

MINUTE

A&B - PUBLIC

Harbour Board

Boardroom, Port Administration Building, Sellaness

Thursday 14 September 2017 at 2.00pm

Present:

S Coutts A Duncan
S Leask A Manson
R Thomson

Apologies:

M Burgess A Cooper
D Simpson

In Attendance:

M Sandison, Director of Infrastructure Services
J Belford, Executive Manager – Finance
R Sinclair, Executive Manager – Capital Programme Services
J Smith, Acting Executive Manager – Ports and Harbours
G Maitland, Harbourmaster
D Hopwood, Team Leader – Operations & Engineering Superintendent
A Inkster, Team Leader – Port Engineering
K Main, Team Leader – Team Leader – Port & Marine Operations
C Alderson, Tug Master
F Fraser, Tug Master
M Irvine, Marine Pilot
S Summers, Administration Manager
P Wishart, Solicitor
L Malcolmson, Committee Officer

Also

I Scott

Chair

Ms A Manson, Chair of the Board, presided.

Circular

The circular calling the meeting was held as read.

Declarations of Interest

None.

17/17 Business Justification Case – Purchase of Multratug 29

The Board considered a report by the Acting Executive Manager – Ports and Harbours (PH-12-17-F), which provided an opportunity for the Board to comment on a purchase option for Multratug 29 within the bare boat charter contract for that vessel, to inform subsequent Council decisions.

The Acting Executive Manager – Ports and Harbours introduced the report and the Marine Pilot and Tug Masters were present and available answer any technical operational information on their experience with the Multratug 29, thus far. He also advised that this meeting had been arranged following comments made at the Policy and Resources Committee on 28 August 2017 to allow the Board an opportunity to fulfil its remit and have strategic oversight and direction in regard to this matter. He said that the report authored by the Executive Manager – Capital Programme Services will now be presented to the Policy and Resources Committee on 20 September 2017 which is the last date it can consider the six month option to purchase the vessel. The Acting Executive Manager – Ports and Harbours informed the Board that the Multratug 29 was taken into service to replace the Tirrick and there is also an option to replace the Shalder in the future. He also provided a summary of the suitability of the vessel and the training of the Tug Masters and crews since its arrival in May 2017. It was noted that the tug has successfully conducted all operations to date but more work is required outside of the port and using the bow of the vessel. The Acting Executive Manager – Ports and Harbours Operations added that in terms of risk, were the Council to no longer perform the towage service the expectation would be that if the Council have assets to transfer it would be a requirement that the tugs be included in a contract transfer. He concluded his introduction by advising that the next option to purchase the Multratug 29 would be 25 April 2018 with 30 days notice being given before that date.

The Board then heard accounts from the Marine Pilot, Mr Irvine, who explained what is required by a Marine Pilot by the Tug and he said that the Multratug 29 was excellent and had been able to do all that had been asked of it though the Tug Master. He said that you would have thought that the Tug Master and crew had been working on the tug for many years. He explained how the tugs and their controls are different and the effort that goes into familiarisation on new vessels to get up to speed and he said that the staff involved had done this in a timely manner and from the Marine Pilot's point of view this had been a seamless process. The Tug Master, Mr Alderson said that he had been involved in travelling to Sweden and Turkey to look at other vessels, but the Multratug 29 was the better of the vessels seen. He said that since arriving in May 2017 the vessel had been better than he had expected.

During questions some comments were made on the differences between this vessel and the Solan and Bonxie and how the Tug Masters found that they did not react to the Tug Master's direction as they should have and were ultimately not fit for purpose for the work required in the Port of Sullom Voe. The Board heard in more detail the specific first hand experiences from the Tug Masters in regard to the manouverability and power of the Multratug 29.

The Acting Executive Manager – Ports and Harbours was asked whether this was the right time to purchase the tug rather than continuing with the bareboat charter when the wider work programme is so fluid. The Acting Executive Manager – Ports and Harbours said that the long-term provision of services is to be discussed and officers can only provide evidence and options. In commenting on the wide scope of work he said that following previous reports, there appeared to be no market interest in the purchase of the Port and no one interested in adding to their portfolio. He said that there were companies that had approached him in terms of providing contracted operations like the previous Shetland Towage. He said however that the final decision needs evidence and analysis and it is likely that such an exercise would take a couple of years. The Director of Infrastructure Services said that Officer were also looking at alternatives to outsourcing but in the meantime the purchase of the Multratug 29 should not be seen as a block to any decisions to be taken about the Port in the future. The Board also noted that any future market value of the vessel would be dependent upon the market

at that time, but assurance was given that this vessel was likely to hold its value in that market.

Further consideration was given to the report and having heard the positive feedback from the Officers working directly on the tug, Mr Duncan expressed concerns he received from an absent Member of the Harbour Board and moved that the Board defer a decision on the purchase of the Multratug. There followed some debate and legal advice was given around the competence of the motion and thereafter Mr Duncan said he shared the concerns expressed to him and in moving deferral of a decision on the Multratug 29, he requested that more information be provided on the future proposals for the port and associated financial risk. Mr Leask seconded.

Mr S Coutts moved as an amendment that the Board approve the recommendation contained in the report with the addition that the Board recommends to Council that it exercise its right to purchase the Multratug 29, at its meeting on 20 September 2017. Mr Thomson seconded.

Following summing up a vote took place with a show of hands, and the results were as follows:

Amendment (Mr Coutts)	2
Motion (Mr Duncan)	2

The Chair used her casting vote in favour of the amendment.

Decision

The Harbour Board NOTED the report which detailed a Business Justification Case for the purchase of Multratug 29 and RECOMMENDED to Council that it exercise its right to purchase the Multratug 29, at its meeting on 20 September 2017.

The meeting concluded at 2.55pm.

Chair