

**Item: 6**

**Harbour Authority Sub-committee: 21 January 2025.**

**Harbour Authority – Annual Performance Report.**

**Report by Corporate Director for Enterprise and Sustainable  
Regeneration.**

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## **1. Overview**

- 1.1. The annual report examines the performance of, and revenues generated by, the Miscellaneous Piers and Harbours Account, incorporating all piers within the Harbour Authority estate. The principal commercial piers are recognised as being at Hatston, Kirkwall, Stromness and Lyness.
- 1.2. The Annual Report also examines activities in relation to the Scapa Flow Oil Port account for ship-to-ship cargo transfers, tanker movements at the Flotta Terminal and all other oil and gas related activities in Scapa Flow.
- 1.3. The Scapa Flow Oil Port and Miscellaneous Piers and Harbours Accounts were established as separate accounts from the General Fund of the Council and also separate from each other as set out in the Orkney County Council Act 1974.

## **2. Recommendations**

- 2.1. It is recommended that members of the Sub-committee:
  - i. Scrutinise the annual performance report in respect of the Harbour Authority for the operating period 1 April 2023 to 31 March 2024, attached as Appendix 1 to this report.
  - ii. Request the Corporate Director for Enterprise and Sustainable Regeneration to undertake a review of costs incurred across all operational activities within the Harbour Authority.
  - iii. Request the Corporate Director for Enterprise and Sustainable Regeneration to develop a business plan across all market sectors the Harbour Authority operates within to provide detailed trends in market growth and decline, to be completed in time to feed into the Strategy Offshore Energy Development Strategy.

### **3. Performance for the Reporting Period**

- 3.1. The following are points to note with regards to the Scapa Flow Oil Port (SFOP) account:
- i. There were 16 crude oil tankers that berthed at Flotta Oil terminal in this period a decrease of seven on the previous period. There were 49 Ship to Ship transfer of crude oil involving 97 vessels with 8 liquefied petroleum gas (LPG) transfers. This showed a decrease of five crude oil transfers and increase of three LPG transfers.
  - ii. The decrease in the numbers at Flotta were offset by a 100% increase in charges levied on the vessels calling at the berth and the SFOP account showed a net surplus of £426,000 for the period.
- 3.2. The following are points to note with regards to the Miscellaneous Piers and Harbours account:
- i. There were a record number of cruise calls in the period with 210 vessel calls at 12 locations with 203,250 passengers.
  - ii. Ro-Ro services showed a strong increase in numbers over the period with increased numbers across all types of cargo and route except for passengers on the Kirkwall – Aberdeen – Lerwick route.
  - iii. Maintenance of the port's Aids to Navigation was excellent and above the statutory requirements, with four defects over the period. These services are subject to audit by the Northern Lighthouse Board.
  - iv. The Harbours Masterplan Projects continue to be an area that has a considerable amount of resource attributed, and in this reporting period £1,355,399 was spent on Scapa Deep Water Quay and Hatston Pier Extension which came out of the Miscellaneous Piers and Harbours account which has reported a loss of £983,000 for the period. Another factor was the increase in share of attributable costs from the Scapa Flow Oil Port.

### **4. Business Plan**

- 4.1. The Harbour Authority Sub-committee has previously considered a business aims and objectives report which was presented in January 2021, to cover the period up until the end of 2023. This document broke each sector down and provided objectives and actions that provided a pathway to a sustained growth and recovery from the pandemic.
- 4.2. A more detailed document was also written to guide the Harbour Authority in their day-to-day commercial activities.

- 4.3. The Harbour Authority operates on a commercial business model in a competitive market and there is a requirement for a distinct plan with forward projections to allow Council to understand the aims and risks going forward aligned with the Council Plan.
- 4.4. It is envisaged that a full Business Plan is developed that allows members to understand the market position for each sector, goals that can be achieved and the resources needed to allow the plan to succeed.

