

Item: 4

Harbour Authority Sub-committee: 23 January 2024.

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 2023.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 31 December 2023, against the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes for 2023/24, as detailed in section 4 of this report.

The Sub-committee is invited to scrutinise:

2.2.

The detailed analysis of 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 31 December 2023 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 2023:

Project Description	Expenditure as at 31 December 2023.	Annual Budget 2023/24	Probable Out-turn 2023/24	Overspend/ (Underspend)
Piers and Harbours	£44,901.	£991,000.	£591,800.	(£399,200).
Scapa Flow Oil Port	£8,490.	£280,000.	£60,000.	(£220,000).

4.2.

Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2023/24, together with expenditure as at 31 December 2023, and is compared directly with the approved programmes.

4.3.

Appendix 1 also includes project updates from Marine Services who are currently projecting an underspend against budget on the Piers and Harbours, and Scapa Flow Oil Port minor capital improvement programmes by the end of this financial year.

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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9. Appendix

Appendix 1: Piers and Harbours and Scapa Flow Oil Port - Minor Capital Improvement Programmes 2023 to 2024.

Minor Capital Improvements	Anticipated Completion Date	Description	Actual Expenditure as at 31/12/2023	Annual Budget 2023/24	Probable Outturn 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	£0	£6,000	£1,800	(£4,200)
Works have all been completed - retention payment due 30th March 2024.						
Kettletoft Pier Lighting c/f from 2020/21	by 30/11/2023	Replacement of light columns and LED energy efficiency lanterns.	£0	£95,000	£60,000	(£35,000)
Lighting complete - invoices still to be settled. Some areas of bitmac surfacing to complete.						
Nordic Sea Berthing Improvements c/f from 2022/23	N/a	Alterations to piers	£0	£40,000	£0	(£40,000)
Will be part of ongoing assesment 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	£80,000	(£80,000)
Awaiting staff time within Engineering and Marine Services to specify the work to take place and for the actual work to commence. At the moment it is still hoped that recent staff appointments will allow this work to progress in financial year 2023/24, with completion expected during 2024/25. Design specification in progress.						
Scapa Pier Power Upgrade	by 30/05/2024	To upgrade electric power supply to this pier	£147	£150,000	£175,000	£25,000
Contract awarded for civil and electrical work to pier on 13 December 2023 . Programme start date is week commencing 21 January 2024. Completion expected by mid - end May 2024. There has been a near three year delay in starting this project due to consents taking longer than expected, with costs now expected to be more than original budget. 2023/24 overspend will be funded by underspend on other items within the programme, with any reminaing costs due after 31 March 2024 to be included in next year programme budget.						
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	£0
Initial works have started but will not be invoiced until completion of works.						
Hatston Linkspan control system	2024/25	Upgrade and replacement of linkspan control systems	£0	£220,000	£110,000	(£110,000)
This is very specific and specialist work that only the original supplier will be able to carry out. Quotation has now been received, and a procurement plan and associated documents will be prepared in order to submit a Non Competitive Action for approval. Procurement process should be completed and intial payments made in 2023/24, but works not be completed until 2024/25, therefore an underspend is anticipated in 2023/24, with 50% of costs to be budgeted for in the 2024/25 programme of works.						

Minor Capital Improvements	Anticipated Completion Date	Description	Actual Expenditure as at 31/12/2023	Annual Budget 2023/24	Probable Outturn 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	£0	(£200,000)
Awaiting quotation/estimated costs from the contractors who are able to complete this specialised area of work, however, whilst it is hoped that once the tenders have been awarded the works will be completed in the current financial year it is realistically looking like it will be in 2024/25.						
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	£44,754	£0	£45,000	£45,000
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.						
Total			£44,901	£991,000	£591,800	(£399,200)
Scapa Flow Oil Port						
Oil Pollution Equipment	by 31/03/2024					
- Quick Deployment Boom - c/f from 2021/22			£8,490	£30,000	£10,000	(£20,000)
Initial purchase of vacuum tank. Further purchases unlikely in this financial year.						
VTS Service Site	by 30/06/2024	Disaster recovery/business continuity - VTS service site and back-up.	£0	£250,000	£50,000	(£200,000)
Revised quotation has been received and project remains within the budget allocation. A Stage 2 Capital Project Appraisal is due to be submitted to the Policy and Resources Committee early 2024 and, subject to approval, the project will proceed to completion. A review of this project is underway which may result in some significant savings, which will be reflected in the CPA2 report. There will be payments made on placing orders in 2023/24, but majority will be carried forward to 2024/25.						
Total			£8,490	£280,000	£60,000	(£220,000)
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602						