

## **Item: 6**

**Harbour Authority Sub-committee: 25 January 2022.**

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

**Minor Capital Improvement Programmes.**

**Expenditure Monitoring.**

**Report by Head of Finance.**

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

To monitor expenditure incurred against the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes, as at 31 December 2021.

### **2. Recommendations**

The Sub-committee is invited to note:

#### **2.1.**

The summary position of expenditure incurred, as at 31 December 2021, against the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes for 2021/22, as detailed in section 4 of this report.

The Sub-committee is invited to scrutinise:

#### **2.2.**

The detailed analysis of expenditure figures and progress 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 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 as at 31 December 2021 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. Budget Monitoring

### 4.1.

The undernoted table shows the position of expenditure incurred for the period 1 April to 31 December 2021:

<b>Project Description</b>	<b>Expenditure as at 31 December 2021.</b>	<b>Annual Budget 2021/22</b>	<b>Probable Out-turn 2021/22</b>	<b>Overspend/ (Underspend)</b>
<b>Piers and Harbours</b>	£41,431.	£620,000.	£432,000.	(£188,000).
<b>Scapa Flow Oil Port</b>	£0.	£85,000.	£0.	(£85,000).

### 4.2.

Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2021/22, together with expenditure as at 31 December 2021, and is compared directly with the approved programmes.

### 4.3.

There have been significant delays to vehicle delivery times, with suppliers citing COVID-19 and Brexit as the reason for revised delivery dates. This is impacting on the expenditure in 2021/22 as there are outstanding deliveries due of vehicles ordered as part of the prior year programme. Following discussions with the Head of Finance it was agreed that orders should still be placed for the vehicles that were approved as part of the 2021/22 programme, however it is now confirmed that delivery of these vehicles will also not be achieved by 31 March 2022.

### 4.4.

There has been no further progress made on the Kettletoft and Stronsay Pier Lighting projects as these are joint projects with the North Isles Landscape Partnership and full designs have not yet been completed. It was already anticipated that the approved budget would not be fully spent as costs were to be shared by the

North Isles Landscape Partnership project and, in order to mitigate further underspends resulting from the aforementioned delay, orders are being placed for the lighting columns, however work to install these will not take place in 2021/22.

#### **4.5.**

Staff resource issues have negatively impacted on delivery of the Scapa Flow Oil Port programme and it is anticipated that the 2021/22 budget will not be spent.

### **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 Officer**

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### **9. Appendix**

Appendix 1: Piers and Harbours and Scapa Flow Oil Port - Minor Capital Improvement Programmes 2021 to 2022.

Minor Capital Improvements	Description	Actual Expenditure as at 31/12/2021	Annual Budget 2021/22	Probable Outturn 2021/22	Overspend/ (Underspend)	Previously Reported Probable Outturn	Probable Outturn Q2 v Q3
<b>Miscellaneous Piers and Harbours</b>							
<b>New Flotta Ferry Waiting Room - c/f from 2020/21</b>	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.	£41,431	£75,000	£135,000	£60,000	£135,000	£0
Contract has been awarded with additional spend requirement agreed with the Head of Finance. Budget overspend will be funded by underspend on other projects. Works started on site late October 2021 with completion anticipated by the end of March 2022.							
<b>Vessel Water Supply Points - c/f from 2020/21</b>	Additional water supply storage tanks required in order to comply with Scottish Water byelaws - to prevent back flow from vessels into the mains water system.	£0	£40,000	£2,000	(£38,000)	£40,000	£38,000
Final design works complete - order will be placed in the near future to purchase items that comply with Scottish Water bye-laws. CPA process undertaken and approved to allow an order to be placed for a system for the whole of Kirkwall Pier which will be a larger project. It is therefore unlikely that this budget will be used apart from very minor alterations in this period.							
<b>Copland's Dock Wall c/f from 2020/21</b>	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.	£0	£55,000	£85,000	£30,000	£85,000	£0
Works originally due to be completed in October/November 2021, weather dependant. A revised completion date of February 2022 now anticipated.							
<b>Kettleoft Pier Lighting c/f from 2020/21</b>	Replacement of light columns and LED energy efficiency lanterns.	£0	£160,000	£30,000	(£130,000)	£90,000	£60,000
Working with and awaiting further details from North Isles Landscape Partnership on final design with aim of sharing costs, therefore do not expect to utilise full budget. No further progress but the Harbour Authority will be purchasing the new upgraded lighting system materials in this financial year.							
<b>Stronsay Pier Lighting and Pier Rewire to Approved Earth c/f from 2020/21</b>	Replacement of light columns and LED energy efficiency lanterns.	£0	£110,000	£30,000	(£80,000)	£90,000	£60,000
Awaiting final design criteria before procuring equipment etc.							

