

Item: 6

Harbour Authority Sub-committee: 24 August 2021.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Minor Capital Improvement Programmes.

Outturn Report.

Report by Interim Head of Finance.

1. Purpose of Report

To advise of the expenditure outturn on the minor capital improvement programmes in respect of Miscellaneous Piers and Harbours and Scapa Flow Oil Port for financial year 2020/21.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary outturn position of capital expenditure incurred for financial year 2020/21 in respect of the minor capital improvement programmes for Miscellaneous Piers and Harbours and Scapa Flow Oil Port, as detailed in section 4 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 made with delivery of the approved minor capital improvement programmes for Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

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 2020/21 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.

4. Budget Outturn

4.1.

The undernoted table shows the outturn position of capital expenditure incurred for the period 1 April 2020 to 31 March 2021 against approved programmes:

Project Description	Outturn as at 31 March 2021.	Annual Budget 2020-2021	Overspend/ (Underspend)
Piers and Harbours	£17,152.	£805,000.	(£787,848).
Scapa Flow Oil Port	£182,234.	£300,000.	(£117,766).

4.2.

Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2020/21, together with expenditure as at 31 March 2021, and is compared directly with the approved programmes.

4.3.

Appendix 1 also provides details of the probable outturn reported on 19 January 2021 which can be compared directly with the final outturn to show any variance in the estimated expenditure against actual expenditure on each project for financial year 2020/21.

4.4.

Officers continued to monitor the impact of COVID-19 over the year and reviewed projects with a view to completing the works carried forward from the 2019/20 approved plan. Where necessary the 2021/22 programme will be reviewed to take account of any works started but not complete as at 31 March 2021.

4.5.

Upgrade of the Kirkwall Radar Station is linked to another strategic project, currently in the development stage, and will only be progressed once final decisions are made. Works were not anticipated to commence in financial year 2020/21, and a

contingency budget of £23,000 to be utilised only in the event of equipment failure was not required.

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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Colin Kemp, Interim Head of Finance, extension 2106, Email colin.kemp@orkney.gov.uk

9. Appendix

Appendix 1: Miscellaneous Piers and Harbours and Scapa Flow Oil Port - Minor Capital Improvement Programmes 2020/21.

Minor Capital Improvements	Description	Outturn 2020/21	Annual Budget 2020/21	Overspend/ (Underspend)	Previously Reported Probable Outturn 2020/21	Reported Probable Outturn v Actual Outturn
<i>Miscellaneous Piers and Harbours</i>						
New Flotta Ferry Waiting Room - c/f from 19/20	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.	£15,892	£120,000	(£104,108)	£20,000	(£4,108.00)
Tenders returned on schedule but delays caused by clarification on position of building, planning permission, and COVID-19 have led to this project being carried forward to 2021/22. An increase in spend requirement is also anticipated, as discussed with Finance. Start on site likely Autumn 2021.						
Vessel Water Supply Points	In order to comply with Scottish Water byelaws - to prevent back flow from vessels into the mains water system.	£0	£40,000	(£40,000)	£40,000	(£40,000.00)
Initial works in hand - further investigations into long term solution being undertaken but taking longer than expected. May be required to purchase a mobile water bowser - technical details are being investigated to ensure correct solution is found. Minor works undertaken as temporary measure within approved revenue budgets. Further capital work will be required next financial year.						
Copland's Dock Wall	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.	£1,260	£50,000	(£48,740)	£50,000	(£48,740.00)
OIC Engineering have contacted OIC Planning to confirm final specification - this has now been agreed. Tender to be issued with works to proceed ASAP. Works to be carried out in 2021/22.						
Eday Transit Shed - Water Main Works	Diversion of water main under Transit Shed, around the perimeter of the building - this water main is a Scottish Water main and therefore must not be located under a building.	£0	£55,000	(£55,000)	£55,000	(£55,000.00)
Final legal agreements for land use and with Scottish Water are in place - this was a very long process due to a change in legal requirements with final permissions being received late 2020. Delayed due to external resources i.e., a mixture of other construction projects being carried out in Orkney / Eday and COVID-19 restrictions. Carried forward to 2021/22.						
Egilsay Pier Lighting	Replacement of light columns and LED energy efficiency lanterns.	£0	£120,000	(£120,000)	£120,000	(£120,000.00)
Due to have floodlight equipment similar to Wyre Pier lighting - update as per Wyre Pier Lighting below.						
Wyre Pier Lighting	Replacement of light columns and LED energy efficiency lanterns.	£0	£75,000	(£75,000)	£60,000	(£60,000.00)

Light fittings, columns and electrical parts ordered and received late in financial year - due to a coding error these were funded from an approved revenue budget for 2020/21 and not spotted until after accounts were completed. The civil engineering contract has been awarded for start in 2021/22 and this work along with installation should commence in the first part of 2021/22.

