

Item: 4

Asset Management Sub-committee: 7 November 2023.

Corporate Asset Maintenance Programmes.

Revenue Expenditure Monitoring.

Report by Head of Finance.

1. Purpose of Report

To monitor expenditure on the approved corporate asset maintenance programmes as at 30 September 2023.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 30 September 2023, against the approved corporate asset maintenance programmes for 2023/24, as detailed in section 4.1 of this report.

The Sub-committee is invited to scrutinise:

2.2.

The detailed analysis of expenditure figures and project 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 corporate asset maintenance programmes for 2023/24.

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 in financial year 2023/24 and 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 approved programmes:

Revenue Maintenance Programme.	Actual Expenditure at 30 Sept 2023.	Approved Budget 2023/24.	Estimated Outturn 2023/24.	Predicted Over/(Under) spend 2023/24.
	£000.	£000.	£000.	£000.
General Fund.	473.2	1,708.2	1,665.2	(43.0)
Strategic Reserve Fund.	20.4	92.3	92.3	(0)
Total.	493.6	1,800.5	1,757.5	(43.0)

4.2.

Appendix 1 attached to this report provides a detailed breakdown of the two programmes for 2023/24 and is compared directly with the respective planned and approved programmes. Appendix 1 also provides a summary of the larger works undertaken as reactive repairs.

5. General Fund Programme

5.1.

The General Fund Revenue Maintenance Programme is showing an estimated probable outturn figure of £1,665,176 at 30 September 2023 which is an estimated underspend of £43,024 against the annual budget of £1,708,200. This figure includes fees/apportioned costs of £360,300 which are charged at year-end. The expenditure to date does not include fees.

5.2.

The current projected underspend can mainly be attributed to one-off planned repairs, however, over the remainder of the 2023/24 financial year works will be adjusted to bring the spend back in-line with the approved budget.

6. Strategic Reserve Fund Programme

The Strategic Reserve Fund Revenue Maintenance Programme is showing an estimated probable outturn figure of £92,300 at 30 September 2023 which is an estimated breakeven position against the annual budget of £92,300. The annual budget figure includes fees/apportioned costs of £15,000 which are charged at year-end. The expenditure to date does not include fees.

7. Corporate Governance

This report relates to the Council complying with its 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.

8. Financial Implications

The Financial Regulations state that service directors are able to incur expenditure within an approved revenue budget. Such expenditure must be in accordance with the Council's policies or objectives subject to compliance with these Financial Regulations and approved schemes of delegation.

9. Legal Aspects

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

10. Contact Officer

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

11. Appendix

Appendix 1: Corporate Asset Maintenance Programmes as at 30 September 2023.

SUMMARY

General Fund Revenue Maintenance	Actual Expenditure at 30 September 2023	Approved Budget 2023/24	Probable Outturn 2023/24	Estimated Over/(Under) spend 2023/24
	£	£	£	£
Asset Name				
One-off planned repairs	59,777	320,950	218,622	(102,328)
Statutory / non statutory testing	104,434	269,460	265,670	(3,790)
Cyclical works	28,617	81,450	46,595	(34,855)
Large scale repairs (budgeted within Reactive works)	37,889	0	37,889	37,889
Reactive works	242,476	675,000	655,000	(20,000)
Contingency	0	1,040	0	(1,040)
Apportioned Costs	0	360,300	441,400	81,100
	473,193	1,708,200	1,665,176	(43,024)

Strategic Reserve Fund Revenue Maintenance	Actual Expenditure at 30 September 2023	Approved Budget 2023/24	Probable Outturn 2023/24	Estimated Over/(Under) spend 2023/24
	£	£	£	£
Asset Name				
One-off planned repairs	0	0	0	0
Statutory / non statutory testing / cyclical works	4,870	8,420	9,583	1,163
Cyclical works	705	6,000	3,000	(3,000)
Large scale repairs (budgeted within Reactive works)	7,640	0	7,640	7,640
Reactive Works	7,197	50,000	44,197	(5,803)
Contingency	0	12,880	12,880	0
Apportioned Costs	0	15,000	15,000	0
	20,413	92,300	92,300	0

