

MINUTE

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Harbour Board
Port Administration Building, Sella Ness
Thursday 11 January 2007 at 10.30 a.m.

Present:

I J Hawkins J C Irvine
W A Ratter J G Simpson
Mr C Smith W Tait

Apologies:

E J Knight Capt. D C Gray
J Smith

In Attendance (Officers):

J T Dickson, General Manager, Ports & Harbours Operations
B Edwards, Operations Manager, Ports
A Inkster, Port Engineer
S Summers, Administration Manager
L Gair, Committee Officer

Chairperson:

Mr J G Simpson, Chairperson of the Board, presided.

Circular:

The circular calling the meeting was held as read.

Minutes:

The minute of meeting held on 17 November 2006, having been circulated, were confirmed.

In response to a query from Mr W Tait, the General Manager advised that the Capital Project Monitoring Team had been superseded by the Capital Programme Review Team. The Board discussed the need for harbour matters to be represented on the CPRT and requested that the General Manager seek details of the CPRT membership.

01/07 **Ports Project Monitoring Report**

The Board noted a report by the General Manager (Appendix 1).

Dock Symbister – RCM 2309

The Port Engineer advised that there was nothing further to report, but said verbal agreement had been received from Historic Scotland and hoped that written agreement would follow soon, to allow this to go to the Capital Project Review Team soon. He confirmed that the works would have to be re-costed.

Navigational Aids, Sullom Voe – PCM 2104

The General Manager advised that the software of Scalloway harbour area had been installed on the college simulator and was very good and realistic. He said that training of Sullom Voe Pilots would take place between 23 January and the end of March with Pilots carrying out the training mainly during the hours of darkness. He added that the staff had done a great job getting this facility in place.

Sullom Voe Terminal Maintenance Contract

The Port Engineer advised that this had been the busiest year for jetty maintenance and this was the last contractual year for Malakoff. He said that the contract would be going to tender by the end of the year.

Walls Pier

The Port Engineer advised there was nothing further to add.

Extension to Sella Ness Pier

Mr W A Ratter said that picking up on concerns as to how the CPRT are going to handle harbour matters, he was of the opinion that the Board should ask the Council to make an explicit decision on the extension to the Sella Ness Pier. He added that the Board are committed to developing the harbour and said that it would be a fundamental economic benefit for the whole of Shetland. Mr Ratter said that the state aids issue was ongoing, but that it was out of the Board's control. He added that the Council agreed unanimously to support this as well. Mr Ratter said that the developer had spent a lot of money on this and that everything was in place to continue, except the Notice of Intention to Develop.

Mr Ratter said that the Harbour Board was sending a signal to every developer that the Board is not to be depended upon. Mr W A Ratter moved that the Harbour Board reaffirm the current position and ask the Council to make a decision on the Sella Ness Pier, and that the Harbour Board ask the Council how the Capital Project Review Team methodology is going to consider harbour developments. In seconding, Mr W Tait said that when he supported the development of the pier, he was looking at the wider picture of Sullom Voe and decommissioning and had felt that the extra work coming to Shetland would be too much for Lerwick. He said that he saw the pier as something for the future that could bring benefit to the Brae area.

The General Manager said that the original report for the pier included a lot of other things including the import of wind generator blades and a heavy lift pad for a crane. He added that this would be the deepest berth in Shetland outwith the tanker jetties.

The Chairman said that the Board took an honest decision to approve the pier and expressed his disappointment that the Council could say no to this project. He added that officials may report against the decision made by the Council 2 years ago. The Chairman asked why a project, with Council backing, goes to the back of the programme list. Mrs I J Hawkins advised that it used to be the case that if a project was added to the list then another was removed, but now projects are simply added.

Mr Tait was of the opinion that there was no political control or input into what is dropped to the bottom of the list, leaving Officials to decide.

Tug Replacement

The Chairman advised the Board that the detail of this item would be dealt with in private at the end of the meeting. The General Manager advised that the short listing was complete and that there were 2 Shipyards being considered. He advised that both Shipyards were in Europe and both were technically competent. He said he hoped to be in a position next month to have the Council sign the letter of intent, which would be sent to the preferred bidder prior to the contract being signed.

