

a) Up to and including 8m overall length	£36.15
b) In excess of 8m overall length, per metre or part of overall length	£25.52
- 2. Vessels regularly providing services within a Council Harbour**
(over 8 metres overall length) - per gross tonne per calendar month or part thereof £3.39
- 3. Pleasure craft/unregistered vessels berthed within a Harbour area, but not within an established Marina.**

Per month – (minimum charge 6 months in all cases)

- | | |
|-------------------------------|-------------------------|
| a) up to and including 6 mtrs | £10.00 per month |
| b) 9 mtrs | £15.00 per month |
| c) 12 mtrs | £20.00 per month |
| d) 15 mtrs | £25.00 per month |
| e) over 15 mtrs additional | £1.66 per mtr per month |

Any vessel continuously occupying a berth at a pier/or which does not leave the harbour limits within a 14 day period will then be liable for additional charge as below

- | | | |
|------------------------------------|------------------------|--------|
| a) Under 10m overall length | per wk or part thereof | £8.00 |
| b) 10m but less than 20m overall | | £12.00 |
| c) 20m but less than 30m overall | | £25.00 |
| d) 30m but less than 40m overall | | £36.00 |
| e) 40m but less than 50m overall | | £54.00 |
| f) 50m but less than 60m overall | | £65.00 |
| g) 60m but less than 70m overall | | £78.00 |
| Every 10m in addition to (g) above | | £8.00 |

- 4. Vessels primarily engaged in the supply/operation or harvesting of farmed fish/farmed shellfish will be charged an annual rate based on the gt bands below:**

Up to 15 gt	£224.27
16 gt to 100 gt	£448.54
101 gt to 150 gt	£2,242.75
151 gt to 200 gt	£3,134.09
201 gt to 300 gt	£4,485.49
301 gt to 400 gt	£5,980.65

The compounded charge referred to in (3) above shall cease to be applicable to any vessel continuously occupying a berth at a pier / or if the vessel does not leave the harbour area within a period of 14 days. Such vessels will then be liable for period dues as per Scale A.

GOODS DUES

Conditions:

- (i) Goods dues shall apply to all goods discharged or loaded over one of the Council's piers or handled in the fish market, or to any transfer of goods from craft to craft, craft to shore and from shore to craft which takes place within the limits of a Council harbour but which does not involve the use of a pier except as in (ii) below. Goods dues SHALL NOT apply to goods carried on scheduled ferry services operated or subsidised by the Council. Goods dues SHALL NOT apply in respect of oil or gas loaded into tankers over the oil jetties in Sullom Voe.
- (ii) Salmon Farmers and Shellfish Farmers operating within or serviced from a harbour area but not making use of a Council pier or landing place are required to pay a due of £229.94 annually. Where a Council pier or landing place is used, the full tariff is applicable.

SCALE C - RATES ON FISHING GEAR

- 1. Vessels storing nets on any pier, outwith designated net mending areas**
per net per day £43.15
- 2. However, where nets are stored in bins as provided by the Council the following bin rates apply:**
 - (a) per Glass Fibre Bin per annum £156.95
 - (b) per Small Metal Bin (1.925m x 1.925m) per annum £343.10
 - (c) per Large Metal Bin (1.925m x 2.60m) per annum £386.90
 - (d) New Style Metal Bins (3.04m x 2.43m) per annum £609.55

The above rates are inclusive of insurance and shall be applied to pro rata on a daily basis as appropriate.

Where insufficient bins are available to meet demand, charges are abated for nets left in the designated storage areas to those applicable to a large metal storage bin (No(d) as above) during the period until a bin is available.

- 3. Charge for the use of designated net mending area where not paying compounded dues or landing dues on that visit -**

£91.99 per net for the first seven days, thereafter the rates for use of hard standing areas will apply

Where excessive waste net materials are left behind after use of the net mending area vessels will be charged for collection and disposal of the materials.

