

MINUTES

A&B - PUBLIC

**Special Shetland Islands Council
Council Chamber, Town Hall, Lerwick
Wednesday 17 April 2019 at 11.30 am**

Present:

M Bell	M Burgess
A Cooper	S Coutts
J Fraser	C Hughson
S Leask	E Macdonald
A Manson	R McGregor
A Priest	I Scott
D Simpson	C Smith
G Smith	T Smith
R Thomson	A Westlake
B Wishart	

Apologies:

P Campbell
A Duncan
D Sandison

In Attendance (Officers):

M Sandison, Chief Executive
J Smith, Director of Infrastructure Services
R Sinclair, Executive Manager – Assets, Commissioning and Procurement
J Manson, Executive Manager – Finance
J Riise, Executive Manager – Governance and Law
T Coutts, Team Leader – Business Development
A Inkster, Team Leader – Port Engineering
P Wishart, Solicitor
C Anderson, Senior Communications Officer
L Malcolmson, Committee Officer

Chairperson

Mr Bell, Convener of the Council, presided.

Circular

The circular calling the meeting was held as read.

The Convener ruled that in accordance with Section 43(2) of the Local Government in Scotland Act 2003, the attendance of Councillor Mark Burgess and Councillor Amanda Hawick during the proceedings would be permitted by telephone link.

Declarations of Interest

None.

The Council considered a report by the Executive Manager – Assets, Commissioning and Procurement (ACP-01-19-F) that provided information on a Business Case for Toft Pier.

In introducing the report, Executive Manager – Assets, Commissioning and Procurement advised that the EMFF Funding process required the output from the tendering process when considering the project bid. In order therefore to meet the terms of the external funding the Council had approved an exception to its usual policy to proceed to tender, which resulted in the project being awarded £1m external funding.

The Executive Manager – Asset, Commissioning and Procurement highlighted that paragraph 5.1 of the report stated the need to move into private to discuss any detail relating to the tendering process. He advised the Council on a typographical error in Paragraph 6.9 where the figure of £500k should read £600k. The Executive Manager – Asset, Commissioning and Procurement also informed that since writing the report planning consent had been secured.

During questions Members were advised on the dialogue with Marine Scotland regarding the possibility of further funding support, more targeted towards fisheries. The Director of Infrastructure Services explained that Marine Scotland had hoped to announce at the end of March but other matters such as Brexit had taken their focus and delayed any announcement. He advised that he would check on progress.

In responding to a question regarding damage caused at Toft Pier some time ago, the Chief Executive advised that no action had been taken as the Council had, at that time, considered the pier as a redundant asset having chosen not to maintain the pier when it was still in use.

Reference was made to the late presentation of this report in relation to the decision required for the tenders to be awarded. In acknowledging this, the Chief Executive explained that this was not customary but the Council had agreed to suspend standing orders to allow tenders to be prepared in order to comply with the requirements of the external funding to process. She further advised on the increased cost to the Council as a result of the temporary mooring provided to facilitate industry following a decision taken to restrict vehicular access. Should a decision be taken to proceed with the reconstruction of the pier the increased costs would be taken from the operating budget. The Chief Executive added that there had been significant engagement with industry which has been built into the business case. She gave Walls Pier as an example of where an asset had been built and its usage had exceeded expectation with a less robust business case.

In addressing questions on whether the pier could have been restored privately, the Director of Infrastructure Services advised from discussion with the aquaculture industry in terms of formal shared ownership however none of the fishermen that had the ability to own the infrastructure and there was no single company willing to take it on. There would also have been state aid implications in some of the options considered. The Director of Infrastructure Services advised that the Council has the unique position to make long term investments for many users that other individual owners could not provide.

In addressing concern around the additional Marine Scotland funding the Director of Infrastructure Services advised that the funding available was complementary to

the project and although there had been positive dialogue with Ministers, an announcement was yet to be made.

Concern was expressed around the previous decisions taken not to continue maintaining the pier and it was acknowledged that in transferring between ferries and ports the budget for the asset had not been built into the Port Maintenance Programme. It was also suggested that there was a lack of information regarding the landings at other piers, and how much of an increase and value that would return once the Toft Pier was rebuilt. The Director of Infrastructure Services advised that marine management checks had been carried out with full analysis that could be extracted and provided to Members. It was suggested however the information this may be too late for the decision to be made. Members were also assured that the draught and depth at the new Toft Pier would cater for longer vessels with a larger landing face. Some information was provided on the variations in harvesting and that the new Toft Pier would provide an opportunity to be flexible with the type of landings which would be of interest to the industry.

Reference was made to the proposed Net Service Station, and the Convener advised that application had no relevance to the decision being made by the Council. The Director of Infrastructure Services responded to a question regarding services required by the Industry such as shore power and CCTV. In terms of fuel supply he advised that there could be commercial partner involvement if that were required. In terms of leisure use at the port it was noted that this was limited but there were discussion with the community through Community Councils. He said that consideration had been given to a breakwater and marina at Toft but that could not be accommodated in these proposals as there was a clear interest was in providing better facilities for industry. He suggested however there could potentially be an increase in leisure use.

In terms of ongoing revenue costs the Chief Executive explained that harbour charges are determined by operational costs and the rate of return split across the amount of traffic at all piers. She said that given the increase in traffic anticipated at the new Toft Pier it was likely that an increase in operating costs would be met through the increase in use.

During debate, it was acknowledged that there was potential for an increase in traffic particularly when the current pontoon was still being used. It was noted that some boat owners had gone elsewhere due to the difficulty in landing under the current provision but the intention for some were to come back if the facilities are in place. It was recognised that fish landings fluctuate but confidence was expressed that if the correct draft was provided there would be a return to Toft Pier. Comment was made that the Toft Pier would provide income within the Sullom Voe Harbour area and the maintenance of a safe pier would be met by ship owners and it was hoped that further Marine Scotland funding would be available as well as other sources.

Mr Cooper moved that the Council approve the recommendations contained in the report. Ms Manson seconded.

Some Members spoke in support of the motion, and commented on the extreme difficulty some users had faced with in the current provision of the pontoon and that there was a real need for landings still to be made at the Toft Pier.

There was however some concern that the business case still contained a degree of “could” and “might” around this project and it was suggested that the decision put forward potentially opened the question of how the gateway process is being used.

The Leader reminded Members that unless an amendment was put forward the decision would appear as unanimous. He made comment on the £1m external funding awarded and that he was confident that the industry would prove how important the Toft Pier reconstruction has been to them. He said that there had been a commitment when the Council set its budget a few months ago in terms of wider implication on other assets and that Members had to show leadership on priorities going forward. The reminder on priorities was welcomed by Members.

Comment was made on the monitoring of piers being important and part of a culture change by the Harbour Authority having identified a weakness in information available. It was however confirmed that with the implementation of the new pier there would be adequate monitoring in the future. It was noted that this project was the reason for the ZCC Act was created in the first place, in terms of looking after property as well as the reserves for the benefit to Shetland.

As a final comment reference was made to other projects that have given rise to concern on the cost of projects and whether there had been justification to spend, examples of projects were given that were strategically and geographically in the right position to attract activity and income. In this instance, Toft Pier had been put forward as a project in the right place to keep traffic out of Sullom Voe, and that there was a lot of evidence from the industry to support the project.

Decision:

The Council RESOLVED to:

- adopt the preferred option, namely to rebuild and extend Toft Pier, as set out in Appendix A; and
- approve the budget in the Council’s 5 year Asset Investment Plan

The meeting concluded at 12.25pm.

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Convener