

Item: 5

Harbour Authority Sub-committee: 26 August 2025.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Overview

- 1.1. On 4 March 2025, the Council set its overall revenue budget for financial year 2025/26. On 17 June 2025, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2025/26, which form the basis of the individual revenue expenditure monitoring reports.
- 1.2. Individual revenue expenditure monitoring reports are circulated every month to inform elected members of the up-to-date financial position. Quarterly revenue expenditure monitoring reports are presented to individual service committees.
- 1.3. In terms of revenue spending, at an individual cost centre level, budget holders are required to provide an explanation of the causes of each material variance and to identify appropriate corrective actions to remedy the situation.
- 1.4. Material variances are identified automatically as Priority Actions within individual budget cost centres according to the following criteria:
 - Variance of £10,000 and more than 110% or less than 90% of anticipated position (1B).
 - Not more than 110% or less than 90% of anticipated position but variance greater than £50,000 (1C).
- 1.5. Priority Actions can be identified at the Service Function level according to the same criteria and these are shown in the Revenue Expenditure Statements. As with individual cost centre variances, each of these Priority Actions requires an explanation and corrective action to be identified and these are shown in the Budget Action Plan.
- 1.6. The details have been provided following consultation with the relevant Directors and their staff.
- 1.7. The figures quoted within the Budget Action Plan by way of the underspend (-) and overspend position will always relate to the position within the current month.

2. Recommendations

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

- i. Note the revenue financial summary statement in respect of the Scapa Flow Oil Port and Miscellaneous Piers and Harbours for the period 1 April to 30 June 2025, attached as Annex 1 to this report, indicating a budget surplus position of £2,115,700.
- ii. Note the revenue financial detail by service area statement in respect of the Scapa Flow Oil Port and Miscellaneous Piers and Harbours for the period 1 April to 30 June 2025, attached as Annex 2 to this report.
- iii. Note the explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 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 help 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 revenue expenditure incurred against approved budgets, in respect of each of the service areas for which the Sub-committee is responsible 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 monitoring.
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** N/A

- 10. Risk** N/A

- 11. Procurement** N/A

- 12. Health and Safety** N/A

- 13. Property and Assets** N/A

- 14. Information Technology** N/A

- 15. Cost of Living** N/A

List of Background Papers

Policy and Resources Committee, 25 February 2025, Budget and Council Tax Level for 2025/26.

Policy and Resources Committee, 17 June 2025, Detailed Revenue Budgets.

Annexes

Annex 1: Financial Summary.

Annex 2: Financial Detail by Service Area.

Annex 3: Budget Action Plan.

The table below provides a summary of the position across all Service Areas.

Non-General Fund					Annual
Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Budget £000
Scapa Flow Oil Port	(663.8)	(616.2)	(47.6)	107.7	(353.9)
Miscellaneous Piers & Harbours	473.6	2,541.7	(2,068.1)	18.6	(2,214.8)
	(190.2)	1,925.5	(2,115.7)	N/A	(2,568.7)
Service Totals	(190.2)	1,925.5	(2,115.7)	N/A	(2,568.7)

Compared to last month, the total number of PAs has changed as follows:

Service Area	No. of PAs		Service Functions	PAs/ Function
	P02	P03		
Scapa Flow Oil Port	6	5	11	45%
Miscellaneous Piers & Harbours	8	7	12	58%
Totals	14	12	23	52%

Annex 2: Financial Detail by Service Area

June 2025

The following tables show the spending position by service function

Non-General Fund

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
Scapa Flow Oil Port	PA					£000
Administration - SF		537.4	560.0	(22.6)	96.0	1,022.3
Environmental Unit	1B	(3.1)	22.5	(25.6)	N/A	163.5
Marine Officers & Pilots		153.0	168.6	(15.6)	90.7	781.9
Navigation		6.5	14.3	(7.8)	45.5	103.8
Weather Forecasts		0.3	4.8	(4.5)	6.3	7.9
Harbour Launches	1B	172.5	143.8	28.7	120.0	698.5
Towage Services	1B	729.0	569.5	159.5	128.0	3,472.3
Harbour Dues	1C	(2,380.9)	(2,176.7)	(204.2)	109.4	(8,707.0)
Scapa Flow Development	1B	86.4	45.1	41.3	191.6	253.9
Oil Pollution		35.1	31.9	3.2	110.0	153.0
Finance Charges - SF		0.0	0.0	0.0	0.0	1,696.0
Service Total		(663.8)	(616.2)	(47.6)	107.7	(353.9)

