

BRITAIN'S TOP PORT



LERWICK PORT AUTHORITY



STRATEGY AND BUSINESS PLAN 2013

CHAIRMAN'S FOREWORD

This 2013 Business Plan continues our commitment to inform stakeholders of the Port Authority's activities and demonstrates the mission statement, strategic objectives and framework to maintain the port of Lerwick as an economic hub for Shetland.

The Authority's recent performance, along with the activities of the many port users, has seen a period of growth in overall terms and sets the port up well for the future.

Forecasts for offshore oil and gas projects being supported from Lerwick over the next three years are very encouraging and the Authority's endeavours to keep pace with the size of ships now operating in this sector has paid dividends with deep-water quays continuing to be provided on the back of a huge dredging project in 2008.

A significant list of new capital projects continues to be delivered by the Authority, at the same time as costs and staff numbers are kept steady at a sustainable level.

The Board Members of the Authority are pleased to publish this plan which is available on our website and will be distributed to a wide range of relevant parties.



Harry Jamieson,
Chairman

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THE AUTHORITY

Board Members & Management of Lerwick Port Authority

Lerwick Port Authority was established (as Lerwick Harbour Trust) by Act of Parliament in 1877 and is an independent statutory body governed by its own legislation. It is directed by eleven Board Members, nine of whom are appointed from the local community and harbour users.

The Chief Executive and Deputy Chief Executive of the Authority are ex-officio Board Members.

As well as being a harbour authority, the Authority is a self-financing business depending like any other commercial concern on cash flow and profits for its successful operation. The Authority continues to invest its profits back into the port in order to continue developing a high standard of infrastructure for the benefit of its users. Over £74M has been invested in port assets since the 1960's.

The Authority has to keep planning ahead to keep pace with the changing needs of port users and the Shetland community. To do so, it must keep close to industry - fishing, oil & gas, ferries and tourism - to anticipate and assess opportunities for either investment in facilities or further diversification. The port also has to continue to operate efficiently and provide its customers with good value for money for services.



Board Members left to right, Chief Executive Sandra Laurenson; Jim Budge; Caroline Miller; George Anderson; Deputy Chairman Brian Anderson; Ronald Gair; James Anderson; Jim Henry and Deputy Chief Executive Victor Sandison. Missing from the photo are Chairman Harry Jamieson and Robert Polson.

INTRODUCTION

2013 is anticipated to be a busy year with a continuation of significant harbour traffic from the four main industry sectors operating at the port.

The groundwork laid in previous years has proved valuable with the port able to grasp the opportunities available from **offshore oil & gas** projects in the region. With an increasing size of ships operating in this sector, Lerwick has deep water quays and laydown space to support this business, and has plans for more investment in this area during 2013.

A three-year subsea project West of Shetland is to be supported from Lerwick until 2015 and the Shetland Gas Plant being built will also bring cargoes to the port with storage requirements. In addition to these major contracts, other offshore installation and decommissioning projects are set to continue to use the port.

Lerwick continues to service offshore **decommissioning** with the existing decommissioning yard at Greenhead Base busy with a five-year subsea disposal contract. This yard is owned by Peterson SBS and operated by Veolia Environmental Services with expansion plans to suit any major offshore project won.

A significant new development is planned for Dales Voe as detailed under Harbour Infrastructure in this Plan. Milestones to be achieved during 2013 include obtaining consent for the works, completing the funding package and procuring the works, with timescale for the build dependent on the proposed tenant winning work for the yard.

Ferries and freight remain a cornerstone of trade through the port and one of the Authority's principal activities is to support the lifeline link for Shetland by ensuring the port's infrastructure continues to operate well. The current generation of ro/ro ferries on the Northern Isles route are not operationally constrained at Lerwick which is an all-weather port. With Serco NorthLink Ferries newly operating the lifeline service from July 2012 for the next six years, the reduction in freight ferry sailings for the first half of 2013 will be monitored with interest, as will any emerging plans for replacement ferries for future years.

Other lifeline services to Shetland include import of fuel oils for the islands which are mainly to a private depot within the port but the fuel for the electricity generating station and marine gas oil to Greenhead Base both come in over the Authority's quays. The lo/lo freight operation is another important contributor to goods flowing through Lerwick.

Fishing, as before, suffers from fluctuations in the marketplace mainly due to external factors. Lerwick remains committed to providing a good service to white fish vessels as is evidenced by the building of a new quay for a replacement fishmarket. During 2012, the average price for white fish landed at the port fell back after a period of sustained rises.

