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# LERWICK PORT AUTHORITY ANNUAL REVIEW 2023-24

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BRITAIN'S 'TOP' PORT

**LERWICK**  
PORT AUTHORITY



# CONTENTS

MAP .....	2	DELIVERING AGAINST OUR STRATEGY .....	9
CONTENTS.....	2	OPERATIONS UPDATE .....	10
WHAT WE DO .....	3	NET ZERO .....	11
2023 AT A GLANCE .....	3	PORT MARINE SAFETY CODE.....	12
STATEMENT FROM THE CHAIR.....	4	COMMUNITY AND STAKEHOLDERS .....	13
CHIEF EXECUTIVE'S STATEMENT .....	5	THE TALL SHIPS RACES - RETURN.....	14
FINANCIAL AND BUSINESS PERFORMANCE .....	6	KEY PERFORMANCE INDICATORS 2023 .....	15
GOVERNANCE .....	7	FINANCIAL STATEMENTS 2023 .....	16
OUR WORKFORCE.....	8		



# WHAT WE DO

At the crossroads of the North Sea and North-east Atlantic, Lerwick Harbour is Britain's 'Top' Port – the most northerly commercial harbour in the country and the principal port for the Shetland Islands.

With modern, versatile facilities serving a wide variety of users, it is a key component in the local economy, stimulating trade and economic benefits for customers and the community.

Lerwick Port Authority was established in 1877 as Lerwick Harbour Trust by an Act of Parliament. This Act constituted the Trust Port to manage, maintain and regulate the Port of Lerwick. The promotion of the Act was funded by the merchants of the town who established a Board of Trustees. The first task of the newly created Trust was to build Victoria Pier, which opened in 1886.

As a Trust Port, the harbour is operated commercially by the Port Authority which, although not publicly funded, is accountable to the wider Shetland community, as well as harbour users. A self-financing business, we depend, like any commercial concern, on cash flows and profits for our successful operation.

The Trust Port status sees all profits reinvested in the maintenance and development of the harbour to ensure the wide-ranging and evolving requirements of customers, established and new, continue to be met. Over £120m has been invested in port assets over the years.

Mindful of the wider community, the Authority also provides stakeholder benefits through leisure and amenity improvements and involvement in community events.

[READ OUR MISSION, VISION AND VALUES](#)



## 2023 AT A GLANCE

We have continued to make strategic and operational progress while maintaining excellent health and safety standards across all our activities.

5,002

–  
VESSEL  
ARRIVALS

877,197

–  
TONNES  
CARGO

14.5M

–  
GROSS TONNES  
OF SHIPPING

161,713

–  
RO-RO  
PASSENGERS

123,903

–  
CRUISE  
PASSENGERS

285,616

–  
TOTAL  
PASSENGERS

£64.8M

–  
VALUE OF FISH  
LANDED

47,164

–  
TONNES  
FISH LANDED

403,342

–  
LARGEST VESSEL  
GROSS TONNES

1,023

–  
PILOTAGE  
MOVEMENTS

209

–  
PROPERTIES  
RENTED

144

–  
TENANTS

54

–  
MEMBERS  
OF STAFF

£15.4M

–  
GROSS ANNUAL  
TURNOVER

£6.5M

–  
OPERATING  
PROFIT

9 nautical  
miles

–  
SIZE OF HARBOUR  
(NORTH TO  
SOUTH LIMITS)