## **5. Legal Implications**

- 5.1. Section 1 of the Local Government in Scotland Act 2003 places a duty on the Local Authority to make arrangements which secure best value, and an integral part of complying with that is having in place a robust performance and safety management and reporting system. This report provides evidence that this is the case.
- 5.2. The Council as Statutory Harbour Authority complies with the Port Marine Safety Code (the Code). Although the Code is not statutory, it sets out a national standard for every aspect of port marine safety and efficiency and compliance is expected. Harbour authorities which have been unable to prove compliance have been subject to legal sanction in cases where accidents have occurred.
- 5.3. In terms of section 51 of the Orkney County Council Act 1974 (the 1974 Act), the Council may demand, take and recover for services and facilities provided by them in a harbour area such reasonable charges as they may from time to time determine.
- 5.4. Section 67 of the 1974 Act states that the Council shall keep separate accounts in respect of the harbour undertaking so as to distinguish capital from revenue, and as regards revenue, to show income and expenditure.
- 5.5. Section 68 makes provision for all monies received by the Council in connection with the harbour undertaking to form part of the county fund as receipts for general purposes, and for payments and expenses to be paid out of the county fund.
- 5.6. Section 69 provides that, in any year where monies received by the Council on account of the harbour undertaking exceed the monies expended, the Council may transfer the money into the reserve fund.

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### **Implications of Report**

1. **Financial** – there are no financial implications arising directly from the recommendation to this report other than the fact that the trading position has influenced the setting of the harbour charges for the forthcoming year, which is the subject to a separate report being presented to the sub-committee.  
Any surplus generated by the Scapa Flow Oil Port is, in accordance with legal requirements, transferred to the Strategic Reserve Fund. Any surplus or deficit in Miscellaneous Piers and Harbours (MPH) is transferred in or out of the ring-fenced Miscellaneous Piers Fund.
2. **Legal** - Refer to section 5 above.
3. **Corporate Governance** – The receipt of an annual performance report in respect of harbour authority activities, including pilotage and towage, is a referred function of the Harbour Authority Sub-committee.
4. **Human Resources** – not applicable.
5. **Equalities** – An Equality Impact Assessment is not required for performance monitoring.
6. **Island Communities Impact** An Island Communities Impact Assessment is not required for performance monitoring.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
  - Growing our economy.
  - Strengthening our Communities.
  - Developing our Infrastructure.
  - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
  - Cost of Living.
  - Sustainable Development.
  - Local Equality.
9. **Environmental and Climate Risk** - not applicable.
10. **Risk** – not applicable.
11. **Procurement** – not applicable.
12. **Health and Safety** – not applicable.

- 13. Property and Assets** - not applicable.
- 14. Information Technology** – not applicable.
- 15. Cost of Living** - not applicable.

### **List of Background Papers**

None.

### **Appendix**

Appendix 1: Annual Performance Report 2023/24



## Annual Performance Report 2023-24



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## 1. Introduction

The Council, as the Statutory Harbour Authority, presents its Annual Performance Report for 2023/24. This report contributes towards compliance with the Port Marine Safety Code, which requires the Harbour Authority to report items to the Duty Holder and port users. More generally, the report gives an insight into local maritime activity to all those with an interest in the importance of harbours' activity to the wellbeing and economic vibrancy of Orkney both at sea and ashore.

The statistical information within this report relates to the period 1 April 2023 to 31 March 2024. The report covers operational activity, economic and financial activity, safety and pollution incidents, infrastructure and staffing matters, governance, statutory provision of Aids to Navigation, Pilotage, and the Marine Environmental Unit activity.

## 2. Harbour Authority Revenue Account – Income and Expenditure

In terms of the Orkney County Council Act 1974, the accounts for the Harbour operation must be kept separate from the General Fund accounts of Orkney Islands Council. The Act also allows for separate accounts for each area of business; hence, the Harbour Authority operates accounts for the Scapa Flow Oil Port operations (Flotta tanker operations, Ship to Ship (STS) transfers and offshore platform moorings) and for all other operations under Miscellaneous Piers and Harbours (including all ferry, cruise, and isles operations). It is important to note that these accounts *receive no public monies* and are dependent upon Harbour Charges which, as referred to in the Harbours Act 1964, may be collected for the sole purpose of '*maintaining, improving or managing*' the Harbour. Any surpluses from the Scapa Flow Oil Port Account are assigned to the Council's Strategic Reserve Fund, whilst surpluses from Miscellaneous Piers and Harbours are assigned to the Miscellaneous Piers Fund and the Property Maintenance Fund. These funds can be used for future projects, to offset any overspend in future years and to enable the funding of the significant burden of repairs, maintenance and improvement of the 29 piers and harbours. Any surpluses take account of loan charges to repay the debt incurred when developing piers and making vessel improvements and have the effect of decreasing any surpluses generated.

The table below provides information on the Scapa Flow Oil Port and Miscellaneous Piers and Harbours accounts for the last three financial years.