Minor Capital Improvements	Description	Actual Expenditure as at 31/12/2021	Annual Budget 2021/22	Probable Outturn 2021/22	Overspend/ (Underspend)	Previously Reported Probable Outturn	Probable Outturn Q2 v Q3
<b>New Counter Pollution/Waste Pick-up</b>	Replacement of existing vehicle- as per Council's vehicle replacement plan. Larger size pick-up with high towing capacity and small crane fitment.	£0	£40,000	£0	(£40,000)	£40,000	£40,000
Specification finalised and forwarded to Procurement - from present experience with vehicle deliveries there is a real possibility that due to external issues there will be a delay with the vehicle supply. The Procurement process has failed due to no supplier being able to deliver the vehicle by March 2022 (which was specified in the original tender). Will be re-tendered with a longer delivery date into next financial year.							
<b>Van - Workshop Operative</b>	Replacement of existing vehicle - as per Council's vehicle replacement plan.	£0	£20,000	£0	(£20,000)	£20,000	£20,000
Specification finalised and sent to Procurement in August 2021 - due to possible external issues with vehicle supply there will be a delay in delivery of this vehicle. Procurement process failed - see above for counter pollution vehicle.							
<b>Van - Electrician</b>	New vehicle for new post.	£0	£20,000	£0	(£20,000)	£20,000	£20,000
Specification finalised and forwarded to Procurement in August 2021 - due to possible external issues with vehicle supply there will be a delay in delivery of this vehicle. As for counter pollution vehicle (above).							
<b>Egilsay &amp; Wyre Pier Lighting - c/f from 2020/21</b>	Replacement of light columns and LED energy efficiency lanterns.	£0	£100,000	£100,000	£0	£100,000	£0
Wyre lighting completed September 2021, and works in Egilsay started October 2021. Scheme on target for completion in 2021/22. Awaiting completion and invoices.							
<b>Additions to Approved Programme</b>							
<b>Van - Workshop Supervisor c/f from 2020/21</b>	Replacement of existing vehicle as per Council's vehicle replacement plan.	£0	£0	£20,000	£20,000	£20,000	£0
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 was restated as Autumn 2021. Delay of this expenditure and effect on 2021/22 budget and further vehicle replacements for 2021/22 discussed with Head of Finance early in May 2021. New delivery date of November/December 2021 has subsequently been revised to January /February 2022.							
<b>Van - Stores c/f from 2020/21</b>	Replacement of existing vehicle as per Council's vehicle replacement plan.	£0	£0	£30,000	£30,000	£30,000	£0
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 was restated as Autumn 2021. Delay of this expenditure and effect on 2021/22 budget and further vehicle replacements for 2021/22 discussed with Head of Finance early in May 2021. New delivery date of November/December 2021 has subsequently been revised to January /February 2022.							

		Actual Expenditure as at 31/12/2021	Annual Budget 2021/22	Probable Outturn 2021/22	Overspend/ (Underspend)	Previously Reported Probable Outturn	Probable Outturn Q2 v Q3
Minor Capital Improvements	Description						
<b>Total</b>		<b>£41,431</b>	<b>£620,000</b>	<b>£432,000</b>	<b>(£188,000)</b>	<b>£670,000</b>	<b>£238,000</b>

Minor Capital Improvements	Description	Actual Expenditure as at 31/12/2021	Annual Budget 2021/22	Probable Outturn 2021/22	Overspend/ (Underspend)	Previously Reported Probable Outturn	Probable Outturn Q2 v Q3
<b>Scapa Flow Oil Port</b>							
<b>Oil Pollution Equipment</b>							
- Boom		£0	£55,000	£0	(£55,000)	£55,000	£55,000
Final specification in hand. Work was delayed due to a vacant staff position, person now in post and it was hoped that specification and procurement process would be completed in 2021/22. Due to staff time limitations no progress has been made.							
- Skimmer -c /f from 2020/21		£0	£5,000	£0	(£5,000)	£5,000	£5,000
Final specification in hand. Work was delayed due to a vacant staff position, person now in post and it was hoped that specification and procurement process would be completed in 2021/22. Due to staff time limitations no progress has been made.							
- Industrial Steam Pressure Washer - c/f from 2020/21		£0	£25,000	£0	(£25,000)	£25,000	£25,000
Final specification in hand. Work was delayed due to a vacant staff position, person now in post and it was hoped that specification and procurement process would be completed in 2021/22. Due to staff time limitations no progress has been made.							
<b>Total</b>		<b>£0</b>	<b>£85,000</b>	<b>£0</b>	<b>(£85,000)</b>	<b>£85,000</b>	<b>£85,000</b>
<b>Contact Officer - Deputy Harbour Master (Strategy &amp; Support).</b>							