

**Item: 5**

**Harbour Authority Sub-committee: 29 October 2024.**

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

**Minor Capital Improvement Programmes.**

**Expenditure Monitoring.**

**Report by Head of Finance.**

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**1. Overview**

- 1.1. To demonstrate a focus on maintaining existing assets of the Council and ensuring that our buildings and infrastructure are maintained at levels expected by the Orkney public and that our IT, plant and vehicles achieve modern standards of security, safety and emissions, annual capital improvement and replacement programmes of work are agreed by the relevant service Committee or Sub-committee.
- 1.2. Delivery of these planned programmes of work are thereafter monitored throughout the financial year by the relevant service Committee or Sub-committee.
- 1.3. The annual programme of capital improvements for Miscellaneous Piers and Harbours and Scapa Flow Oil Port for financial year 2024/25 was approved by the Harbour Authority Sub-committee on 12 March 2024.
- 1.4. The table below provides an overview of the expenditure incurred for the period 1 April to 30 September 2024.

<b>Project Description</b>	<b>Expenditure as at 30 September 2024.</b>	<b>Annual Budget 2024/25</b>	<b>Probable Out-turn 2024/25</b>	<b>Overspend/ (Underspend)</b>
<b>Piers and Harbours</b>	£128,936.	£300,000.	£301,000	£1,000.
<b>Scapa Flow Oil Port</b>	£0.	£150,000.	£150,000.	£0
<b>Environmental Levy Purchases</b>	£0.	£0.	£0.	£0.

- 1.5. Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2024/25, including individual project updates.
- 1.6. 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 used by Marine Services to fund environmental works, both capital and revenue in nature. To date, there have been no capital works progressed in 2024/25 using this funding source.

## 2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:
  - i. Note the summary position of expenditure incurred, as at 30 September 2024, against the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes for 2024/25, as detailed in section 1.4 of this report.
  - ii. Scrutinise the detailed analysis of expenditure figures and programme updates, attached as Appendix 1 to this report, in order to obtain assurance regarding 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.

### **For Further Information please contact:**

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### **Implications of Report**

1. **Financial** The Financial Regulations state that Corporate Directors can 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.
2. **Legal** Regular financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.

3. **Corporate Governance** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of expenditure incurred against the approved annual capital improvement programmes for assets held on the Scapa Flow Oil Port and the Miscellaneous Piers and Harbours accounts, funded through the approved capital programme, is referred to the Harbour Authority Sub-committee.
4. **Human Resources** N/A
5. **Equalities** Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** Island Communities Impact Assessment is not required for financial 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** Where resources allow, improvement works can include ‘greener’ solutions.
10. **Risk** Improvement of existing assets can help reduce risks associated with these assets.
11. **Procurement** Any contractual arrangements require to comply with the Financial Regulations and Contract Standing Orders.
12. **Health and Safety** Well-maintained assets will assist the Council in complying with relevant Health and Safety requirements for both staff and the public.
13. **Property and Assets** Included throughout the report and detailed in the Appendix.
14. **Information Technology** Up to date IT systems should help reduce risk to the Council.
15. **Cost of Living** N/A

### List of Background Papers

Harbour Authority Sub-committee, 12 March 2024, Miscellaneous Piers and Harbours and Scapa Flow Oil Port Minor Capital Improvement Programmes – Proposed programmes 2024/25

## **Appendix**

Appendix 1 – Miscellaneous Piers and Harbours and Scapa Flow Oil Port – Minor Capital Improvement Programme 2024/25 – Q2.

			Actual Expenditure as at 30/09/2024	Annual Budget 2024/25	Probable Outturn 2024/25	Overspend/ (Underspend)
<b>Minor Capital Improvements</b>						
<i>Miscellaneous Piers and Harbours</i>						
<b>Scapa Pier</b>	<b>Q3 2024/25</b>	Carry over - To upgrade electric power supply to this pier	£128,729	£150,000	£150,000	£0
Due to unknown and unforeseen issues this project has incurred additional costs which are ongoing. A detailed report will be submitted to the Sub-committee in due course.						
<b>Kirkwall Harbour - Basin Area</b>	<b>Q3 2024/25</b>	To upgrade existing electricity supply	£0	£130,000	£130,000	£0
Works commenced September 2024, with groundworks in hand. New transformer and equipment due to be installed October 2024. Works due to complete by end of 2024.						
<b>Houton Ferry Terminal</b>	<b>Q4 2024/25</b>	Provide new access route, vehicle marshalling area and increase parking	£0	£20,000	£20,000	£0
Archaeology survey due to commence Oct / Nov 2024. Working with Housing colleagues with respect to final layout for terminal - which in turn will indicate area available for affordable housing.						
<b>Additions to Approved Programme</b>						
<b>Stromness Pier Lighting Upgrade</b>	<b>Q3 2024/25</b>	Provide improved and energy efficient lighting to Stromness Pier, taking an opportunity to improve the lighting and control of this pier whilst undertaking other electrical work.	£206	£0	£1,000	£1,000
Initially an addition to the programme, the intention was to fund this through underspends on other projects. However, the low value project is now considered to be more revenue in nature, and will therefore be journalled to revenue and removed from the Minor Capital Improvement programme for the next reporting period.						
<b>Total</b>			<b>£128,936</b>	<b>£300,000</b>	<b>£301,000</b>	<b>£1,000</b>
<i>Scapa Flow Oil Port</i>						
<b>Workshop</b>	<b>Q4 2024/25</b>	Upgrade main electricity supply, install solar panels and upgrade offices	£0	£150,000	£150,000	£0
Contract awarded, design works commenced end of July 2024. Works on site started end of August 2024. Office works due for completion end of November 2024. The whole project, including solar panel installation, due for completion early 2025.						
<b>VTS Service Site</b>	<b>2025/26</b>	Disaster recovery/business continuity - VTS service site and back-up.	£0	£0	£0	£0
Due to a requirement for a VTS radar scanner replacement programme present estimated cost in the region of £1m over three to four years, this project will be combined and a revised CPA and associated reports will be presented to a future meeting of the Harbour Authority Sub-committee.						
<b>Total</b>			<b>£0</b>	<b>£150,000</b>	<b>£150,000</b>	<b>£0</b>
<b>Contact Officer - Deputy Harbour Master (Strategy &amp; Support), Extension 3602</b>						