

PE1522/D

Public Petitions Committee

**Consideration of Petition PE1522 – Improving Bulk Fuel Storage Safety
Response by Orkney Islands Council - 27 June 2014**

The re-siting of the Oil Storage Tanks at Shore Street Kirkwall has been a long held aspiration of Orkney Islands Council. Discussion on this matter initially took place in 1988 when the Council established a Sub-committee to discuss the possibility of re-location with BP Oil Limited. At the time consideration was given to a number of options: (a) re-location to Hatston Industrial Estate (but the site was not considered suitable); (b) re-location to a new greenfield site at Scapa; and (c) the possibility of shared storage facilities at Scapa for both BP and Esso.

In March 1989 the Council adopted a long-term policy whereby the discharge and storage of oil petroleum products should only be permitted at Scapa which is the location of another oil storage facility (Esso) just outside Kirkwall. This followed public concern about the safety of the existing depot at Shore Street in its present location including concern that the loading of oil at Kirkwall Pier created a safety hazard.

Discussions took place in November 1992 between the Council and representatives of BP Oil UK Ltd, Esso Petroleum Co Ltd to see if agreement could be reached regarding both companies sharing storage facilities at Scapa. Both Esso and BP confirmed that in principle shared use of the existing depot was acceptable to them. However BP indicated that it had no wish to move from its existing site and suggested that any move should be financed by the Council.

The Council confirmed its policy in 1993 that the discharge and storage of oil petroleum products, except fuel oil for Kirkwall Power Station, should only be permitted at Scapa and not at Kirkwall and stated that they intended to enforce that policy in 2 years' time. The Council was also prepared to consider possible acquisition of the site once the costs of cleaning up the site were known. Discussions with BP ceased in 1994 without any agreement being reached.

Talks resumed at the end of 1996 when BP again made it clear to the Council that they would only move to Scapa if new facilities were provided by the Council to replace those it would be vacating. The estimated cost of providing such facilities was £3million.

In trying to persuade BP to move the tanks from Shore Street to Scapa the Council had sought to find arguments and levers to assist in the persuasion, especially on safety grounds and through use of its harbours powers. Legal opinion was sought by the Council in 1997 as to whether the Council as Harbours Authority could prohibit the use of Kirkwall Pier by oil tankers on the grounds of safety, thereby compelling

BP to discontinue use of its Kirkwall pipeline and move to Scapa. The advice indicated that the courts would uphold the rights of those wishing to use harbour facilities on due payment of dues, and the Council did not appear to have strong grounds to prohibit use of Kirkwall Pier by BP. The Council at the time also decided to undertake an independent safety audit of the Shore Street site, for which agreement was required from BP to allow access to the site. BP declined this request. Having not found any effective levers the Council left matters to BP and Esso to discuss in the hope that they would arrive at a solution by themselves. The explosion and fire which took place at the Buncefield fuel depot in December 2005 reawakened concerns about the location of the fuel storage depot in Shore Street. The issue of fuel storage depots adjacent to residential areas was raised by the Highlands & Islands Conveners group as there are similar depots in Lerwick, Stornoway, Portree and Inverness. A joint letter to Malcolm Chisolm, the then Minister for Communities raising concerns about oil and gas depots in built up areas in the islands was submitted in April 2006.

At the time (February 2006) Mr Simon Brogan had also petitioned the Scottish Parliament requesting that a review of the public health implications of siting oil depots in residential areas be undertaken. Mr Brogan also made a deputation to the Council in July 2007 regarding matters of concern to him in relation to the Shore Street tanks.

Following the Buncefield incident contact was re-established with BP whose attitude remained unchanged with the company unwilling to consider relocation due to the costs involved. In early 2007 BP sold its Shore Street depot to Scottish Fuels. Further meetings took place between the Council, Scottish Fuels and Highland Fuels who had taken over ownership of the Scapa depot. Scottish Fuels while expressing reservations about a move to Scapa (principally because of the difficulty of monitoring the integrity of underground tanks) did agree to co-operate with Highland Fuels in a technical and financial assessment of a possible relocation.

The 2008 feasibility study undertaken by GB Oils, the parent company of Scottish Fuels concluded that in order to move all of its operations from Shore Street to Scapa a substantial upgrade of facilities would be required, which even after upgrading would be operationally less satisfactory than its Shore Street depot. GB Oils also claimed that a move would result in Orkney's strategic oil storage capacity being reduced by 50% for Derv, Gas Oil and Kerosene, thus making the Islands more vulnerable to running out of fuel.

The aspiration of the Council remains to see the oil tanks relocated from Shore Street.

The Council's planning policy documents confirm the Council's desire to see the Shore Street site redeveloped and the oil tanks relocated. The site was initially

identified in the 2004 Orkney Local Plan as a key redevelopment opportunity. It stated:-

“R4 – Shore Street Oil Tanks – This prominent site overlooking the harbour is currently used by BP for oil storage and distribution. The use is not considered appropriate for this prominent town centre and harbour front location, and the area as a whole makes a poor visual statement when viewed from the harbour front. Orkney Islands Council has approached BP to discuss the relocation of the oil tanks to an alternative site at Scapa, without success, but will continue to encourage and support proposals for relocation to a more suitable site. Any relocation from this site would release land for development, resulting in greater economic benefit to the community, potential environmental improvements and the removal of a potential risk from a town centre location. The site is likely to be contaminated and reinstatement costs may therefore be high. The site would be suitable for a number of uses including retail/commercial, or residential flats.....”

In the current Orkney Local Development Plan (Adopted – April 2014) the Shore Street site is identified as a business, industrial and mixed use development site. The Kirkwall Urban Design Framework supplementary guidance supports the Local Development Plan. It provides a detailed study of Kirkwall and establishes policies, principles and proposals for new development in the town. One of the established principles is redevelopment of brownfield/derelict sites with one of the identified sites being the Shore Street Oil Storage Depot. In respect of the oil depot the Urban Design Framework states:-

“As a high profile site on the harbour front, there should be a long term strategy for the replacement of the oil depot on Shore Street to Hatston. The replacement of the oil depot offers significant potential for a landmark development perhaps worthy of a design competition. Possible uses may include; a hotel; conference facilities; restaurant; office space; residential; retail; marina services. The site is large enough that it could provide a combination of the above through a mixed use development. The design of any new building on the oil depot site should incorporate design features which address the proximity of the site to the seafront and the associated risk of coastal flooding”.

In conclusion the Council has had and continues to have concerns about the potential safety and environmental issues associated with the location of the Shore Street Oil Depot in a sensitive waterfront location within the town centre of Kirkwall. This is evidenced by the history of negotiations with the owners of the Shore Street depot over more than 25 years in an attempt to persuade them to re-locate to a more favourable site.

Orkney Islands Council would also agree that there appears to be an anomaly with regard to the application of the Water Environment (Oil Storage)(Scotland)

Regulations 2006. It is not clear why oil depots such as Shore Street where the premises are used for the onward distribution of oil to other places are exempt from the legislation. Regardless of the how the oil is to be used/distributed the potential level of risk or impact from an oil spillage will not be any less on this type of site compared to a site where the fuel is stored for use on the site.

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