130,000m<sup>2</sup>

–  
OF LAYDOWN

4,574

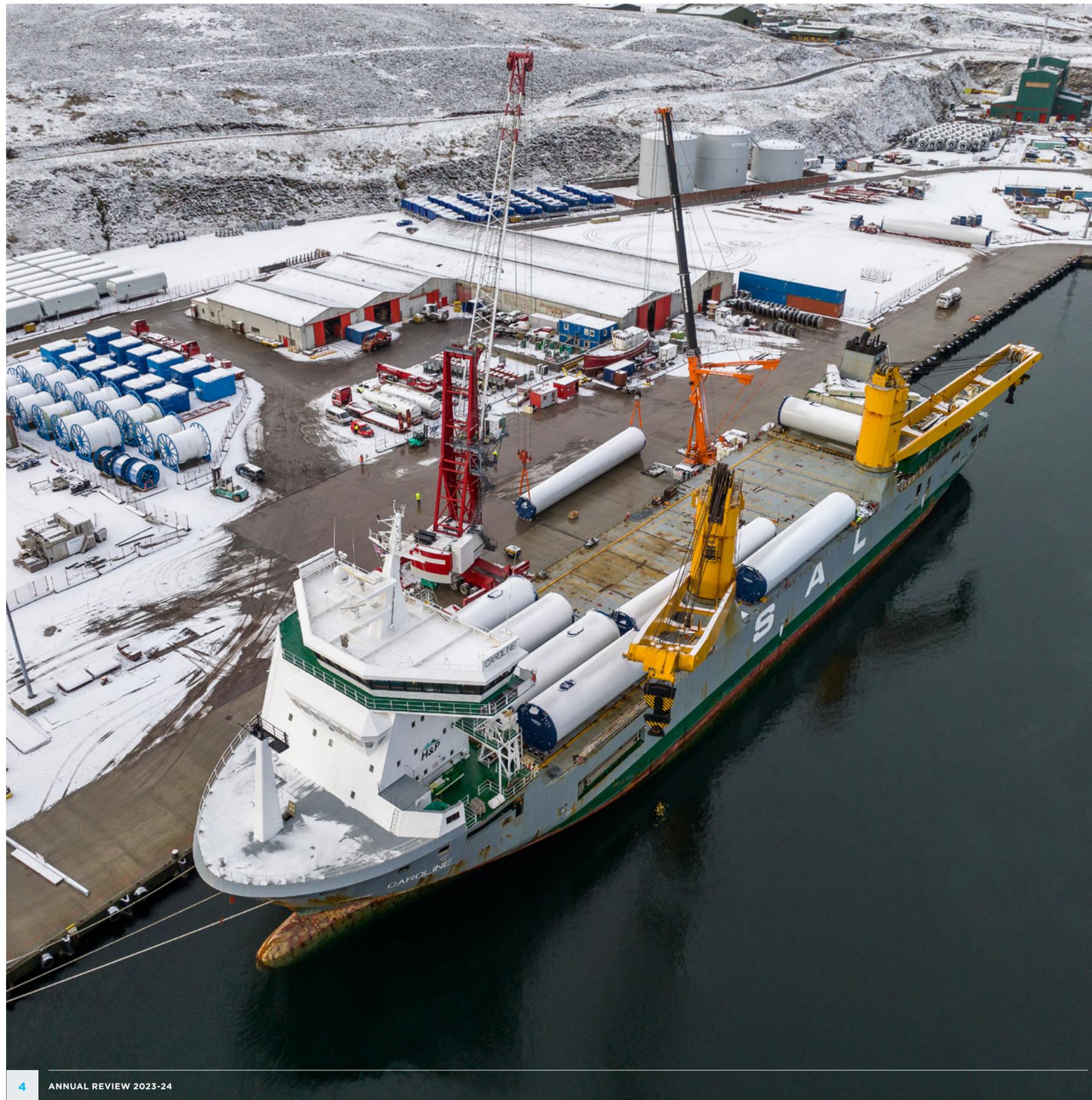
–  
METRES OF QUAYS

12.5m

–  
MAXIMUM WATER  
DEPTH ALONGSIDE

3 nautical  
miles

–  
SIZE OF HARBOUR  
(INNER HARBOUR)



# STATEMENT FROM THE CHAIR

**I am pleased to present the 2023 Annual Review and reflect on a very successful year for Lerwick Port Authority.**

The port saw an ongoing increase in traffic levels and upturns across various sectors through the period, following the challenges of previous years.

The strategic location and comprehensive facilities at Lerwick provide the backbone for growth and opportunities across all activities in the future.

During 2023, all areas recovering and surpassing pre-pandemic levels have contributed to the overall success.

The cruise sector, in particular, has reached record levels from difficult times during covid, with Lerwick's growing popularity as a destination and forward bookings extremely strong.

As a Trust Port, we are custodians of Lerwick Harbour and we all work extremely hard to ensure the success of the port. We are also responsible for the growth and development of it for future generations, and we work with port users and stakeholders to enable success.

Lerwick Port Authority is at the heart of economic growth for Shetland and has an essential role to play in the delivery of Net Zero targets. As the pace of transition towards a low carbon economy gains momentum, the port will support all sectors in the transition both on and offshore. This includes supporting renewable developments, decommissioning redundant oil & gas infrastructure and increasing port assets to assist the supply chain.

The port is reducing its own carbon emissions and will work alongside partners and port users in the transition to ensure it remains at the forefront of a low carbon future for Shetland.

The Bank of Scotland's support has been crucial to the port over many years, and looking forward, new banking facilities will allow development at a pace.

We are moving forward with ambitious plans for enhanced port facilities and new infrastructure, with a potential capital dredging project being one of the initial priorities in improving capability.

We will pursue specific government funding opportunities, where available, to support our own investments and ensure we capture the opportunities that can be realised at Lerwick.

Safety culture is at the heart of the port and its operations. We are proud to maintain the internationally recognised standards of ISO 90001, ISO 14001, and ISO 45001, which is a testament to the dedication and implementation of the safety culture throughout the organisation.

I would like to thank all Board Members and port colleagues for their hard work during this period and look forward to sustained progress and success in 2024 and the years ahead.



**JOHN HENDERSON**  
Chair/December 2024



# CHIEF EXECUTIVE'S STATEMENT

I am pleased to have the opportunity to write this report for the 2023 Annual Review for Lerwick Port Authority. The year has been a very positive return to more normal performance levels following the recovery from the effects of the covid pandemic.

2023 saw an increase in traffic and cargo levels resulting in a much-improved financial performance, with financial results significantly improved in comparison with previous periods.

Turnover increased to £15.4m from £12m in 2022, with profit after tax, increasing to £4.1m from £2.5m.

Overall gross tonnage of shipping showed an increase of 18.2% at 14.6m gross tonnes and vessel arrivals were up to 5,002 a rise of 4.5%.

The welcome return to Lerwick of the Tall Ships Races in 2023, was truly a highlight, with the event providing an opportunity to showcase the port's capability and a fantastic community event, with support felt throughout the port supply chain and wider community.

Whitefish landings increased in 2023, with 232,701 boxes, landed, an increase of 14.3%. The results of the "Land in Shetland" marketing campaign with Shetland Islands Council has seen continued increases in fish landed at the port, handled within the extra capacity the new fishmarket offers.

The cruise sector had a standout performance in 2023, with 129 vessels visiting the port, an increase of 37%, carrying 123,903 passengers.

Passenger numbers utilising the NorthLink ferry service to Kirkwall and Aberdeen increased, reaching 161,713, a significant jump of 10.3%.

Activity related to the oil & gas sector continued at lower levels than anticipated. However, the sector has seen significant increases in vessel traffic to the port into 2024, with Lerwick being confirmed as the main support hub for subsea contractor Technip during the installation of Equinor's Rosebank project, West of Shetland.

Property occupancy remained consistently high throughout the year.

Equipment for the Viking Energy onshore wind farm project significantly increased port traffic and use of laydown space throughout the early part of 2023, which contributed to the improved overall performance. The port's capabilities will provide a platform to support future energy projects, both onshore and offshore.

The port's property portfolio plays an important role in its overall performance and gives opportunities for supply chain companies based in Lerwick to develop and grow. With high levels of occupancy, and a number of businesses looking to expand, we are seeking to further develop the port estate in the years ahead.

2024 has continued in a positive manner across all sectors, with financial performance continuing to improve.



**CAPTAIN CALUM A.S. GRAINS**  
Chief Executive/December 2024





# FINANCIAL AND BUSINESS PERFORMANCE

## INCOME

Turnover for 2023 was £15.4m, representing an increase of 28.0% compared to 2022. Trading was positive across all sectors of Port operations, showing a very healthy bounce back following the Covid-19 Pandemic.

Income exceeded expectations, with the notable one-off impact of the Viking Windfarm Project. Large vessels carrying the components for the 103 turbines arrived in the first half of the year, with significant storage areas required until the components could be delivered to site. Rental of storage areas and logistics, continuing through the year supported by the supply chain ensured a successful project.

