

**Item:**

**Asset Management Sub-committee: 3 September 2024.**

**Corporate Asset Maintenance Programmes.**

**Revenue 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 corporate asset maintenance for financial year 2024/25 was approved by the Asset Management Sub-committee on 19 March 2024.
- 1.4. The table below provides an overview of the expenditure incurred in financial year 2024/25.

<b>Description.</b>	<b>Actual Expenditure at 30 Jun 2024.</b>	<b>Approved Budget 2024/25.</b>	<b>Overspend/(Underspend).</b>
	£000	£000	£000
General Fund	233.7	1,822.0	(1,588.3)
Strategic Reserve Fund	13.9	131.7	(117.8)
<b>Total</b>	<b>247.6</b>	<b>1,953.7</b>	<b>(1,706.1)</b>

- 1.5. A detailed breakdown of the approved programmes of work for financial year 2024/25, including individual project updates, is attached as Appendix 1.

## 2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:

- Note the summary position of expenditure incurred, as at 30 June 2024, against the approved corporate asset maintenance programmes for 2024/25, as detailed in section 1.4 of this report.
- Scrutinise the detailed analysis of expenditure figures and programme updates, attached as Appendix 1 to this report, in order to obtain assurance regarding significant budget variances and progress being made with delivery of the approved corporate asset revenue maintenance programmes.

### 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 approved annual corporate asset maintenance programmes, funded through the approved revenue budget, is referred to the Asset Management 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.
- 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**

Asset Management Sub-committee, 19 March 2024, Corporate Asset Maintenance and Improvement Programmes

### **Appendix**

Appendix 1 – Corporate Asset Maintenance Programmes as at 30 June 2024.

## SUMMARY

General Fund Revenue Maintenance	Actual Expenditure at 30 June 2024	Approved Budget 2024/25	Probable Outturn 2024/25	Estimated Over/(Under) spend 2024/25
	£	£	£	£
Asset Name				
Planned works	2,353	231,450	231,450	0
Statutory / non statutory testing	74,659	332,250	315,850	(16,400)
Cyclical works	3,280	98,000	74,000	(24,000)
Large scale repairs (budgeted within Reactive works)	87,607	0	87,607	87,607
Reactive works	65,767	800,000	736,335	(63,665)
Contingency	0	0	0	0
Apportioned Costs	0	360,300	360,300	0
	<b>233,667</b>	<b>1,822,000</b>	<b>1,805,542</b>	<b>(16,458)</b>

Strategic Reserve Fund Revenue Maintenance	Actual Expenditure at 30 June 2024	Approved Budget 2024/25	Probable Outturn 2024/25	Estimated Over/(Under) spend 2024/25
	£	£	£	£
Asset Name				
One-off planned repairs	0	0	0	0
Statutory / non statutory testing / cyclical works	1,463	10,027	0	(10,027)
Cyclical works	0	2,000	2,000	0
Large scale repairs (budgeted within Reactive works)	0	0	0	0
Reactive Works	12,473	90,000	90,000	0
Contingency	0	14,673	14,673	0
Apportioned Costs	0	15,000	15,000	0
	<b>13,936</b>	<b>131,700</b>	<b>121,673</b>	<b>(10,027)</b>

## DETAILED PROGRAMME

General Fund Revenue Maintenance		Actual Expenditure at 30 June 2024	Approved Budget 2024/25
		£	£
Asset Name	Description		
Planned works			
No additional projects added			