DETAILED PROGRAMME

General Fund Revenue Maintenance		Actual Expenditure at 30 September 2023	Approved Budget 2023/24
		£	£
Asset Name	Description		
Burray School	Fence off car park to improve pedestrian safety. Tender in excess of budget, but in line with the level of works. Works completed August 2023.	14,230	11,500

General Fund Revenue Maintenance		Actual Expenditure at 30 September 2023	Approved Budget 2023/24
		£	£
Asset Name	Description		
Cathedral Workshop	Construct new toilet within Cathedral bothy. Expenditure to date relates to Statutory applications. Design works complete, Statutory Applications have been made, and approvals given September 2023, works to be undertaken by in house staff and supported by external contractor. Works to be commenced as resources permit, and to be completed by March 2024.	340	17,250
Dounby School	Replacement Allen Martin controls with new Building Management System (BMS) No progress, and unlikely to be delivered due to internal resources and works postponed due to budgetary pressures.	0	23,000
Glaitness Primary School	Mechanical & Electrical (M&E) design works for pool ventilation system. Consultants commissioned, and scheme to be developed.	0	5,000
Orkney Islands Council	Replacement door entry system. Initial options discussed with the client, awaiting client feedback. Review/monitor overall budget and consider delaying due to budgetary pressures.	0	50,000
Pickaquooy Centre Camping & Caravan Site	Air Source Heat Pump (ASHP) replacement or mini district heating from Pickaquooy Centre plant, existing unit is at end of life. Consultant commissioned, works to be planned to be on site out of season late 2023/ early 2024. Mini district heating system has been dismissed due to technical complications / cost.	0	69,000
Public Rest Room, West Pier	Window replacement, window(s) broken and boarded over, and timber frames are also rotten. Design works to be undertaken to permit Statutory applications to be made, work delayed due to resources and budgetary pressures.	0	3,450
Stromness Academy	Handrails to games hall ramp are severely corroded. Replace with galvanised equivalent. Design works and procurement complete, railings being fabricated and anticipate being on site in Q4 of 2023/24. Expenditure will be lower than planned as concrete ramp repairs lower than anticipated. Costs incurred to date relate to Building Warrant application.	656	90,000
Stronsay Junior High School & Swimming Pool	Pool plant ventilation repairs comprises simplifying and modernising the equipment to reduce future maintenance costs and dehumidification plant repair. Works were undertaken in September 2023, and awaiting invoice for payment to be made.	0	5,750
Carried over from last year			
Rackwick PC	Septic tank failure in summer 2022. Works now complete and facility is in use. Works tendered and good response received resulting in competitive tension and lower tender than initially anticipated.	27,108	46,000
Flotta School	Window, door, external wall insulation to link and community wing. Balance of payment for works carried over from previous year. Works now complete.	9,578	0

General Fund Revenue Maintenance		Actual Expenditure at 30 September 2023	Approved Budget 2023/24
		£	£
Asset Name	Description		
Warehouse Building, Stromness	Sea source array replacement. Balance of payment for works carried over from previous year. Works now complete.	7,865	0
Statutory Testing	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); local exhaust ventilation systems such as wood waste extraction, welding fume extraction systems; passenger/goods lifts testing and servicing; retractable seating; working at height - roof anchor and wire rope system and single point anchorage testing / servicing.	6,800	21,200
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.	1,546	13,000
Emergency lighting testing	Electricity at Work Regulations 1989 and Regulatory Reform (Fire Safety) Order 2005. Annual inspection and test.	3,413	9,100
Fixed appliance testing (FAT)	Annual test and inspection.	494	5,000
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 undertaken over the summer holidays.	4,645	5,200
Hoist and Stairlift testing / servicing	Thorough examination, full maintenance and inspection. Servicing and maintenance of fixed and mobile patience lifting hoist.	460	10,000
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.	Costs incurred to date are included in FAT entry	18,800
Water Services management and Thermostatic Mixer Valve (TMV)	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.	0	20,000
Non Statutory (best practice)			
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; swimming pool and library heat recovery / air con servicing; radon; septic tank and sewerage treatment plant cleaning.	7,116	13,060
Automatic door servicing	6 monthly test / inspection.	6,005	10,100
Fire alarm testing	Fire Safety (Scotland) Act 2005 as amended and Fire Safety (Scotland) Regulations 2006. 6 monthly test / inspection.	7,376	15,100