Income from the fishing sector, increased in 2023 with increases in both white fish and pelagic fish landed in the port and a welcome return by the aquaculture sector in the landing of salmon being re-started in 2023, following upgrades of onshore processing capacity with tonnages increasing throughout the year.

The Port had a record-breaking Cruise Season with 129 vessels visiting from April to September. Passenger numbers more than doubled compared to 2022 with income from Cruise representing 14% of overall turnover.

Income was up generally on 2022 across all sectors, reflecting the economic recovery following the Covid-19 Pandemic.

## EXPENDITURE

Cost of sales remains reasonably consistent with previous years, with increased expenditure on dock and property repairs, with additional work done to ensure the port looked at its best for the Tall Ships event hosted in July 2023. Larger repair works were put on hold during the pandemic, so there was also an element of catch-up. This was off set by reduced wages and salary cost as a result of the credit adjustment made for net service cost of the Local Government Pension Scheme. Underlying actual wages and salary costs were higher than 2022, which is reflective of the 8% pay uplift agreed for all employees from April 2023.

Administrative expenses increased in 2023, with electricity costs rising as a result of higher rates following the end of fixed term electricity contracts on some of our main supplies during the year. There was an inflationary increase to insurance cover. Expenditure on Meet and Greet increased to support higher cruise activity. Marketing, associated travel and entertaining costs rose as it was possible to attend conferences and other business networking events necessary to promote Lerwick Port Authority's activities and potential.

## PROFIT

Operating profit for the year was £6.5m as a result of a very positive performance during the year.

## PORT COMPETITIVENESS

The Authority works hard to provide a competitive, cost-effective harbour with the capacity for growth whilst servicing existing customers' demands. The port has evolved over the years, in response to service demands, and looks to develop the harbour to accommodate the needs of the wider community, users and supply chain.

Where possible the port will apply for funding to support harbour development.

## BANK FACILITIES

Developing the port comes at significant financial cost and we have a long-term working relationship with the Bank of Scotland which provides bank facilities to support our strategic plans.

Bank borrowing as at 31 December 2023, was £11.975m. Discussions were ongoing during 2023 with the Bank of Scotland to refinance this sum. Given our improved results over the last few years and the ability to invest funds, we were in a position to reduce our borrowing. Following the 2023 year-end, we have brought borrowing down to £8m and put in place a 3-Year Term Loan, negotiating a reduced margin on our interest rates. The Authority arranged a loan interest hedging agreement in 2017 alongside the original borrowing. This hedged against the risk of any future interest rate increases. This agreement will continue to run alongside our new 3-Year Term Loan.

This port has a number of capital projects in development and during 2024 aims to prioritise them and strategically plan how they can be delivered. It is expected that further borrowing will be required to facilitate these projects.

## PENSIONS

The Authority provides two pension schemes for employees, a defined contribution scheme through Smart Pension, and a defined benefit scheme as an admitted body to the Shetland Islands Council's Local Government Pension Scheme (LGPS). The LGPS scheme was closed to new entrants from 1 April 2019. This was due to the contribution rate increasing significantly and the level of deficit accruing in the scheme being uncertain. The valuation of the pension scheme as of 31 December 2023 represented a pension asset of £0.5m, which compared to a pension asset of £2.5m as of 31 December 2022.

All employees who started with the Authority after April 2019, have been enrolled into the Ensign Retirement Plan unless they have chosen to opt-out or do not meet the minimum requirements for auto-enrolment.



# GOVERNANCE

**Meeting monthly, Lerwick Port Authority is directed by eleven Board Members.** The Chief Executive and Senior Commercial Executive of the Authority are ex-officio Board Members, holding responsibility for controlling and overseeing all areas of operations and providing support to senior managers through appropriate training, mentoring and guidance.

The Chair and Deputy Chair appointments are made annually, selected by Board Members from among their number. Members are un-salaried and receive an attendance allowance for meetings. Leadership is provided through the ongoing review of all business activities and the setting of strategic objectives and targets.

<b>John Henderson</b> (Chair) Term to July 2027	<b>Colin Nicholson</b> Term to July 2026	<b>Steven Hutton</b> Term to July 2027
<b>Sheila Keith</b> Term to 2025	<b>Richard Williamson</b> Term to July 2025	<b>Colin Leask</b> Term to July 2025
<b>Chris Bain</b> Term to July 2026	<b>Daniel Gear</b> Term to July 2026	<b>Ella Hunt</b> Term to July 2024

## ~ MEET OUR CURRENT BOARD MEMBERS

### APPOINTMENTS

At the Authority's AGM in July 2023, both John Henderson and Colin Nicholson were returned as Chair and Deputy Chair respectively. The Board also welcomed newly appointed Members Daniel Gear and Chris Bain to serve a three-year term to July 2025.

Recruitment of non-executive Board Members occurs annually, drawing on vital skills, experience, and expertise from candidates, to ensure a Board that is independent and fit-for-purpose, rather than representative of particular interests. Non-executive Board Members serve a three-year term, with a rolling programme of one-third of the Board standing down in consecutive years.

### STRATEGY & RISK MANAGEMENT

The Board implements a Strategic Business Risk Assessment. The principal outcome of this review is to have the ability to reliably understand, predict, influence and react to the factors affecting the Authority. Fundamental to the Assessment is the identification of risks to the business.



From left to right: Chris Bain, John Henderson (Chair), Daniel Gear and Colin Nicholson (Deputy Chair).





# OUR WORKFORCE

The Board regularly receives updates from the management team, which oversees day-to-day operations and implements strategic objectives, financial and administrative processes, and business development.

During the period, the Authority directly employed 48 full time equivalent (FTE) staff members, who contributed to the effective, smooth running of the port. The dedicated and long-serving workforce has extensive experience across various operations, including maintenance, engineering, electrical, joinery, marine, administration and marketing. Ongoing staff training helps to maintain high standards of health, safety and environmental compliance across all departments. The move to more online health & safety training offers flexibility for staff undertaking courses around the port's busy operations, resulting in time and cost savings.

Read more on the **standards that create the culture of the Authority**, reflected throughout all areas of the business.

