



Scrabster Harbour
YOUR GATEWAY TO THE NORTH



**SCRABSTER HARBOUR TRUST
ANNUAL REPORT 2022-23**

Table of Contents

About Us	3
Chairman's Report	5
Key Operational Indicators	8
Business and Operations Review	9
Strategic Planning	14
Scrabster in the Community	16
Compliance & Competence	17

About Us

Scrabster Harbour Trust is an independent statutory body, governed by its own local legislation, run by an independent board for the benefit of stakeholders.

All profits, after corporation tax, are re-invested back into the maintenance and where possible improvement of infrastructure and facilities whilst keeping charges competitive for our customers and users.

Our primary aim is to re-invest in our assets so that the whole community of stakeholders benefit now and in the future.

The Trust is established and acts in terms of various Scrabster Harbour Acts and Orders enacted in the period 1841 to 2011. The current constitution and management arrangements of the Trust are set out in the Scrabster Harbour Revision (Constitution) Order 2005.

The Board in 2022-23

Non-Executive Members

Tom Pottinger, Chairman – term of appointment to September 2024

Alexander Anderson, Vice Chairman – term of appointment to September 2023

Douglas Mackay – term of appointment to September 2025

Tanya Sutherland – term of appointment until September 2023

William Thomson – term of appointment to September 2024

Catriona Whitefield – term of appointment to September 2025

Heather Calder – co-opted October 2022

Executive Member

Sandy Mackie, Trust Manager



Chairman's Report

I am writing this report on a sunny September morning before going out to help with harvest work on the farm although now mainly reduced to the role of "gopher" and kept away from any complicated heavy machinery by my two sons! Quite right too!

This year's weather has been very changeable with a very warm June followed by a mediocre July and August making our farming activities challenging at times. Similarly, Scrabster has had to deal with the vagaries of the weather making the management of this summers cruise season and the berthing of large cruise vessels testing at times. Safety is the uppermost concern for passengers as well as vessels and the crews.

I am very pleased to record that the Harbour Trust has produced another year of record turnover at over £4.6 Million and record profit of £2.078 Million before tax. This has enabled some debt reduction with more planned. The cost of developing the new Ola Quay is being steadily reduced leaving scope for future investments in port infrastructure.



The Ola Quay in its first full financial year of operation has proved its worth with many different users; from cruise ships to log boats, from oil and gas supply ships to fishing boats mending nets, making use of the facility.

When we first looked at redeveloping the pier off shore wind was not on the horizon. Now it has become a significant reality with the West of Orkney windfarm and the Pentland floating wind project becoming closer to reality. If these projects clear the hurdles of Planning Approvals, Contract for Difference contracts, cost of construction and pass their respective Board approvals then we could see Scrabster becoming a base for Operation and Maintenance services. One should not underestimate the challenges this fast growing off shore industry

faces in becoming a reality and as a responsible port authority we are very supportive but also realistic.

Another recent announcement regarding off shore energy has seen the Meygen tidal energy scheme gain a Contract for Difference therefore guaranteeing the price of its future output. Their challenge remains to deliver this expansion in a technically difficult environment. As with the first four underwater turbines Scrabster is ready and willing to assist.

Sandy Mackie, Trust Manager, will give much more detail on the financial performance of the Trust and the activities of the port over the 2022-23 accounting period. He will also give some detail on more recent engagement with cruise activity and community involvement when the Board were very pleased to assist some of the sail trainees on the recent tall ships event from Norway to Shetland.

It remains for me to thank my fellow Board members for their participation and support in the business of Scrabster Harbour Trust, to Sandy Mackie and his team for all their hard work in making Scrabster a welcoming and successful harbour and to all our stakeholders who make the port what it is today.

Best wishes,

Tom Pottinger.



