**Item: 4**

**Harbour Authority Sub-committee: 27 October 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 September 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 September 2026.

| Project Description | Expenditure as at 30 September 2026 | Annual Budget 2026/27 | Probable Out-turn 2026/27 | Overspend/ (Underspend) |
|---|---|---|---|---|
| **Piers and Harbours** | £321,751. | £3,179,000. | £2,973,999. | (£205,001). |
| **Scapa Flow Oil Port** | £1,295. | £938,000. | £438,000. | (£500,000). |

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 September 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 30/09/2026 | Annual Budget 2026/27 | Probable Outturn 2026/27 | Overspend/ (Underspend) |
|---|---|---|---|---|---|---|
| ***Miscellaneous Piers and Harbours*** | | | | | | |
| **North Isles Linkspans** | **Q2 2027/28** | 2025/26 C/f - Control System upgrades | £255,908 | £1,200,000 | £1,200,000 | £0 |
| Project commenced in June 2026. The design phase has commenced and is anticipated to be completed by the end of November 2026. The Chief Executive under delegated powers actioned an increase in budget for the project of £1,799,522 on 1 May 2026, including professional fees and contingency, which was subsequently reported to Policy and Resources Committee on 16 June 2026. The project is planned to be completed by July 2027, so it is expected to extend into 2027/28.<br>It is expected that the design phase and procurement of the parts will take longer than originally anticipated. Expect to fully utilise the annual budget of £1.2 million. | | | | | | |
| **Stromness/Hatston Linkspans** | **Q4 2026/27** | 2025/26 C/f - Control System Upgrade | £0 | £700,000 | £700,000 | £0 |
| The Non Competitive Action (NCA) process has been completed and, following several meetings between Legal, Procurement and Marine Services with the original manufacturer regarding the Terms and Conditions of the contract, both parties reached an agreement and the contract was signed and awarded in September 2026.<br>It is anticipated that installation and commissioning will be carried out in January and February 2027. | | | | | | |
| **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 | £0 | (£30,000) |
| This will be a 2 year project and is expected to be completed in Q4 2027/28.<br>Given that the agreement has not yet been finalised, it is unlikely that the licence application will be submitted this year. Therefore, no probable outturn is expected. | | | | | | |
| **Flotta Dredging** | **Q4 2026/27** | 2025/26 C/f - Capital dredging - Estimated volume is 5500m3 | £0 | £200,000 | £200,000 | £0 |
| An open tender process (for both Flotta and Stromness sites in one contract) was undertaken. Following assessment of the tender return and subsequent review of project delivery requirements, it was concluded that the estimated cost of the original scope of works exceeded the available budget. As a result, the Method Statement has been revised and associated licence application has been amended accordingly.<br>This approach is expected to reduce the overall cost significantly. However, additional information will be required, including an extensive hydrographic survey of the area and an update of the Best Practicable Environmental Option (BPEO) report. | | | | | | |
| **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.<br>An open tender process (covering both the Flotta and Stromness sites under a single contract) was undertaken. Following assessment of the tender return and subsequent review of project delivery requirements, it was concluded that the estimated cost of the original scope of works exceeded the available budget. As a result, the Method Statement has been revised and associated licence application has been amended accordingly.<br>This approach is expected to reduce the overall cost significantly. However, an update to the Best Practicable Environmental Option (BPEO) report is required, and another application will also need to be submitted to Marine Licensing. | | | | | | |
| **Standby Generator - Kirkwall Pier** | **Q3 2026/27** | 2025/26 C/f - Improvement to internal ferry services in event of power failure | £16,500 | £32,000 | £32,000 | £0 |
| The generator is on site; however, some further technical arrangements will be required before it can be installed. | | | | | | |
| **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. | | | | | | |

