Item: 2

Harbour Authority Sub-committee: 27 October 2026.

Revenue Expenditure Monitoring.

Report by Head of Finance.

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1. Overview

1.1. This report presents the revenue financial summary position of expenditure incurred, as at 30 September 2026, in respect of the Scapa Flow Oil Port and Miscellaneous Piers and Harbours.

1.2. On 10 March 2026, the Council set its overall revenue budget for financial year 2026/27. On 16 June 2026, the Policy and Resources Committee recommended approval of the detailed revenue budgets for 2026/27, which form the basis of the individual revenue expenditure monitoring reports.

1.3. 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.

1.4. 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.

1.5. 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).

1.6. 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.

1.7. The details have been provided following consultation with the relevant Directors and their staff.

1.8. 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 September 2026, attached as Annex 1 to this report, indicating a budget surplus position of £275,800.

ii. Note the revenue financial service area statements in respect of the Scapa Flow Oil Port and Miscellaneous Piers and Harbours for the period 1 April to 30 September 2026, 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 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, 3 March 2026, Budget and Council Tax Level for 2025/26.
Policy and Resources Committee, 16 June 2026, Detailed Revenue Budgets.

Annexes

Annex 1: Financial Summary.
Annex 2: Financial Detail by Service Area.
Annex 3: Budget Action Plan.

Annex 1: Financial Summary **September 2026**

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

Non-General Fund Service Area	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Scapa Flow Oil Port	453.7	276.8	176.9	163.9	(268.1)
Miscellaneous Piers & Harbours	(2,873.4)	(2,420.7)	(452.7)	118.7	(1,240.3)
	(2,419.7)	**(2,143.9)**	**(275.8)**	**112.9**	**(1,508.4)**
Service Totals	**(2,419.7)**	**(2,143.9)**	**(275.8)**	**112.9**	**(1,508.4)**

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

Service Area	No. of PAs P05	No. of PAs P06	Service Functions	PAs/ Function
Scapa Flow Oil Port	5	3	11	27%
Miscellaneous Piers & Harbours	8	5	12	42%
Totals	13	8	23	35%

Annex 2: Financial Detail by Service Area **September 2026**

The following tables show the spending position by service function

Non-General Fund

Scapa Flow Oil Port	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Administration - SF	**1C**	661.2	728.4	(67.2)	90.8	1,143.0
Environmental Unit		(44.6)	(42.6)	(2.0)	104.7	(134.2)
Marine Officers & Pilots		381.5	365.5	16.0	104.4	808.9
Navigation		39.0	43.0	(4.0)	90.7	105.8
Weather Forecasts		5.1	6.0	(0.9)	85.0	8.1
Harbour Launches		375.8	353.4	22.4	106.3	725.2
Towage Services	**1C**	1,984.6	1,808.4	176.2	109.7	3,225.3
Harbour Dues		(3,168.8)	(3,165.3)	(3.5)	100.1	(9,042.8)
Scapa Flow Development	**1B**	141.3	110.7	30.6	127.6	260.2
Oil Pollution		78.6	69.3	9.3	113.4	155.4
Finance Charges - SF		0.0	0.0	0.0	0.0	2,477.0
Service Total		**453.7**	**276.8**	**176.9**	**163.9**	**(268.1)**

Miscellaneous Piers & Harbours	PA	Spend £000	Budget £000	Over/(Under) £000	Spend %	Annual Budget £000
Piers	**1B**	(3,143.3)	(2,747.2)	(396.1)	114.4	(4,763.3)
Environmental Unit		(78.2)	(87.9)	9.7	89.0	(95.2)
Marine Officers & Pilots		439.9	435.4	4.5	101.0	928.7
Navigation		20.1	15.5	4.6	129.7	38.2
Weather Forecasts		0.0	6.0	(6.0)	0.0	8.0
Harbour Launches		428.7	428.5	0.2	100.0	972.7
Administration - MP	**1B**	162.9	303.0	(140.1)	53.8	763.4
Miscellaneous Piers Development	**1B**	36.4	58.7	(22.3)	62.0	313.4
Oil Pollution	**1B**	(5.0)	59.0	(64.0)	N/A	126.1
Pilotage Income		(891.9)	(891.7)	(0.2)	100.0	(931.7)
Movement in Reserves		0.0	0.0	0.0	0.0	(2,855.6)
Finance Charges - MP	**1B**	157.0	0.0	157.0	0.0	4,255.0
Service Total		**(2,873.4)**	**(2,420.7)**	**(452.7)**	**118.7**	**(1,240.3)**

Scapa Flow Oil Port

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R52A	**Administration - SF** Less than anticipated expenditure by £67.2K Actual spend is lower than anticipated, largely due to the number of staff vacancies occurring in the first half of the financial year, with one part-time admin post remaining vacant.	**Monitor the situation** All vacancies except for one have now been recruited to; this will continue to be monitored. The underspend will continue to carry forward relating to the period of vacancies; however, it is anticipated that there will not be a significant underspend by the end of the financial year.	Laura Cromarty	31/12/2026	Ongoing
R52G	**Towage Services** More than anticipated expenditure by £176.2K Actual spend is higher than anticipated due to the engine failure of a vessel, when additional costs were incurred. An insurance claim will be submitted this financial year.	**Monitor the situation** Income will be received from the insurance company to cover the cost of the engine failure which will resolve the variance once received.	Laura Cromarty	31/12/2026	Ongoing
R52L	**Scapa Flow Development** More than anticipated expenditure by £30.6K Actual spend is higher than anticipated for this period due to incorrect coding of an invoice resulting in the need for a journal.	**Raise journal request** Journal will be raised to resolve the variance.	Laura Cromarty	30/10/2026	Ongoing

Miscellaneous Piers & Harbours

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R53A	**Piers** More than anticipated income by £396.1K Actual income received is higher than anticipated levels due to an additional number of cruise calls.	**Monitor the situation** Will continue to monitor.	Laura Cromarty	31/12/2026	Ongoing
R53J	**Administration - MP** Less than anticipated expenditure by £140.1K Actual spend is significantly lower than anticipated due to the number of vacancies within the service area. This will largely be resolved by the end of the year.	**Monitor the situation** Recruitment is ongoing with vacant positions now largely filled.	Laura Cromarty	31/12/2026	Ongoing
R53L	**Miscellaneous Piers Development** Less than anticipated expenditure by £22.3K Marketing spend has been low during the first half of the financial year due to a lack of staff resource to take forward projects. Spend should increase going forward as the vacant post has now been filled.	**No Action** There will continue to be an underspend in staffing relating to the period of vacancy.	Laura Cromarty	30/10/2026	Ongoing

Miscellaneous Piers & Harbours

Function	Function Description/ Explanation	Action Category/ Action Description	Responsible Officer	Deadline	Status
R53M	**Oil Pollution** More than anticipated income by £64.0K Variance due to request from two tankers for waste oil disposal.	**Monitor the situation** Income budget needs to be reviewed to reflect waste charges from piers and cruise liners.	Laura Cromarty	30/10/2026	Ongoing
R53Y	**Finance Charges - MP** More than anticipated expenditure by £157.0K Expenditure relating to Scapa Deep Water Quay, with no budget attached to it. Ongoing spend will be incurred to complete the planning process, which will be funded through the Offshore Wind Strategy.	**Raise virements request** Funding through the Offshore Wind Strategy will be transferred at 31 March 2027.	Laura Cromarty	31/12/2026	Ongoing