Pelagic fish landings at Lerwick also fell in 2012, mainly due to the after-effects of unsustainably high mackerel prices in 2011. The international markets resisted the price level that had been achieved for mackerel when the marketplace became flooded with cheap products from Faroe and Iceland following those nations setting themselves high mackerel quotas.

2013 however starts on a brighter footing for the pelagic processor at Lerwick. The Port Authority is challenged with the value of individual pelagic landings causing dissatisfaction with the ad valorem dues payments to the port. This will be the subject of consideration in early 2013 with stakeholder engagements to find a solution.

Worthy of note is that of the Port Authority's investment in companies, most of these are in the fishing sector. The Authority is instrumental in each of Shetland Catch Limited, SFP (Shetland Fish Products) Limited and Shetland Seafood Auctions Limited.

Marine tourism is a growth area with larger **Cruise Ships and Yachts** now calling at the port. 2012 saw records broken again with the numbers and size of cruise ships calling at the port. Around 50 cruise ships in a season bringing over 37,500 passengers to Shetland is now the trend. Vessels over 100,000 Gross Tonnes carrying over 3,000 passengers are now routine as part of the mix of cruise calls.

Visiting yachts are also on an upward trend although poor summer weather has affected numbers for the past season. As with other types of shipping, the size of yachts is ever increasing and they tend to stay slightly longer in port.

As well as a busy period for harbour traffic, the Authority continues to see demand increase for its land estate. The Authority operates many of the **industrial sites** in the north part of Lerwick and occupancy levels remain high. With its developed industrial estates all fully let, the Authority is pursuing creation of more lay-down areas and planning consent obtained early in 2013 will allow this work to commence.

A new project in discussion for the port estate is to dispose of land for a new electricity generating station and in return for the Authority to eventually acquire the site of the existing power station.

Underpinning all of the Authority's activities is the **management of the business** and the refreshed Modern Trust Ports for Scotland guidance sets out well the principles of accountability that the Board strives to deliver on.

The Authority continues to rely on commercial bank borrowings to fund new investments and has to perform against the forecasts and projections it sets itself to meet those obligations. With a cost base that is fairly stable, and some revenue streams including rent that are predictable, the best opportunity to improve performance is through increased revenue. There are no long-term oil & gas contracts operating from Lerwick but the certainty of continued project support work for the next three years gives confidence for the medium term.

Particular challenges for the Authority's business in 2013 include funding for new infrastructure projects during a time when UK banks are only offering 5-yearly finance and also the removal of Industrial Buildings Allowances and the reduction of rates of capital allowances which impacts on the taxation payable on new assets, however this is mitigated by a new category of capital allowance and the welcome reduction in corporation tax rates. The Authority is also exploring how best to deal with pensions and if the final salary schemes presently offered are sustainable for the future

The last economic impact assessment of Lerwick Harbour's importance to the Shetland economy was published in 2007 and is due for an update. At that time, the port was a major employment location in Shetland and the Authority generated £11.4M annually in the local economy. With 77% of its income coming from external sources and 80% of its expenditure made locally, the Authority delivers a massive benefit to the local community.

A summary of key harbour information can be found on page 23.

MISSION STATEMENT

The longer-term aim of the Authority is set out in its Mission Statement:-

“The Authority aims to run an efficient, cost-effective port operation involving the management, maintenance and regulation of its activities and shipping to the port for the benefit of the Shetland community and businesses for the foreseeable future. In so doing it will strive to invest in new facilities and to maximise the quality and value for money of its services in order to maintain existing and attract new business to the port. It will diversify its involvement in port related facilities where this supports and strengthens its core harbour activity.”

This aim is broken down into strategic objectives providing a clear framework of plans to help realise the potential of the port and overcome any obstacles to future development, allowing the provision of first class services and facilities for customers.



STRATEGIC OBJECTIVES

The key strategic objectives of the Authority are:-

- The management, maintenance and regulation of Lerwick Harbour.
- To conduct all business activities in a responsible manner, which assures the prevention of injury and ill health to employees and port users, preservation of the environment and quality of service and to promote the development of an efficient, cost effective sustainable port.
- To invest in new port facilities where a need is identified. To diversify its portfolio of investments and sources of income, especially where this also supports and strengthens its core harbour activity.
- To attract new businesses and ensure the continued satisfaction of existing customers and users, and to defend the port against unfair competition and anti-competitive practices.
- To maintain existing buildings, plant and equipment and harbour facilities in a safe and serviceable order.