SCALE D - RATES ON GOODS

1.	Fresh fish and shellfish - per £1.00 value ad valorem	£0.025
2.	Farmed Fish - per tonne	£14.33
3.	Farmed Shellfish – per tonne	£4.57
4.	Any fish or shellfish landed outwith a Council pier and stored in the Fish market:- per £1.00 value ad valorem	£0.025
5.	Fishermen, vessel owners and agents are advised that if the value of fish consigned through a Shetland Islands Council port is not declared within 1 calendar month of landing, a charge of £3.40 per box will be levied in lieu of the published dues.	
6.	Vehicular Tractors, lorries, plant, motor cars and trailers (any goods which they might be carrying will be charged separately in accordance with the table of due) per tonne	£8.44
7.	Machinery – per tonne	£4.22
8.	Bulk Materials Aggregates both coarse and fine, fertilisers, boulders and cement/sand - per tonne (bulk includes carriage in flexible intermediate bulk containers - FIBC's)	£0.23
9.	Salmon Feed - per tonne	£1.66
10.	Salmon Nets (from/to cages) per net	£25.45
11.	Ice – per tonne	£2.09
12.	Fuel/Gas Oil/Diesel – per tonne	£1.97
13.	Live Animals	£0.43
14.	Any other goods not specified above , per tonne	£2.16
15.	Minimum charge on any one item	£8.74
16.	Water (a) per tonne (b) Min Charge - Water	£2.16 £11.31

Where staff are required outwith normal working hours to provide Water an additional charge will apply. Rates available on application.

SCALE E - RATES FOR USE OF HARD STANDING AREA

1.	Outdoor Storage	
	(a) Short Term - per square metre per day or part thereof	£0.23
	(b) Long Term (min 120 days) - per square metre per day or part thereof	£0.09

NB: (Long Term Storage rates only apply on receipt of a written request

and cannot be retrospective. Where goods have been on Short Term Storage and the charge is to change to Long Term the Long Term Rate will only apply from the date that request is received)

2. Trailers/Containers parked on Harbour property not engaged in loading/discharging of goods (unless a request for long term Storage is received) shall be liable for the following charge:

(a) per day	£5.05
(b) Minimum charge	£7.20

3. Salmon Cages under Construction

- (a) Storage of parts before construction commences – as hard standing rate above.
- (b) Whilst construction takes place - £79.35 per day plus hard standing charge

Charges for building aquaculture cages in harbour waters will be based on the area times an assumed GROSS TONNAGE. Therefore charges will be levied as per Scale A plus hard standing charge for parts.

CHARGES FOR HARBOUR CRAFT AND PLANT

A daily hire rate for any of the following plant can be negotiated at time of hire.

4. Craft/Equipment based at Sullom Voe

(a) Hire of the Pilot/Harbour Launch per hour or part thereof	£390.19
b) Hire of a Mooring Boat per hour or part thereof	£138.33
(c) Hire of Sullom Shearwater per hour or part thereof (Subject to availability)	£138.33
(d) Hire of Fork Lift Truck	£45.02

5. Hire of the Marine Travel Lift

(a) Lifting a boat out of the water and placing on a trailer or onto the set down area including use of equipment and provision of Hoist Driver and banksmen	£503.93
(b) Lifting a boat from a trailer or set down area and lowering into the water including use of equipment and provision of Hoist Driver and banksmen.	£503.93
(c) Cancellation charge if lift delayed over one hour	£132.61
(d) Set Down area charge – 180m2 for £37.08/day for days booked	
(e) Over-stay first 7 days – day rate + 50% per day	
(f) Over-stay second 7 days – day rate + 100% per day	
(g) Over-stay after 14 days – day rate + 200% per day	

Hire subject to availability of equipment and staff and acceptance of the Terms and Conditions of Boat Hoist Service. These can be found on the Ports website

SCALE F – MISCELLANEOUS CHARGES

1. Security

- (a) A security / administration surcharge is applicable to all vessels, not belonging to the Authority, that are required to report to the Harbour Authority under ISPS regulations and that are not on annual dues. £63.00 per visit
- (b) A security / administration surcharge is applicable to all vessels, not belonging to the Authority, that are required to report to the Harbour Authority under ISPS regulations and have paid annual dues. £63.00 per year

2. Access

- Gangways - where available and supplied
- (a) per day £37.58
- (b) per week £112.76
- (c) Personnel access control barriers - where available per day. £3.77
Long Term Rates available on request.