	2021-22			2022-23			2023-24		
	£k Exp	£k Inc	£k Net surplus/ (deficit)	£k Exp	£k Inc	£k Net surplus/ (deficit)	£k Exp	£k Inc	£k Net surplus/ (deficit)
Scapa Flow Oil Port	6,976	8,014	1,038	8,668	7,745	(923)	8,069	8,495	426
M, P & H	7,621	7,597	(24)	10,125	10,310	185	12,178	11,195	(983)
Totals	14,597	15,611	1,014	18,793	18,055	(738)	20,247	19,690	(557)

(Exp = Expenditure; Inc = Income; M, P & H = (Miscellaneous Piers and Harbours)).

The overall summary position shows an increase in income for both the Miscellaneous Piers and Harbours and Scapa Flow Oil Port accounts of £885,000 and £750,000 – making a total increase of £1.635 million. Higher operating costs and extra expenditure on assets saw an increase in expenditure of £1,454,000 and hence a loss across the two accounts of £557,000. It is to be noted that the Miscellaneous Piers and Harbours account bore the costs for the Masterplan projects at Scapa Deep Water Quay and Hatston Pier, which was £1,355,399 in the period.

### 3. Tanker Operations within Scapa Flow Oil Port

The following detail relates to the number of tankers associated with cargo uplift from the Flotta Oil Terminal and Ship-to-Ship (STS) transfer operations of crude oil in Scapa Flow during the reporting period. It should be noted that charges for Flotta tanker activity are based on the gross tonnage of the vessel, whereas charges for STS activity are based on the tonnage of cargo product transferred.

Flotta Oil Terminal operations have always been the priority activity of Scapa Flow, and what drives the responsiveness of pilotage and towage services. For the reporting period, there were no recorded operational delays for Flotta Oil Terminal related activity directly from the Harbour Authority failing to meet response times or service availability. The Harbour Authority is proud of its 100% record which is a key factor in ensuring customer satisfaction for the Flotta Oil Terminal.

Tanker movements to the Flotta Oil Terminal have decreased by seven movements from the previous reporting period, resulting in 16 movements which was again below the budgeted forecast supplied by the terminal operators. Previously the Flotta Terminal had provided operational forecasts that advised projected activity of 24 tankers in 2023.

STS transfer operations of crude oil also slightly decreased on the previous financial period with a 9% decrease resulting in 49 STS operations involving 97 tankers compared to 112 previously. There was a continuation of LPG STS, supporting INEOS at Grangemouth which saw eight operations, a slight increase on the previous year. This meant a total of 57 STS transfers were done in the period, although the LPG transfers were in smaller amounts of cargo transferred than the crude oil.

Cargo volumes transferred have decreased by 372,102 tonnes to 3,613,327 tonnes. The geopolitical situation in Ukraine and the Middle East continues to affect the markets and the movement of commodities such as crude oil. It is difficult to predict the levels going forward although oil majors and STS facilitators recognise the excellence of service delivery, experience and knowledge of local marine services staff and the ease with which operations and flexibility are dealt with.

	2021-22	2022-23	2023-24
<b>Pipeline Product</b>			
Total number of Crude Oil Tankers	26	23	16
Total Number of LPG Tankers	0	0	0
Total GT of tankers crude and Propane	1,584,321	1,327,527	985,770
Total Crude Oil Loaded (Tonnes)	2,2065,651	1,838,976	1,400,058
Total LPG Loaded (Tonnes)	0	0	0
<b>Ship to Ship Oil Transfers</b>			
Total number of Import tankers	64	58	48
Total Number of Export Tankers	58	54	49
Total Crude Oil Export (Tonnes)	4,330,199	3,934,472	3,550,053
<b>Ship to Ship LNG Transfers</b>			
Total Number of Import Tankers	0	0	0
Total Number of Export Tankers	0	0	0
Total LNG Export (Tonnes)	0	0	0
<b>Ship to Ship LPG Transfers</b>			
Total number of Import tankers	3	2	2
Total Number of Export Tanker	19	5	8
Total LPG EXPORT (Tonnes)	70,324	50,957	63,274

(LPG = Liquefied Petroleum Gas; LNG = Liquefied Natural Gas; GT = Gross Tonnage)

#### 4. Reported Pollution Incident Summary

Pollution prevention and pollution response is a significant responsibility of the Harbour Authority and hence it is encouraging that there were no pollution incidents in the reporting period and, hence, no incidents associated with the oil port.