Key Operational Indicators

Number of Arrivals	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Ferry	829	773	760	794	805	803
Fishing	884	1,042	989	1,107	1,344	1,145
Offshore Oil	76	49	99	108	105	96
Renewables	56	13	25	4	6	4
General Cargo	95	111	95	103	81	90
Fish Cargo	75	93	99	57	48	53
Tankers	31	33	33	31	31	39
Cruise	4	8	0	10	12	11
Visiting Yachts	66	39	23	77	48	61
Total Arrivals	2,116	2,161	2,123	2,291	2,480	2,302

Tonnage of Vessels	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Ferry	7,278,620	6,786,940	6,671,626	6,945,492	7,057,334	7,026,860
Fishing	252,540	274,136	248,463	258,613	309,338	254,691
Offshore Oil	377,510	254,099	374,178	559,514	519,995	457,595
Renewables	115,825	12,986	69,162	23,896	40,050	22,296
General Cargo	112,680	111,235	103,310	181,654	136,443	153,080
Fish Cargo	286,895	392,987	420,116	206,142	195,992	211,497
Tankers	55,993	53,049	58,254	50,313	49,512	50,700
Cruise	115,394	249,407	0	164,177	203,174	191,140
Total Tonnage	8,595,457	8,131,839	7,945,109	8,389,801	8,511,838	8,367,859

Traffic Statistics	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Ferry - passengers	163,538	115,859	47,110	155,461	153,530	147,183
White fish - Box Landings	316,797	324,573	267,796	280,224	355,049	292,523
Offshore Oil - cargo tonnes	588	2,440	5,445	10,222	8,689	12,141
Renewables - cargo tonnes	0	0	1,545	0	42	82
General Cargo - tonnes	44,880	45,605	50,474	52,048	33,073	35,771
Fish Cargo - tonnes	15,447	17,823	18,196	17,398	15,314	13,809
Tankers - tonnes	40,440	40,872	41,199	38,333	39,536	41,292
Cruise - Passengers	2,050	3,413	0	2,808	4,390	4,350

Business and Operations Review

The 2022-23 trading period generated record revenue and trading profit.

FINANCIAL HIGHLIGHTS

£4.272 Million Turnover	£2.078 Million Pre- Tax Profit for year	£2.526 Million Net Current Assets	£5.2 Million Total Borrowing
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Turnover amounted to £4.272 million for the trading period, an increase of 11% on the previous year. The growth in revenues reflected greater ferry activity, increased offshore energy traffic partly off set by a reduction in Faroese Fish Cargo revenues.

Total income for the period, including property income, amounted to £4.613 million, a record.

A pre-tax profit of £2.078 million was generated, up 34% on the previous period. The profitability position reflecting greater income generation and a lower level of operating cost compared with the previous year.

The total funds, in the Trust's balance sheet totalled £14.127 million as at 31st March 2023, an increase of 14% on the 2022 figure. Net Current Assets as at year end, amounted to £2,525,963, a decrease of £411,463 on the prior year figure.



The strong trading position, and associated cash inflows, allowed the Trust to reduce its long-term borrowing during the period. A total of £2.4 million of debt was repaid during the year, through a combination of scheduled instalment payments and one-off lump sum repayments. The remaining borrowings totalled £5.2 million as at 31st March 2023.

The current financial period has seen further growth in revenues and further reduction in borrowing is planned.

Total vessel arrivals totalled 2,116 in the 2022-23 period, a small decrease on the prior year. However, the total gross registered tonnage (GTR) of vessels through the port amounted to 8.595 million tonnes, a 7% increase on the previous year.

The growth in vessel tonnage coming from ferry, cargo and offshore energy related vessels.

SECTOR REVIEW

Ferry

The passenger numbers on the lifeline ferry totalled 163,538 and increase of 41% on the previous year. The income reflects increased summer traffic and the impact of the disruption to Orkney services following the grounding of Pentland Ferries "Alfred".

The increase in ferry traffic has continued in the 2023 summer season.

The second phase of critical repairs to the ferry linkspan was completed in January 2023.

Fishing

Fishing activity, as measured by box landings, totalled 316,797 boxes a decrease of 2% on the previous year.

Consigned landings totalled 265,572 boxes, almost identical to the prior year. The position for the box landings through the port fish market was a decline of 11%. Overall fishing revenues increased by 3% but shellfish revenues declined by 20%. Loyalty rebates totalling £42,582 were paid to regular landing vessels for the 2022-23 trading period.

Landing activity in the new financial year has been on a similar level to 2022-23, with a welcome increase in market landings influenced in part by rule changes allowing smaller boats to make regular short trip landings.

Energy (Oil Related and Renewables)

There were 132 energy related vessel arrivals in 2022-23, over double the number in the previous year. Similarly, vessel tonnage increased by 85% to 493,335 tonnes.