The General Manager further advised that there remains a delivery time of 3 years for the main engines, and that a deposit would have to be sent soon but that the engines would not be delivered until 2010.

Uyeasound

The General Manager advised that work was continuing and that the Harbour Revision Order would be in by the end of the month.

Scalloway

The Port Engineer advised that the fendering work would be finished next week, weather dependent. He said that the forklift was on its way. The Port Engineer said that the warehouse prices were expected next week which would allow them to place the contract and then estimate the completion date which is dependent on the delivery of steel.

02/07

Port Operations Report

The Board noted a report by the General Manager (Appendix 2).

Sullom Voe

The General Manager advised the Board that there was a drop in production from the Brent System, and although there were more ships they were smaller ships which meant less income for the port.

Provisional figures for 2006 showed that Brent production was down by 9.1% and similar to the 8.5% decrease in 2005. Schiehallion figures were broadly the same in 2006 as in 2005.

This continued decline in oil production further emphasises the Council's position in that a long-term agreement is required with the oil industry to ensure the long-term future of Sullom Voe Harbour.

Scalloway

Mr W A Ratter said that Scalloway was going through a real bright spot and it was very gratifying to see. He was of the opinion that the figures at Sullom Voe showed that the Board must not get bogged down with the fish meal factory and it was incumbent on the Board to develop business of any kind to make it a general harbour. He added that this was an issue for the whole of Shetland and not just one ward.

Mrs I J Hawkins thanked the Marketing Group for the work they were doing and said that marketing Scalloway Harbour must continue.

The Chairman said that the Board is here to represent all SIC Harbours and would remain focussed to ensure that the best harbour facilities possible are established.

03/07

Scalloway Harbour – New Business

The Board considered a report by the Port Operations Manager (Appendix 3)

The Port Operations Manager advised that this formal report follows the verbal report provided at the last meeting. He said that everyone in Aberdeen had been very encouraging and the use made of Scalloway Harbour would be dependent on contracts awarded this summer at which time he would be able to approach the right companies.

The Port Operations Manager advised that with regard to the supply of Baryte, he had spoken to suppliers, but this needed to be looked at further. He said that he had been approached with a query regarding new buildings, and had made it clear that these would be SLAP buildings. The Port Operations Manager said that he had suggested another visit in April/May, but said that it may be more useful to wait until he could demonstrate that facilities were in place and the warehouse on its way as well as identifying other companies with work West of Shetland.

The Port Operations Manager said that in the longer term they would be able to move forward with increasing the depth of water within the harbour once users were more established. In response to a comment by Mr W Tait regarding the water depth and draught, the General Manager said that dredging the harbour was not on the capital programme, but that

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in the longer term, this would be looked at and suggested using the previous study carried out for the proposed pelagic factory and reefers.

Mrs I J Hawkins moved the recommendations in the report, seconded by Mr W A Ratter.

The Chairman said that he had received good reports from the Fishing Industry regarding the services provided at the Scalloway Harbour, and wished to commend the staff for their work.

Mr J G Simpson moved, seconded by Mr W Tait, that the Board resolve in terms of subsection 4 of the Section 50A of the Local Government (Scotland) Act 1973 to exclude the public from this meeting during consideration of Agenda Item 1 (paragraph 5.3) on the grounds that it is likely that, if the public were present, there would be disclosure of exempt information as defined in paragraph 9 of Part 1 of Schedule 7A to the said Act.

(The Media and Public left the meeting.)

04/07

Tug Replacement

The General Manager advised that most shipbuilding contracts were dealt with under English Law because arbitration would be held in London, and an exemption from Standing Order H15 would therefore be required. The Board noted the advice provided by Legal Services and the relevant Standing Orders H15 and 2(e). Mr J Irvine moved that the Board recommend to Council that it grant exemption from Standing Order H15, seconded by Mrs I J Hawkins.

CHAIRPERSON