~ [MEET THE MANAGEMENT TEAM](#)

# DELIVERING AGAINST OUR STRATEGY

The continuous improvement of the Authority's performance is measured against the successful implementation of an annual programme of strategic business objectives and targets.

The high-level strategic objectives and targets set by the Board during the period were:

## STRATEGIC OBJECTIVES

### 1: Management, maintenance and regulation of Lerwick Harbour.

Monitor regulatory and policy developments in the ports sector, particularly ongoing EU exit impacts, Protect Duty implications, and the impact of the war in Ukraine.

Explore options for management of ongoing pension liability.

Control financial resources within parameters of Bank facility and examine options to enhance financial position.

### 2: Conduct all business activities in a responsible manner which assures the prevention of injury and ill-health to employees, port users and others, the preservation of the environment and quality of service, and promoting the development of an efficient, cost-effective sustainable port.

Maintain Certification to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

Develop a strategy towards Net Zero.

### 3: Invest in new port facilities where a need is identified. Diversify the portfolio of investments and sources of income, especially where it also supports and strengthens core harbour activity.

Progress the development of an Ultra-Deep-Water Quay (UDWQ).

Monitor market requirements for future infrastructure projects and investigate applying for any available external funding that can assist in the delivery of capital projects.

### 4: Attract new business and ensure continued satisfaction of existing customers and users, and to defend the port against unfair competition and anti-competitive practices.

Maintain and promote Lerwick's identity as a leading strategic North Sea port, showcasing capacity, competitiveness and comprehensive facilities.

Continue to promote the use of deep-water infrastructure to realise opportunities in the renewables sector, particularly onshore and floating offshore wind.

### 5: Maintain existing buildings, plant and equipment and harbour facilities in a safe and serviceable order.

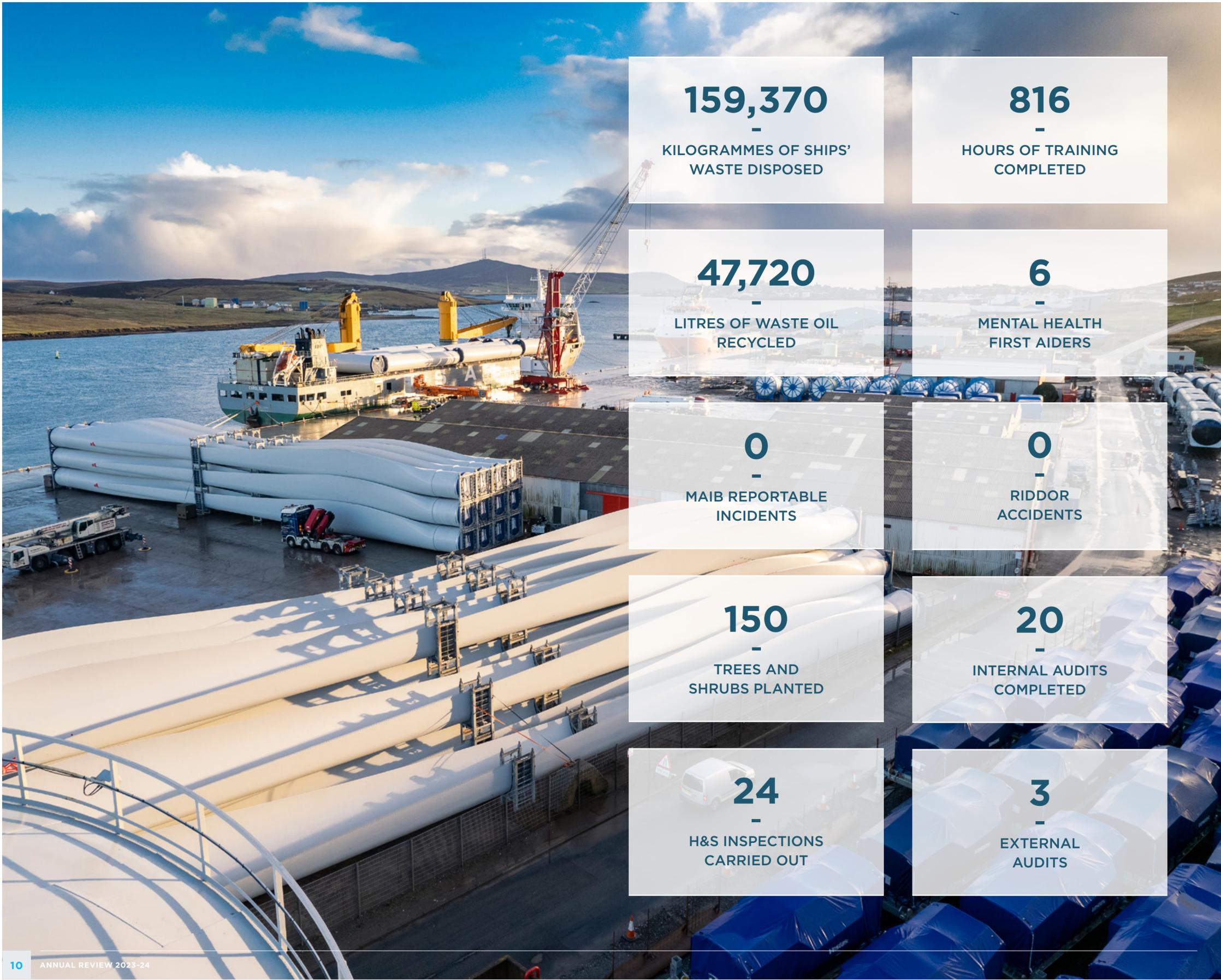
Developing property and asset software systems to ensure compliance with inspections and maintenance.

Undertaking planned maintenance and/or renewal of existing property or quaysides.