These objectives provide the basis for the following action plans that are now summarised.



I. CONSERVANCY

The board of Lerwick Port Authority will continue to fulfil its paramount statutory duty to conserve the harbour in order to ensure its continued safe and efficient operation. It shall do this by:

- finding, marking and monitoring channels;
- providing adequate and sufficient aids to navigation;
- adequately identifying wrecks and other hazards;
- maintaining berths and anchorages;
- collecting hydrographic information;
- furnishing information for Admiralty Charts;
- providing relevant information to users about the conditions in the harbour.

All of these shall be routinely reviewed, any significant changes identified, and any relevant information shall be published and disseminated to users. The same shall apply following any work undertaken in the harbour.

Lerwick Port Authority shall continue to use the Department for Transport “A Guide To Good Practice On Port Marine Operations” (Section 6, Conservancy) as a guide to the conservation of Lerwick Harbour.



2. HEALTH, SAFETY, ENVIRONMENT & QUALITY SYSTEM

Lerwick Port Authority operates an integrated Health, Safety, Environment and Quality (HSEQ) Management System which ensures continual improvement in harbour services. All services are reviewed and updated as necessary to improve quality, reliability and safety and to meet the demands of the varying industry sectors and port users.

In addition to incorporating the requirements of health, safety and environmental legislation, the HSEQ Management System fulfils the requirements of the following standards:

- Port Marine Safety Code. Designed to improve safety and manage marine operations to nationally agreed standards. This ensures that significant safety risks are identified and evaluated and that suitable control measures are in place to manage them.
- BS EN ISO 14001:2004 Environmental Standard (Certified by BSI). All aspects of harbour activities which have the potential to impact on the environment are identified and those impacts are controlled as far as possible to support environmental protection and prevent pollution.
- BS EN ISO 9001:2008 Quality Standard (Certified by BSI). Port user requirements are constantly monitored and the services offered are improved appropriately. Processes are also monitored and updated as required to improve efficiency.

All processes related to harbour activities are audited regularly to ensure ongoing compliance with all these requirements.



3. HARBOUR INFRASTRUCTURE

The Board of Lerwick Port Authority has an ongoing Capital Programme of planned investment which will take several years to deliver. The Authority is conscious of its customers' needs and strives to provide the infrastructure necessary to allow the industries using the port to flourish. 2013 is an exciting time with many projects on the drawing board and challenges ahead to prioritise these in an affordable manner.

A brief overview of some key projects are outlined here:

(I) QUAY DEVELOPMENT

DEEP WATER QUAY PROJECT, DALES VOE

In May 2012, the Scottish Government announced a £10 million package to support plans for a deep-water quay at Dales Voe to secure decommissioning work on major offshore structures from the Northern North Sea. Lerwick Port Authority signed an exclusivity agreement with AF Decom Offshore UK in 2010 to develop the project incorporating a 24-metre deep quay and offshore decommissioning yard, to provide a scale of capacity and environmental standard currently unmatched in the UK. The development, if consented, would represent the single largest investment in infrastructure at Lerwick Harbour to date. The proposed site is located within 120 miles of many North Sea oilfields and will consist of an existing quay, a decommissioning pad, laydown, warehousing and offices together with a new deep-water quay.



3. HARBOUR INFRASTRUCTURE (Cont'd)

MAIR'S YARD, GREMISTA

The requirement to replace the current white fishmarket continues to be at the forefront of the Authority's capital programme. In September 2012, plans for the new white fish market took another major step forward, with the Authority awarding a contract to Tulloch Developments Ltd, for land reclamation and a new quay at the location. This announcement followed the Scottish Government's allocation of European Fisheries Funding (EFF) towards the cost of the £3.17million quay project.

A total area of 1.45 hectares of land will be reclaimed at Mair's Yard with a quay 151 metres long and with six-metres water depth alongside. Completion of the land reclamation and construction works is scheduled for July 2013. The quay will also generate considerable benefits ahead of the new market by increasing the berths and area available at Holmsgarth.

Design of the market building will commence during early 2013, with the aim of construction of the new fish market building starting in 2014. The project will bring benefits in the landing of fish and in supporting and servicing vessels and also include significant improvements in the handling of fish once landed; in the uplifting and onward transportation of the increasingly higher value species; in staff welfare facilities, and it will be more energy efficient.