#### Oil Pollution Response Contingency Returns (OPRC)

The annual Oil Pollution Response Contingency (OPRC) returns were submitted to the Maritime and Coastguard Agency (MCA) Salvage and Pollution Officer for Scotland as required by regulation in January 2024. These returns detail the incident

record keeping, reporting, training and exercises conducted and completed. The returns all met with MCA approval.

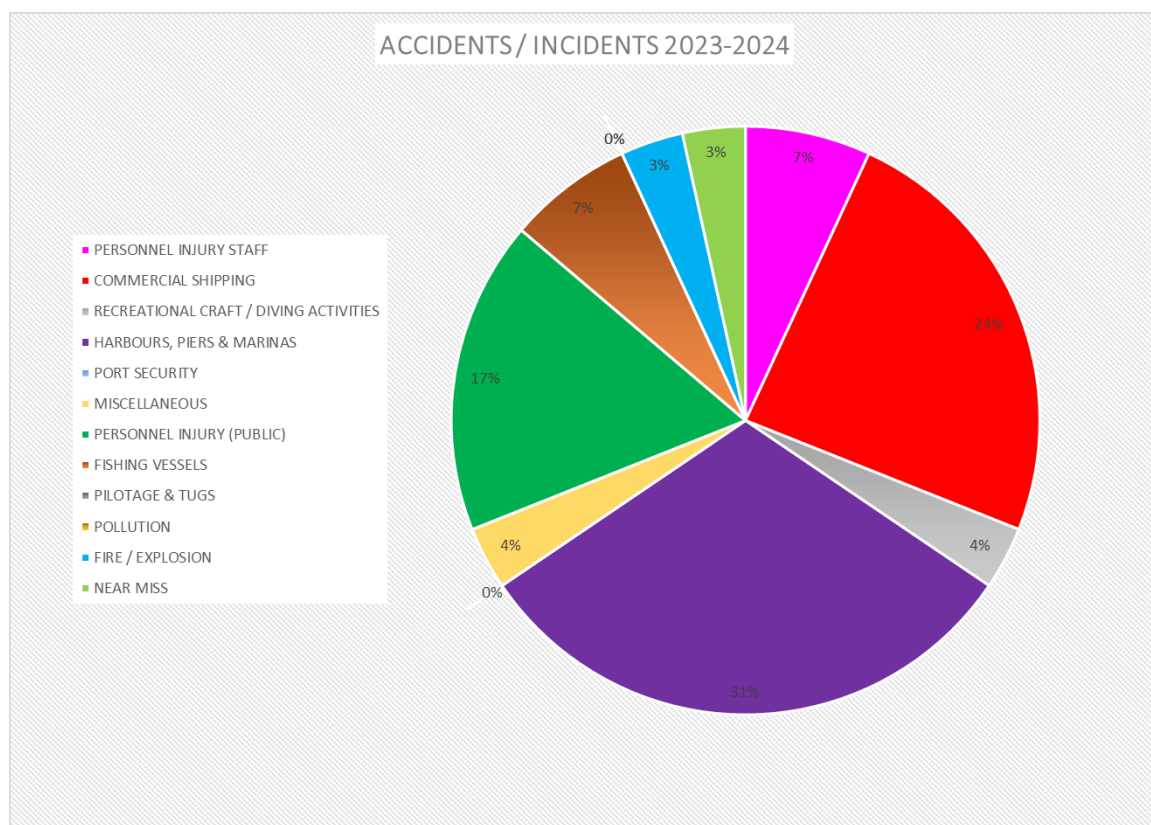
## 5. Port Waste Management

Port Waste Management is now wholly conducted by the Waste Officer within the Harbour structure. Record keeping and returns are of a high standard and regularly inspected by an Inspector from the Department for Environment, Food and Rural Affairs (DEFRA). The latest Port Waste Management Plan was approved by the MCA in this period.

## 6. Accidents and Incidents

Safe operations are the fundamental responsibility of the Harbour Authority, and the monitoring and investigation of incidents are crucial parts of a safety culture.

The following pie chart shows the range and number of reported accidents and incidents within the harbour area. The current trend, when compared to the previous reporting period, shows that the figures for accidents and incidents have increased. All incidents, irrespective of their gravity, are now being reported and acted upon.



