

Item: 5

Asset Management Sub-committee: 7 November 2019.

Corporate Asset Maintenance Programmes.

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 2019.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 30 September 2019, against the approved corporate asset revenue maintenance programmes, as detailed in section 4.1 of this report.

2.2.

The summary of larger works undertaken as reactive repairs, attached as Appendix 1 to this report.

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.

3.3.

The purpose of this report is to present an overview or summary of the expenditure incurred as at 30 September 2019 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 2019, against approved programmes:

Revenue Maintenance Programme	Annual Budget 2019 to 2020	Expenditure at 30 September 2019	Budget Remaining 2019 to 2020	Estimated Outturn 2019 to 2020
	£000	£000	£000	£000
General Fund	1,659.8	465.0	1,194.8	0
Strategic Reserve Fund	218.1	21.0	197.1	(170.0)
Total	1,877.9	486.0	1,391.9	(170.0)

4.2.

Appendix 1 to this report provides a detailed breakdown of the two programmes for 2019 to 2020 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

The General Fund Revenue Maintenance Programme is showing a budget remaining of £1,194,800 as at 30 September 2019 against the annual budget. This figure includes fees/apportioned costs of £217,000 which are charged at year-end. The expenditure to date does not include fees.

6. Strategic Reserve Fund Programme

6.1.

The Strategic Reserve Fund Revenue Maintenance Programme is showing a remaining budget of £197,100 as at 30 September 2019.

6.2.

The budget remaining figure of £197,100 includes fees/apportioned costs of £28,400 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 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.

8. Financial Implications

8.1.

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.

8.2.

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.

8.3.

More detailed monitoring of expenditure on the corporate asset revenue maintenance programmes will result in improved accountability in relation to the deliverance of the approved programmes of work and ensure members are kept informed of progress.

9. Legal Aspects

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

10. Contact Officers

Gareth Waterson, Head of Finance, extension 2103, Email gareth.waterson@orkney.gov.uk

Colin Kemp, Corporate Finance Senior Manager, extension 2106, Email colin.kemp@orkney.gov.uk

11. Appendix

Appendix 1: Corporate Asset Maintenance Programmes 2019 to 2020.

SUMMARY

General Fund Revenue Maintenance		Expenditure at 30 September 2019	Budget Remaining
Asset Name	Annual Budget 2019/2020		
One-off planned repairs	£502,000	£73,439.98	£428,560.02
Works added in during year	£0	£133,924	(£133,924)
Quarry projects	£30,000	£0.00	£30,000.00
Statutory / non statutory testing	£362,100	£108,977.19	£253,122.81
Cyclical works	£54,500	£20,144.54	£34,355.46
Retentions	£0	£1,397.30	(£1,397.30)
Reactive works	£700,000	£127,069.15	£572,930.85
Contingency	£11,200	£0.00	£11,200.00
	£1,659,800	£464,951.71	£1,194,848.29

Strategic Reserve Fund Revenue Maintenance		Expenditure at 30 September 2019	Budget Remaining
Asset Name	Annual Budget 2019/2020		
One-off planned repairs	£60,000	£18,087.00	£41,913.00
Works added in during year	£0	£14,317.96	(£14,317.96)
Retentions	£0	(£22,860.33)	£22,860.33
Statutory / non statutory testing / cyclical works	£26,360	£3,421.78	£22,938.22
Reactive Works	£60,000	£8,018.82	£51,981.18
Contingency	£71,740	£0.00	£71,740.00
	£218,100	£20,985.23	£197,114.77

