

Item: 7

Harbour Authority Sub-committee: 27 August 2024.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Minor Capital Improvement Programmes.

Expenditure Outturn.

Report by Head of Finance.

1. Overview

- 1.1. To demonstrate a focus on maintaining existing assets of the Council and ensuring that our buildings and infrastructure are maintained at levels expected by the Orkney public and that our IT, plant and vehicles achieve modern standards of security, safety and emissions, annual capital improvement and replacement programmes of work are agreed by the relevant service Committee or Sub-committee.
- 1.2. Delivery of these planned programmes of work are thereafter monitored throughout the financial year by the relevant service Committee or Sub-committee.
- 1.3. The annual programme of capital improvements for Miscellaneous Piers and Harbours and Scapa Flow Oil Port for financial year 2023/24 was approved by the Harbour Authority Sub-committee on 14 March 2023.
- 1.4. The table below provides an overview of the expenditure incurred in financial year 2023/24.

Project Description	Outturn as at 31 March 2024.	Annual Budget 2023/24	Overspend/ (Underspend)
Piers and Harbours	£202,744.	£991,000.	(£788,256).
Scapa Flow Oil Port	£8,490.	£280,000.	(£271,510).
Environmental Levy Purchases	£0.	£0.	£0.

- 1.5. Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2023/24, including individual project updates.
- 1.6. 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 used by Marine Services to fund environmental works, both capital and revenue in nature. There was no capital works progressed in 2023/24 using this funding source.

2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:
 - Note the summary outturn position of expenditure incurred for financial year 2023/24 in respect of the Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes, as detailed in section 1.4 of this report.
 - Scrutinise the detailed analysis of expenditure figures and programme updates, attached as Appendix 1 to this report, in order to obtain assurance regarding significant budget variances and progress made with delivery of the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes.

For Further Information please contact:

Shonagh Merriman, Service Manager (Corporate Finance), extension 2105, Email shonagh.merriman@orkney.gov.uk

Implications of Report

- 1. Financial** The Financial Regulations state that Corporate Directors can 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.
- 2. Legal** Regular financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.
- 3. Corporate Governance** In terms of the Scheme of Administration, monitoring, on a quarterly basis, the levels of expenditure incurred against the approved annual capital improvement programmes for assets held on the Scapa Flow Oil Port and the Miscellaneous Piers and Harbours accounts, funded through the approved capital programme, is referred to the Harbour Authority Sub-committee.

4. **Human Resources** N/A
5. **Equalities** Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** Island Communities Impact Assessment is not required for financial monitoring.
7. **Links to Council Plan** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our communities.
 - Developing our Infrastructure.
 - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
9. **Environmental and Climate Risk** Where resources allow, improvement works can include ‘greener’ solutions.
10. **Risk** Improvement of existing assets can help reduce risks associated with these assets.
11. **Procurement** Any contractual arrangements require to comply with the Financial Regulations and Contract Standing Orders.
12. **Health and Safety** Well-maintained assets will assist the Council in complying with relevant Health and Safety requirements for both staff and the public.
13. **Property and Assets** Included throughout the report and detailed in the Appendix.
14. **Information Technology** Up to date IT systems should help reduce risk to the Council.
15. **Cost of Living** N/A

List of Background Papers

Harbour Authority Sub-committee, 14 March 2023, Miscellaneous Piers and Harbours and Scapa Flow Oil Port Minor Capital Improvement Programmes – Proposed programmes 2023/24

Appendix

Appendix 1 – Miscellaneous Piers and Harbours and Scapa Flow Oil Port – Minor Capital Improvement Programme 2023/24

