

## **Item: 9**

### **Asset Management Sub-committee: 6 September 2018.**

### **Corporate Property Asset Improvement Programmes – Expenditure Monitoring.**

#### **Report by Head of Finance.**

## **1. Purpose of Report**

To monitor expenditure on the approved Corporate Property Asset Improvement Programmes, as at 30 June 2018.

## **2. Recommendations**

The Sub-committee is invited to note:

### **2.1.**

The summary position of expenditure incurred as at 30 June 2018 against the approved corporate property asset improvement and replacement programmes, as detailed in section 4.1 of this report.

### **2.2.**

The detailed analysis of expenditure figures and project updates, attached as Appendix 1 to this report.

## **3. Background**

### **3.1.**

The Corporate Asset Management Plan 2013 to 2018 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. Delivery of the Corporate Asset Management Plan will support the corporate priorities in the Council Plan 2013 to 2018 and is based on the Council's values.

### **3.3.**

This has been further supplemented by the Property Asset Management Plan approved on 5 July 2016.

### 3.4.

The purpose of this report is to present an overview or summary of the spend to date against the approved programmes to allow Members the opportunity to scrutinise 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 June 2018, against approved programmes:

<b>Description.</b>	<b>Budget 2018 to 2019.</b>	<b>Expenditure as at 30 June 2018.</b>	<b>Probable Outturn 2018 to 2019.</b>
General Fund – Capital Improvement Programme.	£1,632,470.	£66,826.	£1,635,347.
Strategic Reserve Fund – Capital Improvement Programme.	£118,600.	£0.	£30,000.
Plant, Equipment and Vehicle Replacement Programme.	£1,200,000.	£13,167.	£1,052,833.
IT Replacement Programme.	£420,000.	£46,803.	£419,000.
<b>Total.</b>	<b>£3,371,070.</b>	<b>£267,796.</b>	<b>£3,137,180.</b>

### 4.2.

Appendix 1 attached to this report provides a detailed analysis of the expenditure figures shown above, including comments from budget holders.

## 5. General Fund – Capital Improvement Programme

### 5.1.

The actual spend on the General Fund Capital Improvement Programme as at 30 June 2018 is £66,826.

### 5.2.

It is anticipated that the budget will be overspent by £2,877 by 31 March 2019, with a probable outturn of £1,635,347.

### 5.3.

A successful grant award of £281,070 from Scotland's Energy Efficiency Programme (Pathfinder Fund) in respect of works to Shapinsay School has enabled an increase in the gross expenditure budget from £1,351,400 to £1,632,470.

#### **5.4.**

Where possible cancellations or delays on the commencement of planned works are replaced with alternative projects.

### **6. Strategic Reserve Fund – Capital Improvement Programme**

#### **6.1.**

There is currently no expenditure on the Strategic Reserve Fund Capital Improvement Programme. The recladding of the Buoy Store, Northern Lighthouse Pier, has been postponed with a planned review in 3 years' time, with design work for the provision of toilet facilities at the same site progressing.

#### **6.2.**

It is anticipated that the budget for the Strategic Reserve Fund Capital Improvement Programme will be underspent by £88,600 by 31 March 2019, with a probable outturn of £30,000.

### **7. Plant, Equipment and Vehicle Replacement Programme**

#### **7.1.**

The actual spend on the Plant, Equipment and Vehicle Replacement Programme as at 30 June 2018 is £13,167. There is further committed spend of £494,372 in respect of orders placed, including a roller received in June and a sweeper received in July.

#### **7.2.**

It is anticipated that the budget for the Plant, Equipment and Vehicle Replacement programme will be underspent by £147,167 as at 31 March 2019, with a probable out-turn of £1,091,833.

### **8. IT Replacement Programme**

#### **8.1.**

The actual spend in respect of the IT Replacement Programme as at 30 June 2018 is £46,803.

#### **8.2.**

It is anticipated that the budget for the IT Replacement Programme will be underspent by £1,000 by 31 March 2019, with a probable out-turn of £419,000.

## **9. 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.

## **10. Financial Implications**

### **10.1.**

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.

### **10.2.**

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.

### **10.3.**

More detailed monitoring of expenditure on the Corporate Asset Management and Improvement 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.

## **11. Legal Aspects**

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

## **12. Contact Officers**

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## **13. Appendix**

Appendix 1: Corporate Property Asset Improvement Programmes 2018 to 2019.