3. HARBOUR INFRASTRUCTURE (Cont'd)

BERTH 7, GREENHEAD BASE

A £5.2M reclamation-and-construction project to create additional deep-water at Greenhead Base was brought into operation ahead of schedule in February 2012 to support a major subsea project in the North Sea. Work was accelerated on an 80 metre section of the development to make it available for use by major subsea contractor, Technip. The new berth is a common-user facility, but designed with support of offshore industry operations very much in mind. With nine-metre' water depth and an extensive laydown area, it is another important addition at a time when larger vessels are using the port. The facility has also brought improvements for current users and will help attract more traffic, across a range of activities. The new quay extension at South Greenhead has provided a further 10,000 m² of laydown area.

The immediate use of the quay is a further endorsement of Lerwick Harbour's proactive strategy in the continuing development of the port's infrastructure and demonstrates its flexibility in meeting industry requirements and timescales.

BERTH 7 EXTENSION, GREENHEAD BASE

In September 2012, a contract was awarded to Tulloch Developments Ltd for the construction of a further 75m deep-water quay extension at Greenhead Base where the site has been pre-dredged to nine-metres water depth. The contract will run in tandem with the Mair's Yard project worth a combined value of £5.6 million. Berth 7 will extend eastwards to complement the additional 100-metre berthing recently completed. This project will increase capacity at Greenhead to bring total quay length in the area to over 780 metres and construction will be undertaken onsite between April and October 2013.



3. HARBOUR INFRASTRUCTURE (Cont'd)

POINT OF SCATLAND DEVELOPMENT

Looking to the future, the next quay projects identified all require either demolition or disruption to existing berths, therefore it is necessary to provide new berthing prior to this.

Included in the Authority's short term plan is a development at Point of Scotland to allow an opportunity for the adjacent salmon processor to relocate its salmon holding cages from Gremista Quay and creation of additional quays, for all vessels including pelagic trawlers and salmon well boat berthing. This project is a precursor to future redevelopment of Gremista Quay and Holmsgarth's north Jetty.



3. HARBOUR INFRASTRUCTURE (Cont'd)

(II) INDUSTRIAL LAND

ROVA HEAD DEVELOPMENT

The port's estate includes valuable industrial land and rental income continues to be a key economic cornerstone for the Authority. Consent has been obtained for the creation of new development sites near Rova Head, Lerwick. The proposed development will support industrial projects, particularly those associated with the nearby Greenhead and Dales Voe quays. The intention is to develop the sites in stages to suit demand and will be created by levelling the higher ground within the site and importing fill where required. When complete the combined area of both sites will add a further 58,750m² of land for industrial use. This will complement existing laydown available at the adjacent North Greenhead Reclamation site.



Figure 1. Existing layout of development area.



Figure 2. Digital impression of proposed development area.

3. HARBOUR INFRASTRUCTURE (Cont'd)

(III) VESSELS

With *Kebister* now over 20 years old, the Authority has started to consider her replacement with a vessel similar to the very successful *Knab* that was delivered in 2006.

(IV) FUTURE PROJECTS

Some of these projects are:

- **Arlanda Deep Water Berths and Reclamation Area.** The proposal is for a phased development to create further land reclamation at Arlanda plus new berthing at Gremista Quay to accommodate the larger deeper drafted vessels now using the area. Development of the area will have a beneficial regeneration effect providing new deepwater quays, large laydown area and future development sites.
- **North Holmsgarth Jetty Enlargement.** This project would provide deeper berthing and more laydown area for the fishing fleet. It is envisaged the work would be phased with a possible future arm extension to the north which would help to provide a more sheltered dock at the site of the new fishmarket.
- **Town Centre deep-water berth.** Once the fishmarket is relocated from Lerwick town centre, there may be an opportunity to reclaim land to the seaward of the market to gain a 300 metre long, 10 metre deep berth which would be ideal for cruise ships and also suit deepwater vessels using the port.
- **Ro/ro infrastructure improvements.** The vital ro/ro infrastructure at Lerwick was refurbished in 2012 to suit the current generation of freight ferries using the linkspan. Any changes to the ro/ro vessels operating on the route may require future investment in the ro/ro facility.
- **Renewables.** The port infrastructure at Lerwick is ideal for support of onshore and offshore renewable energy projects. The wider harbour area will be assessed for suitability for small scale trial sites for renewables projects.

