

## **Item: 4**

**Development and Infrastructure Committee: 6 February 2024.**

**Road Asset Replacement Programme.**

**Expenditure Monitoring.**

**Report by Head of Finance.**

### **1. Purpose of Report**

To monitor expenditure incurred against the approved Road Asset Replacement Programme as at 31 December 2023.

### **2. Recommendations**

The Committee is invited to note:

#### **2.1.**

The summary position of expenditure incurred, as at 31 December 2023, against the approved Road Asset Replacement Programme, as detailed in section 4.1 of this report.

The Committee is invited to scrutinise:

#### **2.2.**

The detailed analysis of expenditure figures and programme 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 Road Asset Replacement Programme.

### **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 as at 31 December 2023 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 31 December 2023, against the approved programme.

Description	Expenditure as at 31 December 2023	Budget 2023/24	Probable Out-turn 2023/24	Overspend/ (Underspend)
Road Asset Replacement Programme.	£856,201.	£1,081,000.	£1,119,954.	£38,954.

### 4.2.

Appendix 1 to this report provides a detailed breakdown of the works undertaken during financial year 2023/24 and is compared directly with the planned and approved programme.

## 5. Road Asset Replacement Programme

### 5.1.

Actual spend on the Road Asset Replacement Programme as at 31 December 2023 is £856,201.

### 5.2.

All annual capital improvement and replacement programmes, including the Road Asset Replacement Programme, are funded by a top slice from the General Capital Grant each year. In financial year 2023/24, the annual programme of £950,000 has been revised to £1,081,000 as follows:

- Increase of £144,000 in respect of the Cycling, Walking and Safer Routes grant award for 2023/24.
- Reduction of £13,000 in respect of 2022/23 acceleration on the Cycling, Walking and Safer Routes project.

### 5.3.

The Road Asset Replacement Programme for 2023/24 is currently projecting an overspend of £38,954 at year end, due in part to additional costs associated with both works in Finstown and across road reconstruction works in various locations.

This has been offset in part by a reduction in surface treatment works following inspection of the sites. To enable works that were carried forward from the 2022/23 programme to be completed, a review of the 2023/24 programme is ongoing to identify works that could be removed to ensure the programme is delivered within budget for 2023/24.

## **6. 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.

## **7. Financial Implications**

### **7.1.**

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.

### **7.2.**

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.

### **7.3.**

More detailed monitoring of expenditure on the Road Asset Replacement Programme and the Roads Revenue Maintenance Programme will result in improved accountability in relation to the deliverance of the approved programmes of work and ensure Elected Members are kept informed of progress.

## **8. Legal Aspects**

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

## **9. Contact Officers**

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## **10. Appendix**

Appendix 1: Road Asset Replacement Programme 2023/24.

Development Infrastructure - Roads Environmental Services  
Roads Asset Replacement Programme

Asset type	Cost Code	Location	Actual Expenditure as at 31/12/2023	Allocated Budget 2023/24	Probable Outturn 2023/24	Overspend/ (Underspend)	Description	Project Update
Street lighting system upgrade		Inganess Road, Kirkwall	£96,587	£97,000	£96,587	(£413)	Replace columns, cabling and control systems.	Works complete.
		B9050, Deerness	£17,326	£43,000	£43,000	£0	Replace columns only.	Works complete, awaiting final valuation.
		<b>Additions to Approved Programme</b>						
		Scapa Crescent	£63,401	£0	£63,401	£63,401	Replace columns, cabling and control systems.	Due to lack of available operational resources, these works were carried over from the 2022/23 programme. Works are now complete.
<b>Street lights</b>	<b>C26101001</b>		<b>£177,314</b>	<b>£140,000</b>	<b>£202,988</b>	<b>£62,988</b>		
Drainage		A965, Finstown	£25,426	£20,000	£45,000	£25,000	Upgrade existing drainage	Works are now complete and awaiting final valuations. Overspend anticipated due to unexpected additional works that were encountered during the project.
		Evie telephone exchange A966, Evie	£0	£20,000	£5,000	(£15,000)	Upgrade existing drainage.	Following investigation works, it was found that damage was caused by utility works. This will be repaired by a third party. Anticipated expenditure is therefore for investigation works only.
		<b>Additions to Approved Programme</b>						
		Manhole repairs Skail	£2,496	£0	£2,500	£2,500	Upgrade existing drainage.	Due to lack of available operational resources, these works were carried over from 2022/23 programme. Works now are complete.
<b>Drainage</b>	<b>C25207001</b>		<b>£27,922</b>	<b>£40,000</b>	<b>£52,500</b>	<b>£12,500</b>		
Street Furniture (Signs, Bollards and Railings)		Signage various	£13,803	£15,000	£15,000	£0	Replace existing signs, bollards and railings.	Instructions issued and works ongoing.
		Part-time 20mph flashing signs, Mainland	£0	£50,000	£50,000	£0	Replace existing signs.	Design works complete, procurement complete. Materials due to be delivered mid to late February. Works programmed to start early March with completion expected by 31 March 2024.
		Safety barriers, Rousay & Hoy	£0	£10,000	£10,000	£0	Replace posts.	Design works on going. Anticipate works to be complete by 31 March 2024.
Footways and kerbing		Inganess Road, Kirkwall	£32,756	£45,000	£32,756	(£12,244)	Works c/f from 2021/22 - Lay new kerbs and surface.	Works complete.
		<b>Additions to Approved Programme</b>						
		Scapa Crescent	£65,866	£0	£66,000	£66,000	Lay new kerbs and surface footway.	Due to lack of available operational resources, works were carried over from 2022/23 programme. Works are now complete.
<b>Associated Infrastructure</b>	<b>C25205001</b>		<b>£112,425</b>	<b>£120,000</b>	<b>£173,756</b>	<b>£53,756</b>		