3. Fenders £69.00 each per day

SCALE G – SHIP-TO-SHIP TRANSFER OF OIL

1. Ship-to-ship transfers of oil at a Sullom Voe Terminal jetty, excluding bunker transfers:

- (a) Import vessel(s) per gross cargo tonne Free of Charge
- (b) Export vessel £0.40

The above includes Ship Dues/Pilotage/Boarding and Landing/Mooring/Normal Towage. Any other services will be charged as detailed in the Table of Dues.

For each STS operation up to three hires of the Harbour Launch will be allowed free of charge, thereafter the full hourly/part thereof hire charge for Harbour Craft will apply.

2. Where an export tanker loads crude ex shore tankage before or after a ship-to-ship transfer:

- (a) Import vessel(s) per gross cargo tonne Free of Charge
- (b) Export vessel per gross tonne £0.40
- (c) Export vessel will be moved once Free of Charge

Thereafter the export vessel will attract Ship Dues/Pilotage/Boarding and Landing/departure towage, as published, and any other harbour charges as detailed in the Table of Dues.

3. Hire of craft to transfer hoses and fenders to/from vessels involved in Ship-to-Ship operations:

- (a) Deployment of materials £1086.25 (includes hire of vessel/s up to 3 hours).
Hourly rate of hire thereafter £329.60 per vessel.
- (b) Retrieval of materials £706.58 (includes hire of vessel/s up to 2 hours).
Hourly rate of hire thereafter £329.60 per vessel.

Note: Above figures do not include hire of any shore cranes.

**SULLOM VOE HARBOUR AREA
SCHEDULE OF MOORING RATES**

1. At any one of the oil loading jetties, per mooring operation:

- (a) per Gross Tonne £0.06

**2. A 'mooring operation' shall be any occasion on which the services of one or more mooring boats are required for the purposes of mooring.
Where a vessel is required to shift from one jetty to another the above rates will apply for each separate mooring.**

- (a) At any other jetty - per mooring boat per hour or part thereof £252.92
- (b) At any jetty but not requiring a mooring boat - per hour £116.92
or part thereof

**SULLOM VOE HARBOUR AREA
SCHEDULE OF PILOTAGE CHARGES
(PILOTAGE ACT 1987)**

1. The following charge is payable for piloting a vessel inwards or outwards in the Harbour Area and for each piloted movement within the harbour:

- (a) per gross tonne £0.20
- (b) Minimum charge per act of pilotage £311.68

2. A charge of £183.99 per hour or part thereof shall be applicable in the following cases:

- (i) When a pilot is requested for the departure, moving or arrival of a vessel and the vessel fails to move or arrive within one hour of the stated time of departure, move or arrival;
- (ii) When a pilot is requested and the requirement is cancelled after the pilot has set out to undertake pilotage;
- (iii) For detention aboard ship of a pilot by request of the Master, Owner or Agent and no pilotage service is being rendered, and

- (iv) When a pilot is in attendance on board a vessel berthed alongside during periods of severe weather.
3. Vessels which are being towed by a vessel under pilotage, and any vessel being led within the Harbour Area by a vessel which is under pilotage, shall pay pilotage dues as if the pilot were on board.
 4. Marine Officers of the Shetland Islands Council undergoing training may from time to time accompany the pilot but such trainees shall not be considered to be assistants to the pilot and no extra charge shall accrue to any vessel in respect of such trainees.
 5. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
 6. In calculating pilotage charges a fraction of a gross tonne shall be reckoned as one gross tonne.

**SULLOM VOE HARBOUR AREA
SCHEDULE OF BOARDING AND LANDING CHARGES
(PILOTAGE ACT 1987)**

1. **For each act of pilotage undertaken every vessel shall pay a boarding fee or a landing fee of:**

(a) per gross tonne	£0.08
(b) Minimum charge per act of pilotage	£311.68
2. **If the pilot launch is detained under any of the circumstances as mentioned in paragraph two of the scale of charges for pilotage a charge shall apply as follows:**

For each hour or part thereof	£693.26
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3. When a helicopter is used to board or land the Pilot all charges incurred in respect of aircraft usage, including abortive missions, will be charged to the ship's account. In addition, as a launch is required for safety cover, the normal boarding and landing fee will be charged.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross tonne shall be reckoned as one gross tonne.
6. Vessels which cannot provide regulation boarding equipment and in particular those with forward leading accommodation ladders, may receive or land their pilots by helicopter, if a helicopter is available. In such cases all charges incurred in respect of aircraft usage, including abortive missions will be charged to the ships account.

