

## **Item: 6**

**Harbour Authority Sub-committee: 22 August 2023.**

**Miscellaneous Piers and Harbours and Scapa Flow Oil Port.**

**Minor Capital Improvement Programmes – Expenditure Monitoring.**

**Report by Head of Finance.**

### **1. Purpose of Report**

To monitor expenditure incurred against the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes, as at 30 June 2023.

### **2. Recommendations**

The Sub-committee is invited to note:

#### **2.1.**

The summary position of expenditure incurred, as at 30 June 2023, against the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes for 2023/24, as detailed in section 4 of this report.

The Sub-committee is invited to scrutinise:

#### **2.2.**

The detailed analysis of expenditure figures against the approved programmes, attached as Appendix 1 to this report, in order to obtain assurance with regard to significant budget variances and progress being made with delivery of the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes.

### **3. Background**

#### **3.1.**

The Corporate Asset Management Plan 2019 to 2023 takes account of guidance produced by the Chartered Institute of Public Finance and Accountancy and has streamlined the suggested framework to incorporate and complement the existing Capital Project Appraisal system.

### 3.2.

The Corporate Asset Management Plan summarises the Council's aims and objectives for its assets to ensure that they are used in an effective and efficient manner. This has been further supplemented by the Property Asset Management Plan approved on 10 December 2019.

### 3.3.

The purpose of this report is to present an overview or summary of the expenditure incurred as at 30 June 2023 to allow members the opportunity to scrutinise the spending levels against approved budgets and gauge the extent to which the Council's assets are routinely being maintained and replaced.

### 3.4.

An Environmental Levy is charged on every vessel entering Harbour Authority waters, aimed at encouraging owners and operators of vessels to switch to more carbon neutral power systems. Income generated by the Environmental Levy is to be used by Marine Services to fund environmental works, both capital and revenue in nature. To date, no capital expenditure has been incurred in 2023/24 that would be funded by this income source.

## 4. Budget Monitoring

### 4.1.

The undernoted table shows the position of expenditure incurred for the period 1 April to 30 June 2023:

<b>Project Description</b>	<b>Expenditure as at 30 June 2023.</b>	<b>Annual Budget 2023/24</b>	<b>Probable Out-turn 2023/24</b>	<b>Overspend/ (Underspend)</b>
<b>Piers and Harbours</b>	£0.	£991,000.	£991,000.	£0.
<b>Scapa Flow Oil Port</b>	£8,490.	£280,000.	£280,000.	£0.

### 4.2.

Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2023/24, together with expenditure as at 30 June 2023, and is compared directly with the approved programmes.

### 4.3.

Appendix 1 includes project updates from Marine Services who are currently projecting to spend the full year budget by the end of this financial year. However, as the year progresses this position will become clearer, and details of any issues that could cause delays in delivery of the planned works will be reported to subsequent meetings of the Harbour Authority Sub-committee.

## **5. Corporate Governance**

This report relates to the Council complying with its governance and financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

## **6. Financial Implications**

The Financial Regulations state that service directors are able to incur expenditure within approved revenue and capital budgets. Such expenditure must be in accordance with the Council's policies and objectives and subject to compliance with the Financial Regulations and approved schemes of delegation.

## **7. Legal Aspects**

Regular financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.

## **8. Contact Officers**

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## **9. Appendix**

Appendix 1: Piers and Harbours and Scapa Flow Oil Port - Minor Capital Improvement Programmes 2023 to 2024.

Minor Capital Improvements	Description	Actual Expenditure as at 30/06/2023	Annual Budget 2023/24	Probable Outturn 2023/24	Overspend/ (Underspend)
<i>Miscellaneous Piers and Harbours</i>					
<b>Copland's Dock Access Road Wall</b>	Final Contract Retention payment from 21/22	£0	£6,000	£6,000	£0
Works have all been completed and this budget is to cover the retention payment for which the invoice has not yet been received.					
<b>Kettletoft Pier Lighting c/f from 2020/21</b>	Replacement of light columns and LED energy efficiency lanterns.	£0	£95,000	£95,000	£0
Materials and fittings have been purchased in previous financial years and are awaiting installation, which it is hoped will begin in late 2023 or early 2024, with completion due before the end of financial year 2023/24.					
<b>Nordic Sea Berthing Improvements c/f from 2022/23</b>	Alterations to piers	£0	£40,000	£40,000	£0
Currently awaiting engineering time to assess these works with the possibility that major repairs, rather than alterations, may be required to the Papa Westray pier.					
<b>Kirkwall &amp; Lyness Linkspan Berths c/f from 2022/23</b>	Fender redesign and installation.	£0	£160,000	£160,000	£0
Awaiting staff time within Engineering and Marine Services to specify the work to take place and for the actual work to commence. At the moment it is still hoped that recent staff appointments will allow this work to progress in financial year 2023/24.					
<b>Scapa Pier Power Upgrade</b>	To upgrade electric power supply to this pier	£0	£150,000	£150,000	£0
Permissions are now all in place after long delays and the tender documents are now being prepared for these works.					
<b>Stromness Pier (Marshalling Area) Lighting Upgrade c/f from 2022/23</b>	Lighting upgrade, including new columns, cable trays trays and foundations.	£0	£120,000	£120,000	£0
Initial works have started but, as at 30 June, no costs had been invoiced.					
<b>Hatston Linkspan control system</b>	Upgrade and replacement of linkspan control systems	£0	£220,000	£220,000	£0
Awaiting quotation/estimated costs from the contractors who are able to complete this specialised area of work, however, it is hoped that once the tenders have been awarded the works will complete in the current financial year.					

<b>Minor Capital Improvements</b>	<b>Description</b>	<b>Actual Expenditure as at 30/06/2023</b>	<b>Annual Budget 2023/24</b>	<b>Probable Outturn 2023/24</b>	<b>Overspend/ (Underspend)</b>
<b>North Isles Ro Ro Linkspan control system upgrade</b>	Upgrade and replacement of 4 North Isles linkspan control systems and buildings. Project over 2 years.	£0	£200,000	£200,000	£0
Awaiting quotation/estimated costs from the contractors who are able to complete this specialised area of work, however, it is hoped that once the tenders have been awarded the works will complete in the current financial year.					
<b>Total</b>		<b>£0</b>	<b>£991,000</b>	<b>£991,000</b>	<b>£0</b>
<b>Scapa Flow Oil Port</b>					
<b>Oil Pollution Equipment</b>					
<b>- Quick Deployment Boom - c/f from 2021/22</b>		£8,490	£30,000	£30,000	£0
Initial purchase of vacuum tank with further costs still to be incurred.					
<b>VTS Service Site</b>	Disaster recovery/business continuity - VTS service site and back-up.	£0	£250,000	£250,000	£0
Revised quotation has been received and project remains within the budget allocation. A Stage 2 Capital Project Appraisal is due to be submitted to the Policy and Resources Committee in September 2023 and, subject to approval, the project will proceed to completion in financial year 2023/24, however, this could be affected by any delays in the procurement process.					
<b>Total</b>		<b>£8,490</b>	<b>£280,000</b>	<b>£280,000</b>	<b>£0</b>
<b>Contact Officer - Deputy Harbour Master (Strategy &amp; Support), Extension 3602</b>					