ORKNEY
ISLANDS COUNCIL

Item: 6

Harbour Authority Sub-committee: 25 August 2026.

Miscellaneous Piers and Harbours and Scapa Flow Oil Port.

Minor Capital Improvement Programmes – Expenditure Monitoring.

Report by Head of Finance.

1. Overview

1.1. This report presents the summary position of expenditure incurred, as at 30 June 2026, in respect of the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes for 2026/27.

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 Scapa Flow Oil Port for financial year 2026/27 was approved by the Harbour Authority Sub-committee on 17 March 2026.

1.5. The table below provides an overview of the expenditure incurred as at 30 June 2026.

Project Description	Expenditure as at 30 June 2026	Annual Budget 2026/27	Probable Out-turn 2026/27	Overspend/ (Underspend)
Piers and Harbours	£35,556.	£3,179,000.	£3,181,150.	£2,150.
Scapa Flow Oil Port	(£4,457).	£938,000.	£200,000.	(£700,000).

1.6. Appendix 1 to this report provides a detailed breakdown of the approved programmes of work for financial year 2026/27, 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 as at 30 June 2026, against the approved Miscellaneous Piers and Harbours and Scapa Flow Oil Port minor capital improvement programmes for 2026/27, 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 for 2026/27, 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 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, 17 March 2026, Miscellaneous Piers and Harbours and Scapa Flow Oil Port Minor Capital Improvement Programmes – Proposed programmes 2026/27.

Appendix

Appendix 1 – Miscellaneous Piers and Harbours and Scapa Flow Oil Port – Minor Capital Improvement Programme 2026/27.

Minor Capital Improvements	Anticipated Completion Date	Description	Actual Expenditure as at 30/06/2026	Annual Budget 2026/27	Probable Outturn 2026/27	Overspend/ (Underspend)
Miscellaneous Piers and Harbours						
North Isles Linkspans	**Q1 2027/28**	2025/26 C/f - Control System upgrades	£6,591	£1,200,000	£1,400,000	£200,000
Procurement process completed - Contract awarded. Project commenced on 1 June 2026. Policy and Resources Committee on 16 June 2026 approved an increase in the project budget to £1,799,552, including professional fees and contingency. The project is planned to be completed by April 2027, so it is expected to extend into 2027/28.						
Stromness/Hatston Linkspans	**Q4 2026/27**	2025/26 C/f - Control System Upgrade	£0	£700,000	£700,000	£0
NCA (Non-Competitive Action) process completed. Further discussions are required between Legal Services and the contractor regarding the terms and conditions of the contract.						
Stromness Marina Dredging	**Q4 2027/28**	2025/26 C/f - Capital dredge in preparation for Marina expansion plans - 2 -year project with an estimated cost £250,000.	£0	£30,000	£30,000	£0
Not started as waiting for agreement with the investor. This will be a 2 year project and is expected to be completed in Q4 2027/28.						
Flotta Dredging	**Q4 2026/27**	2025/26 C/f - Capital dredging - Estimated volume is 5500m3	£0	£200,000	£200,000	£0
Awaiting marine licence. This project is currently under procurement.						
Stromness Harbour Dredging	**Q3 2026/27**	2025/26 C/f - Capital dredging - Estimated volume is 3000m3	£1,125	£60,000	£60,000	£0
As requested by Marine Licensing, a Protocol for Archaeological Discoveries (PAD) was prepared by the Orkney Research Centre for Archaeology (ORCA). The marine licence has now been received. The project is also progressing through the procurement process.						
Standby Generator - Kirkwall Pier	**Q3 2026/27**	2025/26 C/f - Improvement to internal ferry services in event of power failure	£0	£32,000	£32,000	£0
Generator received. Installation will be commence shortly.						
Stromness North Pier Water tank	**Q2 2027/28**	Upgrading to comply with the new Scottish Water regulations	£0	£400,000	£100,000	(£300,000)
Further information on the predicted demand is required. The project is currently in the planning stage, and is expected to extend into 2027/28						
Houton and Lyness Linkspan Painting	**Q3 2027/28**	2 year project costing £460K to extend the life of the linkspans	£0	£230,000	£230,000	£0
Procurement process completed - Contract has been awarded.						
Egilsay Dredging	**Q1 2027/28**	Capital dredging- Estimated volume is 1100m3	£406	£25,000	£25,000	£0
Application submitted to MD-LOT (Marine Directorate - Licensing Operations Team) for a dredging licence. Further information has been requested by them. Project is anticipated to extend into 2027/28. Update in Q2 regarding cost estimates.						
Wyre Dredging	**Q1 2027/28**	Capital dredging- Estimated volume is 1800m3	£0	£36,000	£36,000	£0
Application submitted to MD-LOT (Marine Directorate - Licensing Operations Team) for a dredging licence. Further information has been requested by them. Project is anticipated to extend into 2027/28. Update in Q2 regarding cost estimates.						