The increase activity was due in large part to the port hosting campaign activity during the period for both the offshore wind and oil & gas sectors.

Both the Pentland Floating Wind and West of Orkney offshore wind farm projects undertook survey activity on their development sites between April and October 2022. Similarly, Scrabster was base port for a six month and four vessel seismic campaign West of Shetland.

Campaign project activity is a new development for the port and reflects the increased capacity and infrastructure now available.

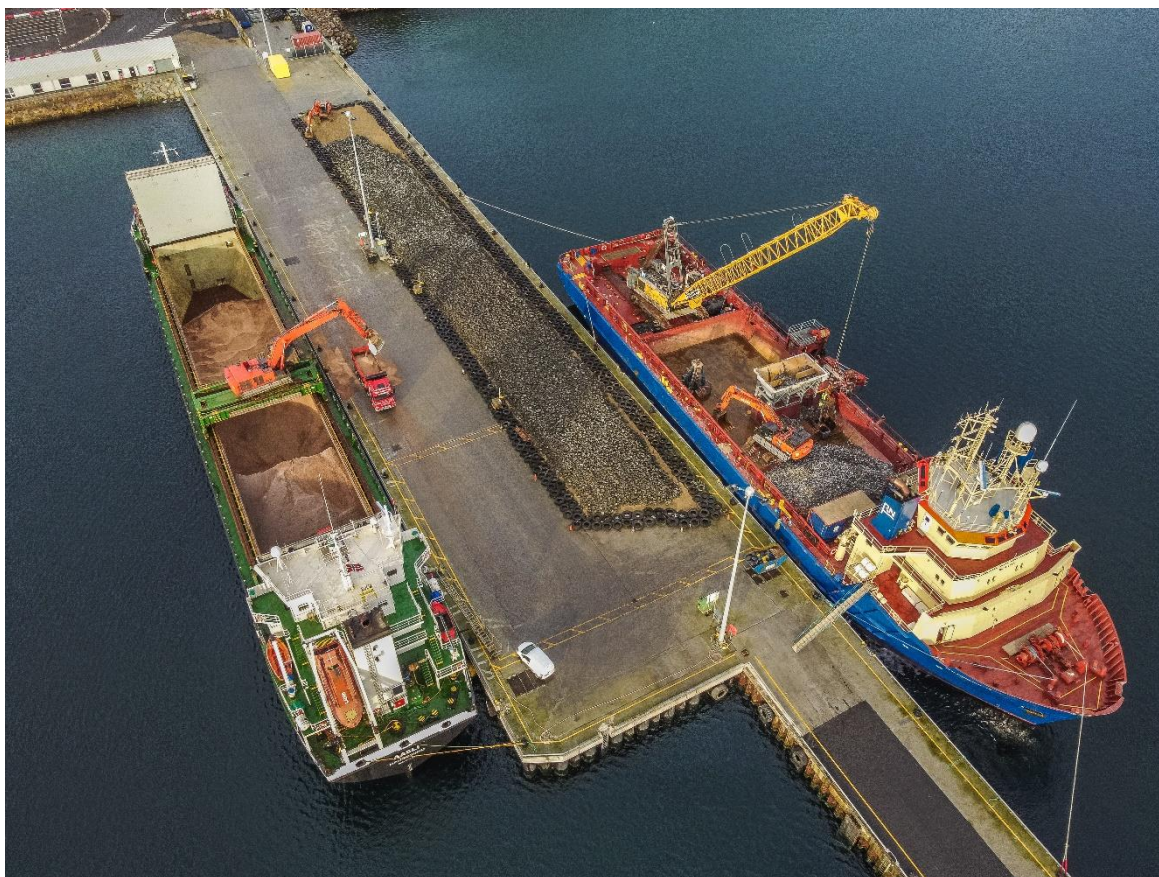
The Trust continues in constructive dialogue with both offshore wind developers regarding their operations and maintenance requirements.

Cruise Ships

There were only four cruise calls in 2022, but included Holland America's "Zaandam", the largest vessel to ever berth at Scrabster.

The position for 2023 is very encouraging with fourteen calls so far, with a further two calls scheduled before the cruise season ends, producing records for number of arrivals, vessel tonnage and passenger numbers.

