

Item: 8

Asset Management Sub-committee: 1 September 2020.

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 June 2020.

2. Recommendations

The Sub-committee is invited to note:

2.1.

The summary position of expenditure incurred, as at 30 June 2020, against the approved corporate asset revenue maintenance programmes, as detailed in section 4.1 of this report, indicating an estimated underspend of £230,000 as at 31 March 2021, against approved budgets totalling £1,768,200.

The Sub-committee is invited to scrutinise:

2.2.

The summary of larger works undertaken as reactive repairs, attached as Appendix 1 to this report, in order to obtain assurance on progress being made with delivery of the approved corporate asset revenue maintenance programmes .

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 30 June 2020 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 June 2020, against approved programmes:

Revenue Maintenance Programme.	Expenditure at 30 June 2020.	Annual Budget 2020 to 2021.	Probable Outturn 2020 to 2021.	Estimated Over/(Under) spend.
	£000	£000	£000	£000
General Fund	13.6	1,675.9	1,448.2	(227.7)
Strategic Reserve Fund	4.0	92.3	90.0	(2.3)
Total	17.6	1,768.2	1,538.2	(230.0)

4.2.

Appendix 1 to this report provides a detailed breakdown of the two programmes for 2020 to 2021 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 £1,448,200 at 31 March 2021, which is £227,700 less than the total annual budget. This figure includes fees/apportioned costs of £353,200 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 an estimated probable outturn figure of £90,000 at 31 March 2021, which is £2,300 less than the total annual budget.

6.2.

The annual budget figure of £92,300 includes fees/apportioned costs of £12,000 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 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

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11. Appendix

Appendix 1: Corporate Asset Maintenance Programmes 2020 to 2021.

SUMMARY

General Fund Revenue Maintenance	Expenditure at 30 June 2020	Annual Budget 2020/21	Probable Outturn 2020/21	Estimated Over/(Under) spend 2020/21
	£	£	£	£
Asset Name				
One-off planned repairs	0.00	218,100	200,000	(18,100)
Quarry projects	0.00	10,000	5,000	(5,000)
Statutory / non statutory testing	8,379.00	286,590	200,000	(86,590)
Cyclical works	0.00	150,500	140,000	(10,500)
Reactive works	5,188.68	602,510	550,000	(52,510)
Contingency	0.00	55,000	0	(55,000)
Apportioned Costs	0.00	353,200	353,200	0
	13,567.68	1,675,900	1,448,200	(227,700)

Strategic Reserve Fund Revenue Maintenance	Expenditure at 30 June 2020	Annual Budget 2020/21	Probable Outturn 2020/21	Estimated Over/(Under) spend 2020/21
	£	£	£	£
Asset Name				
One-off planned repairs	0.00	25,000	25,000	0
Statutory / non statutory testing / cyclical works	2,551.75	24,030	23,000	(1,030)
Reactive Works	1,471.10	31,270	30,000	(1,270)
Apportioned Costs	0.00	12,000	12,000	0
	4,022.85	92,300	90,000	(2,300)