Dounby School	Replacement Allen Martin controls with new Building Management System (BMS) No progress, limited internal resources have delayed this work, and works postponed due to budgetary pressures. And carried over from last financial year.	0	23,000
Glaitness Primary School	Mechanical & Electrical (M&E) design works for pool ventilation system. Consultants commissioned, and scheme being developed. Works carried over from last financial year.	0	5,000
Orkney Islands Council	Replacement door entry system. Initial options discussed with the client, awaiting client feedback.	0	50,000
Pickaquoy Centre Camping & Caravan Site	Air Source Heat Pump (ASHP) replacement, mini district heating from Pickaquoy Centre plant has been investigated and dismissed. Existing unit has failed. Form external access to plant room, block up internal doorway, and reconfigure plant room. Both calorifiers being replaced, 3x heat pumps installed to enable the quantity and temperatures to be achieved during peak periods. Works initially planned to be on site out of season late 2023 early 2024, but delays in agreeing design and making statutory applications have delayed the works. Design works 99% complete, procurement has commenced, and works will be complete for April 25.	2,353	150,000
Public Rest Room, West Pier	Window replacement, timber frames are rotten. Design works to be undertaken to permit Statutory applications to be made.	0	3,450
<b><u>Statutory Testing</u></b>	The following budget figures cover only the planned tests and servicing, with all reactive works funded from the reactive budget.		
Asbestos register / surveys	Control of Asbestos Regulations 2012 - Budget relates to management surveys that are outstanding. Currently 4 properties with no surveys, access is proving difficult, and when opportunities arise, surveys are planned.	6,715	10,000
Duct hygiene (air conditioning , plenum heating)	Workplace (Health, Safety and Welfare Regulations 1992) and Control of Substances Hazardous to Health (COSHH) and Local Exhaust Ventilation (LEV) Testing. Annual inspection and test - thorough cleaning routine determined from testing / inspection. Works progressing and payments to be processed during the coming year.	0	7,000
Electrical Installation Condition Report (EICR)	Electricity at Work Regulations 1989 and BS 7671 IET Wiring Regulations (Institute of Engineering and Technology) . Frequency varies according to property type, varies from 1-10 years.	19,822	30,000
Emergency lighting testing	Electricity at Work Regulations 1989 and Regulatory Reform (Fire Safety) Order 2005. Annual inspection and test.	2,566	10,200
Fixed appliance testing (FAT)	Annual test and inspection.	included in ECIR	6,000
Gas Appliances testing / servicing	The Gas Safety (Installations and Use) Regulations 1998. Annual servicing to include check on ventilation, adequate flues, heat input combustion conformance, appliance is stable and safety devices working. Servicing and any repairs necessary to ensure equipment is fully operational. Covers commercial kitchens, technical areas, science rooms, home economic areas within schools. School works scheduled for summer holidays. Works substantially complete and awaiting invoices.	0	5,700

Hoist and Stairlift testing / servicing	Thorough examination, full maintenance and inspection. Servicing and maintenance of fixed and mobile patience lifting hoist. Undertaken by HSB our current insurers and costs accounted for elsewhere	0	0
Local exhaust ventilation systems such as wood waste extraction, welding fume extraction systems	Control of Substances Hazardous to Health 2002 (as amended) (COSHH).	0	10,000
Passenger / Goods lifts testing and servicing	Lift Operations and Lifting Equipment Regulations 1998 (LOLER). Inspection, test undertaken on a quarterly basis, minor works done at the same time as site inspection, with quotations provided for larger scale works. Tender includes previously identified larger scale works such as pit lighting, pit restraints, ladders, emergency lighting, RCD protection, car top controls, engineer's car top alarms etc. These works will be scheduled in with other works as the contract develops.	7,504	17,000
Portable Appliance Testing (PAT)	The Provision and Use of Work Equipment Regulations 1998 (PUWER). PATs to OIC run or managed properties only. Undertaken every 2 years. Covers testing only, repairs and replacement costs covered by departments own budgets.	included in ECIR	5,000
Retractable seating	Annual inspection and reporting on condition and remedials required at Stromness Academy and Pickaquoy Centre. Works complete and awaiting invoices.	0	4,750
Water Services management and Thermostatic Mixer Valve (TMV) testing / servicing	Water services - Undertaking and updating Risk Assessments, provision of training to building users, undertaking audits of water systems and reporting issues for actioning. TMV - Testing and servicing works. Both services are undertaken annually.	4,707	25,000
Working at Height - Roof Anchor and Wire Rope System and single point anchorage Testing / servicing	Lift Operations and Lifting Equipment Regulations 1998. Annual test and inspection. Covers only the testing.	1,042	5,000
<b><u>Non Statutory (best practice)</u></b>			
Non-Statutory Testing works with budgets under £5k	Arjo baths; Equipment monitoring (lifts, fire alarms, intruder alarms etc.); Evac chairs; Generator Servicing; Lightning systems testing; Radon; Septic tank and sewerage treatment plant cleaning; Sprinkler / fire suppression systems; Vermin; Window cleaning	1,003	16,400
Automatic door servicing	6 monthly test / inspection. Works progressing as planned.	0	12,000
Fire alarm testing	Fire Safety (Scotland) Act 2005 as amended and Fire Safety (Scotland) Regulations 2006. 6 monthly test / inspection.	5,122	16,000
Fire Fighting Equipment Servicing / testing	Fire Safety (Scotland) Act 2005 as amended and Fire Safety (Scotland) Regulations 2006. 6 monthly test / inspection. Includes testing, servicing, repairs and replacement.	8,379	19,000
Fixed Gym Equipment Testing (fixed equipment only, loose equipment paid for by building users)	Annual test and inspection. Includes inspection and servicing to fixed equipment such as wall bars and moveable PE equipment, with repairs to moveable PE equipment funded by each establishment. Contract includes for inspection and servicing to fitness room equipment which is also funded by each establishment along with any repairs. Inspections due 2nd quarter.	0	6,000
Grease filter cleaning	Undertaken on a monthly basis in accordance with insurers requirements.	10,948	51,000
Heat pump servicing	Annual service. Contract predominantly for housing properties. Annual servicing and maintenance of heat pumps, Mechanical Ventilation Heat Recovery (MVHR) systems, including reactive repairs and works required to keep systems operating.	1,713	8,700