4. INVESTMENT

Lerwick Port Authority continues to review all opportunities for development of harbour facilities and also the potential for stimulating trade in the port to fully utilise capacity.

In support of core business, the Authority also has invested in companies that can provide harbour traffic and operational income to the Authority.

The Authority currently has shareholdings in the following active companies:

- Shetland Catch Limited – owning 25.9% of the shares, the Authority is the second largest shareholder of the company.
- Black Hill Industrial Estate Limited – owning 51% of the shares, the company is also managed by the Authority.
- SFP (Shetland Fish Products) Limited – owning 36.1% of the shares, the company operates the fish meal and oil plant at Heogan, Bressay.
- Shetland Seafood Auctions Limited – owning 27.4% of the shares, the company provides services and the electronic auction equipment at Lerwick fishmarket.

Some recent examples of other investments undertaken include:

- Commercial Property - £211,000 was invested to refurbish and extend office accommodation for a tenant.
- Industrial land - £105,000 was invested in land reclamation and access road improvements in a development area.
- Cruise tourism – The Authority invested £94,000 in provision of bespoke infrastructure for cruise passenger welcome and access.
- Ro/ro improvements - £1.4M invested in a replacement berthing dolphin at the main ro/ro berths at Holmsgarth.
- Yachting – £121,000 invested in more pontoons for the visiting yacht sector.

The aforementioned projects continue the Authority's investment strategy of maintaining its present market whilst providing expansion opportunities. During 2013, any investment opportunities presented will be considered in regard to both the fit with core business for the Authority and the level of return achievable.

5. REPAIR AND MAINTENANCE

The Authority continues its programme of ongoing repair and maintenance. An annual budget of £500,000 is allocated for routine repairs and general maintenance of the Authority's docks, extensive property holding, boats, plant and equipment.

Efforts are being made on inspections and a planned maintenance programme to minimise non-planned expenditure. Accelerated low water corrosion of steel quay structures has been addressed with cathodic protection now installed and surveyed annually by the Authority's trained staff.

A rolling programme of fender repair and replacement is underway to suit the ever-larger craft visiting the port. Dive surveys are regularly done to examine sub-sea structures and remove debris.

Examples of some recent repair projects include:-

Warehouse recladding at Holmsgarth	
Outcome:	Re-sheeting plus internal structural alterations completed
Completed:	January 2010
Budget:	£315,000

Various surfacing repairs at Holmsgarth, Laurenson Quay and Shearers Quay	
Outcome:	Phase of resurfacing to quayside areas
Completed:	August 2011 (Next phases scheduled annually)
Budget:	£57,000

Holmsgarth freight linkspan refurbishment	
Outcome:	Full hydraulic replacement, new staff welfare facilities, general painting and refurbishment
Completed:	September 2012
Budget:	£93,000

6. COMMUNITY ENGAGEMENT AND STAKEHOLDER BENEFIT

As a Trust Port, the Authority carefully manages the assets of the Trust for the benefit of all its stakeholders and actively supports a number of local community activities through a range of non-commercial benefits which include:

THE TALL SHIPS RACES 2011

Lerwick successfully hosted this event at Lerwick in July 2011. A sponsorship package of benefits-in-kind totalling £100,000 included office accommodation for the organising committee and provision of berthing, pilotage and tugs to the fleet, plus quaysides made available for the event.

SAIL TRAINING SHETLAND

The Authority continues sponsorship support for sail training activities delivered through Sail Training Shetland for young people between the ages of 15-25 years. Since 2009, over eighty once-in-a-lifetime sail training adventures have been facilitated and this activity ensures a long lasting legacy to Lerwick's involvement with The Tall Ships Races 2011.

YACHT RACES

Annually at midsummer, major yacht races call at Lerwick Harbour, the annual Bergen-Shetland Race and the more recently introduced biennial 1000 Mile Race from the Netherlands. The Authority supports this activity and other local sailing regattas through provision of quaysides and facilities in the immediate Town Centre area.

PhD STUDENTSHIP

The Authority previously sponsored a project on "The development of Shetland's pelagic fishing industry: 1945-2000" which will become an Archive record. Leading on from this, the Authority will support a new PhD Studentship project in conjunction with The Shetland Amenity Trust and The Centre for Nordic Studies on "The Shetland Boat", to record another facet of Shetland's strong maritime heritage.



