



**ORKNEY**  
ISLANDS COUNCIL

**Item: 1**

**Harbour Authority Sub-committee: 17 March 2026.**

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

**Draft Revenue Budgets.**

**Report by Director of Enterprise and Resources.**

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## **1. Overview**

- 1.1. This report presents the draft revenue budgets for Miscellaneous Piers and Harbours and the Scapa Flow Oil Port for 2026/27 for members' approval.
- 1.2. As trading activities of the Council, it is considered good practice to agree budgets for Miscellaneous Piers and Harbours and Scapa Flow Oil Port in advance of the financial year commencing.
- 1.3. The respective budgets, as trading activities, should normally assume that a surplus can be generated from their activities.
- 1.4. Annual contributions from the operation of the Miscellaneous Piers and Harbours Account are set aside in the Miscellaneous Piers Property Maintenance Fund to support the development of a long-term Property, Plant and Equipment Maintenance Programme.
- 1.5. Section 4 details the budgetary requirements for Miscellaneous Piers and Harbours and Scapa Flow Oil Port for financial year 2026/27, with the draft budget detailed in Annex 1.

## **2. Recommendations**

- 2.1. It is recommended that members of the Sub-committee:
  - i. Approve the draft revenue budget in respect of Miscellaneous Piers and Harbours for 2026/27, detailed in Annex 1 to this report, indicating a net surplus of £1,240,300.
  - ii. Approve the draft revenue budget in respect of Scapa Flow Oil Port for 2026/27, detailed in Annex 1 to this report, indicating a net surplus of £268,100.

### 3. Budget Setting 2026/27

3.1. In setting both revenue budgets for 2026/27 the following inflationary assumptions have been applied:

Staff Costs	3.5%
Property Costs	2%
Transportation	2%
Fees and Charges	4%
Harbour Dues	4%
Tanker Harbour Dues	4%

3.2. The draft revenue budget for Miscellaneous Piers and Harbours is based on the following assumptions:

- i. Application of inflation resulting in a net budget income increase of £238,700.
- ii. The revenue repairs and maintenance programme of works will increase from £2,738,600 to £2,855,600 which will be funded from the Miscellaneous Piers Property Maintenance Fund.
- iii. An estimated increase in Loan Charges of £1,458,500 to reflect the outstanding loans fund balance at 31 March 2025 and factoring in £3,179,000 to fund the annual minor capital improvements budget.
- iv. Projected income levels are based on projected income from Harbour Dues and Cruise Liner income which is showing an overall income increase of £494,900.
- v. Other adjustments include a realignment of income based on projections from the service.

3.3. On application of the inflationary and budgetary assumptions shown above, the net expenditure budget for Miscellaneous Piers and Harbours has changed from a surplus budget position of £2,214,800 for 2025/26 to a surplus position of £1,240,300 for 2026/27.

3.4. The Scapa Flow Oil Port budget for 2026/27 is based on the following assumptions:

- i. Application of inflation resulting in a net budget income increase of £137,500.

- ii. Estimated increase in finance charges of £781,000 due to an increase in the funding required for the annual minor capital improvements budget.
- iii. Budget in respect of a repair required to a winch.
- iv. Adjustments within the staffing budget to reflect staffing costs.
- v. The harbour dues income estimated on the following basis:
  - 12 tankers generating net income of £5,713,600 (2024/25: 12 tankers £5,577,600. The charge per gross tonne will increase from £7.38 to £7.68 from 1 April 2026).
  - 45 ship to ship transfers generating net income of £1,507,300 (2024/25: 40 ship to ship transfers and income of £1,362,600).
  - Pilotage generating income of £1,601,300 (2024/25: £1,396,100).

3.5. On application of the inflationary and budgetary assumptions shown above, the net surplus for Scapa Flow Oil Port of £353,900 for 2025/26 has decreased to a net surplus budget of £268,100 for 2026/27.

