

Item: 8

Asset Management Sub-committee: 6 September 2018.

Corporate Property Asset Improvement Programmes – Outturn.

Report by Head of Finance.

1. Purpose of Report

To advise of the capital expenditure outturn on Corporate Property Asset Improvement Programmes for financial year 2017 to 2018.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary outturn position of capital expenditure incurred against the approved corporate property asset improvement and replacement programmes for financial year 2017 to 2018, 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 expenditure incurred in financial year 2017 to 2018 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 Outturn

4.1.

The undernoted table shows the outturn position of expenditure incurred for the period 1 April to 31 March 2018, against approved programmes.

Description.	Budget 2017 to 2018.	Outturn as at 31 March 2018.	Over/(Under) spend as at 31 March 2018.
General Fund – Capital Improvement Programme.	£1,351,400.	£1,479,839.	£128,439.
Strategic Reserve Fund – Capital Improvement Programme.	£118,600.	£0.	£(118,600).
Plant, Equipment and Vehicle Replacement Programme.	£1,200,000.	£1,050,346.	£(149,654).
IT Replacement Programme.	£420,000.	£369,745.	£(50,255).
Total.	£3,090,000.	£2,899,930.	£(190,070).

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 General Fund Capital Improvement Programme realised an overspend of £128,439. This is due in part to the acceleration of planned works at both Papdale Primary School and Shapinsay Primary School following receipt of additional capital grant totalling £142,000 in respect of Early Learning and Childcare provision.

5.2.

Projects added to the programme throughout the year resulted in an additional spend of £117,000, off-set by the cancellation, re-consideration or slippage on completion dates for planned works within the programme, as listed below:

- St Margaret's Hope Primary School.
- Orphir Primary School.
- Smiddybrae.
- Stromness Academy.
- Stromness Swimming Pool.

6. Strategic Reserve Fund – Capital Improvement Programme

The Strategic Reserve Fund Capital Improvement Programme remained unspent, as a result of the planned upgrade of the Grainshore Training Centre being subject to a suitable tenant being identified.

7. Plant, Equipment and Vehicle Replacement Programme

7.1.

The Plant, Equipment and Vehicle Replacement Programme budget realised an underspend of £149,654 due to programme changes made during the year as a result of slippage and acceleration of previously planned purchases.

7.2.

In addition to the General Fund expenditure on Plant, Equipment and Vehicles of £1,050,346, as shown at section 4.1 above, a further purchase totalling £144,400 was made on behalf, and fully funded by, the Quarries trading service.

8. IT Replacement Programme

The IT Replacement Programme realised an underspend of £50,255 for financial year 2017 to 2018 as a result of both the identification of projects that were no longer required and resource constraints leading to postponement of planned projects.

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 2017 to 2018.