

**Item: 9**

**Harbour Authority Sub-committee: 20 January 2026.**

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

**Minor Capital Improvement Programmes – Expenditure Monitoring.**

**Report by Head of Finance.**

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## **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 31 December 2025.

<b>Project Description</b>	<b>Expenditure as at 31 December 2025.</b>	<b>Annual Budget 2025/26</b>	<b>Probable Out-turn 2025/26</b>	<b>Overspend/ (Underspend)</b>
<b>Piers and Harbours</b>	£10,701.	£1,615,500.	£297,500	(£1,318,000).
<b>Scapa Flow Oil Port</b>	£39,988.	£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.
- 1.7. For 2025/26, contributions will be used from the Environmental Levy Fund to part finance a Land Rover for the Marine Environmental Unit and for oil pollution response.

## 2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:
  - i. Note the summary position of expenditure incurred as at 31 December 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 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:

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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 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 31/12/2025	Annual Budget 2025/26	Probable Outturn 2025/26	Overspend/ (Underspend)
<i>Miscellaneous Piers and Harbours</i>						
<b>North Isles Linkspans</b>	<b>Q4 2026/27</b>	Control System upgrades - Year 1 of two year programme (Subject to the Council's Capital Project Appraisal process)	£0	£600,000	£10,000	(£590,000)
The project was approved via the CPA process by Council, following consideration by the Policy and Resources Committee on 25 November 2025. Currently waiting for the tender process to begin. It is anticipated that works will now all be completed in 2026/27, therefore minimal expenditure is expected this financial year.						
<b>Stromness/Hatston Linkspans</b>	<b>Q2 2026/27</b>	Control System Upgrade (Subject to the Council's Capital Project Appraisal process)	£0	£650,000	£100,000	(£550,000)
The project was approved through the CPA process by the Council, following consideration by the Policy and Resources Committee on 25 November 2025. Manufacturer quotes have been received, and the Non-Competitive Action (NCA) documentation has been submitted to the Procurement team. The NCA process is expected to begin shortly. The estimated completion date and spend profile may change depending on progress with the Procurement process. however it is anticipated that the majority of the work will now be completed in 2026/27. Estimated completion and spend profile may move depending on progress with the Procurement process.						
<b>Stromness Pier Lighting Upgrade</b>	<b>Q4 2025/26</b>	C/forward from 2024/25	£0	£1,000	£1,000	£0
Initial works commenced as planned; however, completion was delayed due to staff availability. Inspection visits now complete and it is hoped that all work will be completed by 31 March 2026.						
<b>Kirkwall Pier Linkspan</b>	<b>Q4 2025/26</b>	Standby Generator-Improvement to internal ferry services in event of power failure	£10,701	£22,500	£22,500	£0
Specification completed and sent to the Procurement team.						
<b>Stromness Marina Dredging</b>	<b>Q4 2025/26</b>	Capital dredge in preparation for Marina expansion plans	£0	£200,000	£0	(£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. As a result, there is a risk that the works may not commence before the end of the 2025/26 financial year.						
<b>Vehicle Replacement</b>	<b>Q4 2025/26</b>	Land Rover Defender 110	£0	£35,000	£50,000	£15,000
The specification has been completed, and the contract is about to be awarded. Overspend against budget will be funded by a contribution from the Environmental Levy.						
<b>Vehicle Replacement</b>	<b>Q4 2025/26</b>	Iveco Pickup/Van	£0	£48,000	£48,000	£0
The specification has been completed. The contract has been awarded.						
<b>Vehicle Replacement</b>	<b>Q4 2025/26</b>	Forklift 3.5t	£0	£35,000	£42,000	£7,000
The specification has been completed, the tender has been issued, and the contract has been awarded.						
<b>Vehicle Replacement</b>	<b>Q4 2025/26</b>	Electric Van	£0	£24,000	£24,000	£0
The specification has been completed. The contract is being awarded.						
<b>Total</b>			<b>£10,701</b>	<b>£1,615,500</b>	<b>£297,500</b>	<b>(£1,318,000)</b>

Minor Capital Improvements	Anticipated Completion Date	Description	Actual Expenditure as at 31/12/2025	Annual Budget 2025/26	Probable Outturn 2025/26	Overspend/ (Underspend)
<i>Scapa Flow Oil Port</i>						
Navigation Equipment - John Rae	Q4 2025/26	Upgrade of navigation equipment	£32,907	£52,000	£52,000	£0
Materials are in hand, installation will be completed by the end of March 2026						
MOB (Man Overboard) Platform - John Rae	Q4 2025/26	Supply and installation of MOB platform	£7,081	£68,000	£68,000	£0
The design has been completed. However, due to delivery lead times and installation requirements, the works are now only expected to be completed by the end of March 2026.						
Total			£39,988	£120,000	£120,000	£0
Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602						