6. COMMUNITY ENGAGEMENT AND STAKEHOLDER BENEFIT (Cont'd)

The Authority has a key role to play in balancing the interests and expectations of its various commercial, statutory and local community stakeholders. As such it strives to invest in new facilities which secure future development opportunities for its users and encourage diversification of services available at Lerwick essential for the success of the wider Shetland economy. It is a priority for the Authority to engage with the local authority on future challenges and to develop an ongoing partnership for the benefit of Shetland as a whole.

The Authority recognises the ever evolving needs of its users and stakeholders and as such actively uses opportunities to develop these relationships where possible. Some examples of our wider stakeholder activities and investments include:

FISHING

- Stakeholder engagement with pelagic sector representatives at both local and regional level on the review of ad valorem dues applied by the port.
- Formation of a stakeholder group on the design and procurement phase of the new Lerwick Fishmarket.

DECOMMISSIONING

- Hosting public engagement events on the proposed Dales Voe Deep Water Base Project.

TOURISM

- Direct investment and coordination of an annual Meet and Greet service for visiting cruise ships. Regular multi-agency collaboration ensures a high standard of customer service to visiting cruise ships and serves to maintain the attractiveness of Lerwick as a cruise destination. This has positive implications for the wider Shetland economy as the sector grows, with a direct beneficial effect on local business and tourism providers. Lerwick's strategic location and Shetland's unique regional identity helps to encourage diversification in cruise tourism in Scotland as a whole.
- Lobbying Government on the newly introduced passport checks on all cruise passengers which is a threat to the future growth of cruise tourism in the UK.
- Regular customer feedback campaigns aimed at the visiting yacht sector to identify areas for future improvement.

RENEWABLES

- Discussions with development agencies on potential test sites for offshore wind renewables sector projects.

LOCAL

- Expansion of the port's industrial estate to make areas available to support new and existing business opportunities in the energy sector with associated benefits to local service companies, employment and skills opportunities.
- Sponsorship and donations budget directed towards community interests and maritime activities.

ENVIRONMENTAL

- Environmental Clerk of Works training for employees to oversee the port's capital developments.
- Liaison with statutory stakeholders such as SEPA and SNH.

7. MARKETING

Marketing of the port is ever more important in a competitive environment. Marketing to specific industry groups will continue in a manner most appropriate to the particular sector.

For example there are established contacts to the mature cruise ships sector, there are tourism related events to support the ferries and sailing sector, the fishing sector generic “Land in Shetland” campaign was successful and the oil industry needs constant awareness with new project-specific teams perhaps never having considered Lerwick before. Offshore decommissioning is an exciting new opportunity for marketing.

In addition to marketing to customers, the Authority markets to the local community to maintain awareness of the Authority’s activities and seek involvement in and support of many projects and events in the harbour.

The Authority concentrates on retaining existing customers, attracting new business and generally improving the image of the port. This is done by:

- Producing updated promotional literature.
- Updating the Lerwick Port Authority website on a regular basis.
- Attending industry-specific trade events and exhibitions.
- Working closely with appropriate trade groups and organisations.
- Issuing News Releases and utilising the services of a PR/marketing agency.
- Arranging meetings with key personnel and hosting visits to the port.
- Investigating new promotional ideas and supporting the marketing efforts of port-related businesses.

Recent examples of the Authority’s marketing activities are:

- Press Releases issued keeping abreast of news from the Authority.
- Production of fishing and subsea bulletins for promotion at related industry events.
- Redesign of the Authority’s website to include new features.
- Cruise Scotland membership and attendance at cruise events alongside other Scottish Ports.
- Exhibiting presence at Offshore Europe alongside Peterson SBS and AF Decom Offshore.
- Attendance at various decommissioning conferences, seminars and events.
- Hosting visits to the Port from industry membership organisations such as Decom North Sea and Energy North.

8. MANAGEMENT AND PERSONNEL

At Board level, the most recent comprehensive review of the Authority's constitution took place in 2003 with the Lerwick Harbour Revision (Constitution) Order 2003. In 2010, changes were made to remove the upper age limit for Board Members.

The Board comprises of nine non-executive Board Members remunerated on an attendance allowance basis plus two ex-officio Board Members in the Chief Executive and Deputy Chief Executive.

Since 2011, the total complement of employees has risen by two with the addition of a new general duties operative to strengthen the shore team and a Systems Assistant to support the day-to-day administration requirements of the Authority's HSEQ Management System.

The Authority's staff members are a valuable asset with a wealth of knowledge and experience. Staff training of the workforce continues with a high standard of health, safety and environmental compliance in all departments. Opportunities for training and education are taken when appropriate.

