

Item: 5

Asset Management Sub-committee: 30 January 2024.

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 31 December 2023.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 31 December 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 31 December 2023, against approved programmes:

Revenue Maintenance Programme.	Actual Expenditure at 31 December 2023.	Approved Budget 2023/24.	Estimated Outturn 2023/24.	Predicted Over/(Under) spend 2023/24.
	£000.	£000.	£000.	£000.
General Fund.	838.6	1,708.2	1,708.2	(0.0)
Strategic Reserve Fund.	37.3	92.3	76.9	(15.4)
Total.	875.9	1,800.5	1,785.1	(15.4)

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

The General Fund Revenue Maintenance Programme is showing an estimated probable outturn figure of £1,708,200 at 31 December 2023 which is an estimated breakeven position 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.

6. Strategic Reserve Fund Programme

The Strategic Reserve Fund Revenue Maintenance Programme is showing an estimated probable outturn figure of £76,901 at 31 December 2023 which is an estimated underspend position of £15,399 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

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11. Appendix

Appendix 1: Corporate Asset Maintenance Programmes as at 31 December 2023.

APPENDIX 1

SUMMARY

General Fund Revenue Maintenance	Actual Expenditure at 31 December 2023	Approved Budget 2023/24	Probable Outturn 2023/24	Estimated Over/(Under) spend 2023/24
	£	£	£	£
Asset Name				
One-off planned repairs	78,742	320,950	115,652	(205,298)
Statutory / non statutory testing	204,660	269,460	294,524	25,064
Cyclical works	43,721	81,450	57,221	(24,229)
Large scale repairs (budgeted within Reactive works)	74,945	0	74,945	74,945
Reactive works	436,483	675,000	805,558	130,558
Contingency	0	1,040	0	(1,040)
Apportioned Costs	0	360,300	360,300	0
	838,551	1,708,200	1,708,200	0
Strategic Reserve Fund Revenue Maintenance	Actual Expenditure at 31 December 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	5,942	8,420	9,147	727
Cyclical works	1,114	6,000	1,114	(4,886)
Large scale repairs (budgeted within Reactive works)	7,640	0	7,640	7,640
Reactive Works	22,578	50,000	44,000	(6,000)
Contingency	0	12,880	0	(12,880)
Apportioned Costs	0	15,000	15,000	0
	37,274	92,300	76,901	(15,399)

DETAILED PROGRAMME

General Fund Revenue Maintenance		Actual Expenditure at 31 December 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
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 commenced by in house staff and supported by external contractor. 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 being worked on. Expenditure anticipated to be incurred before the year-end.	0	5,000
Orkney Islands Council	Replacement door entry system. Initial options discussed with the client, awaiting client feedback. Budgetary pressures with unexpected works elsewhere in the property estate has resulted in this project being delayed. It will be rolled over to next year and reviewed as the year progresses. The current system has been stable over the past year, additional access cards have been sourced, giving some leeway to delay the works with no impact on service delivery.	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, draft scheme has been submitted, and design works to be concluded. Project unlikely to be delivered before end of March 2024. External works to be undertaken over the summer in parallel with an operational site, and final connections to be made once the facility closes in the autumn. 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. These have been replaced with galvanised equivalent. Expenditure is lower than planned as concrete ramp repairs lower than anticipated. Works complete and fully paid.	18,226	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.	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.	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.		
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.	22,452	£ 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. Backlog tests undertaken resulting in additional expenditure.	21,154	£ 13,000
Emergency lighting testing	Electricity at Work Regulations 1989 and Regulatory Reform (Fire Safety) Order 2005. Annual inspection and test.	7,336	£ 9,100
Fixed appliance testing (FAT)	Annual test and inspection.	3,430	£ 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.	4,680	£ 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.	4,224	£ 18,800
Water Services management and Thermostatic Mixer Valve (TMV) 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.	13,068	£ 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.	12,148	£ 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 incurred due to a backlog pf tests being undertaken.	31,210	£ 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.	28,286	£	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.	5,564	£	7,300
Oil Boiler Servicing	Annual service. Covers all OIC properties that contain oil boilers including 2 domestic properties.	20,120	£	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.	5,884	£	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.		£	12,400
Sprinkler / fire suppression systems	Annual test and inspection. Includes testing and servicing. St Rognvald Street and property added since programme 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.	180	£	240
Cyclical works				
Cyclical works with budgets under £5k	Timber floor treatments; St Magnus Cathedral - various.	18,249	£	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
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 were scheduled for October 2023; works now completed and fully invoiced.	5,637	£	5,700
Swimming pools - generally	Minor upgrading works to be agreed, but generally comprise pool cover replacement, chlorine dosing upgrades, preventative maintenance, and works identified following annual inspection undertaken during April / May. Works completed and fully invoiced.	6,340	£	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	7,027	0
Sanday Junior High School	Heat pump replacement	6,962	0
Firth Primary School	Cut out and fill holes in road	6,764	0
Sanday Junior High School	Dantherm repairs as per quotation	6,458	0
Bossack Quarry and Recycling Centre	Sump & electrical repairs	6,441	0
Shapinsay Primary School	Numerous light replacements	6,049	0
Pickaquoy Clubrooms	Replace windows	5,839	0
Kalisgarth	Rebuild sectional boiler replacing back end	5,317	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.	436,483	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
		838,551	1,708,200

DETAILED PROGRAMME

Strategic Reserve Fund Revenue Maintenance		Actual Expenditure as at 31 December 2023	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.	2,306	£ 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.	3,636	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.	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.	22,578	50,000
<u>Contingency</u>			
Contingency	To be utilised across the programme as required.	0	12,880
<u>Apportioned Costs</u>			
Apportioned costs	To be charged at year-end - £15,000.	0	15,000
		37,274	92,300