7. Special rates are applicable for the performance of duties outside those normally associated with pilotage and these are available on request from the Executive Manager / Harbourmaster – Ports and Harbours Operations.

The Shetland Islands Council reserve the right to apply discretionary rates to any charge in the Table of Dues on application.

**SHETLAND ISLANDS COUNCIL
TABLE OF DUES TO BE LEVIED AT
ALL SHETLAND ISLANDS COUNCIL PIERS,
HARBOURS AND FERRY TERMINALS EXCLUDING SULLOM VOE
FROM 1ST APRIL 2016
(Harbours Act 1964)**

"All vessels are expected to be adequately insured prior to entry to, and whilst within, harbour limits. The Harbour Authority reserves the right to refuse entry to uninsured vessels."

SHIPS DUES

Conditions

1. Ship Dues shall apply to all vessels entering the limits of any of the Council's harbours except in circumstances mentioned at (2) and (3) below. These rates shall also be charged by way of berth rents where a Council pier is used in any location outside the Council's harbour areas. Vessels will be allowed to overstay the four-day period in port without additional charge if the harbour is closed, or if unberthing is suspended due to winds gusting regularly in excess of 50kts, or a lower wind speed at the duty pilots discretion.
2. Ship Dues will not be levied on any vessel, which enters a harbour area in order to enable a pilot to board in difficult weather conditions, and subsequently has to depart as a result of the pilot not being able to board. Pilotage and Boarding and Landing charges will however apply in accordance with section 2 (ii) of the schedule of Pilotage Charges.
3. If a vessel is required to leave the harbour by the Harbourmaster for any reason unconnected with defects in the vessel, or the vessel's operation, no ship dues will be levied on the subsequent re-entry. Please note this concession does not apply to pilotage, boarding and landing or mooring boats.
4. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
5. In calculating charges a fraction of a gross tonne shall be reckoned as one gross tonne.

SCALE A - VESSELS PER ENTRY AND STAY PER FOUR-DAY PERIOD OR PART THEREOF

VAT applies to all recreation and pleasure vessels and to all other vessels under 15GT.

1. Any other vessel calling at a Council Pier or Harbour

(a) Per gross tonne	£0.50
(b) Barges - Gross Tonnage by calculation or certificate	£0.50
(c) Passenger vessels/Accommodation Barges or Vessels engaged in offshore oil/gas or other similar operations – Long Term Rate (minimum 1 month stay – per GT per day)	£0.09
(d) Passengers disembarking per person - (tourist traffic/ Passenger liners only)	£2.69
(e) Yachts – Up to 10 mtrs for every additional mtr	£10.00 £2.00 per mtr
(f) Minimum charge per entry in stay at any Pier or Harbour	£10.00
(g) All vessels trading regularly on inter-island services per GT per berthing	£0.07

2. Live Fish Carriers

Vessels carrying live fish can apply for an annual compound rate charge equivalent to 40 trips x gt rate.

3. Fish Feed Ships

Vessels regularly involved in the transport of salmon feed using SIC piers and harbours can apply for an annual compound rate charge equivalent to 40 trips x gt rate.

4. Salmon Cages Launched and Floating in Harbour per 4 day period

Up to 70 Metre Cage	£44.95
70 Metre Cage	£45.32
80 Metre Cage	£52.67
90 Metre Cage	£59.29
100 Metre Cage and over	£65.87

SCALE B - COMPOUNDED ADVANCE ANNUAL CHARGES COVERING USE OF ALL COUNCIL PIERS AND HARBOURS

Movements within the harbour prior to successful application of annual compounded rates will be charged at published period rates. Evidence of third party liability insurance may be demanded by the Harbour Authority at any time. The Harbour Authority reserves the right to refuse entry to uninsured vessels. Annual dues are payable in advance and are non-refundable

2. Registered fishing vessels

a) Up to and including 8m overall length	£36.15
b) In excess of 8m overall length, per metre or part of overall length	£25.52

