

Item: 9

Harbour Authority Sub-committee: 26 August 2025.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Minor Capital Improvement Programmes – Expenditure Monitoring.

Report by Head of Finance.

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 2025/26 was approved by the Harbour Authority Sub-committee on 18 March 2025.
- 1.4. The table below provides an overview of the expenditure incurred for the period 1 April to 30 June 2025.

Project Description	Expenditure as at 30 June 2025.	Annual Budget 2025/26	Probable Out-turn 2025/26	Overspend/ (Underspend)
Piers and Harbours	£8,570.	£1,615,500.	£1,615,500	£0.
Scapa Flow Oil Port	£12,264.	£120,000.	£120,000.	£0.

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

- 1.6. 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 used by Marine Services to fund environmental works, both capital and revenue in nature. To date, there have been no capital works progressed in 2025/26 using this funding source.

2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:
- i. Note the summary position of expenditure incurred, as at 30 June 2025, against the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes for 2025/26, 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:

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

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, 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.

Minor Capital Improvements	Anticipated Completion Date	Description	Actual Expenditure as at 30/06/2025	Annual Budget 2025/26	Probable Outturn 2025/26	Overspend/ (Underspend)
Miscellaneous Piers and Harbours						
North Isles Linkspans	Q4 2025/26	Control System upgrades - Year 1 of two year programme (Subject to the Council's Capital Project Appraisal process)	£0	£600,000	£600,000	£0
The project specification is currently being developed.						
Stromness/Hatston Linkspans	Q4 2025/26	Control System Upgrade (Subject to the Council's Capital Project Appraisal process)	£0	£650,000	£650,000	£0
The specification for Hatston has been completed, with procurement scheduled to begin within a month. The specification for Stromness will follow thereafter.						
Stromness Pier Lighting Upgrade	Q3 2025/26	C/forward from 2024/25	£0	£1,000	£1,000	£0
Initial works commenced as planned; however, completion was delayed due to staff availability. The project is now expected to be completed by December 2025.						
Kirkwall Pier Linkspan	Q2 2025/26	Standby Generator-Improvement to internal ferry services in event of power failure	£8,570	£22,500	£22,500	£0
Some initial works have commenced. However, the specification for the actual unit to be installed on the linkspan is still awaited from the supplier.						
Stromness Marina Dredging	Q4 2025/26	Capital dredge in preparation for Marina expansion plans	£0	£200,000	£200,000	£0
Subject of discussions and possible licence requirements from Marine Directorate (MD-LOT). The applications and other paperwork are in hand but once submitted these can take at a minimum of 14 weeks to progress. Therefore the works may not actually happen until late 2025/26.						
Vehicle Replacement	Q3 2025/26	Land Rover Defender 110	£0	£35,000	£35,000	£0
The specification has been completed, and we are now working with the Service Manager (Fleet) to progress the re-procurement process.						
Vehicle Replacement	Q3 2025/26	Iveco Pickup/Van	£0	£48,000	£48,000	£0
The specification has been completed, and we are currently working with the Service Manager (Fleet). Procurement is scheduled to commence within the next month.						
Vehicle Replacement	Q4 2025/26	Forklift 3.5t	£0	£35,000	£35,000	£0
The specification is yet to be generated and is currently in development.						
Vehicle Replacement	Q4 2025/26	Electric Van	£0	£24,000	£24,000	£0
The specification is yet to be generated and is currently in development.						
Total			£8,570	£1,615,500	£1,615,500	£0
Scapa Flow Oil Port						
Navigation Equipment - John Rae	Q3 2025/26	Upgrade of navigation equipment	£12,264	£52,000	£52,000	£0
Works have commenced with the initial purchase of equipment. Implementation will continue over the next three to four months.						

MOB (Man Overboard) Platform - John Rae	Q4 2025/26	Supply and installation of MOB platform	£0	£68,000	£68,000	£0
Specification and procurement have commenced. However, due to delivery lead times and installation requirements, completion of the works is unlikely to occur for at least six months.						
Total			£12,264	£120,000	£120,000	£0
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602						