General Fund Revenue Maintenance		Actual Expenditure at 30 September 2023	Approved Budget 2023/24
		£	£
Asset Name	Description		
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. Additional expenditure incurred to date due to works being carried over from the previous financial year.	24,835	16,000
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 undertaken 2nd quarter and invoices to be submitted and processed.	0	5,850
Grease filter cleaning	Undertaken on a monthly basis in accordance with insurers requirements.	16,553	47,000
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.	4,303	7,300
Oil Boiler Servicing	Annual service. Covers all OIC properties that contain oil boilers including 2 domestic properties.	15,270	29,800
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.	0	6,200
Petrol interceptors and grease traps servicing	Annual clean out. Involves emptying petrol interceptors, undertaken late summer / early autumn. Works due 3rd quarter.	0	12,400
Sprinkler / fire suppression systems	Annual test and inspection. Includes testing and servicing. St Rognvald Street and property added since program was created.	4,788	4,000
Vermin	Regular inspections. Includes fitting bait boxes, removal of vermin etc.	710	110
Window cleaning	Frequency and level of service dictated by site conditions, usage, issues etc. Only CCTV (Closed-Circuit television) cameras cleaned under this account. Undertaken on a quarterly frequency, and includes cleaning 4 buildings, and various CCTV camera domes. This budget only pays for the CCTV camera dome cleaning.	120	240
Cyclical works			
Cyclical works with budgets under £5k	Timber floor treatments; St Magnus Cathedral - various.	15,122	14,050
External decoration including steelwork painting	5-year re-decoration plan. Works progressing, but limited contractor base is holding back progress. Work running behind programme and expenditure anticipated to be lower than planned.	13,495	40,000
Timber floor treatments	Glaitness School - Main Hall. Works to be postponed until 2027 to allow more urgent works to progress.	0	5,600

General Fund Revenue Maintenance		Actual Expenditure at 30 September 2023	Approved Budget 2023/24
		£	£
Asset Name	Description		
Timber floor treatments	Glaitness School - Dining Hall. Works to be postponed until 2027 to allow more urgent works to progress.	0	6,100
Timber floor treatments	Burray School - Main Hall, works scheduled for October 2023.	0	5,700
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. Works completed and to be invoiced.	0	10,000
Large scale reactive works (Over £5,000) added during the year (Excluding fees)			
Sanday School	Supply, deliver and install Neptune Pool hoist within swimming pool	8,863	0
Stromness Swimming Pool	Replacement 3 no external doors	7,899	0
8 Summerdale Drive, Kirkwall	Kitchen and bathroom replacement	7,326	0
Ness Battery	Fencing repairs	7,037	0
Firth Primary School	Cut out and fill holes in road	6,764	0
Reactive works			
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.	242,476	675,000
Contingency			
Contingency	To be utilised across the programme as required.	0	1,040
Apportioned Costs			
Apportioned Costs	To be charged at year-end - £360,300.	0	360,300
		473,193	1,708,200

DETAILED PROGRAMME			
Strategic Reserve Fund Revenue Maintenance		Actual Expenditure as at 30 September 2023	Approved Budget 2023/24
		£	£
Asset Name	Description		
One-off planned repairs	No planned works		
Statutory Testing	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; retractable seating; portable appliance testing; water services management and Thermostatic Mixer Valve (TMV) testing / servicing	1,674	3,500
Non Statutory Testing			
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.	3,196	4,920
Large scale reactive works (Over £5,000) added during the year.			
Store H33	Supply and fit roller shutter door.	7,640	0
Cyclical Works			
External decoration	5-year re-decoration plan, following annual review of condition.	705	6,000
Reactive Works			
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.	7,197	50,000
Contingency			
Contingency	To be utilised across the programme as required.	0	12,880
Apportioned Costs			
Apportioned costs	To be charged at year-end - £15,000.	0	15,000
		20,413	92,300