Kettletoft Pier Lighting	Replacement of light columns and LED energy efficiency lanterns.	£0	£160,000	(£160,000)	£0	£0.00
No work has been carried out to date. The Northern Isles Landscape Partnership are looking at the project and will advise how they would like works to be carried out and investigate providing funding. Carried forward to 2021/22 programme.						
Stronsay Pier Lighting and Pier Rewire to Approved Earth	Replacement of light columns and LED energy efficiency lanterns.	£0	£110,000	(£110,000)	£35,000	(£35,000.00)
Delay in getting design completed due to COVID-19 restrictions. Carried forward to 2021/22 programme.						
Snow Clearing/Utility Vehicle (Stromness Pier)	Provision of a multi-purpose vehicle for use at / on Stromness Pier - this will include the ability to clear snow and provide a grit / salt spreading capability.	£0	£25,000	(£25,000)	£25,000	(£25,000.00)
Technical specification has been generated by Marine Services and tendered. Order placed January 2021. Due to worldwide shortage of various parts and vehicles in general, although delivery originally stated as March 2021 it has been restated as Autumn 2021. Delay of this expenditure and possible effect on 2021/22 budget and further vehicle replacements for 2021/22 discussed with Head of Finance early in May 2021.						
Van - Workshop Supervisor	Replacement of existing vehicle as per Council's vehicle replacement plan.	£0	£20,000	(£20,000)	£20,000	(£20,000.00)
Technical specification has been generated by Marine Services and tendered. Order placed December 2020. Due to worldwide shortage of various parts and vehicles in general, although delivery originally stated as March 2021, it has been restated as Autumn 2021. Delay of this expenditure and possible effect on 2021/22 budget and further vehicle replacements for 2021/22 discussed with Head of Finance early in May 2021.						
Van - Stores	Replacement of existing vehicle as per Council's vehicle replacement plan.	£0	£30,000	(£30,000)	£20,000	(£20,000.00)
Technical specification has been generated by Marine Services and tendered. Order placed December 2020. Due to worldwide shortage of various parts and vehicles in general, although delivery originally stated as March 2021, it has been restated as Autumn 2021. Delay of this expenditure and possible effect on 2021/22 budget and further vehicle replacements for 2021/22 discussed with Head of Finance early in May 2021.						
Total		£17,152	£805,000	(£787,848)	£445,000	(£427,848)

Scapa Flow Oil Port						
Oil Pollution Equipment						
- Skimmer		£0	£2,000	(£2,000)	£0	£0.00
Delay in purchase due to COVID-19 restrictions.						
- Industrial Steam Pressure Washer		£0	£25,000	(£25,000)	£25,000	(£25,000.00)
Specification completed - due to staff workload this will not be tendered until 2021/22.						
- Replacement for Scapa Protector		£0	£175,000	(£175,000)	£0	£0.00
Specification being generated - order was not placed in this financial year due to staff and operational constraints. Unlikely to proceed with this until 2022/23 at the earliest.						
VTS Communication System	Back up micro-wave links - to remove a single point of failure in existing communication system. Specification generated expect procurement soon.	£182,234	£75,000	£107,234	£165,000	£17,234.00
Orders placed in conjunction with OIC IT team - delay in getting OFCOM licence for new link. Not possible to start installation due to COVID-19 travel restrictions in the UK regarding essential travel etc. Overspend due to the carry forward of main VTS upgrade work from 2019/20 programme - installation etc was not possible when originally planned, therefore although this was a separate VTS scheme the previous year's expenditure was charged to this project.						
Contingency	It was considered that there may be a requirement to upgrade Kirkwall Radar to duplex system, after technical consideration this was not necessary at this time.	£0	£23,000	(£23,000)	£0	£0.00
Total		£182,234	£300,000	(£117,766)	£190,000.00	(£7,766)
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602						