## EXAMPLES OF PROGRESS IN 2023

- All plans and registers updated timeously to meet external approvals, including amendments to cater for Tall Ships.
- No significant changes to pension schemes and continues to be monitored.
- Stability in banking position and now exploring refinancing options.
- Board satisfied with reviews and documentation updates to maintain compliance, plus recertification in 2023.
- Baseline data now gathered and being developed. Electric vehicle options being explored.
- Islands Deal full agreement signed off and financial package being explored. Pre-development survey requirements started.
- High-level capital projects considered and planned. Arlanda development for the pelagic and salmon stakeholders was completed. Stakeholder engagements with offshore wind developers on future requirements. Temporary pontoon solution at Mair's Pier delivered to handle cruise calls. Capital dredging programme being explored.
- Successful 'Land in Shetland' campaign launched at Skipper Expo. Cruise trade shows attended. New 'Shetland - Islands of Opportunity' exhibition presence at All Energy and Floating Offshore Wind. Attended Sail Training International Conference.
- Executive management team directly engaging with the renewables sector, with a focus on Offshore Wind. Stakeholder engagement events with developers to promote UDWQ and Lerwick.
- MoU signed with ESB on Stoura Windfarm.
- Rollout of new systems, including data processes and routine checks implemented.
- Significant time and resource dedicated to ground works, repairs, painting, maintenance and site preparation for Tall Ships event.





159,370

-  
KILOGRAMMES OF SHIPS'  
WASTE DISPOSED

816

-  
HOURS OF TRAINING  
COMPLETED

47,720

-  
LITRES OF WASTE OIL  
RECYCLED

6

-  
MENTAL HEALTH  
FIRST AIDERS

0

-  
MAIB REPORTABLE  
INCIDENTS

0

-  
RIDDER  
ACCIDENTS

150

-  
TREES AND  
SHRUBS PLANTED

20

-  
INTERNAL AUDITS  
COMPLETED

24

-  
H&S INSPECTIONS  
CARRIED OUT

3

-  
EXTERNAL  
AUDITS

# OPERATIONS UPDATE

A fundamental aspect of the Authority's strategic plan is the ongoing enhancement of harbour services and infrastructure to satisfy the evolving requirements of port users. To help realise this objective, the Authority operates a comprehensive management system that adheres to the tripartite standards of ISO 9001:2015 (Quality Management Systems), ISO 14001:2015 (Environmental Management Systems), and ISO 45001:2018 (Occupational Health and Safety Management Systems).

The Authority's Occupational Health and Safety system plays a critical role in guaranteeing the safe execution of port activities. Rigorous procedures and processes are implemented to safeguard the health and safety of Authority personnel and other stakeholders, while simultaneously ensuring the continuous operation of the harbour. As part of this process, the Authority maintains excellent dialogue with stakeholders on operational and safety requirements, sharing critical safety information with port users on an annual basis, and additionally when pertinent safety alerts become available.

Authority personnel play a critical role in ensuring that HSEQ standards are maintained across operations. They are consulted regularly via daily briefings, toolbox talks, and departmental meetings.

Their participation ensures that procedures and processes are fit for purpose and transferable to real-world scenarios.

The Board, as Duty Holder, provides vigorous oversight to ensure that the Authority's activities are compliant, offer safe and efficient services to port users, and are subject to continuous improvement.

The Board requires that personnel are:

- ~ Actively identifying and mitigating potential risks and capitalising on emerging opportunities.
- ~ Prioritising the health and safety of staff, contractors, port users, and other stakeholders in all decision-making processes.
- ~ Considering the environmental impact of business decisions and implementing measures to minimise negative consequences.
- ~ Endeavouring to maintain safe, efficient, cost-effective, and sustainable harbour operations.
- ~ Continuously evaluating and refining internal processes to ensure their ongoing effectiveness and efficiency.



# NET ZERO

The Authority continues to take steps to reduce its carbon footprint. Although significant carbon reducing improvements have been made, such as introducing shore power facilities for the fishing fleet, and installing improved LED quayside lighting, the Board recognises that more must be done.

Investigations have begun on a project to provide shore power to the Northlink passenger ferries, which will significantly reduce emissions in the port. Work continues on the rolling programme of replacing quayside lighting with more efficient LED fittings.

The Authority's capital programme for improving port infrastructure will play a vital role in the energy transition, support for which includes:

- ~ Ultra-Deep-Water Quay in development through the governments' Islands Growth Deal.
- ~ Orion Project Partner to develop Shetland's Energy Hub.
- ~ Three licensed quayside decommissioning facilities.

#### Environmental initiatives:

- ~ Reuse of end-of-life tyres for fendering, diverting waste from landfill.
- ~ Promoting marine waste recovery and net recycling via the KIMO Fishing for Litter scheme.
- ~ Implementation of tree planting programs to offset paper usage and carbon emissions.



## AIDS TO NAVIGATION

Lerwick Port Authority is the Local Lighthouse Authority and as such must meet statutory duties associated with those responsibilities. A report into the availability of the Authority's various Aids to Navigation is therefore prescribed by regulation. Performance is monitored and periodically audited by

the National Lighthouse Authority, namely the Northern Lighthouse Board, and a full audit takes place within the reporting period. The audit was passed, and all points for action have been completed.

Category	No. of Aids	Target Availability %	Availability %
CAT1	4	99.80	99.95
CAT2	32	99.00	99.95
CAT3	1	97.00	100.00

## INTERNATIONAL SHIP AND PORT SECURITY CODE (ISPS)

The Authority acknowledges its responsibility to comply with the International Ship and Port Facility Security Code (ISPS Code) requirements and maintains a robust Port Facility Security Plan. The Port Facility Security Officer collaborates closely

with the Department for Transport, Border Force, and security contractors to conduct regular security inspections, particularly during periods of increased risk, such as when cruise vessels are berthed at the port.

# PORT MARINE SAFETY CODE

**Across all marine operations, the Authority is committed to the implementation of the Port Marine Safety Code (PMSC) to enhance the safety and management of processes in accordance with nationally agreed standards. Significant safety risks are identified, evaluated, and mitigated through the implementation of suitable control measures.**

The Authority's fully integrated Health, Safety, Environment, and Quality (HSEQ) Management System encompasses processes for navigational safety, environmental protection, and conservancy within its jurisdictional area. In doing so, the Authority maintains an effective Navigational Safety Management System (SMS) underpinned by a formalised risk assessment process that is subject to continuous review.

The Board was presented with the findings of the annual PMSC compliance audit at its December meeting, which reported no non-conformances and seven opportunities for improvements.

