

Item: 4

Harbour Authority Sub-committee: 26 October 2021.

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 30 September 2021.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 30 September 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 proposed 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 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 30 September 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 30 September 2021:

Project Description	Expenditure as at 30 September 2021.	Annual Budget 2021/22	Probable Out-turn 2021/22	Overspend/ (Underspend)
Piers and Harbours	£1,750.	£620,000.	£670,000.	£50,000.
Scapa Flow Oil Port	£0.	£85,000.	£85,000.	£0.

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 30 September 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 likely to have an impact on 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, and that the overall budget position be kept under review as more certainty regarding what is achievable over the financial year ahead becomes clearer.

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

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

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 30/09/2021	Annual Budget 2021/22	Probable Outturn 2021/22	Overspend/ (Underspend)	Previously Reported Probable Outturn	Probable Outturn Q2 v Q3
Miscellaneous Piers and Harbours							
New Flotta Ferry Waiting Room - c/f from 2020/21	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.	£1,750	£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. Actual start on site due mid to late October 2021 with completion before end of March 2022.							
Vessel Water Supply Points - c/f from 2020/21	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	£40,000	£0	£40,000	£0
Final design works complete - order will be placed in the near future to purchase items that comply with Scottish Water bye-laws.							
Copland's Dock Wall c/f from 2020/21	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 commenced due to be completed in October / November 2021 dependant on weather.							
Kettleoft Pier Lighting c/f from 2020/21	Replacement of light columns and LED energy efficiency lanterns.	£0	£160,000	£90,000	(£70,000)	£90,000	£0
Working with and awaiting further details from Northern Isles Landscape Partnership on final design with aim of sharing costs, therefore do not expect to utilise full budget.							
Stronsay Pier Lighting and Pier Rewire to Approved Earth c/f from 2020/21	Replacement of light columns and LED energy efficiency lanterns.	£0	£110,000	£90,000	(£20,000)	£90,000	£0
Awaiting final design criteria before procuring equipment etc.							
New Counter Pollution/Waste Pick-up	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	£40,000	£0	£40,000	£0
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.							

Minor Capital Improvements	Description	Actual Expenditure as at 30/09/2021	Annual Budget 2021/22	Probable Outturn 2021/22	Overspend/ (Underspend)	Previously Reported Probable Outturn	Probable Outturn Q2 v Q3
Van - Workshop Operative	Replacement of existing vehicle- as per Council's vehicle replacement plan.	£0	£20,000	£20,000	£0	£20,000	£0
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.							
Van - Electrician	New vehicle for new post - as per Council's vehicle replacement plan.	£0	£20,000	£20,000	£0	£20,000	£0
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.							
Egilsay & Wyre Pier Lighting - c/f from 2020/21	Replacement of light columns and LED energy efficiency lanterns.	£0	£100,000	£100,000	£0	£100,000	£0
Wyre lighting completed September 2021, Egilsay due to start October 2021. Scheme on target for completion in 2021/22.							
Additions to Approved Programme							
Van - Workshop Supervisor c/f from 2020/21	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 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. Latest delivery date provided is November / December 2021.							
Van - Stores c/f from 2020/21	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 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. Latest delivery date provided is November / December 2021.							
Total		£1,750	£620,000	£670,000	£50,000	£670,000	£0
Scapa Flow Oil Port							
Oil Pollution Equipment							
- Boom		£0	£55,000	£55,000	£0	£55,000	£0
Final specification in hand. Vacant staff position, person now in post therefore should complete specification and procurement process in 2021/22.							
- Skimmer -c /f from 2020/21		£0	£5,000	£5,000	£0	£5,000	£0
Final specification in hand. Vacant staff position, person now in post therefore should complete specification and procurement process in 2021/22.							

Minor Capital Improvements	Description	Actual Expenditure as at 30/09/2021	Annual Budget 2021/22	Probable Outturn 2021/22	Overspend/ (Underspend)	Previously Reported Probable Outturn	Probable Outturn Q2 v Q3	
	- Industrial Steam Pressure Washer - c/f from 2020/21	£0	£25,000	£25,000	£0	£25,000	£0	
Final specification in hand. Vacant staff position, person now in post therefore should complete specification and procurement process in 2021/22.								
Total		£0	£85,000	£85,000	£0	£85,000	£0	
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602								