



Scrabster Harbour
YOUR GATEWAY TO THE NORTH



**SCRABSTER HARBOUR TRUST
ANNUAL REPORT 2023-24**

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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.

Current Board

Non-Executive Members

Tom Pottinger, Chairman – term of appointment to September 2024

Alexander Anderson, Vice Chairman – term of appointment to September 2026

Douglas Mackay – term of appointment to September 2025

Tanya Sutherland – term of appointment until September 2026

William Thomson – term of appointment to September 2024

Catriona Whitefield – term of appointment to September 2025

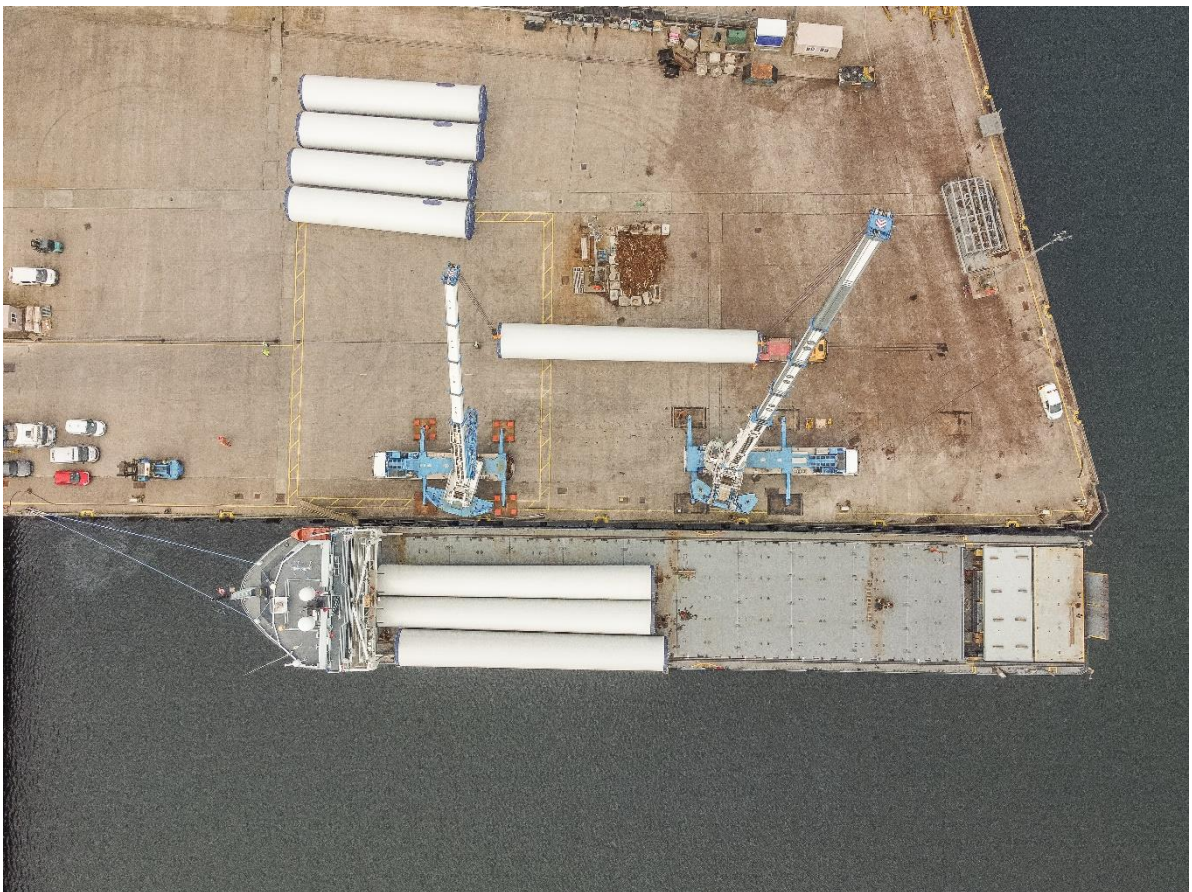
Heather Calder – co-opted October 2022

Iain MacPhee – co-opted October 2023

Executive Member

Sandy Mackie, Trust Manager until September 2024

Ryan Maclean, Trust Manager from September 2024

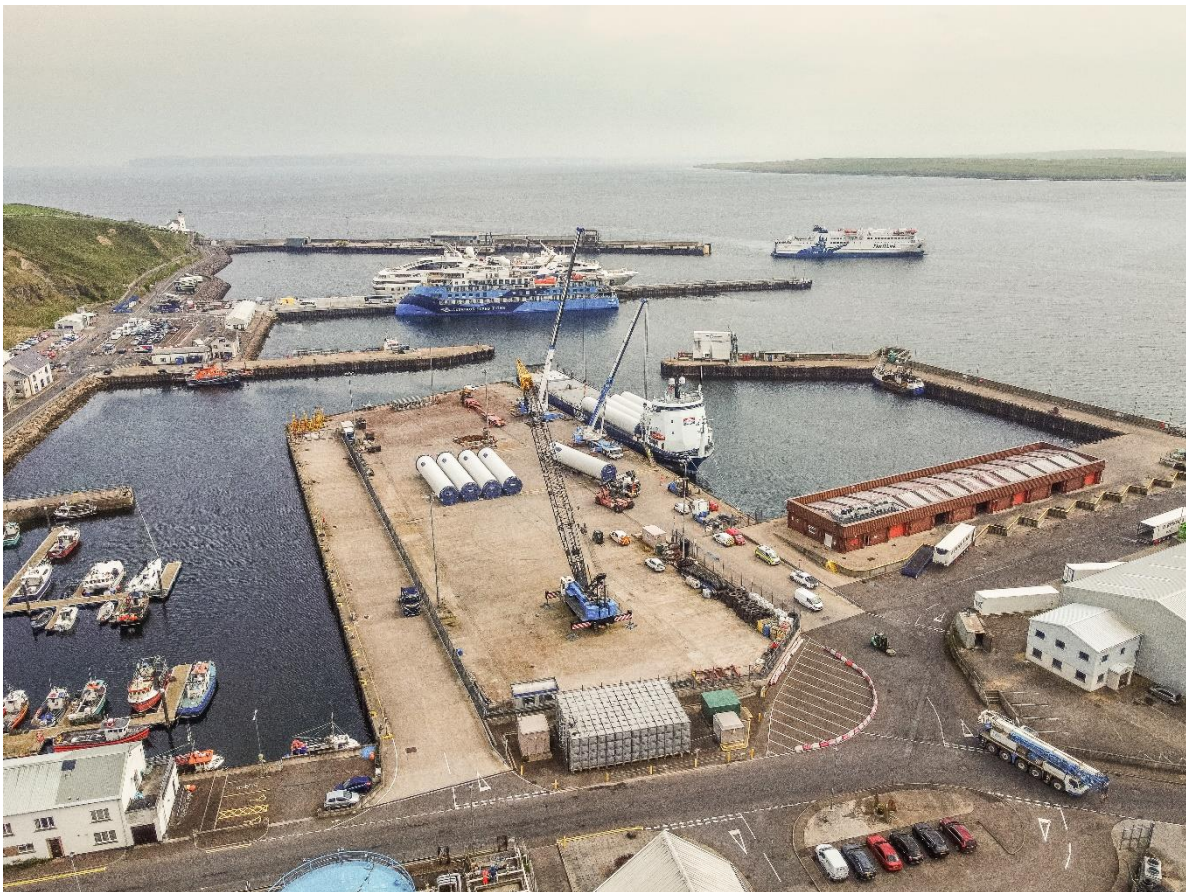


Chairman's Report

I am very pleased, on behalf of the Board and management of Scrabster Harbour to report another successful year for the port with record turnover of £4.951 million and profit of £2.124 million. A significant reduction in our bank borrowings was also made during the year with debt repayment of £1.9 million leaving our outstanding borrowings at £3.3 million.