[LEARN MORE ABOUT PMSC KEY PROCESSES](#)



# COMMUNITY AND STAKEHOLDERS

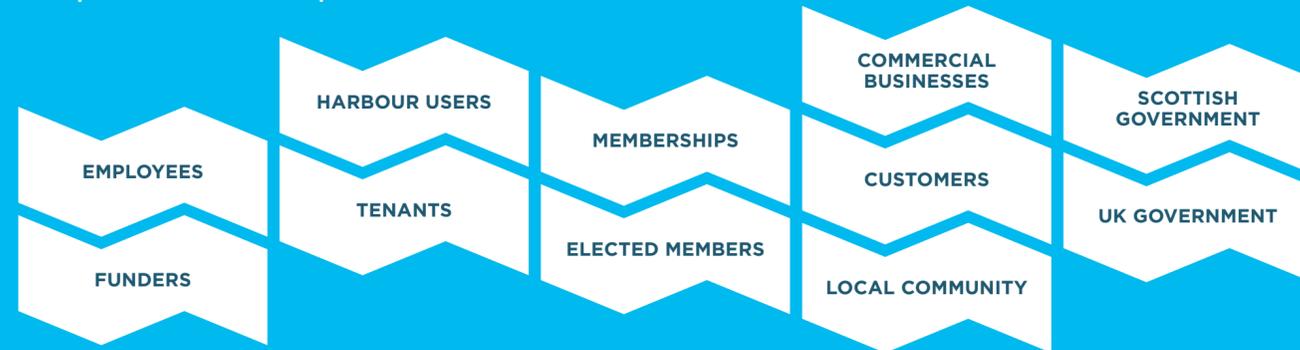
As a Trust Port, the Authority carefully manages its assets for the benefit of all its stakeholders and actively supports local community activities. Working closely with all interested parties is a key priority to maintain a safe harbour,

protect the environment and promote the use of our facilities.

The Modern Trust Ports for Scotland: Guidance for Good Governance defines a Trust Port as “a valuable asset presently safeguarded by the

existing Board, whose duty it is to hand it on in the same or better condition to succeeding generations. This remains the Board’s ultimate responsibility, and future generations remain the ultimate stakeholder”.

Examples of some of our important stakeholders include:



Our annual marketing strategy aims to reach this diverse, wide audience to communicate how we attract and maintain business activity that benefits Shetland’s economy as a whole. We do this by attending trade shows, hosting engagements with potential and existing customers, maintaining a strong web presence, extending the reach of our messaging through print and broadcast media, social media, and a donations and sponsorship policy.

Annual assistance continues to be directed towards marine-related charities, as are donations and sponsorships towards local community interest groups, small

groups, charities and fundraising campaigns which are all part of the Authority’s stakeholder benefits.

Support also goes beyond financial donations or sponsorship and often involves benefits in kind, such as staff time and other resources and contributing to maritime causes that involve the wider community, some examples of which are:

## SCHOOL VISITS

It is a highlight of the year to host P4 primary school children from Bells Brae School to view the port’s activities. We take pride in inspiring the next generation by educating them about how the harbour operates and the types of activities supported.

## FISHING FOR LITTER

We prioritise ongoing efforts to reduce marine litter on our piers and quays and support partnerships that are tackling this offshore. Lerwick is a registered port where fishermen can access cost-free landing facilities for marine litter gathered from the sea. In 2023, 7.9 tonnes of marine waste was collected.

## SHETLAND ATHLETICS

Team Shetland was strongly represented at the NatWest International Island Games in Guernsey, which brought together over 2,500 competitors from 23 island communities. Lerwick Port Authority was proud to contribute towards the team’s competition kit.





# THE TALL SHIPS RACES – RETURN

**The selection of Lerwick as a host port for the Tall Ships Races in 2023 presented particular challenges, as well as opportunities, for all involved in Shetland, including the Port Authority team.**

Not even the experience of memorable visits in 1999 and 2011 could compensate for the timescale for planning and preparation being savagely reduced by the covid-19 pandemic from the customary four years to just two.

Sail Training International, operator of the Tall Ships Races, announced Shetland’s successful bid in May 2021, with entrants to visit Lerwick Harbour from 26-29 July 2023, the only Scottish port chosen and one of five in northern Europe.

Securing the spectacular event was a result of combined efforts led by Shetland Islands Council in partnership with the Port Authority and Shetland Tall Ships Limited (STSL), responsible for delivery of the event locally. Other support organisations included EventScotland, part of VisitScotland’s Events Directorate, and Sail Training Shetland.

Securing the return of the tall ships fleet was a proud moment and a significant opportunity to boost the community and economy in the gradual recovery from covid, including showcasing local products and attracting visitors, promoting Shetland internationally and celebrating the islands’ maritime heritage and culture.

It would also bolster opportunities for sail training and experience of direct involvement in a major international event – Europe’s largest free festival.

## TEAMWORK

Tall Ships 2023 again underlined the capacity and capabilities of Lerwick Harbour and Shetland to host large-scale events.

The immediate and sustained activity included forming an organising committee, appointing a project manager, raising sponsorship, recruiting young sail trainees, coordinating a huge number of volunteers, developing an exciting social programme for visitors and residents, and lining up the best of local products for their enjoyment.

The Port Authority’s tasks included planning how to safely accommodate the tall ships and their crews along with thousands of visitors while continuing to service the range of industries using the harbour, with alternative arrangements for displaced customers, at a time when rebuilding operations post-covid.

The Authority provided significant in-kind support including berthing, event sites and the recruitment of young trainees participating in the Races.

Sail Training Shetland (STS) – of which the Port Authority is a sponsor – supported 20 young adults from the islands to take part in the 2022 Tall Ship Races on board its former Shetland-built fishing vessel Swan, some of whom went on to be ambassadors promoting sail training ahead of the event.

STS swelled its numbers and sponsorship efforts to successfully recruit and fund 100 trainees from Shetland and throughout Scotland to participate in the 2023 event on various vessels.

The build-up included a one-year countdown event in Shetland Museum and Archives auditorium in July 2022 to highlight opportunities for islanders’ involvement as sponsors, volunteers or sail trainees.

In November 2022, it was revealed that Shetland’s involvement would be widened, with a number of tall ships heading for Lerwick in a “cruise-in-company” leg visiting guest harbours at Scalloway, Cullivoe, Baltasound and Uyeasound on Unst, enabling crews to explore the islands.