Oil Boiler Servicing	Annual service. Covers all OIC properties that contain oil boilers including 2 domestic properties.	4,100	38,000
Swimming pool and library heat recovery / air con servicing	Health and Safety at Work Act 1974. Annual service - inspect, service and undertake remedial works on refrigeration equipment.	0	8,500
Swimming pool, sauna, steam and spa bath servicing of equipment	Health and Safety at Work Act 1974. Annual inspection and low costs remedial works undertaken, followed by quotations for larger scale works. On site April / May every year, works complete, and report and invoices to be provided.	1,041	7,000
Petrol interceptors and grease traps servicing	Annual clean out. Involves emptying petrol interceptors, undertaken late summer / early autumn. Works due 4th quarter.	0	14,000
<b>Cyclical works</b>			
External decoration including steelwork painting	5-year re-decoration plan. Works progressing, but limited contractor base is holding back progress. Budget likely to be underspent at year end.	1,716	40,000
St Magnus Cathedral	Architects' inspection fee - Annual fee for inspection and supervision of maintenance of fabric at Cathedral. Procurement for a new Architect has concluded, and site visits are anticipated early autumn.	0	3,500
St Magnus Cathedral	Organ tuning - quarterly inspection and tune.	1,564	4,500
Swimming pools - generally	Minor upgrading works to be agreed, but generally comprises of pool cover replacement, chlorine dosing upgrades, preventative maintenance, and works identified following annual inspection undertaken during April / May.	0	10,000
Timber floor treatments	Floor programme to be updated with specific properties. Detail to be included in the Monitoring updates.		
Timber floor treatments	Pickaquooy Centre - Main hall - Light sand, planned for August / September 2024.	0	40,000
<b>Large scale reactive works (Over £5,000) added during the year (Excluding fees)</b>			
Glaitness Primary School	Roof structure repairs following the identification of defects.	23,457	0
Westray Junior High School	Supply and install 800 litre indirect cylinder, pipework alterations, due to failed system.	21,542	0
Stenness School	Primary entrance - Remove existing doors and replace with auto doors.	16,347	0
Flaws Pier, Sailhouse and slipway	Repairs to pier.	14,632	0
St Magnus Cathedral	Replace 50 LED light fittings.	11,629	0
<b>Reactive works</b>			
Reactive works	Ad-hoc repairs to replace broken, failed components. Budget figure based upon anticipated expenditure following analysis of historical data. This budget also funds works which have been identified following statutory or non-statutory testing works.	65,767	800,000
<b>Contingency</b>			
Contingency	To be utilised across the programme as required.	0	0

<b>Apportioned Costs</b>			
Apportioned Costs	To be charged at year-end - £360,300.	0	360,300
		<b>233,667</b>	<b>1,822,000</b>



DETAILED PROGRAMME			
Strategic Reserve Fund Revenue Maintenance		Actual Expenditure at 30 June 2024	Approved Budget 2024/25
		£	£
Asset Name	Description		
<b>One-off planned repairs</b>	No planned works		
<b>Statutory Testing</b>	The following budget figures cover only the planned tests and servicing, with all reactive works funded from the reactive budget.		
Statutory Testing works with budgets under £5k	Asbestos register / surveys; Duct hygiene (air conditioning , plenum heating); Electrical Installation Condition Report (EICR); Emergency lighting testing; Fixed appliance testing; Gas appliances testing / servicing; Hoist and Stairlift testing / servicing; Passenger / goods lifts testing and servicing; Portable appliance testing; Water services management and Thermostatic Mixer Valve (TMV) testing / servicing	582	5,137
<b>Non Statutory Testing</b>			
Non-Statutory Testing works with budgets under £5k	Automatic door servicing; Fire alarm testing; Fire fighting equipment servicing / testing; Lightning systems testing; Oil boiler servicing; Vermin	881	4,890
<b>Large scale reactive works (Over £5,000) added during the year.</b>			
<b>Cyclical Works</b>			
External decoration	5-year re-decoration plan, following annual review of condition.	0	2,000
<b>Reactive Works</b>			

Reactive works	Ad-hoc repairs to replace broken, failed components. Budget figure based upon anticipated expenditure following analysis of historical data. This budget also funds works which have been identified following statutory or non statutory testing works.	12,473	90,000
<b><u>Contingency</u></b>			
Contingency	To be utilised across the programme as required.	0	14,673
<b><u>Apportioned Costs</u></b>			
Apportioned costs	To be charged at year-end - £15,000.	0	15,000
		<b>13,936</b>	<b>131,700</b>