This is a significant achievement following the completion of the Ola Quay refurbishment at a cost of around £18.5 million. The assistance of the NDA and HIE with helping the financing of this project has proved its worth in the increased business that we are seeing at Scrabster and the wide diversity of activity coming to the port. In his report Sandy Mackie, Trust Manager, will give more detail on the performance of the various port sectors.

It is sobering to look back on the business case we made for the Ola development with the emphasis on increased oil and gas activity along with more cruise ship visits. While we are happy with the increase in cruise vessel activity; larger vessels bringing greater passenger numbers to the area hopefully benefiting some local businesses, the oil and gas sector saw a significant reduction in vessel visits in the year to 31st March 2024. Political uncertainty, environmental concerns and increases in taxes are all making the oil companies, which are still very profitable, look carefully where they are investing in the world.



Thankfully the port sees a wide variety of users that makes up for the reductions we are seeing in some sectors. It is of concern to the Trust that fishing activity, for example, has fallen away during the financial year, a trend that has continued to date. We are looking closely at what we can do to help the situation but many factors are outwith our influence.

The County is seeing greater influence from renewable energy development with not only onshore windfarms being constructed but the continued work in the off-shore wind sector. If these off-shore projects come to fruition there will be future service and maintenance employment in the area; good quality jobs to keep our young folk in the area. Furthermore these developments require huge upgrades to the electrical grid structure with substations and cabling both overhead and underground. This should give many local businesses in the construction and engineering sectors many years of employment.

One never knows what is round the corner! Probably just as well!

I must close in thanking my fellow Directors for their support and involvement in the ongoing development of Scrabster Harbour. On behalf of the Board I must thank all the staff who carry out the daily work of the harbour. Thanks to all our stakeholders who make use of the port and particular thanks to Sandy Mackie our Trust Manager who has made an outstanding contribution over his time at Scrabster to what must be one of the success stories of the Caithness business community. Sandy is retiring from the position as Trust Manager this September and we wish him well in his retirement.

Best Wishes,

Tom Pottinger.



Key Operational Indicators

Number of Arrivals	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Ferry	831	829	773	760	794	805
Fishing	948	884	1,042	989	1,107	1,344
Offshore Oil	54	76	49	99	108	105
Renewables	18	56	13	25	4	6
General Cargo	163	95	111	95	103	81
Fish Cargo	43	75	93	99	57	48
Tankers	26	31	33	33	31	31
Cruise	16	4	8	0	10	12
Visiting Yachts	64	66	39	23	77	48
Total Arrivals	2,163	2,116	2,161	2,123	2,291	2,480

Tonnage of Vessels	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Ferry	7,296,180	7,278,620	6,786,940	6,671,626	6,945,492	7,057,334
Fishing	249,064	252,540	274,136	248,463	258,613	309,338
Offshore Oil	250,055	377,510	254,099	374,178	559,514	519,995
Renewables	90,829	115,825	12,986	69,162	23,896	40,050
General Cargo	184,116	112,680	111,235	103,310	181,654	136,443
Fish Cargo	139,418	286,895	392,987	420,116	206,142	195,992
Tankers	46,432	55,993	53,049	58,254	50,313	49,512
Cruise	546,087	115,394	249,407	0	164,177	203,174
Total Tonnage	8,802,181	8,595,457	8,131,839	7,945,109	8,389,801	8,511,838

Traffic Statistics	2023-24	2022-23	2021-22	2020-21	2019-20	2018-19
Ferry - passengers	212,257	163,538	115,859	47,110	155,461	153,530
White fish - Box Landings	283,837	316,797	324,573	267,796	280,224	355,049
Offshore Oil - cargo tonnes	4,394	588	2,440	5,445	10,222	8,689
Renewables - cargo tonnes	0	0	0	1,545	0	42
General Cargo - tonnes	81,277	44,880	45,605	50,474	52,048	33,073
Fish Cargo - tonnes	8,914	15,447	17,823	18,196	17,398	15,314
Tankers - tonnes	36,201	40,440	40,872	41,199	38,333	39,536
Cruise - Passengers	9,979	2,050	3,413	0	2,808	4,390

Business and Operations Review

The 2023-24 trading period generated record revenues. The associated strong profitability and operating cashflows allowed further reduction in the Trust's long term borrowing.

