

Item: 5

Asset Management Sub-committee: 3 September 2024.

Corporate Asset Maintenance Programmes.

Revenue Expenditure Outturn.

Report by Head of Finance.

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 2023/24 was approved by the Asset Management Sub-committee on 21 March 2023.
- 1.4. The table below provides an overview of the expenditure incurred in financial year 2023/24.

Description.	Actual Expenditure at 31 Mar 2024.	Approved Budget 2023/24.	Overspend/(Underspend).
	£000	£000	£000
General Fund	1,764.1	1,708.2	55.9
Strategic Reserve Fund	50.2	92.3	(42.1)
Total	1,814.3	1,800.5	13.8

- 1.5. A detailed breakdown of the approved programmes of work for financial year 2023/24, including individual project updates is attached as Appendix 1.

2. Recommendations

- 2.1. It is recommended that members of the Sub-committee:
 - i. Note the summary outturn position of expenditure incurred for financial year 2023/24 in respect of corporate asset maintenance programmes, as detailed in section 1.4 of this report.
 - ii. 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 made with delivery of the approved corporate asset 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 revenue expenditure incurred against the approved annual corporate asset maintenance programmes, funded through the approved revenue budgets, 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, 21 March 2023, Corporate Asset Maintenance and Improvement Programmes

Appendix

Appendix 1 – Corporate Asset Maintenance Programmes as at 31 March 2024.

SUMMARY

General Fund Revenue Maintenance	Actual Expenditure at 31 March 2024	Approved Budget 2023/24	Over/(Under) spend 2023/24
	£	£	£
Asset Name			
One-off planned repairs	102,444	320,950	(218,506)
Statutory / non statutory testing	271,581	269,460	2,121
Cyclical works	63,860	81,450	(17,590)
Large scale repairs (budgeted within Reactive works)	222,609	0	222,609
Reactive works	747,330	675,000	72,330
Contingency	0	1,040	(1,040)
Apportioned Costs	356,300	360,300	(4,000)
	1,764,124	1,708,200	55,924

Strategic Reserve Fund Revenue Maintenance	Actual Expenditure at 31 March 2024	Approved Budget 2023/24	Over/(Under) spend 2023/24
	£	£	£
Asset Name			
One-off planned repairs	0	0	0
Statutory / non statutory testing / cyclical works	8,085	8,420	(335)
Cyclical works	1,114	6,000	(4,886)
Large scale repairs (budgeted within Reactive works)	7,640	0	7,640
Reactive Works	33,381	50,000	(16,619)
Contingency	0	12,880	(12,880)
Apportioned Costs	0	15,000	(15,000)
	50,220	92,300	(42,080)

DETAILED PROGRAMME

General Fund Revenue Maintenance		Actual Expenditure at 31 March 2024	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
Cathedral Workshop	Construct new toilet within Cathedral bothy. Works now complete.	16,833	17,250
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. Works carried over into the next financial year.	0	23,000

Glaitness Primary School	Mechanical & Electrical (M&E) design works for pool ventilation system. Consultants commissioned, and scheme to be developed. No progress, limited internal resources have delayed this work, and works postponed due to budgetary pressures. Works carried over into the next financial year.	0	5,000
Orkney Islands Council	Replacement door entry system. Initial options discussed with the client, awaiting client feedback. Project also delayed due to budgetary pressures, and project carried over into the next financial year.	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 are 99% complete, procurement has commenced, and works will be complete for April 2025.	2,353	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, and carried into the next financial year.	0	3,450
Stromness Academy	Handrails to games hall ramp are severely corroded. These have been replaced with galvanised equivalent. Expenditure is lower than planned as concrete ramp repairs lower than anticipated. Works complete and fully paid.	16,016	90,000
Stromsøy 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 undertaken September 2023, and now complete.	4,385	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.	28,503	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 complete.	9,578	0
Warehouse Building, Stromness	Sea source array replacement. Balance of payment for works carried over from previous year. Works now complete.	10,546	0
Statutory Testing	The following budget figures cover only the planned tests and servicing, with all reactive works funded from the reactive budget.		