Larger vessels and passenger numbers brings new challenges to both port and the community. The Trust would wish to thank the agents, shore excursion, security and bus operators who have assisted with a successful season. Particular appreciation goes to the volunteer "meet and greet team", supported by reinforcement from Dounreay staff, who welcome and assist our cruise guests.



General and Other Cargo

General cargo activity in the period amounted to 44,880 tonnes, a small decrease on the previous year. The cargo commodities handled included timber, road salt, rock armour and fish farm supplies. The rock armour cargo was again a new departure for the port. Rock armour supplied from Norway was stored on the St. Ola Pier, which was suitably protected for the activity. The material was then loaded onto a specialised vessel and laid as protection to the new Caithness-Shetland HDVC cable.

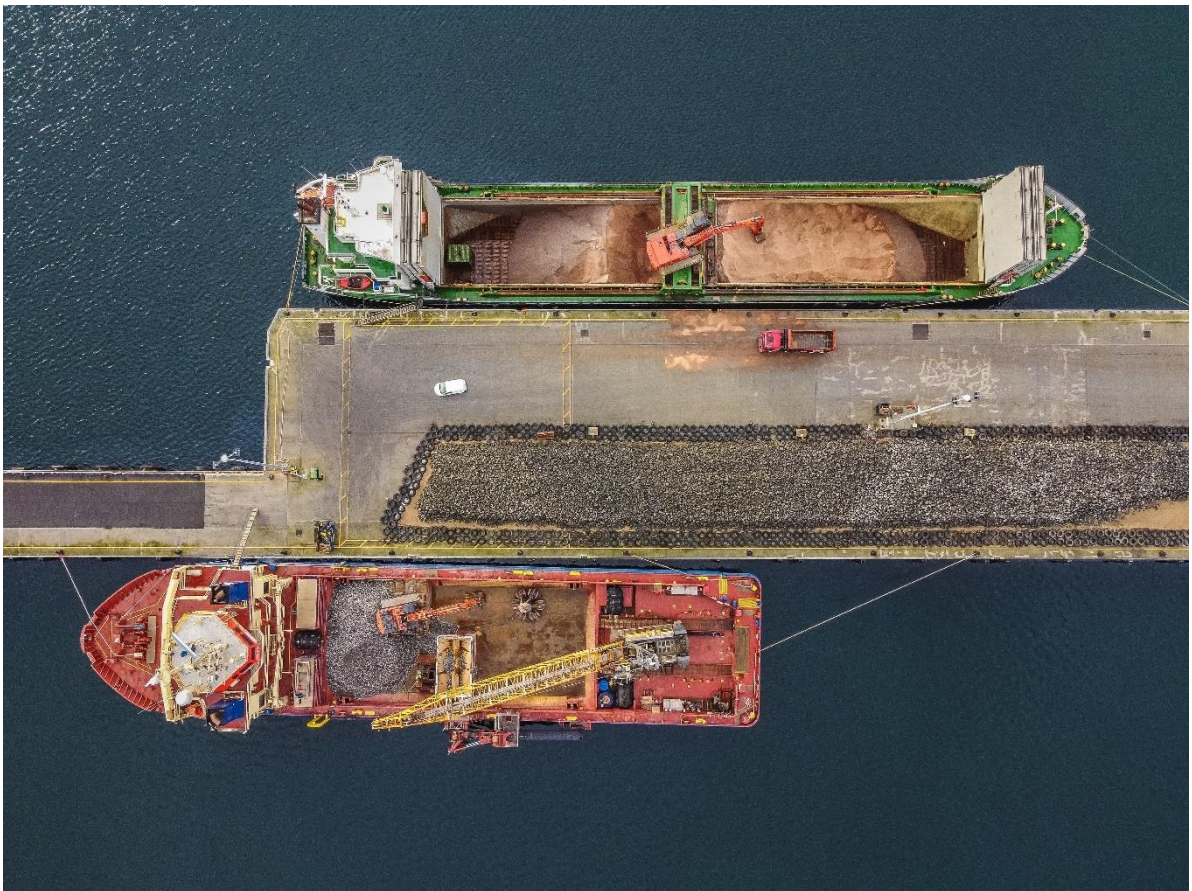
Fish cargo tonnages from Faroes amounted to 15,447 tonnes, a 13% decrease on the previous year. Oil imports to the Scrabster depot amounted to 40,440 tonnes, almost identical to the previous year.