FINANCIAL HIGHLIGHTS

£4.951 Million Turnover	£2.124 Million Pre- Tax Profit for year	£2.496 Million Net Current Assets	£3.3 Million Total Borrowing
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Turnover amounted to £4.951 million for the trading period, an increase of 16% on the previous year. When rents receivable is included, total Trust revenues exceeded £5 million for the first time. The growth in revenues reflected greater ferry, general cargo and cruise activity partly offset by reduced fishing, offshore energy, fish cargo and property revenues.

A pre-tax profit of £2.124 million was generated, up 2% on the previous period. The profitability position reflecting greater income generation but also a higher level of operating cost compared with the previous year. Higher wages, electricity, and rates partly offset by reduced repairs and maintenance expenditure contributed to the operating cost position.

The total funds, on the Trust's balance sheet, totalled £15.703 million as at 31st March 2024, an increase of 11% on the 2023 figure. Net Current Assets as at year end, amounted to £2.496 million, a small decrease of £30,174 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 £1.9 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 £3.3 million as at 31st March 2024. The balance remaining is fully hedged through a fixed interest swap arrangement.

PORT ACTIVITY

Total vessel arrivals totalled 2,163 in the 2023-24 period, a small increase of 47 vessels on the prior year. There were increased fishing, general cargo and cruise arrivals but this was partly offset by reduced offshore energy and fish cargo arrivals.

The total gross registered tonnage (GTR) of vessels through the port amounted to 8.802 million tonnes, a 2.4% increase on the previous year. The growth in vessel tonnage came from general cargo and cruise vessels which more than offset tonnage decrease from offshore energy and fish cargo.

SECTOR REVIEW

Ferry

The passenger numbers on the lifeline ferry totalled 212,257 an increase of 29% on the previous year. Whilst the Scrabster to Scrabster service benefited from the cancelled Pentland Ferries services in May and early June, there was sustained growth in numbers across the remainder of the year.

Ferry traffic volumes in the current year have continued to be strong with nearly 100,000 passengers travelling in the first four months of the year.

Current major maintenance projects include the painting of the passenger boarding bridge.

Fishing

Fishing activity, as measured by box landings, totalled 283,837 boxes a decrease of 10% on the previous year.

Consigned landings totalled 231,160 boxes, a decrease of 13% on the previous year. The number of boxes landed through the Scrabster fish market was 52,677, a small increase on the previous year. The increase in market landings was in part due to temporary rule changes which encourage smaller boats to make regular short trip landings. Overall fishing revenues increased by 13.5% but shellfish revenues were almost identical to 2022-23. Loyalty rebates totalling £40,477 were paid to regular landing vessels for the 2023-24 trading period.

Landing activity in the current financial year has been poor with box landings, in the first four months, down one third on the previous year.

Energy (Oil Related and Renewables)

There were 72 energy related vessel arrivals in 2023-24, down from 132 vessels in 2022-23. Similarly, vessel tonnage decreased by 31% to 340,884 tonnes.

The decrease in activity was due to both an absence of renewable survey activity and reduced oil and gas traffic. There remains considerable political and fiscal uncertainty around the Oil and Gas sector with associated investment delays and cancellation of projects.

The Trust continues in dialogue with both the Pentland Floating Wind and West of Orkney offshore wind farm projects regarding their operations and maintenance requirements. Both projects achieved important milestones in recent months.