## A ROYAL OCCASION

The staggered arrival at Lerwick Harbour of 37 tall ships and 1,300 crew and trainees from around the world over several days began on Monday 24 July when the port welcomed the first vessels, Norwegian registered, Loyal, and the Indonesian Navy’s newest and largest ship, Bima Suci.

The port’s capacity was further demonstrated with the arrival of five cruise ships – three on one day – with around 4,000 passengers, during the event.

It was made even more special with a visit by HRH The Princess Royal with husband, Vice Admiral Sir Tim Laurence, including engagements with the vessels and their crews, participants, organisers and sponsors, plus attending a Captains’ Dinner.

It is estimated that the festival attracted over 10,000 visitors to the quaysides on each of the four days.

Vessels began departing on Saturday 29 July as they set course for the final race leg to Arendal, Norway.

Due to weather conditions and travel delays with joining crew members, the highly anticipated parade of sail was cancelled and vessels staggered departures, some remaining for a further night before setting sail the next day.

The Port Authority Board records its sincere thanks to everyone involved in the preparation and implementation of the highly successful event which made such a huge contribution to Shetland.

## TALL SHIPS – THE LEGACY

As with the previous visits, the colourful and entertaining 2023 Tall Ships Races will live long in the memory and in a legacy with wide-ranging benefits.

Friendships were renewed and made. Lerwick’s international reputation as a tall ships-friendly port and visitor destination was reinforced, evidenced by the return of vessels on individual visits during 2024. There was a positive impact on the economy and community morale when much needed.

An Event Impact Assessment for Shetland Tall Ships Limited (STSL) revealed 99% of respondents rated the experience as very good or good, with the attitude and helpfulness of staff and volunteers, information and awareness, and quality of food and drink highlighted.

Visitor numbers were recorded at 52,309, with an economic impact on Shetland of £4.5m gross and £3.0m net direct spend.

Private sources provided 48% of funding. Over half (54%) of business respondents rated event impact as

positive or very positive, with 87% very likely or likely to welcome a similar event in future.

Positive media coverage has been estimated with a value of £600,000, with social media reach additional.

The assessment concluded STSL’s objectives to provide an enjoyable event showcasing Shetland as a place to live and work, promote tourism and sailing, engage with young people, develop skills and community confidence, was overwhelmingly met.

A fully-funded training scheme for venue and event security staff has been launched using leftover money to train 12 Shetland-based candidates to complete the Security Industry Authority course for door supervisors. A shortage of qualified licence holders has been a series issue for events in Shetland.

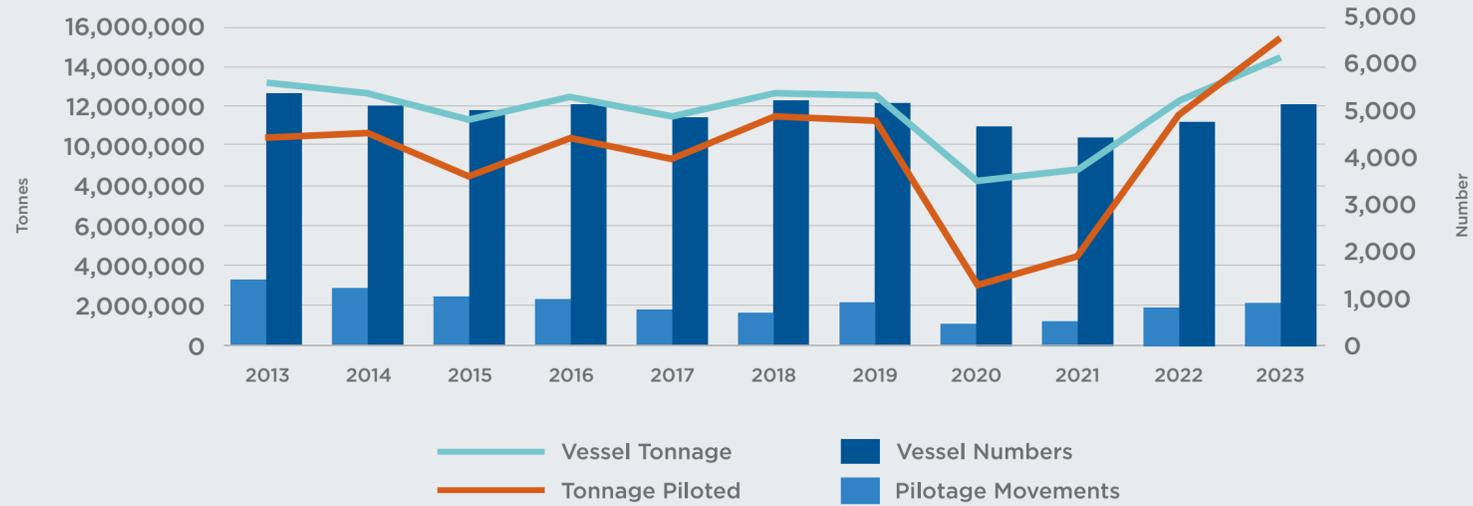
## SUPPORT FOR SAIL TRAINING

As well as providing facilities for the vessels and crews in the Tall Ships Races, the port proudly maintains an annual commitment to sponsoring sail training placements for young people aged 15 – 25 through Sail Training Shetland, supporting once-in-a-lifetime adventures for all those who take part.



