

Item: 5

Development and Infrastructure Committee: 14 November 2023.

Road Asset Replacement Programme – Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To monitor expenditure incurred against the approved Road Asset Replacement Programme as at 30 September 2023.

2. Recommendations

The Committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 30 September 2023, against the approved Road Asset Replacement Programme, as detailed in section 4.1 of this report.

The Committee is invited to scrutinise:

2.2.

The detailed analysis of expenditure figures and programme updates, attached as Appendix 1 to this report, in order to obtain assurance with regard to significant budget variances and progress being made with delivery of the approved Road Asset Replacement Programme.

3. Background

3.1.

The Corporate Asset Management Plan 2019 to 2023 takes account of guidance produced by the Chartered Institute of Public Finance and Accountancy and has streamlined the suggested framework to incorporate and complement the existing Capital Project Appraisal system.

3.2.

The Corporate Asset Management Plan summarises the Council's aims and objectives for its assets to ensure that they are used in an effective and efficient manner. This has been further supplemented by the Property Asset Management Plan approved on 10 December 2019.

3.3.

The purpose of this report is to present an overview or summary of the expenditure incurred as at 30 September 2023 to allow Members the opportunity to scrutinise the spending levels against approved budgets and gauge the extent to which the Council's assets are routinely being maintained and replaced.

4. Budget Monitoring

4.1.

The undernoted table shows the position of expenditure incurred for the period 1 April to 30 September 2023, against the approved programme.

Description	Expenditure as at 30 September 2023	Budget 2023/24	Probable Out-turn 2023/24	Overspend/ (Underspend)
Road Asset Replacement Programme.	£348,381.	£1,094,000.	£1,137,196.	£43,196.

4.2.

Appendix 1 to this report provides a detailed breakdown of the works undertaken during financial year 2023 to 2024 and is compared directly with the planned and approved programme.

5. Road Asset Replacement Programme

5.1.

Actual spend on the Road Asset Replacement Programme as at 30 September 2023 is £348,381.

5.2.

All annual capital improvement and replacement programmes, including the Road Asset Replacement Programme, are funded by a top slice from the General Capital Grant each year. In financial year 2023/24, the annual programme of £950,000 has been increased by £144,000 in respect of the Cycling, Walking and Safer Routes grant award for 2023/24.

5.3.

The Road Asset Replacement Programme for 2023/24 is currently projecting an overspend of £43,196 at year end, due in part to additional costs associated with works in Finstown. To enable works that were carried forward from the 2022/23 programme to be completed, a review the 2023/24 programme is ongoing and where necessary a decision will be made to remove works from the programme to ensure the programme is delivered within budget for 2023/24.

6. Corporate Governance

This report relates to the Council complying with its governance and financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

7. Financial Implications

7.1.

The Financial Regulations state that service directors are able to 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 and approved schemes of delegation.

7.2.

The development of a corporate approach to asset management planning should lead to efficiencies in the use of fixed assets, together with the potential for rationalisation of the Council's property estate going forward.

7.3.

More detailed monitoring of expenditure on the Road Asset Replacement Programme and the Roads Revenue Maintenance Programme will result in improved accountability in relation to the deliverance of the approved programmes of work and ensure Members are kept informed of progress.

8. Legal Aspects

Regular financial monitoring and reporting help the Council meet its statutory obligation to secure best value.

9. Contact Officers

Erik Knight, Head of Finance, extension 2127, Email erik.knight@orkney.gov.uk.

Shonagh Merriman, Service Manager (Corporate Finance), extension 2105, Email Shonagh.merriman@orkney.gov.uk

10. Appendix

Appendix 1: Road Asset Replacement Programme 2023/24.

Asset type	Cost Code	Location	Actual Expenditure as at 30/09/2023	Allocated Budget 2023/24	Probable Outturn 2023/24	Overspend/ (Underspend)	Description	Project Update
Street lighting system upgrade		Inganess Road, Kirkwall	£0	£97,000	£97,000	£0	Replace columns, cabling and control systems.	Works complete, awaiting final valuation.
		B9050, Deerness	£0	£43,000	£43,000	£0	Replace columns only.	Works programmed for October/November 2023.
		Additions to Approved Programme						
		Scapa Crescent	£63,244	£0	£70,000	£70,000	Replace columns, cabling and control systems.	Due to lack of available operational resources, these works were carried over from 2022/23 programme. Works are now complete.
Street lights	C26101001		£63,244	£140,000	£210,000	£70,000		
Drainage		A965, Finstown	£0	£20,000	£35,000	£15,000	Upgrade existing drainage	Works now complete and awaiting final valuations. Overspend anticipated due to unexpected additional works that were encountered during the project.
		Evie telephone exchange A966, Evie	£0	£20,000	£5,000	(£15,000)	Upgrade existing drainage.	Following investigation works, it was found that damage was caused by utility works. This will be repaired by a third party. So anticipated expenditure is for investigation works only.
		Additions to Approved Programme						
		Manhole repairs Skail	£2,496	£0	£2,500	£2,500	Upgrade existing drainage.	Due to lack of available operational resources, these works were carried over from 2022/23 programme. Works now complete.
Drainage	C25207001		£2,496	£40,000	£42,500	£2,500		
Street Furniture (Signs, Bollards and Railings)		Signage various	£2,500	£15,000	£15,000	£0	Replace existing signs, bollards and railings.	Instructions issued and works ongoing.
		Part-time 20mph flashing signs, Mainland	£0	£50,000	£50,000	£0	Replace existing signs.	Design ongoing, procurement plan submitted for purchase of signs.
		Safety barriers, Rousay & Hoy	£0	£10,000	£10,000	£0	Replace posts.	Design works on going.
Footways and kerbing		Inganess Road, Kirkwall	£0	£45,000	£45,000	£0	Works c/f from 2021/22 - Lay new kerbs and surface.	Works complete, awaiting final valuation.
		Additions to Approved Programme						
		Scapa Crescent	£31,938	£0	£32,000	£32,000	Lay new kerbs and surface footway.	Due to lack of available operational resources, these works were carried over from 2022/23 programme. Works are now complete.
Associated Infrastructure	C25205001		£34,438	£120,000	£152,000	£32,000		

