

Item: 5

Harbour Authority Sub-committee: 24 January 2023.

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 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 and Scapa Flow Oil Port minor capital improvement programmes for 2022/23, 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 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. Budget Monitoring

4.1.

The undernoted table shows the position of expenditure incurred for the period 1 April to 31 December 2022:

Project Description	Expenditure as at 31 December 2022.	Annual Budget 2022/23	Probable Out-turn 2022/23	Overspend/ (Underspend)
Piers and Harbours	£102,871.	£731,700.	£460,300	(£271,400.)
Scapa Flow Oil Port	£0.	£380,000.	£100,000.	(£280,000)
Environmental Levy Purchases	£0.	£0.	£84,150.	£84,150.

4.2.

Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2022/23, together with expenditure as at 31 December 2022, and is compared directly with the approved programmes.

4.3.

Appendix 1 includes project updates from Marine Services and is currently projecting a significant underspend against budget on the Piers and Harbours minor capital improvement programme. This is due to both a shortage of available resources in terms of staffing, as well as experiencing delays in equipment and parts required to carry out the programme.

4.4.

Appendix 1 also includes additional works outwith the approved programme in relation to future lighting upgrades at Rapness, Burray and Loth piers. As the programme carries a risk of additional emergent work due to unforeseen circumstances or opportunities that may arise at short notice, in light of recent delays

experienced in the supply chains, the opportunity was taken to purchase the fittings and equipment required for the aforementioned lighting upgrades.

4.5.

Appendix 1 also shows that the Scapa Flow Oil Port minor capital improvements programme has incurred no spend to date and Marine Services anticipate a significant underspend against budget for this financial year. This is due to both a shortage of available resources in terms of staffing, as well as experiencing delays in equipment and parts required to carry out the works.

4.6.

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 to be used by Marine Services to fund environmental works, both capital and revenue in nature. In addition to the minor capital improvement programmes referred to above, Appendix 1 details four planned projects for financial year 2022/23, to be fully funded by Environmental Levy income.

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

Erik Knight, Head of Finance, extension 2127, Email erik.knight@orkney.gov.uk

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

9. Appendix

Appendix 1: Piers and Harbours and Scapa Flow Oil Port - Minor Capital Improvement Programmes 2022 to 2023.

Minor Capital Improvements	Description	Actual Expenditure as at 31/12/2022	Annual Budget 2022/23	Probable Outturn 2022/23	Overspend/ (Underspend)
<i>Miscellaneous Piers and Harbours</i>					
Egilsay & Wyre Pier Lighting - c/f from 2021/22	Replacement of light columns and LED energy efficiency lanterns - Final retention payment.	£0	£1,500	£1,500	£0
Works completed, retention payments only in 22/23					
Copland's Dock Wall c/f from 2021/22	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 - Final retention payment.	£0	£1,800	£1,800	£0
Works completed, retention payments only in 22/23					
New Flotta Ferry Waiting Room - c/f from 2021/22	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 - Final retention payment.	£31,265	£3,400	£50,000	£46,600
Works completed very early 22/23 therefore some payments made in this financial year. Retention payments due in 12 months. New Waiting Room open, final project works in hand. This project is overspent but will be offset by underspends on other projects as the year progresses.					
Kettleoft Pier Lighting c/f from 2020/21	Replacement of light columns and LED energy efficiency lanterns.	£0	£160,000	£25,000	(£135,000)
Waiting for final design work from engineers and tenders generated. Unlikely to have expenditure to full budgetary provision in this financial year					
Nordic Sea Berthing Improvements	To improve access to the vessel for passengers with reduced mobility.	£0	£225,000	£50,000	(£175,000)
Waiting final design specification, unlikely to incur expenditure to full budgetary provision in this financial year					

Minor Capital Improvements	Description	Actual Expenditure as at 31/12/2022	Annual Budget 2022/23	Probable Outturn 2022/23	Overspend/ (Underspend)
Kirkwall & Lyness Linkspan Berths	Fender redesign and installation.	£0	£160,000	£160,000	£0
Final design and tender works progressing.					
Hatston Pier Lighting Upgrade	LED lighting upgrade - lamphead replacement only.	£24,829	£60,000	£40,000	(£20,000)
New fittings and equipment purchased, some works to be completed this year, but will be c/f to next year for practical completion					
Stromness Pier (Marshalling Area) Lighting Upgrade	Lighting upgrade, including new columns, cable trays and foundations.	£21,852	£120,000	£100,000	(£20,000)
New fittings and equipment purchased, some works to be completed this year, but will be c/f to next year for practical completion					
Additional Works outwith the Approved Programme					
Lighting Upgrade	Additional Works out with Approved Programme	£24,925	£0	£20,000	£20,000
New fittings and equipment ordered in advance of need due to significant delays being experienced in the supply chain.					
Total		£102,871	£731,700	£448,300	(£283,400)
Scapa Flow Oil Port					
- Quick Deployment Boom - c/f from 2021/22		£0	£55,000	£25,000	(£30,000)
Requirement reconsidered, changed to a new oil pollution skimmer as being more important at this stage, equipment delivered December 2022 will be coded to this code for 22/23 year therefore budgetary provision reduced					
Industrial Steam Pressure Washer - c/f from 2021/22		£0	£25,000	£25,000	£0
Requirement reconsidered, changed to a new oil pollution skimmer as being more important at this stage, procurement in hand and will not exceed budgetary provision.					
VTS Service Site	Disaster recovery/business continuity - VTS service site and back-up.	£0	£250,000	£0	(£250,000)
Initial planning complete, Stage 2 Capital Project Appraisal due at Policy and Resources Committee 2023 and, subject to approval of the Stage 2 CPA, proceed to implementation, expenditure due to be incurred in 23/24.					
Vans x 2	New vehicles to replace older vehicles in fleet.	£0	£50,000	£50,000	£0
2No replacement vehicles arrived December 2022 after a very long delivery period. At least one further vehicle due for delivery in this year. Expenditure not shown in this reporting period but will be coded by end of 22/23					

Minor Capital Improvements	Description	Actual Expenditure as at 31/12/2022	Annual Budget 2022/23	Probable Outturn 2022/23	Overspend/ (Underspend)
Total		£0	£380,000	£100,000	(£280,000)

Minor Capital Improvements	Description	Actual Expenditure as at 31/12/2022	Annual Budget 2022/23	Probable Outturn 2022/23	Overspend/ (Underspend)
<i>Environmental Levy Purchases</i>					
Capital purchases to be funded from revenue raised through the Environmental Levy.					
	Photovoltaic for Workshop building at Scapa (unlikely to happen in 22/23 due to design and equipment requirements)	£0	£0	£0	£0
	Photovoltaic for Security Cabins (initial work completed, possibility of not completing in this financial year)	£0	£0	£30,000	£30,000
	Electric Forklift (initial tender work etc in hand, possibility of not completing in this financial year)	£0	£0	£40,000	£40,000
	2 x Citroen AMI Cars (£7,075 each) - vehicles in Scotland, awaiting payment before delivery to Orkney.	£0	£0	£14,150	£14,150
	Total	£0	£0	£84,150	£84,150
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602					