

Item: 3

Harbour Authority Sub-committee: 17 March 2026.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Minor Capital Improvement Programmes.

Proposed Programmes for 2026/27.

Report by Director of Enterprise and Resources.

1. Overview

- 1.1. This report presents the annual programmes for minor capital improvements for Miscellaneous Piers and Harbour and Scapa Flow Oil Port for members' approval.
- 1.2. The Harbour Accounts are accounted for within the Non-General Fund which in itself contains budget allocations for 2026/27 as follows:
 - Miscellaneous Piers and Harbours - £300,000.
 - Scapa Flow Oil Port - £150,000.
- 1.3. The draft programmes in respect of minor capital improvements for 2026/27, detailed in Appendices 1 and 2 to this report, are costed as follows:
 - Miscellaneous Piers and Harbours - £3,179,000.
 - Scapa Flow Oil Port - £938,000.
- 1.4. Although revenue budgets in respect of Miscellaneous Piers and Harbours and the Scapa Flow Oil Port have not yet been set, the draft revenue budgets reflect the associated loan charges in respect of the proposed minor capital improvement programmes.

2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:
 - i. Approve the programmes for minor capital improvements for Miscellaneous Piers and Harbour and Scapa Flow Oil Port for 2026/27, attached as Appendices 1 and 2 respectively to this report, subject to adequate budgets being established.

- ii. Recommend to the Policy and Resources Committee, that the capital allocation in respect of minor capital improvement works within the Non-General Fund capital programme for 2026/27 be increased as follows:
 - Miscellaneous Piers and Harbours – from £300,000 to £3,179,000.
 - Scapa Flow Oil Port – from £150,000 to £938,000.

3. Proposed Minor Capital Works Programmes

3.1. Appendix 1 shows the proposed minor capital works programme for Miscellaneous Piers and Harbours for 2026/27, summarised as follows:

- Works carried forward from 2025/26 – £2,222,000
- Dredging of Stromness Harbour Marina – This is a 2 -year project with an estimated cost £250,000. Initial steps will commence after finalising the agreement with the investor.
- Proposed 2026/27 projects - £630,000.
- Proposed dredging for Egilsay, Wyre, Rousay and Eday - £126,000.
- Vehicle replacement – £76,000.
- Workboat - £35,000.
- Installation 6 Tide gauges - £90,000.

3.2. Appendix 2 shows the proposed minor capital works programme for Scapa Flow Oil Port for the financial year 2026/27, summarised as follows:

- Supply and installation of both engines and associated equipment for pilot vessel John Rae - £900,000, which will be subject to the Capital Project Appraisal process.
- Supply a generator for pilot vessel Pathfinder - £38,000.

For Further Information please contact:

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Implications of Report

1. Financial – the proposed programme of minor capital works contained within Appendices 1 and 2 of this report, are subject to adequate budget being established, and are included in the draft revenue budget for 2026/27 as loan charges and are currently considered to be affordable.

It is a requirement of the Capital Project Appraisal process that all planned capital improvement works of £500,000 and above, and including works to be delivered over multiple phases, be developed into individual Capital Project Appraisal

business cases for formal review and approval as may be considered appropriate going forward.

2. **Legal** - The Council's Harbour Authority undertakings are required to generate sufficient revenue to meet the Harbours running costs, infrastructure/plant investment, and interest charges and debt repayment. Budget setting helps the Council meet its statutory obligation to secure best value.
3. **Corporate Governance** - In terms of the Scheme of Administration, the establishment and review of the annual capital improvement and revenue maintenance programmes for assets held on the Scapa Flow Oil Port and the Miscellaneous Piers and Harbours accounts, funded through the approved Capital Programme and revenue budgets, is delegated to the Harbour Authority Sub-committee.
4. **Human Resources** - Not relevant to this report.
5. **Equalities** - An Equality Impact Assessment is not required for financial planning and monitoring purposes.
6. **Island Communities Impact** - An Island Communities Impact Assessment is not required for financial planning and monitoring purposes.
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.
 - Improving Population Health.
9. **Environmental and Climate Risk** - where resources allow, improvement works will include "greener" solutions.
10. **Risk** - improvement of existing assets will help reduce risks associated with these assets.
11. **Procurement** - any contractual arrangements are required to comply with the Council's Financial Regulations and Contract Standing Orders.
12. **Health and Safety** - well maintained/built/updated assets will assist the Council in complying with relevant Health and Safety requirements for staff and the public.
13. **Property and Assets** - details as included in Appendices 1 and 2 of this report.

- 14. Information Technology** – where possible and necessary up to date IT systems should reduce the risk of cyber etc attacks to the Council and will be included in any upgrades whenever possible.
- 15. Cost of Living** – Not applicable.

List of Background Papers

None.

Appendices

Appendix 1 – Minor Capital Works for Miscellaneous Piers and Harbours 2026/27.

Appendix 2 – Minor Capital Works for Scapa Flow Oil Port 2026/27.

Miscellaneous Piers & Harbours Minor Capital Programme 2026/2027

Detail	Amount	Sub-total	Comment
	£	£	
2025/26 projects carried forward			
NI Linkspans Control System Upgrades	1,200,000		Project approved at Policy and Resources Committee on 25 November 2025
Stromness/Hatston Linkspan Control System Upgrade.	700,000		Project approved at Policy and Resources Committee on 25 November 2025
Stromness Marina Dredging	30,000		Capital dredge in preparation for Marina expansion plans - This is a 2 -year project with an estimated cost £250,000. Initial steps will commence after finalizing the agreement with the investor.
Flotta Dredging	200,000		Capital dredging - Estimated volume is 5500m3
Stromness harbour Dredging	60,000		Capital dredging -Estimated volume is 3000 m3
Standby Generator - Kirkwall Pier Linkspan	32,000		Improvement to internal ferry services in event of power failure
		2,222,000	
Proposed 2026/27			
Stromness North pier watertank	400,000		To comply with the new Scottish Water regulations
Houton and Lyness Linkspan Painting	230,000		2 years project costing £460K to extend the life of the linkspans.
		630,000	
Capital Dredging 2026/27			
Egilsay	25,000		Capital dredging- Estimated volume is 1100m3
Wyre	36,000		Capital dredging- Estimated volume is 1800m3
Rousay	25,000		Capital dredging- Estimated volume is 200m3
Eday	40,000		Capital dredging - Estimated volume is 5000m3
		126,000	
Vehicle replacement			
Workshop Van	35,000		Replacement programme
Trailer Mounted Boom Lift	41,000		Replacement programme (Replace with the existing Cherrypicker)
		76,000	
Workboat	35,000		A new workboat to facilitate inspection and maintenance works from the seaside.
		35,000	
Installation 6 Tidegauges	90,000		Westray, North Ronaldsay, Stronsay, Egilsay, Gibraltar, Graemsay
		90,000	
Grand Total		3,179,000	

Scapa Flow Oil Port Minor Capital Programme 2026/2027

Detail	Amount	Sub-total	Comment
	£	£	
Proposed 2026/27			
Upgrades to Pilot Vessels:			
John Rae (both Engine, gearboxes, and related equipment)	900,000		Subject to CPA process
Scapa Pathfinder generator	38,000		
		938,000	
Grand total:		938,000	