Development Infrastructure - Roads Environmental Services
Roads Asset Replacement Programme

Asset type	Cost Code	Location	Actual Expenditure as at 30/09/2023	Allocated Budget 2023/24	Probable Outturn 2023/24	Overspend/ (Underspend)	Description	Project Update	
Bridges and structures		Cleat Road, Sanday	£0	£50,000	£0	(£50,000)	Coastal erosion and road undercutting.	Following review, works were moved to the revenue programme and are now complete.	
		Houton Road, Orphir	£0	£50,000	£50,000	£0	Coastal erosion.	Ongoing - Survey works required to identify full extent of works required.	
		Additions to Approved Programme							
		Additional Works carried out on Hoy Coastal Protection works	£6,696	£0	£6,696	£6,696	Coastal erosion.	Works carried forward from 2022/23 - Complete.	
Bridges and structures	C25202001		£6,696	£100,000	£56,696	(£43,304)			
Surface Treatments		A965, Finstown	£226,400	£140,000.00	£160,000.00	£20,000	Improvement of carriageway surface - Inlay surfacing.	Works complete, awaiting final valuations. Reconstruction and drainage costs were included as capital expenditure in error. A journal transfer will be arranged to correct this for Q3 - probable outturn is correct at £160k. Anticipated overspend as a result of unexpected additional works encountered during the project.	
		Pickaquoy Road, Kirkwall	£0	£45,000.00	£45,000.00	£0	Improvement of carriageway surface - Inlay surfacing.	Works completed - awaiting final valuation.	
		Palace Road, Kirkwall	£0	£35,000.00	£35,000.00	£0	Improvement of carriageway surface - Inlay surfacing.	Works completed - awaiting final valuation.	
		Rackwick Road, Hoy	£0	£83,000.00	£0.00	(£83,000)	Improvement of carriageway surface - Inlay surfacing.	Works moved to revenue patching programme and are now complete. Further investigation works planned to determine whether any additional works are required.	
		Dounby Primary School Car Park	£0	£37,000.00	£37,000.00	£0	Improvement of carriageway surface - Inlay surfacing.	Works completed - awaiting final valuation.	
		Investigation works for 2024 Surfacing projects.	£0	£10,000.00	£10,000.00	£0	Test Holes.	Ongoing.	
		Additions to Approved Programme							
				Willowburn Road	£0	£0	£25,000	£25,000	Improvement of carriageway surface, including raised table - Inlay surfacing.
Surface treatments	C25211001		£226,400	£350,000	£312,000	(£38,000)			

Development Infrastructure - Roads Environmental Services
Roads Asset Replacement Programme

Asset type	Cost Code	Location	Actual Expenditure as at 30/09/2023	Allocated Budget 2023/24	Probable Outturn 2023/24	Overspend/ (Underspend)	Description	Project Update
Road Reconstruction		A965, Finstown	£11,892	£100,000	£120,000	£20,000	Haunch reconstruction and associated drainage works.	Works now complete awaiting final valuations. Anticipated overspend as a result of unexpected additional works encountered during the project.
		A964, Orphir (Village - Smoogro Road)	£0	£50,000	£50,000	£0	Haunch reconstruction and associated drainage works.	Works programmed and planned for January 2024.
		A960, Kirkwall - Groatsetter Road Various Locations	£0	£50,000	£50,000	£0	Haunch reconstruction and associated drainage works.	Works on site and ongoing.
Road Reconstruction	C25213001		£11,892	£200,000	£220,000	£20,000		
Cycling Walking Safer Routes		Orkney - Various	£3,215	£144,000	£144,000	£0	Cycling Walking and Safer Routes Projects	Orkney Islands Council (Variable 20mph Speed Limit) (Island Schools) Order 2023. - Lot 1 of the tender to install signs has been awarded following decision to proceed at D&I Committee in September 2023. - Lot 2 has been retendered .
Cycling Walking Safer Routes	C26235044		£3,215	£144,000	£144,000	£0		
Total			£348,381	£1,094,000	£1,137,196	£43,196		
Contact Officer - Team Manager Roads Support - Extension 2326								