2. **Vessels regularly providing services within a Council Harbour**
(over 8 metres overall length) - per gross tonne per calendar month or
part thereof £3.39

3. **Pleasure craft/unregistered vessels berthed within a Harbour area, but not
within an established Marina.**

Per month – (minimum charge 6 months in all cases)

a) up to and including 6 mtrs	£10.00 per month
b) 9 mtrs	£15.00 per month
c) 12 mtrs	£20.00 per month
d) 15 mtrs	£25.00 per month
e) over 15 mtrs additional	£1.66 per mtr per month

**Any vessel continuously occupying a berth at a pier/or which does not leave
the harbour limits within a 14 day period will then be liable for additional
charge as below**

a) Under 10m overall length	per wk or part thereof	£8.00
b) 10m but less than 20m overall		£12.00
c) 20m but less than 30m overall		£25.00
d) 30m but less than 40m overall		£36.00
e) 40m but less than 50m overall		£54.00
f) 50m but less than 60m overall		£65.00
g) 60m but less than 70m overall		£78.00
Every 10m in addition to (g) above		£8.00

4. **Vessels primarily engaged in the supply/operation or harvesting of farmed
fish/farmed shellfish will be charged an annual rate based on the gt bands
below:**

Up to 15 gt	£224.27
16 gt to 100 gt	£448.54
101 gt to 150 gt	£2,242.75
151 gt to 200 gt	£3,134.09
201 gt to 300 gt	£4,485.49
301 gt to 400 gt	£5,980.65
401 gt to 500 gt	£7,475.81

**The compounded charge referred to in (3) above shall cease to be
applicable to any vessel continuously occupying a berth at a pier / or if the
vessel does not leave the harbour area within a period of 14 days. Such
vessels will then be liable for period dues as per Scale A.**

GOODS DUES

Conditions:

- (i) Goods dues shall apply to all goods discharged or loaded over one of the Council's piers or handled in the fish market, or to any transfer of goods from craft to craft, craft to shore and from shore to craft which takes place within the limits of a Council harbour but which does not involve the use of a pier except as in (ii) below. Goods dues SHALL NOT apply to goods carried on scheduled ferry services operated or subsidised by the Council.
- (ii) Salmon Farmers and Shellfish Farmers operating within or serviced from a harbour area but not making use of a Council pier or landing place are required to pay a due of £229.94 annually. Where a Council pier or landing place is used, the full tariff is applicable.

SCALE C - RATES ON FISHING GEAR

- 2. **Vessels storing nets on any pier, outwith designated net mending areas**
per net per day £43.15
- 2. **However, where nets are stored in bins as provided by the Council the following bin rates apply:**
 - (e) per Glass Fibre Bin per annum £156.95
 - (f) per Small Metal Bin (1.925m x 1.925m) per annum £343.10
 - (g) per Large Metal Bin (1.925m x 2.60m) per annum £386.90
 - (h) New Style Metal Bins (3.04m x 2.43m) per annum £609.55

The above rates are inclusive of insurance and shall be applied to pro rata on a daily basis as appropriate.

Where insufficient bins are available to meet demand, charges are abated for nets left in the designated storage areas to those applicable to a large metal storage bin (No(d) as above) during the period until a bin is available.

- 4. **Charge for the use of designated net mending area where not paying compounded dues or landing dues on that visit -**

£91.99 per net for the first seven days, thereafter the rates for use of hard standing areas will apply

Where excessive waste net materials are left behind after use of the net mending area vessels will be charged for collection and disposal of the materials.