Safety/Management meetings continue to be held with all staff members on a quarterly basis with many important issues and constructive ideas being raised and acted on as a result of these meetings.

The complement of staff members of Lerwick Port Authority is as follows:-

CHIEF EXECUTIVE/DEPUTY CHIEF EXECUTIVE	2
HARBOURMASTER/OPERATIONS	3
ADMINISTRATION/FINANCE/COMPLIANCE	8
PILOTS	3
PORT CONTROLLERS	5
SUPERINTENDENTS	2
BOAT CREWS	9
OPERATIONS PERSONNEL	15
PART TIME (ADMIN/CLERICAL)	3
SEASONAL STUDENTS	3
<u>TOTAL</u>	53
FULL TIME EQUIVALENT	48

Consolidated profit and loss account

for the year ended 31 December 2013

	Notes	2013 £000	2012 £000
GROUP TURNOVER	2	12,535	10,433
Cost of sales	3	<u>(5,796)</u>	<u>(5,135)</u>
GROSS PROFIT		6,739	5,298
Administrative expenses		<u>(1,192)</u>	<u>(959)</u>
OPERATING PROFIT	5	5,547	4,339
Investment income	7	52	22
Interest payable	8	<u>(428)</u>	<u>(480)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,171	3,881
Taxation	9	<u>(1,401)</u>	<u>(1,196)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,770	2,685
Attributable to minority interest		<u>(14)</u>	<u>(14)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	18 & 19	<u><u>3,756</u></u>	<u><u>2,671</u></u>

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

Consolidated balance sheet

as at 31 December 2013

	Notes	2013		2012	
		£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	10		48,552		45,628
Investments	11		<u>1,823</u>		<u>1,823</u>
			50,375		47,451
CURRENT ASSETS					
Debtors falling due within one year	12	3,173		2,353	
Debtors falling due after more than one year	12	1,641		4	
Cash at bank and in hand		<u>2,197</u>		<u>4,410</u>	
		7,011		6,767	
CREDITORS:					
Amounts falling due within one year	13	<u>(3,043)</u>		<u>(3,257)</u>	
NET CURRENT ASSETS			<u>3,968</u>		<u>3,510</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			54,343		50,961
CREDITORS:					
Amounts falling due after more than one year	14		(6,384)		(7,168)
PROVISIONS FOR LIABILITIES	16		(1,171)		(1,414)
DEFERRED INCOME	17		<u>(6,567)</u>		<u>(6,038)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			40,221		36,341
Pension liability	6		<u>(2,808)</u>		<u>(2,525)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u><u>37,413</u></u>		<u><u>33,816</u></u>
CAPITAL AND RESERVES					
Sinking fund	18		2		2
Savings fund	18		70		70
Profit and loss account	18		39,627		35,761
Pension reserve	18		<u>(2,808)</u>		<u>(2,525)</u>
TOTAL GROUP FUNDS	19		36,891		33,308
ATTRIBUTABLE TO MINORITY INTEREST			<u>522</u>		<u>508</u>
TOTAL CAPITAL EMPLOYED			<u><u>37,413</u></u>		<u><u>33,816</u></u>

The financial statements on pages 8 to 31 were approved by the board and authorised for issue on 15 April 2014 and are signed on their behalf by:

H A N Jamieson : Board Member (Chairman)
S M Laurenson : Chief Executive
V I Sandison : Deputy Chief Executive

KEY HARBOUR INFORMATION 2012

5,165 VESSEL ARRIVALS
12.5M GROSS TONNES OF VESSELS
161,821 PASSENGERS
997,474 TONNES OF CARGO
61,314 TONNES OF FISH LANDED
£50.1M VALUE OF FISH LANDED
1,396 PILOTAGE ACTS
163 PROPERTIES RENTED
112 TENANTS
£10.4M GROSS ANNUAL TURNOVER
48 FTE MEMBERS OF STAFF
SIZE OF HARBOUR(NORTH–SOUTHLIMITS): 9 NAUTICAL MILES
SIZE OF HARBOUR(INNER HARBOUR): 3 NAUTICAL MILES
3,892 METRES OF QUAYS
12.5 METRES MAX. DEPTH ALONGSIDE

LERWICK HARBOUR IS:-

A 24-hour all weather port with two entrances.

