ORKNEY
ISLANDS COUNCIL

Item: 5

Harbour Authority Sub-committee: 25 August 2026.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Minor Capital Improvement Programmes – Expenditure Outturn.

Report by Head of Finance.

1. Overview

1.1. This report presents the expenditure outturn position as at 31 March 2026 in respect of the annual programme of capital improvements for Miscellaneous Piers and Harbours and the Scapa Flow Oil Port for financial year 2025/26.

1.2. 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.

1.3. Delivery of these planned programmes of work are thereafter monitored throughout the financial year by the relevant service Committee or Sub-committee.

1.4. The annual programme of capital improvements for Miscellaneous Piers and Harbours and the Scapa Flow Oil Port for financial year 2025/26 was approved by the Harbour Authority Sub-committee on 18 March 2025.

1.5. The table below provides an overview of the expenditure incurred in financial year 2025/26.

Project Description	Outturn as at 31 March 2026.	Annual Budget 2025/26	Overspend/ (Underspend)
Piers and Harbours	£94,784.	£1,615,500.	(£1,520,716).
Scapa Flow Oil Port	£87,351.	£120,000.	(£32,649).

1.6. Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2025/26, including individual project updates.

2. Recommendations

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

i. Note the summary outturn position of expenditure incurred for financial year 2025/26 in respect of the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes, as detailed in section 1.5 of this report.
ii. Note the detailed analysis of expenditure figures and programme updates in respect of the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes for 2025/26, attached as Appendix 1 to this report.

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 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, 18 March 2025, Miscellaneous Piers and Harbours and Scapa Flow Oil Port Minor Capital Improvement Programmes – Proposed programmes 2025/26.

Appendix

Appendix 1 – Miscellaneous Piers and Harbours and Scapa Flow Oil Port – Minor Capital Improvement Programme 2025/26 – Outturn.

Minor Capital Improvements	Anticipated Completion Date	Description	Final Outturn 2025/26	Annual Budget 2025/26	Overspend/ (Underspend)
Miscellaneous Piers and Harbours					
North Isles Linkspans	**Q4 2026/27**	Control System upgrades - Year 1 of 2 year programme (Subject to the Council's Capital Project Appraisal process)	£18,570	£600,000	(£581,430)
The project was approved by the Policy and Resources Committee on 25 November 2025, costing £1.2M over two financial years. The tender process completed, contract awarded and work will commence on 1 June 2026, noting that the actual cost is now £1.8M, with the increased budget requirement to be managed through a reprioritisation of future works in the minor capital improvement programme for 2026/27, as approved at Policy and Resources Committee on 16 June 2026.					
Stromness/Hatston Linkspans	**Q4 2026/27**	Control System Upgrade (Subject to the Council's Capital Project Appraisal process)	£0	£650,000	(£650,000)
Following approval by Policy and Resources Committee on 25 November 2025, the Non-Competitive Action (NCA) process was completed. Legal and Procurement teams are currently negotiating the contract Terms and Conditions with the contractor and the project has been carried forward to financial year 2026/27.					
Stromness Pier Lighting Upgrade	**Complete**	C/forward from 2024/25	£0	£1,000	(£1,000)
This is a project that was carried forward from the previous financial year. All works associated with the pier lighting upgrade were completed by the end of March 2026, and funded through revenue budgets.					
Kirkwall Pier Linkspan	**Q4 2026/27**	Standby Generator-Improvement to internal ferry services in event of power failure	£8,570	£22,500	(£13,930)
Generator was received in June 2026. An electrical contractor has been appointed to install the generator. Additional expenditure associated with the installation works is anticipated in 2026/27. Installation is expected to be completed by Q4 2026/27 to avoid any potential interference with the ongoing ZEVI charger system construction works.					
Stromness Marina Dredging	**Q4 2027/28**	Capital dredge in preparation for Marina extension plans	£0	£200,000	(£200,000)
Subject to further discussions with Orkney Marinas and confirmation of licensing requirements from the Marine Directorate (MD-LOT), the timeline for securing the licence remains uncertain. No further progress as at 31 March 2026, agreement to be finalised before work can commence.					
Vehicle Replacement	**Q3 2026/27**	Land Rover Defender 110	£0	£35,000	(£35,000)
Ordered May 2026 and the delivery is within 3-4 months from the order. Delay was caused by Ford discontinuing production of the requested specification and a failure to communicate this change promptly, resulting in a need to place a revised factory order. The anticipated completion is in October 2026.The anticipated completion is in October 2026.					
Vehicle Replacement	**Q2 2026/27**	Iveco Pickup/Van	£0	£48,000	(£48,000)
The specification has been completed. The contract has been awarded. Delivery expected August 2026.					
Vehicle Replacement	**Complete**	Forklift 3.5t	£42,000	£35,000	£7,000
The forklift has been procured and received in March 2026. Following the tender process, the lowest compliant tender received was higher than the estimated budget.					
Vehicle Replacement	**Q1 2026/27**	Electric Van	£0	£24,000	(£24,000)
The electric van was delivered in April 2026.					
Scapa Pier Power Upgrade	**Complete**	Retention has been paid to the contractor in relation to the Scapa Pier Power Supply Upgrade project.	£25,644	£0	£25,644
C/f from 2024/25 - Retention payment for Scapa Pier power upgrade paid to contractor and project is complete.					
Total			**£94,784**	**£1,615,500**	**(£1,520,716)**

Scapa Flow Oil Port					
Navigation Equipment - John Rae	**Complete**	Upgrade of navigation equipment	£47,838	£52,000	(£4,162)
Equipment has been installed on John Rae in February 2026 and the project completed.					
MOB (Man Overboard) Platform - John Rae	**Complete**	Supply and installation of MOB platform.	£39,513	£68,000	(£28,487)
Platform was installed on John Rae in February 2026 - all work complete.					
Total			**£87,351**	**£120,000**	**(£32,649)**
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602					