SCALE D - RATES ON GOODS

- | | | |
|-----|--|-----------------|
| 1. | Fresh fish and shellfish - per £1.00 value ad valorem | £0.025 |
| 2. | Farmed Fish - per tonne | £14.33 |
| 3. | Farmed Shellfish – per tonne | £4.57 |
| 4. | Any fish or shellfish landed outwith a Council pier and stored in the Fish market:-
per £1.00 value ad valorem | £0.025 |
| 5. | Fishermen, vessel owners and agents are advised that if the value of fish consigned through a Shetland Islands Council port is not declared within 1 calendar month of landing, a charge of £3.40 per box will be levied in lieu of the published dues. | |
| 6. | Vehicular Tractors, lorries, plant, motor cars and trailers
(any goods which they might be carrying will be charged separately in accordance with the table of due) per tonne | £8.44 |
| 7. | Machinery – per tonne | £4.22 |
| 8. | Bulk Materials
Aggregates both coarse and fine, fertilisers, boulders and cement/sand - per tonne (bulk includes carriage in flexible intermediate bulk containers - FIBC's) | £0.23 |
| 9. | Salmon Feed - per tonne | £1.66 |
| 10. | Salmon Nets (from/to cages) per net | £25.45 |
| 11. | Ice – per tonne | £2.09 |
| 12. | Fuel/Gas Oil/Diesel – per tonne | £1.97 |
| 13. | Live Animals | £0.43 |
| 14. | Any other goods not specified above , per tonne | £2.16 |
| 15. | Minimum charge on any one item | £8.74 |
| 16. | Water
(a) per tonne
(b) Min Charge - Water | £2.16
£11.31 |
| 17. | Electricity - when electricity is supplied from the power bollards a minimum charge of £7.20 will apply over a seven day period. | |

Where staff are required outwith normal working hours to provide Water or Electricity an additional charge will apply. Rates available on application.

SCALE E - RATES FOR USE OF HARD STANDING AREA

1. Outdoor Storage

- | | |
|---|-------|
| (a) Short Term - per square metre per day or part thereof | £0.23 |
| (b) Long Term (min 120 days) - per square metre per day or part thereof | £0.09 |

2. Warehouse – Indoor Storage, Scalloway

- | | |
|---|-------|
| (a) Short Term – per square metre per day or part thereof | £0.31 |
| (b) Long Term (min 120 days) - per square metre per day or part thereof | £0.10 |

NB: (Long Term Storage rates for Outdoor or Warehouse only apply on receipt of a written request and cannot be retrospective. Where goods have been on Short Term Storage and the charge is to change to Long Term the Long Term Rate will only apply from the date that request is received)

3. Trailers/Containers parked on Harbour property not engaged in loading/discharging of goods (unless a request for long term Storage is received) shall be liable for the following charge:

- | | |
|--------------------|-------|
| (c) per day | £5.05 |
| (d) Minimum charge | £7.20 |

4. Scalloway Harbour – Bulk Cargo Shipments

However, to avoid any delay to the ship when bulk cargo is being handled e.g. sand, aggregate, limestone etc., the consignee/shipper shall be assigned an area of the quay for stock piling purposes at the rate of 400m² per 1000 tonnes. The shipper shall be responsible for clearing up the designated area after the total cargo has been shipped. One week (7 days) per cargo will be allowed free of hard standing storage fees. Any cargo remaining after one week will attract hard standing storage dues at the above rate.

5. Salmon Cages under Construction

- (e) Storage of parts before construction commences – as hard standing rate above.
- (f) Whilst construction takes place - £79.35 per day plus hard standing charge

Charges for building aquaculture cages in harbour waters will be based on the area times an assumed GROSS TONNAGE. Therefore charges will be levied as per Scale A plus hard standing charge for parts.

CHARGES FOR HARBOUR CRAFT AND PLANT

A daily hire rate for any of the following plant can be negotiated at time of hire.

6. Craft/Equipment based at Sullom Voe

- | | |
|---|---------|
| (a) Hire of the Pilot/Harbour Launch per hour or part thereof | £390.19 |
| (b) Hire of a Mooring Boat per hour or part thereof | £138.33 |

(g) Hire of Sullom Shearwater per hour or part thereof (Subject to availability)	£138.33
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(h) Hire of Fork Lift Truck	£45.02
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7. Hire of the Marine Travel Lift

(a) Lifting a boat out of the water and placing on a trailer or onto the set down area including use of equipment and provision of Hoist Driver and banksmen	£503.93
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(b) Lifting a boat from a trailer or set down area and lowering into the water including use of equipment and provision of Hoist Driver and banksmen	£503.93
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(c) Cancellation charge if lift delayed over one hour	£132.61
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(d) Set Down area charge – 180m2 for £37.08/day for days booked	
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(e) Over-stay first 7 days – day rate + 50% per day	
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(f) Over-stay second 7 days – day rate + 100% per day	
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(g) Over-stay after 14 days – day rate + 200% per day	
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Hire subject to availability of equipment and staff and acceptance of the Terms and Conditions of Boat Hoist Service. These can be found on the Ports website www.shetland.gov.uk/ports/ or by contacting Ports and Harbours Reception at port.reception@shetland.gov.uk