DETAILED PROGRAMME

General Fund Revenue Maintenance			Annual Budget 2019/2020	Expenditure at 30 September 2019	Budget Remaining
Asset Name	Description				
1	Birsay Public Toilet	General upgrade. To be developed.	£ 11,500	£ -	£ 11,500.00
2	Dounby school	Project carried over from last financial year. Oil tank replacement added following condition assessment. Tendered and over budget (£41k), but given the liability should an oil leak occur, project has been accepted, and will commence November.	£ 23,000	£ -	£ 23,000.00
3	Ferry Road Public Convenience	General upgrade, decoration and signage. To be developed.	£ 14,900	£ -	£ 14,900.00
4	Former bus station	Demolition and reinstatement to a tarmac area. Development works commenced, with Planning and Building Warrant applications having been made. Awaiting Engineering drawings and anticipate being on site January 2020.	£ 41,000	£ 633.50	£ 40,366.50
5	Glaitness Primary School	Replace fascia and soffits, and vertical cladding. To be developed.	£ 100,000	£ -	£ 100,000.00
6	Hoy Hostel	Heating alterations to include re-zoning, controls upgrade to allow improved heating control between the hostel and hall. To be developed.	£ 20,000	£ -	£ 20,000.00
7	St Magnus Cathedral	Annual fee for inspection and supervision of maintenance of fabric at Cathedral.	£ 4,000	£ 3,407.05	£ 592.95
8	St Magnus Cathedral	Organ tuning - quarterly inspection and tune	£ 5,600	£ 1,471.07	£ 4,128.93
9	Stromness Community Centre	Replace internal units associated with the air source heat pumps. To be developed.	£ 50,000	£ -	£ 50,000.00
10	Swimming pools - generally	Minor works following feedback from last year resulted in PAC dosing system injector replacement.	£ 22,000	£ 141.07	£ 21,858.93
11	The Orkney Library and Archive	Program for winter 2019. Scheme being developed by external Architectural consultancy, and cost revised to £60,000 from £46,000 following further information regarding the extent of works. Scheme complete, and Building Warrant has been applied for.	£ 60,000	£ 2,402.96	£ 57,597.04
12	The Orkney Library and Archive	Project planned for last year and carried over. Delayed due to issues in clarifying tender submissions. On reviewing the scale and complexity of the works on submission of the tender package, estimated cost was revised to £94,000. Tender accepted at £109k, which includes £30,550 of contingencies. Works complete, commissioning to be concluded.	£ 10,000	£ 65,384.33	-£ 55,384.33
13	Various properties	Lightning systems. Surveys undertaken. Reports have been submitted by BEST, reviewing before deciding on what course of action to be taken. Consider St Magnus Cathedral supplementary works to minimise disruption from future strikes.	£ 40,000	£ -	£ 40,000.00
14	Various properties	High level surveys on an annual basis.	£ 20,000	£ -	£ 20,000.00
15	Various properties	Survey work to be undertaken and repairs undertaken as required.	£ 50,000	£ -	£ 50,000.00

16	Water systems - generally	Future years work to be identified following annual review of systems. Awaiting contractor feedback before committing to remedial works.	£ 30,000	£ -	£ 30,000.00
----	---------------------------	--	----------	-----	-------------