The introduction of import controls on certain goods, including fish products, has been further delayed. The current understanding is that Scrabster will need to achieve Border Control Post designation by 30th April 2024.

Property

Property revenues rose by 49% in the year, in the main, due to increased storage and project area revenues.

Sandy Mackie Trust Manager





Strategic Planning

Scrabster Harbour Trust business strategy is focused on:

- Growth in energy related port activity (oil and gas, marine renewables) and cruise ship activity:
 - For oil and gas, Scrabster seeks to become an integrated supply base supporting activity in West of Shetland and in the Northern North Sea.
 - For marine renewables, in addition to supporting construction / installation project phase activities, the port seeks to be an operations and maintenance base for offshore renewable activity.
 - For the cruise industry, Scrabster seeks to accommodate larger vessels and contribute to the continued growth of Scottish cruise tourism.
- The retention and growth of ferry, fishing, general cargo and cruise activity:
 - For the ferry service, the Trust will endeavour to maintain the lifeline classification of the service and lobby to ensure that the interests of Scrabster are promoted in the tendering process.
 - For fishing, the Trust will seek to maintain and improve on the landings at Scrabster through modern infrastructure.
 - For the seafood sector, processing and other value-added activities will be encouraged.
 - For general cargo activity the Trust will work with stakeholder partners to provide an efficient service to port users to promote the use of the harbour.

The strategy seeks to deliver:

- Higher quay and laydown utilisation.
- Increased quay and laydown area space.
- Increased vessel numbers and cargo throughput.

All of this will result in increased port revenues that can be re-invested in the harbour for the commercial benefit of harbour users and the wider Caithness economy.

Climate Change and a Net Zero Economy

The Trust is aware of the UK and Scottish Government policies and targets to address climate change and move to the goal of net zero greenhouse emissions. This will require change across all sectors including ports and harbours. In 2021 the carbon footprint of the Trust's activities was quantified. This provides a baseline to measure improvement in the areas under the Trust's control.

Property and Estate Strategy 2022

The Trust's property and estate strategy aligns with and complements overall port strategy. It also aligns with the aims of the Caithness and North Sutherland Regeneration themes of diversification away from an economy dependent upon Dounreay.

The Harbour Estate consists of the port area extending to 10.42 hectares and development land at Scrabster Farm extending to 14 hectares. The port area is a mixture of outright ownership and leasehold tenure from the Crown Estate Commissioners. The land at Scrabster Farm is owned outright by the Trust and is currently classified as an enterprise area by Scottish Government.

The Trust derives income from a diverse property portfolio.

- Ground rents
- Residential property
- Storage and storage areas
- Office and business accommodation
- Industrial units

Strategy and Policy Going Forward

- Property strategy aligns with overall business strategy. Any property and estates proposal needs to be assessed, not in isolation, but with regard to overall port strategy.
- Property strategy looks to the medium to long term (5-10 year timeframe) rather than short term revenue maximisation.
- The limited availability of quayside laydown areas needs protection and careful management, although available capacity has increased due to recent investments.
- Experience elsewhere emphasises keeping laydown areas as clear and flexible as possible.
- Experience at other ports has demonstrated that longer term port revenues are maximised through ports owning and developing their own land and buildings. Scrabster will seek to follow the same model subject to affordability and funding restraints.
- For marine renewable activity there has been limited tidal activity to date, however, Crown Estate Scotland's Scotwind Offshore Wind leasing round offers a significant port opportunity supporting the Offshore Wind Sector. Scrabster seeks to be an O&M (Operations and Maintenance) base for the sector but remains open to any opportunity to support fabrication activities.
- For Oil & Gas activity – Scrabster offers shorter steaming time, congestion free and fast vessel turnaround. This requires available and flexible quayside and back up space.

Delivering the Strategy

The property and estate strategy will be delivered through the following work streams and through partnership working with interested parties and public agencies:

- 1. Port Infrastructure** – the maintenance and improvement of port infrastructure will continue to be progressed.
- 2. Property acquisition** – The Trust has previously acquired property to support port activity and will seek to secure additional properties at the Harbour.
- 3. Land reclamation** – The feasibility of additional land reclamation will be pursued.
- 4. Reconfiguration** – The existing harbour estate layout will be examined to ensure space is best configured.