		2021-22	2022-23	2023-24	Trend
1	Personnel Injury (Staff/Seamen)	0	0	2	=

		2021-22	2022-23	2023-24	Trend
2	Personnel Injury (Public/Contractors)	0	2	5	↑
3	Commercial Shipping	2	7	7	=
4	Fishing Vessels	1	0	2	↑
5	Recreational Craft/ Diving Activities	1	1	1	=
6	Pilotage and Tugs	0	0	0	=
7	Harbours, Piers and Marinas	2	2	9	↑
8	Pollution	1	1	0	↓
9	Port Security	0	0	0	=
10	Fire/ Explosion	0	0	1	↑
11	Miscellaneous	3	0	1	↑
12	Near Miss	2	3	1	↓
	Totals	12	16	29	↑

### Analysis of Data

No incidents were required to be reported to the Marine Accident Investigation Branch (MAIB) in the reporting period. Towage Services and Orkney Ferries Limited operate their own Safety Management System for ship associated incidents.

Incidents involving commercial/recreational dive vessels were investigated separately by the vessels involved, the Health and Safety Executive and Police Scotland as appropriate.

### Port Skills and Safety

Figures are now being returned to Ports Skills and Safety (PSS) at an increased frequency for the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and Sea Accidents. This is to increase the awareness of trends and PSS continues to work hand in hand with the Health and Safety Executive and the MAIB.

## 7. Port Marine Safety Code (PMSC) and Governance

### Port Marine Safety Code

The Safety Management System (SMS) which forms part of the Port Marine Safety Code (PMSC) is continuously reviewed and the controlled version is held by the Port Marine Safety and Counter Pollution Manager with uncontrolled versions available on the Internet.

## **Designated Person (DP)**

The Harbour Authority requires a Designated Person (DP) to provide independent assurance that the port is operating in accordance with the Port Marine Safety Code. The DP has been sent monthly updates on reports and incidents which, in turn, have been discussed with the Head of Marine Services, Transportation and Harbour Master in a monthly telephone call prior to the writing of a monthly DP report.

The DP contract is currently held by Marico Marine, and they advise the Harbour Authority on ongoing compliance with the Port Marine Safety Code as well as the provision of training for members of the Harbour Authority Sub-committee.

## **Governance**

The Harbour Authority Sub-committee, comprising seven Members of the Council, is the Duty Holder for the Harbour Authority. The Sub-committee is subject to change at each election and at the mid-term review of committee membership. During this reporting period the membership of the Sub-committee remained as per the previous period.

All Members of the Sub-committee and extra members have received a training programme to enable them to undertake their Duty Holder responsibilities.

## **8. Pilotage**

### **Acts of Pilotage**

The Council, as the Competent Harbour Authority for pilotage, met its target to achieve all acts of pilotage within the required timescale of two hours' notice, 24 hours a day, 365 days a year. It also complied with its requirement to examine all applicants for Pilotage Exemption Certificates (PEC) for bona fide officers on those ships regularly calling at Orkney ports.

The Orkney pilots are particularly broadly skilled with few ports anywhere covering this range of pilotage activities, from STS operations to the largest cruise ships in the region. Pilotage is compulsory for all vessels over 80m in length or 65m for passenger vessels.

There were 33 Pilotage Exemption Certificate (PEC) renewals issued during the reporting period, with 28 issued to Northlink and five to Pentland Ferries.

The number of pilotage acts in this period was one less than 2022/23 although there was a sharper drop in crude oil tankers (25%) and ship to ship acts (15%) as opposed to a 26% increase in pilotage acts with cruise vessels. Overall this meant that there was an increase of income from pilotage of £313,449.