Works added in during year						
17	Glaithness School	Heatpumps. Works undertaken following breakdown.	£	-	£ 31,887.80	-£ 31,887.80
18	Kirkwall and St Ola Town Hall and Community Centre	Works undertaken following unplanned breakdown to lift.	£	-	£ 17,594.00	-£ 17,594.00
19	OIC Depot - Workshop and Offices (H88)	Undertaken following extension to office block, and fire hydrant located below office block.	£	-	£ 10,858.58	-£ 10,858.58
20	Council Offices	Late submission of accounts by contractor for contract that was undertaken in previous years. All complete and fully paid.	£	-	£ 9,311.64	-£ 9,311.64
21	Slater Street 008	Kitchen replacement - property upgrades while vacant.	£	-	£ 8,470.37	-£ 8,470.37
22	North Walls School and Swimming Pool	Works undertaken following breakdown of pool air handling unit.	£	-	£ 4,887.19	-£ 4,887.19
23	Kalisgarth	Works undertaken following unplanned breakdown of heating.	£	-	£ 3,595.42	-£ 3,595.42
24	Unit 1, Great Western Road	Tenant request to improve the facility by adding lighting.	£	-	£ 2,490.00	-£ 2,490.00
25	Stromness Academy	Works undertaken following fabric failure.	£	-	£ 2,073.11	-£ 2,073.11
26	Stronsay Junior High School and Swimming Pool	To improve disabled access around the rear of the school.	£	-	£ 2,067.90	-£ 2,067.90
27	St Peter's House	Works undertaken following equipment failure - waste disposal	£	-	£ 2,042.12	-£ 2,042.12
28	Evie Primary School	Works undertaken following equipment failure (bio disc system, drainage system).	£	-	£ 1,926.98	-£ 1,926.98
29	Selbro Joint Equipment Store and Resource Centre (H84)	Doors and frame repair. Works undertaken following fabric failure.	£	-	£ 1,742.92	-£ 1,742.92
30	Burnside Garage 002	Works undertaken following fabric failure - garage door.	£	-	£ 1,690.90	-£ 1,690.90
31	Burnside Garage 001	Works undertaken following fabric failure - garage door.	£	-	£ 1,690.90	-£ 1,690.90
32	Ness Battery	Fire alarms - Works undertaken following equipment failure.	£	-	£ 1,605.07	-£ 1,605.07
33	Point of Ness Camping and Caravan Site	Fencing works - works undertaken following fabric failure and client request.	£	-	£ 1,562.40	-£ 1,562.40
34	Kalisgarth	Auto doors at various properties - works undertaken following equipment failure.	£	-	£ 1,350.11	-£ 1,350.11
35	Stronsay Junior High School and Swimming Pool	Erect the fence around the nursery play area. Client request to improve site security.	£	-	£ 1,344.50	-£ 1,344.50
36	Hoy Centre	Works undertaken following equipment failure	£	-	£ 1,319.68	-£ 1,319.68
37	St Andrew's Primary School	Works undertaken following equipment failure	£	-	£ 1,256.34	-£ 1,256.34
38	Sunnybrae Centre	Works undertaken following equipment failure	£	-	£ 1,238.26	-£ 1,238.26
39	North Walls School and Swimming Pool	Works undertaken following equipment failure	£	-	£ 1,221.87	-£ 1,221.87
40	Hoy Centre	Annual works in preparation to commission and prepare the property for the new season.	£	-	£ 1,206.41	-£ 1,206.41
41	Council Offices	Works undertaken following equipment failure	£	-	£ 1,130.25	-£ 1,130.25
42	Glaithness School	Works undertaken following equipment failure	£	-	£ 1,086.99	-£ 1,086.99
43	Pickaquooy Centre and Playing Fields	Works undertaken following equipment failure	£	-	£ 1,060.30	-£ 1,060.30
44	Burray Primary School	Works undertaken following equipment failure	£	-	£ 1,028.22	-£ 1,028.22
45	Eday Primary School	Works undertaken following equipment failure	£	-	£ 1,007.93	-£ 1,007.93
52	Council Offices	Project undertaken in 2017/18, tender figure of £74,283.16, final account agreed June 19 at £51,650.12 within agreed budget. Works complete and account concluded.	£	-	£ 10,708.39	-£ 10,708.39
53	Firth School	Following an inspection, floor re-furbishment undertaken over summer holidays. Payment to be released once works inspected.	£	-	£ 3,467.00	-£ 3,467.00
	Quarry projects					

63	Pierowall Depot and Former Quarry	Amber site -May be funded from alternative accounts, following DandI February 2018 report. Survey undertaken and solution developed, works on order awaiting completion.	£ 30,000	£ -	£ 30,000.00
----	-----------------------------------	--	----------	-----	-------------