8. Craft/Equipment based at Scalloway

(a) Hire of Scalloway Harbour Launch per hour or part thereof	£138.33
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(b) Hire of the Scalloway Harbour Launch to assist berthing per hour or part thereof	£184.07
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(c) Hire of Fork Lift Truck per hour or part thereof	£45.02
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(d) Hire of power washers per hour or part thereof	£20.70
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SCALE F – MISCELLANEOUS CHARGES

3. Security

(a) A security / administration surcharge is applicable to all vessels, not belonging to the Authority, that are required to report to the Harbour Authority under ISPS regulations and that are not on annual dues.	£63.00 per visit
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(b) A security / administration surcharge is applicable to all vessels, not belonging to the Authority, that are required to report to the Harbour Authority under ISPS regulations and have paid annual dues.	£63.00 per year
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4. Access

Gangways - where available and supplied

(a) per day

£37.58

(b) per week

£112.76

(c) Personnel access control barriers - where available per day.

Long Term Rates available on request.

£3.77

3. Fenders

£69.00 each per day

**SCALLOWAY HARBOUR AREA
SCHEDULE OF PILOTAGE CHARGES
(PILOTAGE ACT 1987)**

- 1. The following charge is payable for piloting a vessel up to and including 300 GrossTonnes inwards or outwards in the Pilotage District, to or from either an anchorage, buoy or berth and for each piloted movement within the harbour:**

Per act of pilotage £42.83

- 2. The following charge is payable for piloting a vessel 301 GrossTonnes and over, inwards or outwards in the Pilotage District, to or from either an anchorage, buoy or berth and for each piloted movement within the harbour**

Per gross tonne £0.13

- 3. A charge of £42.83 per hour or part thereof shall be applicable in the following cases:**

- (i) When a pilot is requested for the departure, shifting or arrival of a vessel and the vessel fails to move or arrive within one hour of the stated time of departure, shift or arrival;
- (ii) When a pilot is requested and the request is cancelled after the pilot has set out to undertake pilotage, and
- (iii) For detention aboard ship of a pilot by request of the Master, Owner or Agent and no pilotage service is being rendered.

- 4. Vessels that are being towed by a vessel under pilotage, and any vessel being led within the Pilotage District by a vessel which is under pilotage, shall pay pilotage dues as if the pilot were on board.**

- 5. Marine Officers of the Shetland Islands Council undergoing training may from time to time accompany the licensed pilot but such trainees shall not be considered to be assistants to the pilot and no extra charge shall accrue to any vessel in respect of such trainees.**

- 6. An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.**

- 7. In calculating charges a fraction of a gross tonne shall be reckoned as one gross tonne.**

- 8. Special rates are applicable for the performance of duties outside those normally associated with pilotage and these are available on request from the Executive Manager/Harbourmaster - Port Operations.**

**SCALLOWAY HARBOUR AREA
SCHEDULE OF BOARDING AND LANDING CHARGES
(PILOTAGE ACT 1987)**

- 1. For each act of pilotage undertaken every vessel shall pay a boarding fee or a landing fee of:**

£138.33 per hour or part thereof for use of the pilot cutter, plus outside normal working hours, there shall be an additional charge for labour involved. Rates available on application.

- 2. If the pilot launch is detained by virtue of any of the circumstances in paragraph three of the scale of pilotage charges, a charge shall apply as follows:**

For each hour or part thereof	£138.33
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- 3.** An International Tonnage Certificate (1969) shall be produced to the Harbourmaster.
- 4.** In calculating charges a fraction of a gross tonne shall be reckoned as one gross tonne.

The Shetland Islands Council reserves the right to apply discretionary rates to any charge in the Table of Dues on application.

