

# MINUTE

# A&B - Public

## Harbour Board

Council Chamber, Town Hall, Lerwick

Wednesday 25 November 2015 at 10.00 am

### Present:

M Burgess	A Cooper
B Fox	R Henderson
A Manson	F Robertson
M Stout	

### Apologies:

A Westlake

### In Attendance:

M Sandison, Director of Infrastructure Services  
J Belford, Executive Manager - Finance  
J Smith, Acting Executive Manager – Ports and Harbours  
S Summers, Administration Manager  
P Wishart, Solicitor  
B Kerr, Communications Officer  
L Gair, Committee Officer

### Chair

Ms A Manson, Chair of the Board, presided.

### Circular

The circular calling the meeting was held as read.

### Declarations of Interest

None

#### 29/15 **Management Accounts for Harbour Board – Projected Outturn at Quarter 2**

The Board considered a report by the Executive Manager – Finance (F-055-F), which enabled the monitoring of the financial performance of services within its remit to ensure Members area aware of the forecast income and expenditure and the impact that this will have with regard to delivering the approved budget.

The Executive Manager – finance introduced the report and Officers responded to questions as follows:

- The figure provided for on the job training relates to the training required for the recently appointed trainee pilot. Recognising the age profile of the existing pilots and the length of time it takes for training, a trainee was appointed. This is a new cost and training should be complete by the end of this financial year.
- The cost of this training will come through the pilotage account in the next report but this report has to show the projected figures for the overall Harbour Account.

Mr Henderson moved that the Harbour Board approve the recommendations contained in the report, Mr Robertson seconded.

**Decision:**

The Board **RESOLVED** to review the Management Accounts showing the projected outturn position at Quarter 2.

- 30/15 **Pilotage Accounts for Harbour Board 2015/16 – Projected Outturn at Quarter 2**  
The Board noted a report by the Executive Manager – Finance (F-068-F), which enabled the monitoring of the financial performance of the pilotage services provided by the Council.

**Decision:**

The Board **RESOLVED** to review the Pilotage Accounts showing the projected outturn at Quarter 2.

- 31/15 **2016/17 Budget Proposals and Charges**  
The Board considered a report by the Executive Manager – Finance (F-072-F), which allowed consideration of 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.

The Executive Manager – Finance introduced the main terms of the report and highlighted two changes following the Harbour Users Panel B meeting, namely that the boat hoist charge, based on vessel length, would be reinstated and that the landing disc is continued but that the gross tonnage of the vessel is reduced to 9gt and under.

In responding to a question the Executive Manager – Finance advised that he would provide the figure for the Corporate Centre Recharges to Members after the meeting and this would also be clarified at Council on 2 December 2015.

A Member referred to the Walls Pier Users group and their observations of the fishing activity coming across the Walls Pier and said that there was considerable income to be achieved from the dues that should be imposed and sought assurance that this money would be successfully collected. The Director of Infrastructure Services advised that Officers were working on establishing whether full dues were being received. She said that this relied on an honesty system but Officers were considering other ways of ensuring income is realised, however she could not be sure that the full amounts were being declared. The Acting Executive Manager – Ports and Harbours agreed that this would be taken forward with insight from the Pier Users on identifying the activity on the pier.

At the request of a Member the Acting Executive Manager – Ports and Harbours provided a description of the roles of the Panel A and Panel B meetings and it has been agreed that the Panel B meeting will meet more regularly as the Scalloway Project changes so that it is used as a formal consultation group. It was also noted that the invitation list would be refined for that purpose. The Acting Executive Manager – Ports and Harbours added that pier user groups were the future for effective operations as the detail on the ground is where the community is better placed to observe. Members also noted the explanation given to the relationship between the Harbour Panel A and Sullom Voe Association (SVA) and how their roles differ. It was suggested by a Member that there is a need for the Harbour Board to

have a good overview of how discussions come together and the Director of Infrastructure confirmed that BP also have a seat at the Harbour Panel A meetings. She said that BP are keen to have better communications with the Council and she had a meeting this afternoon to discuss matters that would feed into the overall view of the port. The Vice-Chair added that BP is aware of the Council's position in regard to state aids and that it cannot be seen to subsidise the port. He said that they understood that the Council had no option but to increase the charges this year.

A Member questioned the figures shown in regard to the draw on reserves and questioned whether the Medium Term Financial Review report approved last week of £7k and the contribution to the reserves of £10k should be the same figure. The Executive Manager – Finance explained the position and how these figures are accounted for and how the loss this year would be recovered next year, however the Member said that although he understood the explanation given there should be an opportunity for the public to see this transaction clearly.