# KEY PERFORMANCE INDICATORS 2023

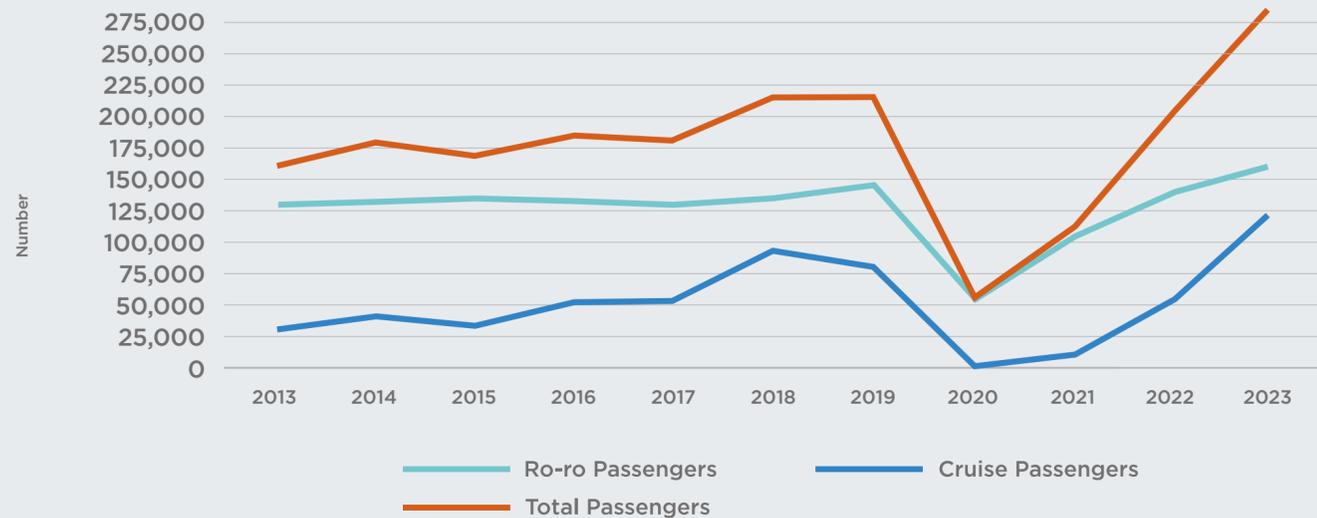
## VESSELS



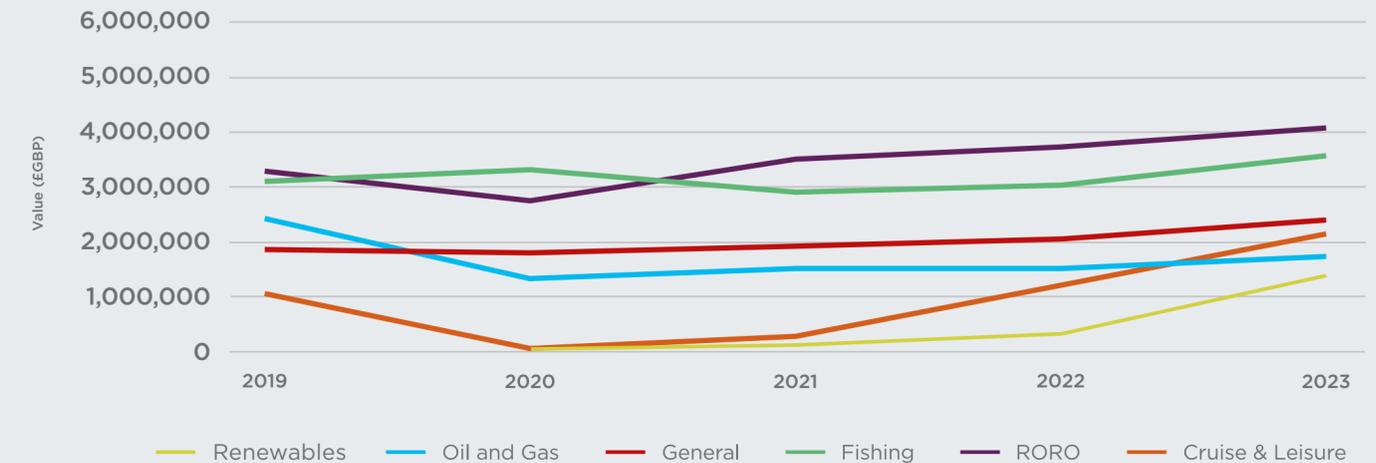
## CARGO MOVEMENTS



## PASSENGERS



## INCOME SPLIT BY SECTOR





## FINANCIAL STATEMENTS

### INCOME STATEMENT

For the year ended 31 December 2023

	2023	2022
	£000	£000
<b>TURNOVER</b>	15,387	12,016
Cost of sales	(7,050)	(7,146)
<b>GROSS PROFIT</b>	8,337	4,870
Administrative expenses	(1,907)	(1,396)
Other Income	103	5
<b>OPERATING PROFIT</b>	6,533	3,479
Fair value (losses)/gains on financial instruments	(233)	663
Interest receivable and similar income	235	1
Interest payable	(757)	(907)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5,778	3,236
Taxation	(1,663)	(771)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE YEAR</b>	<b>4,115</b>	<b>2,465</b>

The operating profit for the year arises from the Authority's continuing operations.

### STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	£000	£000
<b>RETAINED PROFIT FOR THE YEAR</b>	4,115	2,465
<b>OTHER COMPREHENSIVE INCOME</b>		
Actuarial (losses)/gains on defined benefit pension scheme	(2,415)	10,983
Tax relating to other comprehensive income	604	(2,746)
	(1,811)	8,237
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,304</b>	<b>10,702</b>

### STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	2023		2022	
	£000	£000	£000	£000
<b>FIXED ASSETS</b>				
Tangible assets		77,628		78,555
Investments		1,666		1,666
		79,294		80,221
<b>CURRENT ASSETS</b>				
Debtors falling due within one year	2,644		1,910	
Debtors falling due after more than one year	391		625	
Cash at bank and in hand	8,610		6,524	
	11,645		9,059	
<b>CREDITORS</b>				
Amounts falling due within one year	(5,434)		(4,944)	
<b>NET CURRENT LIABILITIES</b>		6,211		4,115
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		85,505		84,336
<b>CREDITORS</b>				
Amounts falling due after more than one year		(9,545)		(12,173)
<b>PROVISIONS FOR LIABILITIES</b>		(1,479)		(1,891)
<b>DEFERRED INCOME</b>		(9,687)		(9,736)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		64,794		60,536
Pension Asset		532		2,486
<b>NET ASSETS INCLUDING PENSION ASSET</b>		<b>65,326</b>		<b>63,022</b>
<b>CAPITAL AND RESERVES</b>				
Savings fund		70		70
Profit and loss account		64,857		61,088
Pension reserve		399		1,864
<b>TOTAL EQUITY</b>		<b>65,326</b>		<b>63,022</b>



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**LERWICK PORT AUTHORITY**

[www.lerwick-harbour.co.uk](http://www.lerwick-harbour.co.uk)

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