## Summary of Pilotage Acts 2022/23

	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>At each Port</u>
Crude Oil Tankers	4	2	5	3	3	2	2	4	3	5	2	4	39
Flotta Pier	0	1	3	0	2	2	2	1	3	0	2	2	18
Hatston - Cruise Liner	14	43	56	46	36	34	4	0	0	0	0	4	237
Hatston Terminal	1	2	2	4	2	0	3	7	1	5	0	2	29
Kirkwall Cruise Liner	0	22	16	31	20	14	0	0	0	0	0	0	103
Kirkwall Harbour	2	1	0	0	2	0	0	0	0	0	0	0	5
LPG Ship to Ship	0	6	2	7	7	0	0	0	0	0	0	0	22
Lyness Pier	0	2	0	0	0	0	0	0	0	0	0	0	2
Scapa Flow Anchor	25	38	14	0	1	0	1	0	0	0	0	0	79
Scapa Flow Cruise	0	0	0	0	1	0	0	0	0	0	0	0	1
Scapa Flow Bunkers	25	38	14	0	1	0	1	0	0	0	0	0	0
Scapa Pier	0	0	0	0	0	0	0	0	0	0	0	0	4
Ship to Ship	18	13	16	23	18	21	13	21	23	15	16	33	230
St Margaret's Hope Pier	0	0	2	2	0	0	0	0	0	0	0	0	4
Stromness - Cruise Liner	0	3	13	8	6	4	0	0	0	0	0	0	34
Stromness Harbour	0	0	1	0	0	0	0	3	2	0	0	0	6
<b>Total Acts</b>	<b>66</b>	<b>133</b>	<b>130</b>	<b>124</b>	<b>98</b>	<b>77</b>	<b>27</b>	<b>36</b>	<b>32</b>	<b>25</b>	<b>20</b>	<b>45</b>	<b>813</b>

(LPG = Liquefied Petroleum Gas; LNG = Liquefied Natural Gas)

## Acts of Pilotage 3 Year Comparative Overview

	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Totals
2021-2022	44	57	77	54	57	78	44	45	40	26	43	65	630
2022-2023	58	98	113	124	106	76	43	52	41	24	28	51	814
2023-2024	66	133	130	124	98	77	27	36	32	25	20	45	813

## Pilotage Dues 3 Year Comparative Overview

	2021-2022	2022-2023	2023-2024
Scapa Flow Oil Port	£ 1,130,411	£996,663	£1,006,041
Miscellaneous Piers and Harbours	£ 232,353	£627,783	£931,853
<b>TOTAL</b>	<b>£ 1,362,764</b>	<b>£1,624,445</b>	<b>£1,937,894</b>

## 9. Towage

With the three newer additions to the fleet working well, Orkney Towage is now able to plan around operations in Scapa Flow and Kirkwall Bay as well as taking on work further away. Like above, the continued downturn in tanker operations at Flotta saw less towage usage in that area. The fourth tug, the older vessel Harald, was out of action for most of this period due to engine problems that required a major refit. This extra capacity does have a business case, as was shown by the number of unfulfilled requests for towage support for cruise vessels. The continuing work in STS, which is very towage intensive, as well as tug work in support of semi-submersible rigs and other vessels in Scapa Flow counted for most operating hours in this period. Collectively, this scope of works has underpinned the broad range of skills deployable by Orkney towage crews and pilots and has enabled a busy year to be undertaken with no safety incidents.

Although not part of the Orkney Towage effort, the MCA Emergency Towing Vessel (ETV) continues to use Kirkwall as its main base although it still spends much longer at sea on risk-based tasking. There have been several taskings for the ETV, some of which have been supported by the Orkney Harbour Authority tugs and the ETV requirement is under constant review.

## 10. Aids to Navigation (AtoN)

As a Harbour Authority, Orkney Islands Council is the Local Lighthouse Authority and as such must undertake statutory duties associated with those responsibilities. A report into the availability of the Harbour Authority's various Aids to Navigation (AtoN) is therefore prescribed by regulation. Performance is monitored and periodically audited by the National Lighthouse Authority, namely the Northern Lighthouse Board (NLB).

As prescribed by the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) and contained within the Port Marine Safety Code, the amount of time the Aids to Navigation are required to be available is dictated by their

category. The category is a product of the Aids to Navigation importance in reducing risk to the mariner.

The required standards are as follows:

- Category 1: 99.8%.
- Category 2: 99.0%.
- Category 3: 97.0%.

In the table below, the following applies:

- OOS means Out of Service.
- MTTR means Mean Time to Repair.
- MTBF means Mean Time Between Failures.

### AtoN Availability by Category

IALA Category	No. of Aids	Max Hours	No. of Failures	OOS Hours	MTTR	MTBF	Availability	Target Availability
Orkney Islands Council								
CAT 1	11	96,360	0	0:00	0:00	0:00	100.00	99.80%
CAT 2	54	473,040	2	73:51	36:56	236483:05	99.98%	99.00%
CAT 3	0	0	0	0:00	0:00	0:00	0.00%	97.00%
No Category	0	0	0	0:00	0:00	0:00	0.00%	0.00%.

