

Item: 5

Harbour Authority Sub-committee: 22 August 2023.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Minor Capital Improvement Programmes – Expenditure Outturn.

Report by Head of Finance.

1. Purpose of Report

To advise of the expenditure outturn on the Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes, for financial year 2022/23.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary outturn position of expenditure incurred for financial year 2022/23 in respect of the Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes, 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 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 in financial year 2022/23 and 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. Capital works progressed in 2022/23 using this funding source are detailed in Appendix 1.

4. Budget Outturn

4.1.

The undernoted table shows the outturn position of expenditure incurred for the period 1 April 2022 to 31 March 2023:

Project Description	Outturn as at 31 March 2023.	Annual Budget 2022/23	Overspend/ (Underspend)
Piers and Harbours	£148,421.	£731,700.	(£583,279).
Scapa Flow Oil Port	£99,010.	£380,000.	(£280,990).
Environmental Levy Purchases	£15,980.	£0.	£15,980.

4.2.

Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2022/23, together with expenditure as at 31 March 2023.

4.3.

Appendix 1 also provides a programme update provided by Marine Services which confirms there have been significant delays in the supply chains, therefore new fittings and equipment were ordered in advance. Three replacement vehicles also arrived in financial year 2022/23, after a very long delivery period. There have also been delays with the design stage for some projects due to staff resource shortages, however, it is hoped that those projects will progress during financial year 2023/24.

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

Erik Knight, Head of Finance, extension 2127, Email Erik.knight@orkney.gov.uk

Shonagh Merriman, Service Manager – Corporate Finance, extension 2105, Email shonagh.merriman@orkney.gov.uk

9. Appendix

Appendix 1: Piers and Harbours and Scapa Flow Oil Port - Minor Capital Improvements Programme 2022 to 2023.

Minor Capital Improvements	Description	Final Outturn 2022/23	Annual Budget 2022/23	Overspend/ (Underspend)
<i>Miscellaneous Piers and Harbours</i>				
Egilsay & Wyre Pier Lighting - c/f from 2021/22	Replacement of light columns and LED energy efficiency lanterns - Final retention payment.	£3,844	£1,500	£2,344
Works completed, retention payments only in 2022/23.				
Copland's Dock Wall c/f from 2021/22	A condition of Planning Permission for the access road to Copland's Dock was for a stone dyke to be erected on the boundary with the new care facility and for some planting of trees / shrubs to be undertaken - Final retention payment.	£0	£1,800	(£1,800)
Works completed, originally budgeted for retention payments only in 2022/23. However, completed retention paid in 2021/22 when checked.				
New Flotta Ferry Waiting Room - c/f from 2021/22	Provision of ferry terminal waiting room for passengers - at present very small and very old facilities at this ferry terminal. Will also include re-surfacing works around same facility to provide a marked ferry marshalling and car parking areas for those using the internal ferry service - Final retention payment.	£71,927	£3,400	£68,527
Works completed in early 2022/23. Retention payments due in 12 months. New waiting room open with additional marshalling area surfacing and details included in project, leading to an overspend, which will be offset by underspends on other projects.				
Kettletoft Pier Lighting c/f from 2020/21	Replacement of light columns and LED energy efficiency lanterns.	£1,044	£160,000	(£158,956)
Delays with final design work from engineers and tenders generated led to only initial start up costs in 2022/23. Project will carry over into 2023/24.				
Nordic Sea Berthing Improvements	To improve access to the vessel for passengers with reduced mobility.	£0	£225,000	(£225,000)
Waiting final design specification. Project will carry over into 2023/24.				

Minor Capital Improvements	Description	Final Outturn 2022/23	Annual Budget 2022/23	Overspend/ (Underspend)
Kirkwall & Lyness Linkspan Berths	Fender redesign and installation. C/F to 23/24	£0	£160,000	(£160,000)
Final design and tender works progressing. Project will carry over into 2023/24				
Hatston Pier Lighting Upgrade	LED lighting upgrade - lamphead replacement only.	£24,829	£60,000	(£35,171)
New fittings and equipment purchased, some works completed in 2022/23, but the remainder will be carried forward to next year for practical completion.				
Stromness Pier (Marshalling Area) Lighting Upgrade	Lighting upgrade, including new columns, cable trays and foundations. Initial start of works	£21,852	£120,000	(£98,148)
New fittings and equipment purchased, some works completed in 2022/23, but the remainder will be carried forward to next year for practical completion.				
<i>Additional Works outwith the Approved Programme</i>				
Lighting Upgrade	Additional Works out with Approved Programme	£24,925	£0	£24,925
New fittings and equipment ordered in advance of need due to significant delays being experienced in the supply chain.				
Total		£148,421	£731,700	(£583,279)

Minor Capital Improvements	Description	Final Outturn 2022/23	Annual Budget 2022/23	Overspend/ (Underspend)
Scapa Flow Oil Port				
	- Quick Deployment Boom - c/f from 2021/22	£23,250	£55,000	(£31,750)
Requirement reconsidered, changed to a new oil pollution skimmer as being more important at this stage, with equipment delivered December 2022.				
	Industrial Steam Pressure Washer - c/f from 2021/22	£0	£25,000	(£25,000)
Requirement reconsidered, changed to a new oil pollution skimmer as being more important at this stage, procurement in hand and will not exceed budgetary provision.				
VTS Service Site	Disaster recovery/business continuity - VTS service site and back-up.	£0	£250,000	(£250,000)
Initial planning complete, Stage 2 Capital Project Appraisal will be presented to Policy and Resources Committee on 19 September 2023 and, subject to approval of the Stage 2 CPA, proceed to implementation, with expenditure due to be incurred in 23/24.				
Vans x 2	New vehicles to replace older vehicles in fleet.	£75,760	£50,000	£25,760
3 replacement vehicles arrived during 2022/23 after a very long delivery period, with zero vehicles received in the previous year. This is therefore a catch up period for vehicles on order.				
Total		£99,010	£380,000	(£280,990)

Minor Capital Improvements	Description	Final Outturn 2022/23	Annual Budget 2022/23	Overspend/ (Underspend)
<i>Environmental Levy Purchases</i>				
Capital purchases to be funded from revenue raised through the Environmental Levy.				
	Photovoltaic for Workshop building at Scapa (unlikely to happen in 22/23 due to design and equipment requirements)	£0	£0	£0
	Photovoltaic for Security Cabins (initial work completed, possibility of not completing in this financial year)	£0	£0	£0
	Electric Forklift (initial tender work etc in hand, possibility of not completing in this financial year)	£0	£0	£0
	2 x Citroen AMI cars delivered in February 2023, funded by environmental levy collected during 2022/23	£15,980	£0	£15,980
Total		£15,980	£0	£15,980
Contact Officer - David Sawkins, Deputy Harbour Master (Strategy & Support), Extension 3602				