

## **Item: 5**

**Harbour Authority Sub-committee: 23 January 2024.**

### **Miscellaneous Piers and Harbours Revenue Maintenance Programmes – Expenditure Monitoring.**

**Report by Head of Finance.**

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

To monitor expenditure incurred against the approved Miscellaneous Piers and Harbours revenue maintenance programme as at 31 December 2023.

#### **2. Recommendations**

The Sub-committee is invited to note:

##### **2.1.**

The summary outturn position of expenditure incurred, as at 31 December 2023, against the approved Miscellaneous Piers and Harbours revenue maintenance programme for financial year 2023/24, as detailed in section 5.1 of this report.

The Sub-committee is invited to scrutinise:

##### **2.2.**

The detailed analysis of expenditure figures and programme updates, 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 revenue maintenance programme.

#### **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 31 December 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.

## **4. Maintenance Requirements**

### **4.1.**

A rolling multi-year maintenance plan is being developed by the Harbour Authority to ensure that all maintenance items are attended to on a planned basis.

### **4.2.**

In agreeing to this change in approach it was accepted that there would be an initial requirement to catch up with some outstanding maintenance issues.

### **4.3.**

At its meeting held on 31 January 2017, the Harbour Authority Sub-committee recommended that contributions from the operations of the respective Harbour trading activities be made, on an annual basis, to the Repairs and Renewals Fund to support development of a long-term Property, Plant and Equipment Maintenance Programme.

### **4.4.**

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 in financial year 2023/24 no revenue expenditure has been incurred that would be funded by this income source.

## **5. Budget Monitoring**

### **5.1.**

The undernoted table shows the position of expenditure incurred for the period 1 April to 31 December 2023, against approved programmes for 2023/24:

<b>Description.</b>	<b>Actual Expenditure at 31 Dec 2023.</b>	<b>Approved Budget 2023/24.</b>	<b>Estimated Outturn 2023/24.</b>	<b>Predicted Overspend/ (Underspend).</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Major maintenance works at piers	637.2	2,096.5	1,367.5	(729.0)
<b>Total</b>	<b>637.2</b>	<b>2,096.5</b>	<b>1,367.5</b>	<b>(729.0)</b>

## **5.2.**

Appendix 1 provides an explanation for each variance identified.

## **6. Corporate Governance**

This report relates to the Council complying with its 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.

## **7. Financial Implications**

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

## **8. Legal Aspects**

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

## **9. Contact Officer**

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## **10. Appendix**

Appendix 1: Miscellaneous Piers and Harbours Revenue Repairs and Maintenance Monitoring Report as at 31 December 2023.

## Revenue Repairs and Maintenance Monitoring Report up to 31 December 2023

Pier / location	Actual	Approved	Estimated Outturn	Predicted	Comments
	Expenditure at 31 December 2023	Budget 2023/24	2023/24	(Underspend)/ Overspend	
	£	£	£	£	
<b>2022/23 Projects (final retention)</b>				0	
North Isles Fender Repairs (Rapness & Loth)	10,005	15,000	11,000	(4,000)	Works have now been completed.
Rousay Pier Repairs	0	1,525	1,525	0	This will be payable after completion of works. Payment expected to be made in Q4 2023/24.
Kirkwall Linkspan Painting and Repair	0	13,000	13,000	0	This will be payable after completion of works. Payment expected to be made in Q4 2023/24.
North Isles Ferry Terminal Lining	0	2,500	2,500	0	This will be payable after completion of works. Payment expected to be made in Q4 2023/24.
Burwick Pier cone fenders and ladders	0	2,500	2,500	0	This will be payable after completion of works. Payment expected to be made in Q4 2023/24.
Flotta Pier Repairs	0	10,000	10,000	0	This will be payable after completion of works. Payment expected to be made in Q4 2023/24.
<b>2022/23 Projects (carried forward)</b>					
Scapa Pier Capsil	10,904	22,000	15,000	(7,000)	Works should be completed, now awaiting final inspections, invoicing and details.
Rousay Ferry Terminal Car Park Drainage	67	9,000	7,000	(2,000)	Contract was awarded late 2023, therefore works should commence early 2024, will be some carry forward into 2024/25.
North Isles fender repairs (Eday & Stronsay)	(59)	75,000	75,000	0	Works have started, due for completion early 2024.
Stromness South Pier drainage and water supply under pier deck	0	75,000	75,000	0	Due to location of some of the water mains to Stromness Pier, this work is taking longer than expected. It will be quite a complex job and may carry forward to 2024/25.
Kettletoft Pier Repairs	62,992	51,000	70,000	19,000	Nearing completion - more works than initially expected. Completion due by end of 2023/24.
Pier Lighting Replacement (Burray, Loth & Rapness)	111,976	200,000	120,000	(80,000)	Parts and lighting received, awaiting fitting. Partial completion due in 2023/24, with the remainder carried forward to 2024/25.
Lyness Remediation	83,851	300,000	300,000	0	Works started end of 2022/23, with some oil / material being removed from the ground. This process will take in the order of 9 - 12 months, which can only be determined later in the remediation process. Once this has been determined a final completion date and associated costs will be reported, although expected to be near or on project budget.
Kirkwall Pier Basin Corner Repairs	326,561	225,000	350,000	125,000	Works practically completed, overspend due to very poor condition of pier substructure found during repair works.
Stronsay West Pier Repairs	0	100,000	20,000	(80,000)	Awaiting engineering staff time for works to begin. Depending on the engineering staff's outcome of the project, there is a possibility this could be part of a larger capital project.
<b>2023/24 - Proposed Projects</b>					
Stromness Linkspan Painting	15,436	200,000	75,000	(125,000)	Contract awarded and works started. Although weather delays have been encountered, it is possible it may not be completed by the end of 2023/24 and there will be some work carried forward to 2024/25.
Stromness Passenger Walkway Painting	15,436	150,000	75,000	(75,000)	Contract awarded and works started. Although weather delays have been encountered, it is possible it may not be completed by the end of 2023/24 and there will be some work carried forward to 2024/25.
Hydraulic cylinder overhauls	0	95,000	95,000	0	Order placed, should be complete late 2023/24.
Kirkwall Bay wheelhouse repair	0	150,000	0	(150,000)	Highly likely to be carried forward to 2024/25 due to lack of staff time.
Stronsay Ferry Terminal approach channel dredge	0	400,000	50,000	(350,000)	Initial environment samples required for dredging licence undertaken and are clear - the process to obtain dredging licence has started. The actual dredging operation may not be undertaken until 2024/25, therefore estimated outturn for 2023/24 reduced with remainder being carried forward to 2024/25. After detailed discussions with Marine Directorate (consenting authority) there may be methods that could reduce costs - final investigations and details being considered in readiness for any works in 2024/25.
				0	
	<b>637,169</b>	<b>2,096,525</b>	<b>1,367,525</b>	<b>(729,000)</b>	