Minor Capital Improvements	Anticipated Completion Date	Description	Final Outturn 2023/24	Annual Budget 2023/24	Overspend/ (Underspend)
Miscellaneous Piers and Harbours					
Copland's Dock Access Road Wall	by 31/03/2024	Final Contract Retention payment from 21/22	£147	£6,000	(£5,853)
Works have all been completed - retention payment made, project completed					
Kettletoft Pier Lighting c/f from 2020/21	by 30/11/2023	Replacement of light columns and LED energy efficiency lanterns.	£6,188	£95,000	(£88,812)
Project nearing completion, with some of the works charged to revenue maintenance to reflect work being carried out.					
Nordic Sea Berthing Improvements c/f from 2022/23	N/a	Alterations to piers	£0	£40,000	(£40,000)
Will be part of ongoing assessment work regarding the future provision of service to Papa Westray, and the Outer North Isles as a whole. Therefore, any expenditure will be outside the scope of the "minor capital works".					
Kirkwall & Lyness Linkspan Berths c/f from 2022/23	2024/25	Fender redesign and installation.	£0	£160,000	(£160,000)
Awaiting staff time within Engineering and Marine Services to complete the specification and requirements. Some initial design works completed and but no actual works completed in this year. Carried forward to 24/25					
Scapa Pier Power Upgrade	by 30/05/2024	To upgrade electric power supply to this pier	£20,412	£150,000	(£129,588)
Due to unknown and unforeseen issues this project has incurred additional costs which are ongoing. A detailed report will be submitted to the Sub-committee in due course.					
Stromness Pier (Marshalling Area) Lighting Upgrade c/f from 2022/23	by 31/03/2024	Lighting upgrade, including new columns, cable trays and foundations.	£0	£120,000	(£120,000)
Initial works have started but will not be invoiced until completion of works in financial year 2024/25.					
Hatston Linkspan control system	2024/25	Upgrade and replacement of linkspan control systems	£0	£220,000	(£220,000)
This is very specific and specialist work that only the original supplier will be able to carry out. All actions required to comply with Contract Standing Orders completed by end of financial year. Work will commence and expenditure incurred in 24/25.					

Minor Capital Improvements	Anticipated Completion Date	Description	Final Outturn 2023/24	Annual Budget 2023/24	Overspend/ (Underspend)
North Isles Ro-Ro Linkspan control system upgrade	2024/25	Upgrade and replacement of 4 North Isles linkspan control systems and buildings. Project over 2 years.	£0	£200,000	(£200,000)
Awaiting quotation/estimated costs from the contractors who are able to complete this specialised area of work, however due to change in circumstances with this supplier this was delayed and not received in 2023/24. Whole cost and project carried forward to 24/25.					
Additions to Approved Programme					
New Flotta Ferry Waiting Room - c/f from 2020/21	by 31/03/2024	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.	£48,354	£0	£48,354
Works completed in 2022/23, with accrual processed for final invoice. However, the accrual was underestimated resulting in an overspend in 2023/24. Retention payment still outstanding and will be covered from within existing budgets.					
Electric Van	2023/24		£25,756	£0	£25,756
Replacement delayed from previous year due to supply problems					
Electric Forklift	2023/24		£39,950	£0	£39,950
Replacement delayed from previous year due to supply problems					
Kirkwall Pier Tractor	2023/24		£31,875	£0	£31,875
Additional equipment in order to handle the variety of vehicles on Kirkwall Pier					
Peugeot Box Van	2023/24		£30,063	£0	£30,063
Ordered on 25/07/22 from Snows Peugeot Ltd - delivered 28/08/23.					
Total			£202,744	£991,000	(£788,256)

Minor Capital Improvements	Anticipated Completion Date	Description	Final Outturn 2023/24	Annual Budget 2023/24	Overspend/ (Underspend)
Scapa Flow Oil Port					
Oil Pollution Equipment	by 31/03/2024				
- Quick Deployment Boom - c/f from 2021/22			£8,490	£30,000	(£21,510)
Purchase of vacuum tank made, after further consideration purchase of quick deployment boom not considered necessary. Therefore no further expenditure incurred in 23/24.					
VTS Service Site	by 30/06/2024	Disaster recovery/business continuity - VTS service site and back-up.	£0	£250,000	(£250,000)
Quotation received for this work, but after VTS system review it is considered that this particular project should be included in a larger VTS project that will be spread over three or four years and include the renewal of other VTS radar scanners - thus generating one project to encompass all VTS works over the next three to four years, therefore no expenditure incurred in 23/24. This will be reported as part of the CPA process to the Harbour Authority Sub-committee during 24/25.					
Total			£8,490	£280,000	(£271,510)
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602					