Statuary 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.	11,940	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. Accelerated programme due to slippage in previous years.	58,553	13,000
Emergency lighting testing	Electricity at Work Regulations 1989 and Regulatory Reform (Fire Safety) Order 2005. Annual inspection and test.	8,111	9,100
Fixed appliance testing (FAT)	Annual test and inspection.	Inc. in ECIR cost	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.	5,654	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.	Inc. in ECIR cost	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. Works complete but invoicing is outstanding.	18,170	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; sprinkler / fire suppression systems; vermin; window cleaning.	16,894	17,410
Automatic door servicing	6 monthly test / inspection.	11,435	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
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 due to carry over from previous year. Accelerated programme due to slippage in previous years.	30,519	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 were due 2nd quarter; invoices now processed and closed off in Q3.	5,845	5,850
Grease filter cleaning	Undertaken on a monthly basis in accordance with insurers requirements. Works complete but invoices outstanding.	38,621	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.	7,020	7,300
Oil Boiler Servicing	Annual service. Covers all OIC properties that contain oil boilers including 2 domestic properties.	31,880	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, reports submitted and invoices paid and closed off.	6,725	6,200
Petrol interceptors and grease traps servicing	Annual clean out. Involves emptying petrol interceptors, undertaken late summer / early autumn. Works due in Q4, planned for February 2024.	12,379	12,400
Cyclical works			
Cyclical works with budgets under £5k	Timber floor treatments; St Magnus Cathedral - various.	34,585	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 due to lack of contractor resource to fulfil this works.	13,831	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
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 complete.	5,637	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.	9,807	10,000
Large scale reactive works (Over £5,000) added during the year (Excluding fees)			
Glaitness School	Roof structure repairs	46,572	0
Pickaquooy Centre	Replace carpet with vinyl	16,459	0
Stromness Town House	Design works for stonework and external fabric repairs in preparation for statutory submissions.	15,360	0
Rousay Primary School	Replacement evacuated solar panel tubes and calorifier upgrade	10,837	0
Papa Westray Primary School	Heating controls upgrade and general system check and repair	9,868	0
Flotta Primary School - Community end	Localised window & door replacements and localised external wall insulation	9,578	0

Westray Junior High School and Swimming Pool	Roof and ceiling repairs following roof leak	9,482	0
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	7,027	0
Sanday Junior High School and Swimming Pool	Repairs to heat pumps	6,962	0
OIC Depot- Workshop and offices	Fire risk assessment report and advice on future remediation works	6,960	0
Firth Primary School	Cut out and fill holes in road	6,764	0
Stromness Swimming Pool	Design works to replace the old oil boilers with heat pumps.	6,625	0
Sanday Junior High School and Swimming Pool	Repairs to heat pumps	6,458	0
Bossack Quarry & Recycling Centre	Raise existing sump by 1500mm, new sump pump, and wire back to consumer unit. New power supply to the workshop and install lighting.	6,441	0
Shapinsay Primary School	Localised light replacements	6,049	0
Pickaquoy Clubrooms	Replace windows	5,839	0
Stromness Swimming Pool	Heating pump replacement	5,482	0
Westray Junior High School and Swimming Pool	Renew all faulty showers in healthy living suite	5,372	0
Kalisgarth	Re-build sectional boiler, replace back end section	5,317	0
Hope Primary School	Heating design works for new heat pumps	5,070	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.	747,330	675,000
Contingency			
Contingency	To be utilised across the programme as required.	0	1,040
Apportioned Costs			
Apportioned Costs	Charged at year-end.	356,300	360,300
		1,764,124	1,708,200

DETAILED PROGRAMME			
Strategic Reserve Fund Revenue Maintenance		Actual Expenditure as at 31 March 2024	Approved Budget 2023/24
		£	£
Asset Name	Description		
<u>One-off planned repairs</u>	No planned works		
<u>Statutory Testing</u>	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.	3,648	3,500
<u>Non Statutory Testing</u>			
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.	4,437	4,920
<u>Large scale reactive works (Over £5,000) added during the year.</u>			
Store H33	Supply and fit roller shutter door.	7,640	0
<u>Cyclical Works</u>			
External decoration	5-year re-decoration plan, following annual review of condition. Work running behind programme due to lack of contractor resource to fulfil this works.	1,114	6,000
<u>Reactive Works</u>			

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. Re-allocation of responsibilities under the lease has resulted in lower demands being placed upon the SRF account.	33,381	50,000
Contingency			
Contingency	To be utilised across the programme as required.	0	12,880
Apportioned Costs			
Apportioned costs	Charged at year-end.	0	15,000

		50,220	92,300
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