

MINUTE

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Harbour Board

Council Chamber, Town Hall, Lerwick

Monday 23 May 2016 at 3.30 pm

Present:

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

Apologies:

None

In Attendance:

M Sandison, Director of Infrastructure Services
J Belford, Executive Manager - Finance
J Smith, Acting Executive Manager – Ports and Harbours
A Inkster, Team Leader – Port Engineering
C Reeves, Acting Harbourmaster
B Kerr, Communications Officer
L Gair, Committee Officer

Also:

Capt. T Auld, Designated Person, ABP Mer

Chair

Ms A Manson, Chair of the Board, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None

Minutes

The minutes of the meeting held on 1 March 2016 were approved on the motion of Mr Henderson seconded by Mr Robertson.

08/16 Management Accounts for Harbour Board: 2015/16 - Draft Outturn at Quarter 4

The Board noted a report by the Executive Manager – Finance (F-022-F), which presented the financial performance of services within its remit.

The Executive Manager – Finance introduced the report and in responding to a question on why the income for the tugs had not appeared in the Harbour Board management accounts he explained that as this is a capital receipt and required a number of accounting entries it is processed through the Council's capital account. It was suggested however that this should have been accounted for in the Harbour

Account as that is where the expenditure had been taken from. The Executive Manager – Finance said that this could have been done and he would consider this for future reporting.

A typographical error was highlighted in paragraph 1.2 of Appendix 1 “tow rail” should read “toe rail”.

The Director of Infrastructure Services responded to a question on, risk management and the future of Sullom Voe, by explaining that one main risk identified is that the Council has no control over tanker traffic but better engagement with the industry will provide a better picture of future usage. She said that the operation will always have risk unless a different way is found to fund the harbour. One thing that is being discussed with BP is a different charging mechanism but is not the Terminal Operators preferred option. The Director of Infrastructure Services said that it was important to hold on to the fact that Sullom Voe has a sustainable future to 2050 and that there will be an upturn in operations as the West of Shetland evolves.

The Committee acknowledged that the oil industry will pay for the cost of the harbour and that cost will never fall on to the reserve fund or the rate payer.

Decision:

The Board **RESOLVED** to:

- Note the Management Accounts showing the draft outturn position; and
- Note the proposed budget carry-forwards which will be included in the overall Draft Outturn report to be presented for approval at Policy and Resources Committee on 24 May 2016.

09/16

**Pilotage Accounts for Harbour Board:
2015-16 - Quarter 4 (April 2015 - March 2016)**

The Board noted a report introduced by the Executive Manager – Finance (F-031-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 4.

10/16

Ports and Harbours Performance Report - 4th Quarter 2015/16

The Board noted a report by the Acting Executive Manager – Ports and Harbours (PH-05-16-F), which summarised the activity and performance of the Ports and Harbours Service for the reporting period above.

The Acting Executive Manager – Ports and Harbours introduced the report.

In responding to a question the Acting Executive Manager – Ports and Harbours explained that the Sella Ness industrial site was being discussed in terms of a potential project that is being led by HIE. From some discussion it was agreed that although not actively involved, Ports and Harbours would be concerned with regard to impacts to vessel movements. The Committee agreed that a briefing will be

provided to Members on the use of the land at the industrial site, including impacts and options for vessel movements.

At the request of the Committee the Acting Executive Manager – Ports and Harbours provided a summary of the shift patterns for Pilot Launch Staff and commented that any changes to the Terminal's operation may require further changes. This would be the same for towage if there is substantial change on loading and berthing. He also advised that the changes to the VTS staff shift arrangements had been in response to staff engagement and improvements to work life balanced. A system was put in place that appears to make things easier for the internal body clock. He said that the current arrangement ensures that the service continues to be delivered.

The Acting Executive Manager – Ports and Harbours confirmed that the Business Development Process included engagement with a range of stakeholders. He said that the focus would be on industry users but the Community Council would also be involved. He said that the next report would focus on practical aspects but the marketing strategy also needs to be considered as well as port staffing arrangements.

The Committee was advised of an instance where there was no fuel in Lerwick but there was in Scalloway which demonstrated that the two ports work together in a symbiotic relationship.

In response to a question, the Director of Infrastructure Services confirmed that the master plan will be a living document and will also be reported to Council.

Decision

The Board discussed the contents of the report, commenting on progress against priorities to inform further activity within the remainder of this year, and the planning process for next and future years.

11/16 Harbour Board Business Programme 2016/17

The Board noted a report by the Team Leader – Administration (GL-24-16-F), which informed of the planned business to be presented to Committee for the remaining quarters of the financial year 1 April 2016 to 31 March 2017, and sought discussion with Officers regarding any changes or additions required to that Programme.

The Director of Infrastructure Services confirmed that the Toft Pier would be reported as part of the asset investment planning business case through the gateway process and feed into the 5 year Asset Investment Plan.

Decision

The Board considered its planned business for the remaining quarters of the financial year 1 April 2016 to 31 March 2017 and **RESOLVED** to approve any changes or additions to the Business Programme.

12/16 Harbourmaster's Report

The Board noted a report by the Interim Harbourmaster (PH-06-16-F), which briefed and informed the Port Marine Safety Code (PMSC) Duty Holder of the professional concerns and current status as reported by the Harbourmaster.

The Director of Infrastructure Services introduced the report. Capt T Auld was invited to address the meeting and provided a verbal presentation to Members on his findings as Designated Person for the Port of Sullom Voe.

In response to a question, the Director of Infrastructure Services advised that Recommendation 14, in terms of small port inspections, would be addressed by carrying out inspections. These inspections would be carried out by the Council's Harbourmaster and Team Leader – Engineering but to date planned visits had been disrupted by weather. In addition to inspections staff would speak to harbour users as part of the engagement on fees and charges.

Decision

The Board resolved to consider the content of the report in its role as Duty Holder, and noted that the necessary management and operational mechanisms are in place to fulfil that function.

In order to avoid the disclosure of exempt information, Ms Manson moved, Mr Henderson seconded, and the Board RESOLVED to exclude the public in terms of the relevant legislation during consideration of the following items of business.

13/16 Solan and Bonxie - Conclusion of Sale

The Board noted a report by the Director of Infrastructure Services which confirmed the sale of Solan and Bonxie has been concluded and establishes the lessons learned from the procurement of the tugs Solan and Bonxie into a framework for risk mitigation for future vessel replacement projects.

The Director of Infrastructure Services introduced the report responded to questions.

Decision

The Board **RECOMMENDED** that Policy and Resources Committee and Audit Committee:

- Note the information in the report and appendices; and
- Consider the adequacy of the protective factors and control measures in addressing risk in future procurement exercises.

The meeting concluded at 4.55pm.

Chair