All property related requests and applications will be assessed with reference to the above policy.

Scrabster in the Community

Over the summer, the Harbour Trust supported an initiative allowing young sailors from across Caithness and Sutherland to make their way across the North Sea as part of the Tall Ships Races which culminated in a four-day festival at the host port of Lerwick in Shetland.

The twelve trainees begun their sailing adventure in Fredrikstad, Norway before visiting guest harbours along the Norwegian and Scottish coasts. As well as training in all aspects of sail the trainees took part in festival events and celebrations at guest harbours and ports as part of the Tall Ships Races 2023.



The trainees were on board the Statsraad Lehmkuhl and Roald Amundsen which joined a fleet of international ships, which arrived in Shetland for the festival, attended by Princess Anne and her husband, Vice Admiral Sir Tim Laurence.

The initiative was organised by charity Sail Training Shetland. Sponsorship for the 12 young people in Caithness and Sutherland taking part was made possible with support from Scrabster Harbour Trust, Pentland Floating Offshore Windfarm and Developing Young Workforce North Highland.

Compliance & Competence

SAFETY, SECURITY AND ENVIRONMENTAL

Scrabster continues to regard health and safety as a vital element in ensuring the safe and efficient operation of the port. We aim to ensure our operations do not harm any people, property, or the environment. Compliance with the Port Marine Safety Code remains a top priority of the Board and health and safety is considered at each of the Board's monthly meetings. The Trust is a member of the Port Skills and Safety Group.

Ian Scott of First Safety Solutions, who is the Trust's Designated Person as required under the Port Marine Safety Code, completed the annual compliance audit of our performance against the Code in March 2023. There was one minor non-conformance identified by the audit, and three opportunities for improvement. All actions and opportunities for improvement from the previous year's audit had been closed out.

During the year 2022-23 there were four adverse events. In the current year, there had been three adverse events to date. All events and incidents were fully investigated with any actions implemented and communicated.

Scrabster continues to recognise its responsibility to comply with International Ship and Port Facility Security (ISPS) code and maintains a Port Security Plan. The Trust works closely with the Maritime Security & Resilience Division party of the Department of Transport who oversee port security across the UK, Border Force and other agencies through regular security meetings, exercises and inspections.

In compliance with the Port Marine Safety Code, Scrabster Harbour Trust continues to meet the targets set by the International Association of Lighthouse Authorities for the provision of Local Aids to Navigation.

In the three years from 1st April 2020 to 31st March 2023, SHT achieved 100% performance of its Category 1 lights against the required target of 99.8% and 100% performance for its category 2 lights against the required target of 99.0%.

Under the Merchant Shipping Act 1995 (Sections 193 and 198), the Northern Lighthouse Board (NLB) has the duty of superintendence over all 'Local Lighthouse Authority' and 'Third Party' Aids to Navigation (AtoN). The Trust's AtoN Management System is periodically audited by NLB against the requirements of the Port Marine Safety Code (PMSC).

There is a statutory requirement under the Merchant shipping (Port Waste Reception Facilities) Regulations 2009 for the port to have an approved Waste Management Plan. The updated plan was reviewed and approved by the MCA in 2020.

The Trust is committed to minimising the environmental impacts of the activities under its control. A study to establish a baseline for the Trust's carbon footprint was undertaken in 2021. The focus to reduce energy consumption and improve efficiency has been sharpened by the sustained and dramatic increase in energy cost in 2022. Steps taken to date include installation of LED lights, movement sensors, solar panels and the encouraging of better energy behaviours. The early results are encouraging with energy consumption on the Trust's four largest electricity supplies decreasing by 18% in the first four months of the current year. This reduction if sustained would generate an annual saving of nearly 20 tonnes of CO₂e.

STAFF AND TRAINING

The Board continues to recognise the need for continuous professional and personal development of all members of staff. Our annual training programme is focused on ensuring compliance with statutory requirements and the codes of practice applicable to the Trust's activities. Trust employees continue to use eLearning online, where appropriate, for certain training and refreshers. The online training is more efficient and flexible in terms of time and cost with all the training being undertaken within the Harbour Office and is popular with staff.