Development Infrastructure - Roads Environmental Services  
Roads Asset Replacement Programme

Asset type	Cost Code	Location	Actual Expenditure as at 31/12/2023	Allocated Budget 2023/24	Probable Outturn 2023/24	Overspend/ (Underspend)	Description	Project Update
Bridges and structures		Cleat Road, Sanday	£0	£50,000	£0	(£50,000)	Coastal erosion and road undercutting.	Following review, works were moved to the revenue programme and are now complete.
		Houton Road, Orphir	£0	£50,000	£0	(£50,000)	Coastal erosion.	Ongoing - Survey works required to identify full extent of works required. Lack of available resources require this project to be moved to a future programme.
		<b>Additions to Approved Programme</b>						
		Additional Works carried out on Hoy Coastal Protection works	£8,721	£0	£8,721	£8,721	Coastal erosion.	Works carried forward from 2022/23 - Complete.
<b>Bridges and structures</b>	<b>C25202001</b>		<b>£8,721</b>	<b>£100,000</b>	<b>£8,721</b>	<b>(£91,279)</b>		
Surface Treatments		A965, Finstown	£113,373	£140,000.00	£160,000.00	£20,000	Improvement of carriageway surface - Inlay surfacing.	Works now complete and awaiting final valuations. Overspend anticipated due to unexpected additional works that were encountered during the project.
		Pickaquoy Road, Kirkwall	£29,248	£45,000.00	£29,248.00	(£15,752)	Improvement of carriageway surface - Inlay surfacing.	Works completed. Extent of works reduced following site inspection.
		Palace Road, Kirkwall	£17,071	£35,000.00	£17,071.00	(£17,929)	Improvement of carriageway surface - Inlay surfacing.	Works completed. Extent of works reduced following site inspection.
		Rackwick Road, Hoy	£0	£83,000.00	£0.00	(£83,000)	Improvement of carriageway surface - Inlay surfacing.	Works moved to revenue patching programme and are now complete. Further investigation works planned to determine whether any additional works are required.
		Dounby Primary School Car Park	£0	£37,000.00	£0.00	(£37,000)	Improvement of carriageway surface - Inlay surfacing.	Works moved to revenue patching programme and are now complete.
		Investigation works for 2024 Surfacing projects.	£0	£10,000.00	£10,000.00	£0	Test Holes.	Ongoing. Investigation work will be carried out during 2023/24.
		<b>Additions to Approved Programme</b>						
		Willowburn Road	£0	£0	£25,000	£25,000	Improvement of carriageway surface, including raised table - Inlay surfacing.	Works identified following inspection. To reduce impact on Papdale Primary School, works have been planned for mid-term holiday in February.
<b>Surface treatments</b>	<b>C25211001</b>		<b>£159,692</b>	<b>£350,000</b>	<b>£241,319</b>	<b>(£108,681)</b>		

Development Infrastructure - Roads Environmental Services  
Roads Asset Replacement Programme

Asset type	Cost Code	Location	Actual Expenditure as at 31/12/2023	Allocated Budget 2023/24	Probable Outturn 2023/24	Overspend/ (Underspend)	Description	Project Update
Road Reconstruction		A965, Finstown	£173,115	£100,000	£120,000	£20,000	Haunch reconstruction and associated drainage works.	Works now complete awaiting final valuations. Anticipated overspend as a result of unexpected additional works encountered during the project.
		A964, Orphir (Village - Smoogro Road)	£0	£50,000	£0	(£50,000)	Haunch reconstruction and associated drainage works.	Works moved to revenue patching programme and are planned for February/March 2024.
		A960, Kirkwall - Groatsetter Road Various Locations	£189,670	£50,000	£189,670	£139,670	Haunch reconstruction and associated drainage works.	Works complete. Additional works were identified at the three locations within this project, however, surface treatment works were moved to revenue programme.
<b>Road Reconstruction</b>	<b>C25213001</b>		<b>£362,785</b>	<b>£200,000</b>	<b>£309,670</b>	<b>£109,670</b>		
Cycling Walking Safer Routes		Orkney - Various	£7,342	£131,000	£131,000	£0	Cycling Walking and Safer Routes Projects	2023/24 grant award of £144k, reduced by £13k acceleration to 2022/23 programme. Installation of new part-time signs required to implement the Orkney Islands Council (Variable 20mph Speed Limit) (Island Schools) Order 2023. All works on site with works progressing as per programme.
<b>Cycling Walking Safer Routes</b>	<b>C26235044</b>		<b>£7,342</b>	<b>£131,000</b>	<b>£131,000</b>	<b>£0</b>		
<b>Total</b>			<b>£856,201</b>	<b>£1,081,000</b>	<b>£1,119,954</b>	<b>£38,954</b>		
<b>Contact Officer - Team Manager Roads Support - Extension 2326</b>								