Certified to the British Standards BS EN ISO 9001:2008 and BS EN ISO14001:2004 and operates a Health, Safety, Environment and Quality Management System which is also compliant with the Port Marine Safety Code (PMSC).

Fully compliant with the International Ship and Port Facility Security Code (ISPS).

An international Port approved by H.M. Revenue & Customs & UK Border Agency.

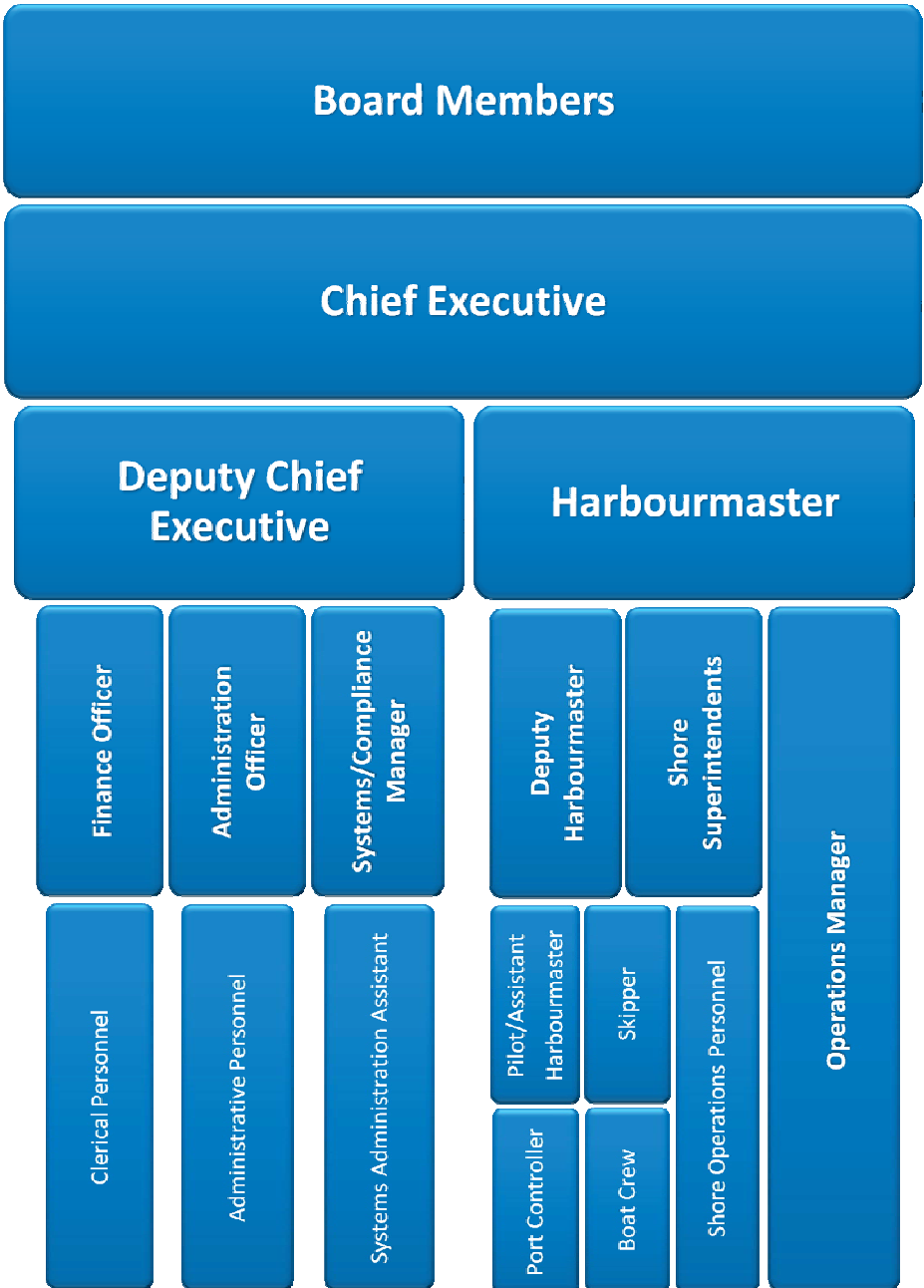
LERWICK PORT AUTHORITY PUBLICATIONS

(APPROVED BY MARITIME & COASTGUARD AGENCY):

Port Waste Management Plan for Port of Lerwick (June 2012)

Oil Spill Contingency Plan for Port of Lerwick (April 2011)

ORGANISATIONAL STRUCTURE



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