	Statutory Testing	The following budget figures cover only the planned tests and servicing, with all reactive works funded from the reactive budget detailed below.			
68	Asbestos register / surveys	Substantially complete, and full review of entire property stock completed to identify any outstanding surveys.	£ 5,000	£ 7,082.30	-£ 2,082.30
69	Duct hygiene		£ 12,500	£ -	£ 12,500.00
70	Electrical Testing (PIR)		£ 22,000	£ 7,095.15	£ 14,904.85
71	Emergency lighting testing		£ 9,000	£ -	£ 9,000.00
72	Fixed appliance testing		£ 3,000	£ 1,552.85	£ 1,447.15
73	Gas Appliances testing / servicing		£ 7,000	£ 3,929.05	£ 3,070.95
74	Glazing	Inspections undertaken by in house team.	£ -	£ -	£ -
75	Hoist and Stairlift testing / servicing		£ 14,000	£ 6,082.14	£ 7,917.86
76	Local exhaust ventilation systems	Awaiting feedback from specialist contractor, who has been unable to deliver the service this year.	£ 3,000	£ -	£ 3,000.00
77	Passenger / Goods lifts testing and servicing		£ 14,000	£ 26,629.75	-£ 12,629.75
78	Portable appliance testing		£ 15,000	£ 1,578.00	£ 13,422.00
79	Water services management and thermostatic mixer valve testing / servicing		£ 34,000	£ -	£ 34,000.00
80	Working at Height - Roof anchor and wire ropesSystem and single point anchorage testing / servicing		£ 600	£ -	£ 600.00
	Non Statutory (best practice)				
81	Arjo baths	Annual inspection and service	£ 6,000	£ 720.58	£ 5,279.42
82	Automatic door servicing	6 monthly test / inspection.	£ 8,500	£ 14,270.61	-£ 5,770.61
83	Equipment monitoring (lifts, fire alarms, intruder alarms etc.) - Eldericare	Monitoring of auto dialler's, digital communicators, and passing emergency information on to relevant parties.	£ 700	£ 35.16	£ 664.84
84	Evac chairs	Annual test and inspection	£ 800	£ -	£ 800.00
85	Fire alarm testing	6 monthly test / inspection.	£ 30,000	£ -	£ 30,000.00
86	Fire Fighting Equipment Servicing / testing	6 monthly test / inspection.	£ 44,000	£ 13,562.15	£ 30,437.85
87	Fixed Gym Equipment Testing (fixed equipment only, loose equipment paid for by building users)	Annual test and inspection	£ 3,000	£ 2,065.64	£ 934.36
88	Fuel oil storage	Annual inspection	£ -	£ -	£ -
89	Generator Servicing	Annual service and test	£ 4,500	£ -	£ 4,500.00
90	Grease filter cleaning	Monthly clean following consultation with Insurers.	£ 33,800	£ 17,868.02	£ 15,931.98
91	Heat pump servicing	Annual service.	£ 15,000	£ 696.00	£ 14,304.00
92	Heating Controls Servicing	Annual service	£ -	£ -	£ -
93	Lightning systems testing	Annual test and inspection.	£ 3,800	£ -	£ 3,800.00
94	Oil Boiler Servicing	Annual service	£ 30,000	£ -	£ 30,000.00
95	Swimming pool and library heat recovery / air con servicing	Annual service	£ 4,000	£ 1,792.23	£ 2,207.77
96	Swimming pool, sauna, steam and spa bath servicing of equipment	Annual service	£ 10,000	£ -	£ 10,000.00
97	Radon	Complete, monitoring to continue.	£ 1,000	£ -	£ 1,000.00
98	Sewerage Treatment Plant, Petrol Interceptors and Grease Traps Servicing	Annual clean out	£ 12,600	£ -	£ 12,600.00
99	Sprinkler / fire suppression systems	Annual test and inspection	£ 5,000	£ 3,190.00	£ 1,810.00
100	Vermin Control	Frequency and level of service dictated by site conditions, usage, issues etc.	£ -	£ 527.56	-£ 527.56
101	Wind turbine servicing	12 month service, repairs funded from reactive budget below.	£ -	£ 300.00	-£ 300.00
102	Window cleaning	Frequency and level of service dictated by site conditions, usage, issues etc. Only CCTV cameras cleaned under this account.	£ 300	£ -	£ 300.00
103	MVHR servicing and inspection	Included within Heat pump contract	£ 10,000	£ -	£ 10,000.00

	Cyclical works				
104	External decoration Inc. steelwork painting	5 year re-decoration plan, extend where possible following inspection on year 4. Extent of re-decoration far less than anticipated. Works complete for the year, and accounts to be concluded.	£ 20,000	£ 1,974.54	£ 18,025.46
105	Timber floor treatments	Project moved forwards 12 months following inspection of floor.	£ 10,000	£ -	£ 10,000.00
106	Timber floor treatments	North wall school - main hall and community room - Works complete and paid.	£ 6,000	£ 4,701.50	£ 1,298.50
107	Timber floor treatments	Hoy centre hall floor - Works complete and paid.	£ 2,500	£ 2,053.25	£ 446.75
108	Timber floor treatments	Papdale school - Works complete and paid.	£ 7,000	£ 7,951.00	£ 951.00
109	Timber floor treatments	Pickaquoy centre - Quayside	£ 5,000	£ -	£ 5,000.00
110	Timber floor treatments	Flotta gym hall - complete.	£ 4,000	£ 3,464.25	£ 535.75
	Retentions				
111	Timber floor treatments	Pickaquoy centre main hall floor complete with re-lining. £930.25 retention excluding fees to be paid Autumn 2019.	£ -	£ -	£ -
112	Stronsay Junior High School and swimming pool	Installation of containerised boiler plant and modifications to the heating system to accommodate the new plant. Retention release from previous year.	£ -	£ 1,397.30	£ 1,397.30
	Reactive works				
113	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. Based upon figures to mid august. Actual spend figures are low, as a fuller list of larger reactive repairs is now provided below in this report. Expenditure lower than anticipated, and projections adjusted accordingly.	£ 700,000	£ 127,069.15	£ 572,930.85
	Contingency				
114	Contingency	To be utilised across the programme as required.	£ 11,200	£ -	£ 11,200.00
			£ 1,659,800	£ 464,952	£ 1,194,848