In April 2024, Scottish Ministers approved a variation application to refine the Pentland project's offshore consents. The variation included a reduction in the number of turbines, which will be developed within a smaller area, while maintaining 100 MW capacity.

In June 2024 the Highland Council approved the onshore plans of the West of Orkney Offshore Windfarm. The Council approved the application for planning permission in principle which outlines the underground cables and electrical infrastructure required to connect the offshore windfarm to the national transmission network.

The project's application for offshore consent is currently being considered by Marine Scotland with a decision expected later this year.

Cruise Ships

The 2023 cruise season saw increased arrivals and vessel tonnage reflecting increased capacity to accommodate larger vessels. In total there were sixteen calls from vessels with a total tonnage of 546,087. The activity brought just under 10,000 passengers to the area.

The 2024 cruise comprised thirteen calls bringing 10,309 passengers and included three calls by the German vessel AIDAsol. Measuring 253 metres in length and 71,304 tonnes, this is the largest vessel to berth alongside at Scrabster.



General and Other Cargo

General cargo activity in the period amounted to 81,277 tonnes, an 81% increase on the previous year. The cargo commodities handled included timber, road salt, wind turbine components, fish farm equipment, survey equipment, subsea cable protection, transformers and subsea pipe. The variety reflects the increased capacity available at Scrabster.

The growth in general cargo activity is expected to continue in coming years. Substantial timber harvesting is expected to continue over the next four years. A number of substations and electricity distribution upgrades are also planned. The importation of wind farm components for the Limekiln onshore wind farm began in May and will continue through to October 2024. There are several other consented wind farm developments that are expected to bring their components through Scrabster in the coming years, and other potential projects currently in the planning stages.

Fish cargo tonnages from Faroes amounted to 8,914, a 42% reduction on the previous year. An extended drydocking for the nominated vessel on the service contributed to the fall in cargo volume. Oil imports to the Scrabster depot amounted to 36,201, a 10% decrease on the previous year.

Scottish Minister designated Scrabster as a Border Control Post in April 2024 for fish and fishery products. The need for border import controls may be short term as the new Labour government has indicated a desire to seek a veterinary equivalence agreement with the European Union.

Property

Property revenues fell by 31% in the year, in the main, due to decreased storage and project area revenues. The forward prospects for these revenues are good as significant project activity is anticipated over coming years.

Sandy Mackie
Trust Manager





Strategic Planning

Scrabster Harbour Trust business strategy is focused on:

- Growth in energy related port activity 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 2024

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

In 2023 the Harbour Trust supported an initiative allowing young sailors from across Caithness and Sutherland to participate in annual Tall Ships event. The feedback from both participants and their guardians was overwhelmingly positive. Participation will be considered again in 2025 when Aberdeen will be one of the host ports for the Tall Ship Races.



This year the Trust is partnering with Developing the Young Workforce North Highland to support a confidence-building event, “Summit to Success Challenge” in the Cairngorm National Park. Sixteen participants aged 16-24 will participate in a weekend of outdoor activities designed to build teamwork and collaboration, enhance leadership skills, develop problem-solving abilities, improve communication, and boost confidence and self-esteem.

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 2024. There were three minor non-conformances identified by the audit, and two opportunities for improvement. Two opportunities for improvement from the previous year's audit remained open at the time of the audit.

During the year 2023-24 there were five adverse events. In the current year, there had been no adverse events to date. All events and incidents were fully investigated with any actions implemented and communicated.

A Continual Improvement Plan forms part of the Trust's Safety Management System. The objectives set for 2024-25 include upgraded lighting, enhanced port signage and improvement in pier and road markings.

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 section of the Department of Transport who oversee port security across the UK, Border Force and other agencies through regular security meetings, exercises and inspections. The Trust's security arrangements were audited by Department of Transport inspectors in July 2024.

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 2021 to 31st March 2024, 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.

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.