Harbour Users Panel B

Minutes of Meeting held on Tuesday 10 November 2015 at 1400 hours

Present

M Manson	Chair, Harbour Board
R Henderson	Vice Chair, Harbour Board
J Smith	Executive Manager, Ports and Harbours
S Summers	Administration Manager, Ports and Harbours
R MacLennan	Small Ports Officer, Ports and Harbours
D Sandison	Shetland Aquaculture
P Ross-Smith	Nova Innovation Ltd
B Isbister	SFPO / SFA
J Goodlad	D&B Shipping
A Henry	GAC UK

Apologies

B Dalziel	Harbourmaster, Ports and Harbours
R Henderson	Seafood Shetland
D Goodlad	Net Services
C Laignel	SSMO
E Grieve	Cooke Aquaculture

Notes Taken by: D Johnson, Ports and Harbours

Tables of Dues to be Levied at all Piers & Harbours

Ms Manson welcomed everyone to the meeting. The new draft Table of Dues had been circulated to everyone previously. All the proposed changes were highlighted in blue and Ms Manson asked for comments on these changes. Charges are to increase by approximately 3%.

Mr Sandison expressed concern that the charges are increasing again above the inflation rate. This is what happened last year and such increases are not acceptable. Mr Sandison asked why this increase again.

Mr Smith stated that all options have been looked at. There is ongoing expenditure and Ports & Harbours provides a service which has to be maintained and costs have to be recovered as best as we can. This increase is less than in other areas.

Mr Sandison stated that such changes can have a serious impact on the industries involved and consultation should take place.

Mr Smith agreed that it would be good to have open dialogue with those involved.

Mr Henderson explained that Shetland has its own inflation in his opinion. This can be seen by the difference in labour rates from the mainland.

Mr Isbister referred to Scale D – Item 5 on the 2015 Table of Dues. The charge for landing discs for fishing vessels under 15gt had been removed and he asked how the SIC would now recover the dues payable. He felt it would cost more to enforce the new levies.

Previously all the vessels had been asked to declare their landings and purchase a landing disc. Ms Summers reported that there had been a very poor uptake with this method and it

did not reflect the value of fish landed by some of the boats. Harbour Assistants are in place at the majority of SIC run piers and they collect information but they are not full time so can only provide information on what they see.

When issues with the Toft pier arose earlier this year, the problems with collection of dues had been highlighted. Ms Manson had received lots of calls from local residents and users of the pier when it had been threatened with closure saying they used the Pier but when it was looked in to this was not reflected in the income.

Mr Isbister stated that a great number of landings are probably never declared. If the annual levies are not being collected how will the SIC recover costs for all landings.

This has to be done by consent and a willingness by those involved Mr Smith stated. Mr Isbister agreed that the SFA would be happy to liaise with the SIC and discuss ideas and possible way forward.

Mr Smith reported that the 16/17 Table of Dues along with minutes from Harbour Panel B would be presented to the Harbour Board on 25 November and the full Council on 2 December.

Ms Manson explained that it was hoped to establish a group similar to the old Blacksness Pier Joint Committee where discussions could take place with local fishing / aquaculture businesses. Ms Summers stated that this Panel B could undertake such business.

Mr Sandison inquired if there was any information available on income, landings or vessel movements. Ms Summers stated that a great deal of information on the small piers is given on the website and this included information on expenditure/income.

Mr Henry reported that he had been doing comparisons with other ports and the rates charged at Scalloway harbour are reasonably competitive. The facilities are excellent but the biggest problem is it is not deep enough so the harbour is missing out on potential business. The ports at Scrabster and Montrose were discussed as these can facilitate larger vessels.

Mr Henry would be attending the Harbour Panel A meeting next week when the charges for Sullom Voe will be discussed.

Mr Sandison inquired about the charges and use of the Marine Travel Lift. He had been advised that some owners of smaller vessels felt that the charges were excessive. Could the level of charge be reduced for smaller vessels?

Ms Summers reported that these charges had been reported previously and agreed by the Harbour Board. Use of the hoist has been minimal and this is probably due to the increase in charges. It was agreed that these charges would be looked at but the availability of qualified operators was also an issue.

Mr Ross-Smith stated that he is involved in Renewables and was here to raise the profile of this sector as things are expanding in Shetland in the future. They had been looking at all piers in Shetland for this potential business but had found that access to piers was the biggest issue, infrastructure is there but access is poor and Cullivoe was a prime example of this.

With no further comments or business the meeting was closed.

Ref: M-2 DJ

11 November 2015