Strategic Reserve Fund Revenue Maintenance			Annual Budget 2019/2020	Expenditure at 30 September 2019	Budget Remaining
Asset Name	Description				
115	Weyland Farm	Carry over from previous year. No contractor expenditure last year, with entire project carried into the current year. Works complete May 2019, final account agreed and payment made.	£ 10,000	£ 18,087.00	-£ 8,087.00
116	H29,30,31	To be demolished once properties vacated, initially planned for 2019/20, but following tenant feedback, lease will be extended by 12 months. Project delayed until advised otherwise.	£ 50,000	£ -	£ 50,000.00
Works added in during year					
117	Land at Garson	Fence repairs. Client request to permit land to be leased out. Works complete.	£ -	£ 2,681.25	-£ 2,681.25
118	Weyland Farm	Fence repair. Client request to permit land to be leased out. £1,520 paid in 2018/2019, remainder 2019/20.	£ -	£ 787.48	-£ 787.48
119	Water Test Centre	Roller door replacement following years of reviewing and postponing. Works now complete.	£ -	£ 10,849.23	-£ 10,849.23
Retention release					
120	H29 (NISF)	Demolition and site clearance in preparation for new use.	£ -	-£ 22,860.33	£ 22,860.33
Statutory Testing					
121	Asbestos register / surveys	Substantially complete, and full review of entire property stock completed to identify any outstanding surveys.	£ 1,000	£ 916.10	£ 83.90
122	Electrical Testing (PIR)	Annual inspection and test - thorough cleaning routine determined from testing / inspection.	£ 8,000	£ -	£ 8,000.00
123	Emergency lighting testing	Frequency varies according to property type, varies from 1-10	£ 1,500	£ -	£ 1,500.00
124	Fixed appliance testing	Annual inspection and test.	£ 400	£ 68.50	£ 331.50
125	Gas appliance testing / servicing	Annual servicing to include check on ventilation, adequate flues, heat input combustion conformance, appliance is stable and safety devices working.	£ -	£ 275.00	-£ 275.00
126	Hoist and Stairlift testing / servicing	6 monthly test / inspection, shared costs with NHS who have trained their own staff to provide the service. Thorough examination, full maintenance and inspection.	£ 100	£ -	£ 100.00
127	Passenger / Goods lifts testing and servicing	Annual inspection and feedback.	£ 1,000	£ 246.25	£ 753.75
128	Portable appliance testing	Undertaken every 2 years.	£ 1,000	£ -	£ 1,000.00
129	Water Services management and thermostatic Mixer Valve 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.	£ 2,900	£ -	£ 2,900.00
130	Duct hygiene (Air conditioning , plenum heating)□	Annual inspection and test - thorough cleaning routine determined from testing / inspection.	£ 800	£ -	£ 800.00
Non Statutory Testing					
131	Automatic door servicing	6 monthly test / inspection	£ -	£ 257.29	-£ 257.29
132	Evac chairs	Annual test and inspection.	£ 60	£ -	£ 60.00
133	Fire alarm testing	6 monthly test / inspection.	£ 3,000	£ -	£ 3,000.00
134	Fire Fighting Equipment Servicing / testing	6 monthly test / inspection.	£ 2,500	£ 655.90	£ 1,844.10

135	Lightning systems testing	Annual test and inspection.	£ 800	£ -	£ 800.00
136	Oil Boiler Servicing	Annual service	£ -	£ 511.20	-£ 511.20
137	Vermin Control	Frequency and level of service dictated by site conditions, usage, issues etc.	£ 2,300	£ 491.54	£ 1,808.46

	Cyclical Works				£ -
138	External Decorations	5 year re-decoration plan. Program has come to an end, no works identified.	£ 1,000	£ -	£ 1,000.00
139	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.	£ 60,000	£ 8,018.82	£ 51,981.18
140	Contingency	To be utilised across the programme as required.	£ 71,740	£ -	£ 71,740.00
			£ 218,100	£ 20,985.23	£ 197,114.77