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| **Houton and Lyness Linkspan Painting** | **Q3 2027/28** | 2 year project costing £460K to extend the life of the linkspans | £2,000 | £230,000 | £230,000 | £0 |
| The contract was awarded, and the construction works at Houton commenced.<br>It is expected that the allocated budget will be fully expended on the Houton painting this year.<br>This is a 2-year contract, and the painting of the Lyness Linkspan will be carried out during the 2027/28 financial year. | | | | | | |
| **Egilsay Dredging** | **Q4 2027/28** | Capital dredging- Estimated volume is 1100m3 | £3,296 | £25,000 | £25,000 | £0 |
| Application submitted to MD-LOT (Marine Directorate - Licensing Operations Team) for a dredging licence.<br>As required by Marine Licensing, a drop-down video survey has been completed. As there is a possibility that rock excavation may be required within the seabed, a preliminary structural assessment has also been undertaken. A further structural investigation is required to complete the assessment and ensure that the proposed dredging works will not adversely affect the structure.<br>It has also been advised that a European Protected Species (EPS) licence will be required.<br>Project is anticipated to extend into 2027/28. The total project costs is uncertain as it is highly dependent on the proposed methodology, consenting requirements, and the availability of suitable equipment. A more accurate cost estimate will be available in Q3 or Q4 once the required surveys and assessments have been completed. | | | | | | |
| **Wyre Dredging** | **Q1 2027/28** | Capital dredging- Estimated volume is 1800m3 | £10,252 | £36,000 | £36,000 | £0 |
| Application submitted to MD-LOT (Marine Directorate - Licensing Operations Team) for a dredging licence.<br>As required by Marine Licensing, a drop-down video survey, together with complementary sediment sampling, has been completed.<br>As there is a possibility that rock excavation may be required within the seabed, a preliminary structural assessment has also been undertaken. A further structural investigation is required to complete the assessment and ensure that the proposed dredging works will not adversely affect the structure.<br>It has also been advised that a European Protected Species (EPS) licence will be required.<br>The project is anticipated to extend into 2027/28. The total project costs is uncertain as it is highly dependent on the proposed methodology, consenting requirements, and the availability of suitable equipment. A more accurate cost estimate will be available in Q3 or Q4 once the required surveys and assessments have been completed. | | | | | | |
| **Rousay Dredging** | **Q4 2027/28** | Capital dredging- Estimated volume is 200m3 | £3,174 | £25,000 | £25,000 | £0 |
| Application submitted to MD-LOT (Marine Directorate - Licensing Operations Team) for a dredging licence.<br>As required by Marine Licensing, a drop-down video survey has been completed. As there is a possibility that rock excavation may be required within the seabed, a preliminary structural assessment has also been undertaken. A further structural investigation is required to complete the assessment and ensure that the proposed dredging works will not adversely affect the structure.<br>It has also been advised that a European Protected Species (EPS) licence will be required.<br>Project is anticipated to extend into 2027/28. The total project costs is uncertain as it is highly dependent on the proposed methodology, consenting requirements, and the availability of suitable equipment. A more accurate cost estimate will be available in Q3 or Q4 once the required surveys and assessments have been completed. | | | | | | |
| **Eday Dredging** | **Q4 2027/28** | Capital dredging - Estimated volume is 5000m3 | £2,346 | £40,000 | £40,000 | £0 |
| Application submitted to MD-LOT (Marine Directorate - Licensing Operations Team) for a dredging licence. It has also been advised that a European Protected Species (EPS) licence will be required.<br>Project is anticipated to extend into 2027/28. The total project costs is uncertain as it is highly dependent on the proposed methodology, consenting requirements, and the availability of suitable equipment. A more accurate cost estimate will be available in Q3 or Q4 once the required surveys and assessments have been completed. | | | | | | |
| **Vehicle Replacement - Workshop Van** | **Q3 2026/27** | Replacement programme | £0 | £35,000 | £42,000 | £7,000 |
| The tender process has been completed and the contract awarded.<br>The new vehicle will replace the existing workshop van, which is more than 10 years old. | | | | | | |
| **Vehicle Replacement - Trailer Mounted Boom Lift** | **Q4 2026/27** | Replacement programme (Replace the existing Cherrypicker) | £0 | £41,000 | £41,000 | £0 |
| The tender process is currently being finalised. | | | | | | |
| **New Workboat** | **Q4 2026/27** | A new workboat to facilitate inspection and maintenance works from the seaside. | £0 | £35,000 | £50,000 | £15,000 |
| The tender process is currently being finalised.<br>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 £50,000. | | | | | | |

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| **Tide gauges** | **Q4 2026/27** | Installation 6 Tide gauges at Westray, North Ronaldsay, Stronsay, Egilsay, Gibraltar, Graemsay | £0 | £90,000 | £165,849 | £75,849 |
| Based on the study undertaken, a network of nine tide gauges has been identified, including the two existing stations at Kirkwall and Stromness. Burwick is a key station within this network and has therefore been included in the project.<br>The tender process has been completed, and the cost estimate has been updated based on the tendered prices.<br>In addition, following contract award, the Wyre station (at a cost of £15,849) has been included as an additional location, following a request from the Harbour Master to support safer operations in the area. As a result, the number of tide gauges across Orkney will increase to 10, providing improved coverage across the region.<br>The contractor's site visit has been completed. | | | | | | |
| **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** | | | **£321,751** | **£3,179,000** | **£2,973,999** | **(£205,001)** |

| **Minor Capital Improvements** | **Anticipated Completion Date** | **Description** | **Actual Expenditure as at 30/09/2026** | **Annual Budget 2026/27** | **Probable Outturn 2026/27** | **Overspend/ (Underspend)** |
|---|---|---|---|---|---|---|
| ***Scapa Flow Oil Port*** | | | | | | |
| **Upgrades to Pilot Vessels: John Rae** | **Q3 2027/28** | Engine, gearboxes, and related equipment | £1,295 | £900,000 | £400,000 | (£500,000) |
| It was agreed to use the Low Complexity/Risk route within the Capital Programme Appraisal (CPA) process. A draft Business Justification Case (BJC) has been completed, and it is anticipated that it will be submitted to the Capital Programme Board and subsequently to the Policy and Resources Committee in due course.<br>It is anticipated that the project will be completed by November 2027, resulting in an anticipated underspend in the current financial year.<br>The existing expenditure relates to outstanding payments for the MOB (Man Overboard) Platform and Navigation Equipment, which fall across different financial years. | | | | | | |
| **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 procurement process will be commenced soon. | | | | | | |
| **Total** | | | **£1,295** | **£938,000** | **£438,000** | **(£500,000)** |
| **Contact Officer - Deputy Harbour Master (Strategy & Support), Extension 3602** | | | | | | |