### AtoN Availability by Individual AtoN (Lights, Markers and Buoys)

ALLFS No.	Aton Name	IALA Category	No. of Failures	OOS Hours	MTTR	MTBF	Availability	Target Availability
Orkney Islands Council								
	Stromness Harbour. Coplands Dock	CAT 2	1	63:27	15:31	0:00	99.28%	99.00%
A3632	Scapa Pier. West End	CAT 2	1	10:24	21.25	0:00	99.88%	99.00%
At or above target								
Within 10% of the target								
More than 10% from the target								

Any Aids to Navigation failure is in the main related to wear and tear of equipment. The out of service hours can be compounded due to either a greater problem than



was initially reported, availability of spare parts and/or time and opportunity through adverse weather to access the Aids to Navigation to effect repairs.

Several Aids to Navigation are serviced through arrangements with the NLB and this arrangement continues to work well.

All failures of the Aids to Navigation included in this report were reviewed by the NLB and all highlighted anomalies were addressed and monitored by the Board. The information provided in this report has been reviewed and accepted by the NLB.

## 11. Cruise Ships

The 2023-24 year was a record high for Orkney with 210 vessels calling, 208 in the 2023 season and two in March 2024. The main harbour charges for cruise in this period were as follows:

Alongside a pier	£0.37 per gross tonne
At anchor	£0.26 per gross tonne
Charge per passenger	£3.50 per passenger

This generated over £5M in revenues for the harbour authority, up £1,580,399.47 on the previous reporting period. The actual tonnage of cruise vessels calling increased by 2,317,473 tonnes reflecting the trend towards newer vessels having higher gross tonnage figures. The below table shows the breakdown of revenues from cruise. For this period the other services charges have been split out further to show income from other charges directly.

### Cruise Ship Comparative Data

	2021-22	2022-23	2023-24
Port Calls	25	156	210
Gross Tonnage	2,055,437	7,332,471	9,649,944
Passengers	19,347	128,018	203,250
Port Dues	£604,962.71	£2,384,989.02	£3,216,192.28
Passenger Dues	£33,550.25	£320,045.00	£711,235.00
Pilotage	£155,916.25	£606,944.56	£912,803.97
Environmental Levy			£83,619.22
Waste Services			£70,542.06
Towage			£27,900.00
Fresh Water			£51,410.88
Other Services	£2,552.55	£187,808.49	£6,454.96
Revenues	£805,773.51	£3,499,786.90	£5,080,158.37

This year was the final year of the Meet and Greet service contract and penultimate year of the Shuttle bus service contract, whilst the security contract was in its second year.

## 12. Vessel Traffic Services

The Vessel Traffic Services (VTS) system of radar and CCTV sites has operated reliably during the reporting period and the system was kept up to date with upgrades, meaning that VTS has therefore been fully operational, with qualified staff all to the approved standards as required by the MCA during the period.

## 13. Marine Environmental Unit

Number of surveys and tests carried out by the Marine Environmental Unit in 2023/24 is detailed below.

### Number of surveys and tests carried out by Marine Environmental Unit in 2023/24

2023/24 no. of surveys	
Non-native species surveys	58
Sandy shore surveys	4
Rocky shore transects	3
Rocky shore MarClim surveys	5
2023/24 no. of tests	
Ballast water tests	41
Potable water tests - Ferries	60
Potable water tests - Piers	51



**Fixed rocky shore transect survey underway at Hatston, Kirkwall.**

## 14. Ferry Traffic – Miscellaneous Piers and Harbours

The ferry traffic to and from Orkney Islands Council Harbours is set out below. These statistics do not include St Margaret's Hope which is not part of the Harbour Authority area but operates as a Trust Port.

## Serco NorthLink Ferries Ltd

### Traffic on Stromness - Scrabster Route (Hamnavoe)

Year.	Passengers.	Accompanied Cars.	Commercial Vehicles.	Freight (tonnes)
2021-2022	115,900	41,331	5,331	21,312
2022-2023	163,538	52,389	6,716	26,187
2023-2024	212,257	65,767	9,175	45,400
% Change	29.8%	25.5%	36.6%	73.4%

### Traffic on Kirkwall-Aberdeen-Lerwick Route

	Passengers	Accompanied Cars	Commercial Vehicles	Freight (tonnes)
2021-2022	35,764	7,877	11,398	101,736
2022-2023	54,894	9,628	9,882	83,381
2023-2024	53,643	12,301	10,603	87,213
% Change	-2.3%	27.8%	7.3%	4.6%

