



Item: 3

Harbour Authority Sub-committee: 18 March 2025.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Draft Revenue Budgets.

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

1. Overview

- 1.1. As trading activities of the Council, it is considered good practice to agree budgets for Miscellaneous Piers and Harbours and Scapa Flow Oil Port in advance of the financial year commencing.
- 1.2. The respective budgets, as trading activities, should normally assume that a surplus can be generated from their activities.
- 1.3. Annual contributions from the operation of the Miscellaneous Piers and Harbours Account are set aside in the Miscellaneous Piers Property Maintenance Fund to support the development of a long-term Property, Plant and Equipment Maintenance Programme.
- 1.4. Section 4 details the budgetary requirements for Miscellaneous Piers and Harbours and Scapa Flow Oil Port for financial year 2025/26, with the draft budget detailed in Annex 1.

2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:
 - i. Note that provision of £2,738,600 has been made within the revenue budget for Miscellaneous Piers and Harbours in respect of maintenance and repairs works.
 - ii. Note that, after applying inflationary and budget assumptions, the draft revenue budget in respect of Miscellaneous Piers and Harbours for 2025/26, detailed in Annex 1 to this report, is indicating a net surplus of £2,349,800.
 - iii. Note that, after applying inflationary and budget assumptions, the draft revenue budget in respect of Scapa Flow Oil Port for 2025/26, detailed in Annex 1 to this report, is indicating a net surplus of £488,900.

3. Budget Setting 2025/26

3.1. In setting both revenue budgets for 2025/26 the following inflationary assumptions have been applied:

Staff Costs	3%
Property Costs	2%
Transportation	2%
Fees and Charges	2.5%
Harbour Dues	2.5%
Tanker Harbour Dues	2.5%

3.2. The draft revenue budget for Miscellaneous Piers and Harbours is based on the following assumptions:

- i. Application of inflation resulting in a net budget income increase of £148,200.
- ii. The revenue repairs and maintenance programme of works will decrease from £2,765,000 to £2,738,600 which will be funded from the Miscellaneous Piers Property Maintenance Fund.
- iii. An estimated decrease in Loan Charges of £331,500 to reflect the outstanding loans fund balance at 31 March 2024 and factoring in £1,615,500 to fund the annual minor capital improvements budget.
- iv. There is a budget of £3,216,900 to cover costs in relation to the Strategic Offshore Energy Development Strategy and the Pre-Construction Services Agreement (PCSA) works for the proposed Scapa Deepwater Quay. The PCSA works is mainly covered by grant funding from Highlands and Islands Enterprise but does require Council funding of up to £2.2M from the £4M approved for the Strategic Offshore Energy Development Strategy work which will be met from the Miscellaneous Piers Reserve.
- v. Projected income levels are based on projected income from Harbour Dues and Cruise Liner income which is showing an overall income of £2,544,900.
- vi. Other adjustments include a realignment of staffing costs following a review of workload and is now more reflective of the work being carried out by the service.

3.3. On application of the inflationary and budgetary assumptions shown above, the net expenditure budget for Miscellaneous Piers and Harbours has changed from a surplus budget position of £3,178,600 for 2024/25 to a surplus position of £2,349,800 for 2025/26.

3.4. The Scapa Flow Oil Port budget for 2025/26 is based on the following assumptions:

- i. Application of inflation resulting in a net budget income increase of £120,700.
- ii. Estimated reduction in Finance Charges of £222,400 due to a reduction in the funding required for the annual minor capital improvements budget.
- iii. Other adjustments include a realignment of staffing costs following a review of workload which is now more reflective of the work being carried out by the service.
- iv. The harbours dues income estimated on the following basis:
 - 12 tankers generating net income of £5,577,600 (2024/25: 16 tankers £6,873,200. The charge per gross tonne has been increased from £7.20 to £7.38).
 - 40 ship to ship transfers generating net income of £1,362,600 (2024/25: 25 ship to ship transfers and income of £857,200).
 - Pilotage generating income of £1,396,100 (2024/25: £492,800).

