



**ORKNEY**  
ISLANDS COUNCIL

**Item: 8**

**Harbour Authority Sub-committee: 26 August 2025.**

**Miscellaneous Piers and Harbours and Scapa Flow Oil Port.**

**Minor Capital Improvement Programmes – Expenditure Outturn.**

**Report by Head of Finance.**

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## **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 2024/25 was approved by the Harbour Authority Sub-committee on 19 March 2024.
- 1.4. The table below provides an overview of the expenditure incurred in financial year 2024/25.

<b>Project Description</b>	<b>Outturn as at 31 March 2025.</b>	<b>Annual Budget 2024/25</b>	<b>Overspend/ (Underspend)</b>
<b>Piers and Harbours</b>	£822,208.	£300,000.	£522,808.
<b>Scapa Flow Oil Port</b>	£338,584.	£150,000.	£188,584.

- 1.5. Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2024/25, including individual project updates.

## 2. Recommendations

2.1. It is recommended that members of the Sub-committee:

- i. Note the summary position of expenditure incurred for financial year 2024/25 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.
- ii. Note the detailed analysis of expenditure figures against the approved programmes, attached as Appendix 1 to this report.

### For Further Information please contact:

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### 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 reporting.
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 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, 19 March 2024, Miscellaneous Piers and Harbours and Scapa Flow Oil Port Minor Capital Improvement Programmes – Proposed programmes 2024/25.

### Appendix

Appendix 1 – Miscellaneous Piers and Harbours and Scapa Flow Oil Port – Minor Capital Improvement Programme 2024/25 – Outturn.

Minor Capital Improvements	Anticipated Completion Date	Description	Final Outturn 2024/25	Annual Budget 2024/25	Overspend/ (Underspend)
<b>Miscellaneous Piers and Harbours</b>					
Scapa Pier	Q3 2025/26	Carry over - To upgrade electric power supply to this pier	£720,066	£150,000	£570,066
<p>The significant cost escalation is primarily due to changes imposed on the electrical design after the contract was awarded. The revised as-built requirements for the tug resulted in a substantial increase in electrical load, which rendered the original design assumption—routing new cables through existing ducts—unfeasible. The larger cable sizes and increased number of cables necessitated extensive civil works, including an increase in new ducting within the pier deck from 57 linear metres to 195 linear metres.</p> <p>Additionally, the number and size of cables, as well as the capacity of the switchgear, had to be increased to accommodate the higher load, leading to unavoidable increases in electrical costs.</p> <p>Furthermore, inaccuracies in the as-built drawings for part of Scapa Pier were discovered during installation, which required additional unplanned works to accommodate the larger ducts.</p>					
Kirkwall Harbour - Basin Area	Q4 2025/26	To upgrade existing electricity supply	£98,017	£130,000	(£31,983)
Works commenced September 2024, all groundworks completed, new charging units due to be in the first half of 2025.					
Houton Ferry Terminal	2025/2026	Provide new access route, vehicle marshalling area and increase parking	£4,725	£20,000	(£15,275)
Base surveys have been completed; however, due to delays in obtaining additional information and potential revisions to the initial plans, it was not possible to carry out all the surveys originally scheduled for the 2024/25 period. These outstanding surveys are now planned for completion during 2025/26, to enable the project to proceed through the Capital Project Appraisal (CPA) process within that financial year.					
<b>Total</b>			<b>£822,808</b>	<b>£300,000</b>	<b>£522,808</b>
<b>Scapa Flow Oil Port</b>					
Workshop	Q1 2025/26	Upgrade main electricity supply, install solar panels and upgrade offices	£282,989	£150,000	£132,989
<p>The contract was awarded, and work commenced at the end of July 2024. The majority of works were successfully completed within the 2024/25 financial year, with some spend expected in 2025/26. The scope of the project included office refurbishment, installation of external cladding and insulation, and the fitting of solar panels on the workshop roof. Budget was estimated prior to finalising project scope and award of contract, which has resulted in an overspend.</p> <p>The building and offices are now fully operational, with the solar panels actively supplying electricity to the Harbour Authority building. This installation was coordinated by the OIC's Team Manager: Energy. Energy savings will be monitored and reviewed over time to assess long-term benefits.</p>					
Vehicle Purchase	Complete	Purchase of Peugeot Boxer Pickup	£55,595	£0	£55,595
Ordered 23/06/23 from A M Phillip - Delivery delayed arrived 02/05/24.					
<b>Total</b>			<b>£338,584</b>	<b>£150,000</b>	<b>£188,584</b>
<b>Contact Officer - Deputy Harbour Master (Strategy &amp; Support), Extension 3602</b>					