Rousay Dredging	**Q1 2027/28**	Capital dredging- Estimated volume is 200m3	£284	£25,000	£25,000	£0
Application submitted to MD-LOT (Marine Directorate - Licensing Operations Team) for a dredging licence. Further information has been requested by them. Project is anticipated to extend into 2027/28. Update in Q2 regarding cost estimates.						
Eday Dredging	**Q1 2027/28**	Capital dredging - Estimated volume is 5000m3	£0	£40,000	£40,000	£0
Application submitted to MD-LOT (Marine Directorate - Licensing Operations Team) for a dredging licence. Project is anticipated to extend into 2027/28. Update in Q2 regarding cost estimates.						
Vehicle Replacement - Workshop Van	**Q3 2026/27**	Replacement programme	£0	£35,000	£35,000	£0
The specification has been prepared. Bids have been received and are currently under evaluation. The tender process is nearing completion. The new vehicle will replace the existing workshop van, which is more than 10 years old.						
Vehicle Replacement - Workshop Van	**Q3 2026/27**	Replacement programme (Replace the existing Cherrypicker)	£0	£41,000	£41,000	£0
Specification prepared and sent to Procurement. Documentation is currently under preparation, update will follow in Q2.						
New Workboat	**Q3 2026/27**	A new workboat to facilitate inspection and maintenance works from the seaside.	£0	£35,000	£50,000	£15,000
Specification is being prepared. The decision was made to have the new workboat certified by the Workboat Code, edition 3 (published by Marine and Coastguard Agency MCA), it is therefore anticipated that costs will increase to £50K.						
Tide gauges	**Q3 2026/27**	Installation 6 Tide gauges at Westray, North Ronaldsay, Stronsay, Egilsay, Gibraltar, Graemsay	£0	£90,000	£150,000	£60,000
The tender process is currently being finalised. Based on the study that was carried out, there is a requirement for a network of nine tide gauges, including the two existing stations at Kirkwall and Stromness. Burwick is a key station within this network, and it was therefore decided to include this location. The cost estimate was updated based on the tendered prices, and the contract is expected to be awarded shortly. Fees and contingency have also been included.						
Vehicle replacement - Electric Van	**Q1 2026/27**		£27,150	£0	£27,150	£27,150
Addition to the programme - c/f from 2025/26. This relates to the electric van ordered in 2025/26 which was delivered and paid for in April 2026.						
Total			**£35,556**	**£3,179,000**	**£3,181,150**	**£2,150**
Minor Capital Improvements	**Anticipated Completion Date**	**Description**	**Actual Expenditure as at 30/06/2026**	**Annual Budget 2026/27**	**Probable Outturn 2026/27**	**Overspend/ (Underspend)**
Scapa Flow Oil Port						
Upgrades to Pilot Vessels: John Rae	**Q4 2026/27**	Engine, gearboxes, and related equipment	(£4,457)	£900,000	£200,000	(£700,000)
The Strategic Outline Case (SOC) is currently being completed. This is subject to the full CPA (Capital Project Appraisal) process. It is unlikely that the project will be completed by the end of the financial year. Therefore, estimated probable outturn for 2026/27 £200,000. Showing a negative spend as a result of invoices and estimated costs for the MOB (Man Overboard) Platform and Navigation Equipment falling into different financial years. This is a timing difference and will be corrected once outstanding invoices are received.						
Upgrades to Pilot Vessels: Scapa Path Finder	**Q4 2026/27**	Generator	£0	£38,000	£38,000	£0
A quotation has been requested from the supplier. The work is expected to be completed in Q4 2026/27.						
Total			**(£4,457)**	**£938,000**	**£238,000**	**(£700,000)**
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602						