3.5. On application of the inflationary and budgetary assumptions shown above, the net surplus for Scapa Flow Oil Port of £1,140,500 for 2024/25 has decreased to a net surplus budget of £488,900 for 2025/26.

For Further Information please contact:

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Implications of Report

1. **Financial** The financial implications are detailed in the report and Annex 1.
2. **Legal** There are no direct legal implications arising from the recommendations of this report.
3. **Corporate Governance** Not applicable.
4. **Human Resources** Not applicable.
5. **Equalities** Not applicable.
6. **Island Communities Impact** Not applicable.

- 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.
 - Improving Population Health.
- 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

Annex:

Annex 1: Draft Revenue Budgets for the Miscellaneous Piers and Harbours and Scapa Flow Oil Port for financial year 2025/26.

Miscellaneous Piers & Harbours									
	2024/25	Budgetary Assumptions							2025/26
	Approved Budget	Return One Offs	Staffing Increase	Inflation	Major Maintenance and Repairs Programme	Loan Charges	Harbour Dues/Cruise Liner Income	Other Adjustments	Draft Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Miscellaneous Piers	(1,536.2)	(2,774.8)	28.9	(163.4)	2,738.6		(2,544.9)	39.3	(4,212.5)
Administration	573.1		(79.3)	1.8	-	-	-	(0.6)	495.0
Miscellaneous Piers Development	543.7	(250.0)	3.7	4.8	-	-	-	-	302.2
Environmental Unit	34.6	-	44.5	(1.1)	-	-	-	(27.2)	50.8
Marine Officers and Pilots	890.4	-	(81.7)	-	-	-	-	(102.8)	705.9
Navigational Aids	37.0	-	-	0.6	-	-	-	-	37.6
Weather Forecasts	7.6	-	-	0.2	-	-	-	-	7.8
Harbour Launches	878.4	-	24.1	4.4	-	-	-	-	906.9
Oil Pollution	115.2	-	8.7	(0.3)	-	-	-	-	123.6
Pilotage Income	(994.5)	-	-	(24.9)	-	-	194.4	-	(825.0)
Finance Charges	1,543.0	(60.2)	-	29.7	-	(331.5)	-	-	2,796.5
Movement in Reserves	(2,774.8)	2,774.8	-	-	(2,738.6)	-	-	-	(2,738.6)
Service Totals	(682.5)	(310.2)	(51.1)	(148.2)	-	(331.5)	(2,350.5)	(91.3)	(2,349.8)

Scapa Flow Oil Port								
	2024/25	Budgetary Assumptions						2025/26
	Approved Budget	Budget Changes	Inflation	Staff Costs	Finance Charges	Adjustments	Fees and Charges	Draft Budget
	£000	£000	£000	£000	£000	£000	£000	£000
Administration	672.6	345.5	12.1	(83.7)	-	(27.7)	(1.5)	917.3
Scapa Flow Development	248.5	-	4.5	0.9	-	-	-	253.9
Oil Pollution	144.4	-	(0.5)	9.1	-	-	-	153.0
Environmental Unit	165.1	-	1.3	27.7	-	0.5	(31.1)	163.5
Marine Officers and Pilots	542.7	-	0.4	237.5	-	-	1.3	781.9
Navigational Aids	101.9	-	1.9	-	-	-	-	103.8
Weather Forecasts	7.7	-	0.2	-	-	-	-	7.9
Harbour Launches	642.3	-	2.3	23.6	-	0.3	-	668.5
Towage Services	2,822.3	-	22.0	127.8	-	500.2	-	3,472.3
Harbour Dues	(8,173.0)	97.7	(202.5)	(25.0)	-	-	(404.2)	(8,707.0)
Finance Charges	1,587.0	293.8	37.6	-	(222.4)	.	-	1,696.0
Service Totals	(1,238.5)	737.0	(120.7)	317.9	(222.4)	473.3	(435.5)	(488.9)