

Item: 6

Harbour Authority Sub-committee: 24 January 2023.

Miscellaneous Piers and Harbours.

Revenue Maintenance Programme.

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 31 December 2022.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 31 December 2022, against the approved Miscellaneous Piers and Harbours revenue maintenance programme for financial year 2022/23, 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 31 December 2022 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. In addition to the revenue maintenance programme referred to above, Appendix 1 details projects for financial year 2022/23, to be fully funded by Environmental Levy income.

5. Budget Monitoring

5.1.

The undernoted table shows the position of expenditure incurred for the period 1 April to 31 December 2022, against approved programmes for 2022/23:

Description.	Actual Expenditure at 31 December 2022.	Approved Budget 2022/23.	Estimated Outturn 2022/23	Predicted Overspend/ (Underspend).
	£000	£000	£000	£000
Major maintenance works at piers	511.8	2,583.3	2,123.8	(459.5)
Environmental Levy Projects	0.0	0.0	17.5	17.5
Total	511.8	2,583.3	2,141.3	(442.0)

5.2.

Appendix 1 provides an explanation for each variance identified.

6. 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.

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

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

10. Appendix

Appendix 1: Miscellaneous Piers and Harbours Revenue Repairs and Maintenance Monitoring Report as at 31 December 2022.

Revenue Repairs and Maintenance Monitoring Report up to 31 December 2022

<u>Pier / location</u>	<u>Actual Expenditure at 31 December 2022</u>	<u>Approved Budget 2022/23</u>	<u>Estimated Outturn 2022/23</u>	<u>Predicted (Underspend)/ Overspend</u>	<u>Comments</u>
	£	£	£	£	
2021/22 Projects C/forward				0	
Sanday Linkspan Painting	8,707	8,700	8,700	0	Retention money to be paid as per contract conditions
Kirkwall Pier Capsil Replacement	1,696	1,700	1,700	0	Retention money on project now paid
Eday Watermain	528	600	600	0	Retention money on project now paid
North Isles Surfacing and Lining (Rapness & Loth)		1,800	1,800	0	Retention money to be paid as per contract conditions
North Isles Fender Repairs (Rapness & Loth)	14,670	50,000	50,000	0	Contracted award should be completed in this financial year
Rousay Pier Repairs	31,948	1,500	30,000	28,500	Works completed over change of financial year and additional works required
Scapa Pier Power Upgrade		150,000	25,000	(125,000)	Final design works in hand, long delay in getting this completed. Majority will be c/f to next financial year
Supply of Marine Fenders 2021/22	9,585	50,000	35,000	(15,000)	Initial fenders obtained, remaining to be obtained via procurement exercise. Unlikely to spend all budget in this year due to long delivery times
Nordic Sea - Alterations and urgent repairs to Papa Westray and Pierowall Terminals		50,000	10,000	(40,000)	Awaiting design requirements, unlikely to start actual works in this financial year
Kirkwall Linkspan Painting & Repair	186,019	200,000	200,000	0	Tender complete and works have commenced, completion due in this financial year. Retention payment c/f to next year
Rousay Ferry Terminal Car Park Drainage		9,000	9,000	0	Awaiting completion
Lyness Remediation	141,357	400,000	250,000	(150,000)	Permission in place and works have commenced, although delay in getting final and detail specification agreed. Will not incur all budgetary expenditure in this financial year
				0	
2022/23 - Confirmed Projects				0	
Stronsay West Pier Repairs		500,000	400,000	(100,000)	Design works to commence, unlikely to commence works this financial year
North Isles Fender Chains & Hydac Rubber Replacement to Eday & Stronsay		150,000	150,000	0	Tenders document generated and contract awarded
Kirkwall Pier Basin Corner Repairs	202	450,000	450,000	0	Contracted awarded
Kirkwall Pier - Re-lining of Marshalling Area & New Railings		20,000	20,000	0	Waiting for final specification
North Isles Ferry Terminal Lining (Eday & Stronsay)		25,000	25,000	0	Contract awarded and works in hand, although some detail for Stronsay works needs rechecking
2022/23 - Proposed Projects					
Burray Power & Lighting Works (incl supply of columns and electrical works)	4,141	60,000	50,000	(10,000)	Contracted awarded
Burwick Pier Cone Fenders & Ladders		20,000	10,000	(10,000)	Awaiting design details
Eday Pier Electrics & Earthing		60,000	10,000	(50,000)	Awaiting design details
Flotta Gibraltar Pier Wiring & Earthing Improvements and Surfacing to Linkspan	55,261	100,000	100,000	0	Works in hand for completion this financial year
Holm Pier Lighting Repairs/Replacement	1,064	15,000	12,000	(3,000)	Works in hand for completion this financial year
Lyness Repairs to Railings at Linkspan		5,000	0	(5,000)	Carried out under pier finance code
Loth Pier Lighting Replacement	10,901	80,000	50,000	(30,000)	Contract awarded
Scapa Pier Capsil Repair		20,000	20,000	0	Works due to commence
Stromness South Pier Drainage & Water Supply Under Pier Deck		80,000	80,000	0	Works out to tender and due to commence
Stromness South Pier Railings & Edge Protection to Graemsay Berth	147	5,000	0	(5,000)	Carried out under pier finance code
Rapness Pier Lighting Repair/Replacement	5,207	70,000	70,000	0	Tenders received evaluation in progress contracts awarded soon.
Overhaul to Hatston Linkspan	40,344	0	55,000	55,000	Additional works required to ensure reliability of hydraulic system and equipment
				0	
				0	
Total	511,778	2,583,300	2,123,800	(459,500)	