		Spend	Budget	Over/(Under)	Spend	Annual
		£000	£000	£000	%	Budget
Miscellaneous Piers & Harbours	PA					£000
Piers	1B	(267.8)	58.5	(326.3)	N/A	(4,212.5)
Environmental Unit	1B	(49.6)	13.0	(62.6)	N/A	50.8
Marine Officers & Pilots	1B	180.8	158.3	22.5	114.2	705.9
Navigation		9.4	4.0	5.4	235.0	37.6
Weather Forecasts		0.0	4.9	(4.9)	0.0	7.8
Harbour Launches	1B	161.8	189.4	(27.6)	85.4	936.9
Administration - MP	1B	98.7	117.6	(18.9)	83.9	600.0
Miscellaneous Piers Development		59.3	55.5	3.8	106.8	302.2
Oil Pollution	1B	(4.0)	27.0	(31.0)	N/A	123.6
Pilotage Income		(319.6)	(353.7)	34.1	90.4	(825.0)
Movement in Reserves		0.0	0.0	0.0	0.0	(2,738.6)
Finance Charges - MP	1B	604.6	2,267.2	(1,662.6)	26.7	2,796.5
Service Total		473.6	2,541.7	(2,068.1)	18.6	(2,214.8)

Scapa Flow Oil Port

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R52B	Environmental Unit More than anticipated income by £25.6K The Environmental Levy income is now coded within a new cost centre, but the budget has not been created yet.	Process a virement A virement will be processed to increase the income budget within this cost centre.	Jim Buck	31/08/2025	New
R52F	Harbour Launches More than anticipated expenditure by £28.7K Extra dry-dock costs and increase in insurance for year.	Monitor the situation Monitor additional dry-docking costs.	Jim Buck	30/09/2025	Ongoing
R52G	Towage Services More than anticipated expenditure by £159.5K Overspend is due to dry-dock costs that were higher than expected due to damage that could only be found once boats are dismantled.	Monitor the situation Monitor additional dry-docking costs.	Jim Buck	31/08/2025	Ongoing

Scapa Flow Oil Port

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R52I	<p>Harbour Dues</p> <p>More than anticipated income by £204.2K</p> <p>Budget was set that we would receive twelve Tankers in the year so one per month. So far, we have had one in both April and June and two in May.</p> <p>Ship to Ship transfers are lower than expected at present, due to market fluctuation.</p>	<p>Monitor the situation</p> <p>Monitor income and reprofile budget if necessary.</p>	Jim Buck	30/09/2025	Ongoing
R52L	<p>Scapa Flow Development</p> <p>More than anticipated expenditure by £41.3K</p> <p>Overspend is due to a miscoded invoice.</p>	<p>Process a journal</p> <p>A journal will be processed to allocate the costs to the correct code.</p>	Jim Buck	31/08/2025	Ongoing

Miscellaneous Piers & Harbours

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R53A	Piers Less than anticipated expenditure by £326.3K A quiet period with fewer cruises booked in the lead-up to the Island Games. This budget covers contracted services, including meet and greet, shuttle bus etc. It is expected that costs will catch up with budget.	Monitor the situation Monitor actuals and complete a virement if necessary.	Jim Buck	30/09/2025	Ongoing
R53B	Environmental Unit Less than anticipated expenditure by £62.6K The Environmental Levy income is now coded within a new cost centre, but the budget has not been created yet.	Process a virement A virement will be processed to increase the income budget within this cost centre.	Jim Buck	31/08/2025	Ongoing
R53C	Marine Officers & Pilots More than anticipated expenditure by £22.5K Additional cost incurred on days where Ship to Ship transfers, Flotta and Cruise moves occur simultaneously.	Monitor the situation Monitor movements and deconflict where possible.	Jim Buck	30/09/2025	New

Miscellaneous Piers & Harbours

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R53F	Harbour Launches Less than anticipated expenditure by £27.6K This has been a quiet period for vessel traffic leading to lower fuel costs.	No action required No action required.	Jim Buck	30/09/2025	Ongoing
R53J	Administration - MP Less than anticipated expenditure by £18.9K Staff costs are lower than anticipated. This is due to late standby claims and fewer call outs due to there being fewer Ship to Ship transfers than anticipated. This could increase if we see an increase in Ship-to-Ship transfers.	Monitor the situation Monitor the number of moves.	Jim Buck	31/08/2025	Ongoing
R53M	Oil Pollution Less than anticipated expenditure by £31.0K Awaiting invoices for work undertaken by Briggs.	Monitor the situation Monitor invoices and contact suppliers if delays continue.	Jim Buck	30/09/2025	Ongoing

Miscellaneous Piers & Harbours

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R53Y	Finance Charges - MP Less than anticipated expenditure by £1,662.6K Grant income from Highlands and Islands Enterprise for pre-contract service agreement works has been claimed and received earlier than budgeted.	Process a virement Process a virement to reprofile budget.	Jim Buck	31/08/2025	Ongoing