

Item: 8

Harbour Authority Sub-committee: 22 August 2023.

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 30 June 2023.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary outturn position of expenditure incurred, as at 30 June 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 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.

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, no revenue expenditure has been incurred in 2023/24 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 30 June 2023, against approved programmes for 2023/24:

Description.	Actual Expenditure at 30 June 2023.	Approved Budget 2023/24.	Estimated Outturn 2023/24	Predicted Overspend/ (Underspend).
	£000	£000	£000	£000
Major maintenance works at piers	181.6	2,096.5	1,755.5	(341.0)
Total	181.6	2,096.5	1,755.5	(341.0)

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 30 June 2023.

Revenue Repairs and Maintenance Monitoring Report up to 30 June 2023

<u>Pier / location</u>	<u>Actual Expenditure at 30 June 2023</u>	<u>Approved Budget 2023/24</u>	<u>Estimated Outturn 2023/24</u>	<u>Predicted (Underspend)/Overspend</u>	<u>Comments</u>
	£	£	£	£	
2022/23 Projects (final retention)				0	
North Isles Fender Repairs (Rapness & Loth)	0	15,000	15,000	0	This will be payable after completion of works.
Rousay Pier Repairs	0	1,525	1,525	0	This will be payable after completion of works.
Kirkwall Linkspan Painting and Repair	0	13,000	13,000	0	This will be payable after completion of works.
North Isles Ferry Terminal Lining	0	2,500	2,500	0	This will be payable after completion of works.
Burwick Pier cone fenders and ladders	0	2,500	2,500	0	This will be payable after completion of works.
Flotta Pier Repairs	0	10,000	10,000	0	This will be payable after completion of works.
2022/23 Projects (carried forward)					
Scapa Pier Capsil	10,904	22,000	22,000	0	Works should be completed during the 2nd quarter of financial year 2023/24.
Rousay Ferry Terminal Car Park Drainage	0	9,000	9,000	0	Waiting for engineering staff time to progress these works.
North Isles fender repairs (Eday & Stronsay)	0	75,000	75,000	0	Initial and preparation works have started, works due for completion during late 2023 / 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, but due for completion during 23/24
Kettletoft Pier Repairs	62,992	51,000	70,000	19,000	Nearing completion - more works than initially expected. Completion in 2nd quarter of 2023/24.
Pier Lighting Replacement (Burray, Loth & Rapness)	3,261	200,000	200,000	0	Parts and lighting received, awaiting fitting.
Lyness Remediation	0	300,000	300,000	0	Works started end of 22/23, 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	104,470	225,000	225,000	0	Although works nearing completion there is likely to be an overspend due to very poor condition of pier substructure found during repair works.
Stronsay West Pier Repairs	0	100,000	100,000	0	Awaiting engineering staff time - possibly part of a larger capital project.
2023/24 - Proposed Projects					
Stromness Linkspan Painting	0	200,000	215,000	15,000	Tenders received slightly over budget.
Stromness Passenger Walkway Painting	0	150,000	150,000	0	Tenders received and being assessed.
Hydraulic cylinder overhauls	0	95,000	95,000	0	Marine Services technical team have started this work ie: quotations etc.
Kirkwall Bay wheelhouse repair	0	150,000	150,000	0	Marine Services technical team have started this work ie: quotations etc.
Stronsay Ferry Terminal approach channel dredge	0	400,000	25,000	(375,000)	Initial environment samples required for dredging licence being undertaken. Possibility that the actual dredging operation may not be undertaken until end of 2023/24 or beginning of 2024/25. Will review and update in Q2 report.
				0	
	181,627	2,096,525	1,755,525	(341,000)	