**For Further Information please contact:**

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**Implications of Report**

1. **Financial** The financial implications are detailed in the report and Annex 1.
2. **Legal** There are no direct legal implications arising from the recommendations of this report.
3. **Corporate Governance** Consideration of draft annual budgets in respect of the Scapa Flow Oil Port and the Miscellaneous Piers and Harbours accounts is a referred function of the Harbour Authority Sub-committee.
4. **Human Resources** Not applicable.
5. **Equalities** Not applicable.
6. **Island Communities Impact** Not applicable.
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** Not applicable.
- 10. Risk** Not applicable.
- 11. Procurement** Not applicable.
- 12. Health and Safety** Not applicable.
- 13. Property and Assets** Not applicable.
- 14. Information Technology** Not applicable.
- 15. Cost of Living** Not applicable.

### **List of Background Papers**

None

### **Annex:**

Annex A: Draft Revenue Budgets for the Miscellaneous Piers and Harbours and Scapa Flow Oil Port for financial year 2025/26.

Miscellaneous Piers & Harbours									
	2025/26	Budgetary Assumptions							2026/27
	Approved Budget	Return One Offs	Staffing Increase	Inflation	Major Maintenance and Repairs Programme	Loan Charges	Harbour Dues/Cruise Liner Income	Other Adjustments	Draft Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Miscellaneous Piers	(4,212.5)	(2,738.6)	72.9	(255.6)	2,855.6		(515.5)	30.4	(4,763.3)
Administration	600.0	-	152.4	2.2	-	-	-	8.8	763.4
Miscellaneous Piers Development	302.2	-	6.4	4.8	-	-	-	-	313.4
Environmental Unit	50.8	7.8	(0.6)	(1.2)	-	-	-	(152.0)	(95.2)
Marine Officers and Pilots	705.9	-	120.2	(3.9)	-	-	-	(0.2)	822.0
Navigational Aids	37.6	-	-	0.6	-	-	-	-	38.2
Weather Forecasts	7.8	-	-	0.2	-	-	-	-	8.0
Harbour Launches	936.9	-	31.3	4.5	-	-	-	-	972.7
Oil Pollution	123.6	-	2.5	-	-	-	-	-	126.1
Pilotage Income	(825.0)	-	-	(20.6)	-	-	20.6	-	(825.0)
Finance Charges	2,796.5	(1,280.3)	-	30.3	-	2,708.5	-	-	4,255.0
Movement in Reserves	(2,738.6)	2,738.6			(2,855.6)				(2,855.6)
<b>Service Totals</b>	<b>(2,214.8)</b>	<b>(1,272.5)</b>	<b>385.1</b>	<b>(238.7)</b>	<b>-</b>	<b>2,708.5</b>	<b>(494.9)</b>	<b>(113.0)</b>	<b>(1,240.3)</b>

Scapa Flow Oil Port								
	2025/26	Budgetary Assumptions						2026/27
	Approved Budget	Budget Changes	Inflation	Staff Costs	Finance Charges	Adjustments	Fees and Charges	Draft Budget
	£000	£000	£000	£000	£000	£000	£000	£000
Administration	1,022.3	34.9	12.3	148.3	-	16.0	(0.8)	1,233.0
Scapa Flow Development	253.9	-	4.7	1.6	-	-	-	260.2
Oil Pollution	153.0	-	(0.6)	2.9	-	0.1	-	155.4
Environmental Unit	163.5	-	0.1	(5.3)	-	0.5	(293.0)	(134.2)
Marine Officers and Pilots	781.9	-	(1.3)	27.1	-	1.2	-	808.9
Navigational Aids	103.8	-	2.0	-	-	-	-	105.8
Weather Forecasts	7.9	-	0.2	-	-	-	-	8.1
Harbour Launches	698.5	-	2.3	25.2	-	(0.8)	-	725.2
Towage Services	3,472.3	(500.0)	22.5	83.3	-	57.2	-	3,135.3
Harbour Dues	(8,707.0)	-	(218.1)	-	-	(50.2)	(67.5)	(9,042.8)
Finance Charges	1,696.0	222.4	38.4	-	520.2	-	-	2,477.0
<b>Service Totals</b>	<b>(353.9)</b>	<b>(242.7)</b>	<b>(137.5)</b>	<b>283.1</b>	<b>520.2</b>	<b>24.0</b>	<b>(361.3)</b>	<b>(268.1)</b>