Reference was made to the Panel B minute and the comment from the aquaculture industry that they wish more consultation prior to the setting of the dues, and asked if they were content with the proposed table of dues. The Acting Executive Manager – Ports and Harbours said that he was not expecting to hear from the industry prior to this meeting but indicated that he would meet with them tomorrow but he took on board the Member's comments for future consultations.

A Member commented on the changes in the charges and the 3% applied and queried if that percentage had been applied to all charges. The Acting Executive Manager – Ports and Harbours said that the 3% was to cover the amendments to the boat hoist and the disc however next year the charges would be looked at in more detail. In response to further questions and particularly on the charge for pleasure crafts steaming to private piers and pontoons, the Director of Infrastructure Services said that the current system is based on an honesty principle but these particular fees are not being paid. She said that Officers were looking at what works in other ports and changes will not be made until there is more understanding from a review of the charges. She said that the aim of the review was to establish a set of dues that the authority is able to recover and will take everything into account and be tested. She said that the new table of dues would look different from the current one. The Acting Executive Manager – Ports and Harbours confirmed that this review would be undertaken this year. He said that even if a harbour user has their own pier it does have use of the lights and signage from the harbour authority. He said that he expected that this would be a difficult group to engage with and may rely on Member knowledge.

Members discussed the charge applied to the boat hoist and were provided with examples of how this charge compares with other facilities in Shetland. They were informed on the area that had been designated for this activity as well as the procedures in place to ensure that this is a safe and well maintained activity and that the correct insurances are in place. Members were also informed of the staff resources that will be involved in this activity. The Administration Manager confirmed that there were stringent rules in place and that these are clearly stated on the Port's website and provided on each enquiry. It was noted that this activity used to attract income of approximately £16k but that had reduced to only one or two users currently.

The Executive Manager – Finance advised that he had now received the figures relating to a question from a Member on the recharges and advised that there is a

net charge of £310k from the Harbour Account to the General Fund. In response to further questions the Executive Manager – Finance advised that those charges are calculated based on a range of activities and the costs.

Following some discussion on the use of a landing disc, and the ability to monitor its uptake the Director of Infrastructure Services advised Members that the Administration Manager had been tasked with reviewing and improving the current system. It was also noted that a number of options were being considered including the possibility that a pilot would be undertaken that would allow Pier Officers to see personal benefit if they generate income. Work would also be undertaken with the community councils to identify individuals close to the piers that may be interested in monitoring pier activity and if that were backed up with an active user association it would improve on the authority's ability to manage the income. There was also a role for buyers as well as users as it may be that whoever buys the produce may bear the cost. The Acting Executive Manager – Ports and Harbours said that there was work to be done to reach a solution and it was important to look at what works in other areas.

A Member asked whether the pier officers know the extent of the land areas around the piers and suggested that a simple map be used. The Administration Manager advised that she was waiting on boundary maps for smaller ports and this would be provided to relevant officers.

A Member commented on a number of corrections required and suggested that the table of dues be proof read before being presented to the Council. In terms of the landing disc he suggested that there were a number of active fishing vessels undertaking full time commercial fishing activities from which individuals were making a living. It was suggested that the gross tonnage of the vessels should be reduced to 5 gross tonnes. The Member commented further that much time had been spent on other harbour dues and it was important that all users are seen as being treated equitably. It was important to show clearly that there will be a root and branch discussion with the harbour industry. He also said it was important to work with the Lerwick Port Authority (LPA). The Director of Infrastructure Services commented that a commitment had been made to keep meeting with the LPA and that both were in a position to have conversations on which direction each authority is going.

Mr Henderson moved that the Board approve the recommendations contained in the report, with the corrections highlighted by Officers and Members during discussion. Mr Cooper seconded.

**Decision:** The Board **RECOMMENDED** that the Policy and Resources Committee and Council approve the budget proposals for 2016/17 included in the report and set out in detail in the Budget Activity Sheet (Appendix 1); and

Approve the Table of Dues (Appendix 2), subject to further amendment, as discussed at the Harbour Board, which includes the following:

- That the previous charging arrangement for the Boat Hoist be reinstated based on length, updated by inflation, which is more in line with industry practice; and
- The "Landing Disc for under 15 gt vessels" be continued, but that the gross tonnage of the vessel be reduced to 5gt and under.

The meeting concluded at 11.10am.

Chair