### John O Groat's Ferries

	Passengers
2021-2022	4,815
2022-2023	15,968
2023-2024	17,482
% Change	8.7%

### Orkney Ferries Ltd

	Passengers		Cars		Total
	Outer	Inner	Outer	Inner	
2021-2022	85,017	200,129	20,249	43,069	2023-24 Total OF Passengers = 336,909 (Northlink totals both routes = 265,900)  2023-24 Total OF Cars = 105,988 (Northlink totals both routes = 78,068)
2022-2023	98,043	222,864	39,206	61,972	
2023-2024	106,702	230,207	40,550	65,438	
% Change	8.8%	3.3%	3.4%	5.6%	

As can be seen there was an increase across all the different routes and traffic except for passengers on the Kirkwall – Aberdeen – Lerwick route. The larger

increases on the Stromness – Scrabster route were partly due to the extra capacity deployed to cover for the non-running of the separate Pentland Ferries service for a period due to technical issues.

Orkney Ferries Limited reported an increase of passengers and cars utilising their routes with numbers matching and improving upon those seen before the pandemic.

## **15. Staffing**

During this period there were still severe issues with staff levels in the Harbour Authority with attrition meaning the loss of the Port Safety Manager and Marine Database Administrator. The Assistant Harbour Master role was still vacant through this period meaning that there was pressure on the operational teams through a very busy summer season. Further posts were created, and still vacant, in the engineering and operations departments although by the end of the period there were job offers out for a new Deputy Harbour Master, two new Assistant Harbour Masters and a Marine Infrastructure Manager.

It is be hoped that these key roles are filled early in the next reporting period to enable the Harbour Authority to continue to function efficiently.

Collective and emergency training ashore continues to be an area for attention and team and individual pollution training has continued to take place. Pilotage training of new employees is an ongoing task and, importantly, refresher training for members of the Harbour Authority Sub-committee and senior Council officials has been undertaken.

## **16. Current and Future Activity**

There is now a downturn in the number of tankers calling at Flotta and this has affected the number of operations in the Scapa Flow Oil Port in this reporting period. In October 2023, in reaction to this, the charges for these tankers were doubled to offset the loss of income being incurred. There seems to be little chance of reversing this trend and there needs to be a resourced push to look at the potential growth in both the ship-to-ship and oil platform opportunities in Scapa Flow.

The cruise sector is showing a trend in the opposite direction with a record number of cruise vessels calling in the reporting period. The introduction of the Cruise Booking Policy is the first stage in recognising a need for management of the cruise visits and provides clear guidance on the acceptance of vessels. Likewise, the recovery of the ferry income levels was a further boost to the harbour accounts although it was announced in this period that the John O’Groats short sea crossing would be closing after this season.

Work continued with the development plans for the new quay in Scapa Flow as well as extension of the Hatson Pier. These developments linked together with Scapa Flow and existing facilities at Lyness, Stromness and Hatston are critical to attracting future income streams from renewable energy and in particular offshore wind.

## **17. Harbour Master Conclusions**

This has been another positive year of trading, with strong performance in most sectors. This shows an increasing confidence in the service provided to our user base and the benefits of pursuing a broad portfolio of business, particularly in an increasing uncertain and turbulent economic setting, where trading and prices are increasingly driven by events outside of the UK.

It has been pleasing to see strong trading in the cruise and tourism sector, demonstrating a strong resurgence in demand, but also a positive, quantifiable approval for both the service provided to the sector and the natural draw of Orkney. This has also been reflected through the buoyant Ship to Ship transfer business. Here the benign conditions of Scapa Flow and an overriding focus on safe, reliable operations and a commitment to invest in them has been a strong draw and ambassador for the harbour.

The continued push towards further diversification, into offshore energy, particularly wind, and other commodities is again at the forefront of harbour business development. Flotta traffic continues to decline with the end of activity at an economically viable level imminent, based on current projections and recent court cases on new exploration. Offshore energy, and the servicing of offshore wind in particular is a key target for harbour development, with the masterplan being progressed at pace, to allow Orkney to be at the leading edge of this energy transition and positioning it as a prime location for supporting the electrification of the North Sea and North Atlantic, and more importantly supporting the efforts to green the economy and stem climate change.

This year's report is testament to the dedication and capabilities of the small, professional, driven team that once again, have provided safe, customer focused service throughout the year. The potential for growth over the next decade is large, with the right mix of infrastructure, and this team is now ideally placed to realise that growth, meeting customer needs, provide resilience and keep paced with ever changing regulation.