DETAILED PROGRAMME

General Fund Revenue Maintenance		Expenditure at 30 June 2020	Annual Budget 2020/21
		£	£
Asset Name	Description		
Birsay Public Toilet	General upgrade - Carried over from last year and to be developed	£ -	£ 8,000.00
Ferry Road Public Convenience	General upgrade, decoration and signage. - Carried over from last year and to be developed	£ -	£ 10,000.00
Former bus station	Demolition and reinstatement to a tarmacadum area. Development works commenced, with Planning and Building Warrant applications having been made. Engineering options have been reviewed and hybrid option agreed upon. December 2019, advised to hold the demolition due to rental potential. January 2020, advised to continue with works, which will now be undertaken in financial year	£ -	£ 31,100.00
Glaitness Primary School	Replace fascia and soffits, and vertical cladding - Carried over from last year and to be developed. Delayed due to financial constraints and scheme to develop under the nursery upgrade project as there will be overlaps with the works.	£ -	£ 75,700.00
Hoy Hostel	Heating alterations to include re-zoning, controls upgrade to allow improved heating control between the hostel and hall. - Pumps and controls have been replaced, but the zoning is to be left until the boilers are replaced at a future date. Consideration to be given to renewable technologies.	£ -	£ 10,000.00
Stromness Community Centre	Replace internal units associated with the air source heat pumps - Carried over from 2018/19, scheme being considered, and works to	£ -	£ 37,900.00
The Orkney Library and Archive	Doors are life expired, also increase lobby size and re-locate doors to minimise heat loss, new auto door closers - Initially programmed for winter 2019 but delayed due to resourcing. Procurement complete and cost revised to £60,000 from £46,000 following further information regarding the extent of works. Works on site March 2020, delayed due to long lead in time for doors, with project spanning 2 financial years. Further delays caused by COVID 19 interruptions, and works anticipated to be completed by September 2020.	£ -	£ 45,400.00
Quarry projects			

DETAILED PROGRAMME

General Fund Revenue Maintenance		Expenditure at 30 June 2020	Annual Budget 2020/21
Asset Name	Description	£	£
Loth Quarry, Sanday	Fencing around cliff faces in middle of site. Need new signs to say no unauthorised entry. Need new or repair to existing metal entrance gate. Again, you cannot prevent access entirely as the site abuts the shoreline. There is a danger of falls from height at one edge if a person were to drive through and up around the edge of the quarry. Vehicular access could easily be restricted by putting in place mounds of earth/boulders etc. Signs or fencing or earth/spoil could be used to protect people from the one edge of the quarry that presents a danger. Amber site - May be funded from alternative accounts, following D&I February 2018 report. Extent of works to be investigated	£ -	£ 10,000.00

DETAILED PROGRAMME

General Fund Revenue Maintenance		Expenditure at 30 June 2020	Annual Budget 2020/21
		£	£
Asset Name	Description		
<u>Statutory Testing</u>	The following budget figures cover only the planned tests and servicing, with all reactive works funded from the reactive budget.		
Asbestos register / surveys	Ad-hoc surveys as properties identified. Outstanding works generally confined to isolated, low use properties.	£ -	£ 3,500.00
Duct hygiene	Annual inspection and service	£ -	£ 5,000.00
Electrical Testing (PIR)	Frequency dependant upon usage and as directed.	£ 2,140.00	£ 15,200.00
Emergency lighting testing	Annual inspection and service	£ -	£ 8,700.00
Fixed appliance testing	Annual inspection and service	£ 360.00	£ 500.00
Gas Appliances testing / servicing	Annual inspection and service	£ -	£ 4,600.00
Hoist and Stairlift testing / servicing	6 monthly inspection	£ -	£ 8,400.00
Local exhaust ventilation systems	Initial inspections to be undertaken, second visit planned to address issues identified, and attend those sites that were not attended to in the initial inspection.	£ -	£ 2,100.00
Passenger / Goods lifts testing and servicing	Quarterly inspection and testing.	£ 3,714.00	£ 18,600.00
Portable appliance testing	Undertaken every 2 years.	£ -	£ 10,400.00
Water services management and thermostatic mixer valve testing / servicing	Annual inspection and service	£ -	£ 21,600.00
Working at Height - Roof anchor and wire ropes System and single point anchorage testing / servicing	Annual inspection and service	£ -	£ 21,400.00
<u>Non Statutory (best practice)</u>			
Arjo baths	Annual inspection and service	£ -	£ 3,800.00
Automatic door servicing	6 monthly test / inspection.	£ -	£ 7,800.00
Equipment monitoring (lifts, fire alarms, intruder alarms etc.) - Eldercare	Monitoring of auto dialler's, digital communicators, and passing emergency information on to relevant parties.	£ -	£ 70.00
Evac chairs	Annual test and inspection	£ -	£ 780.00
Fire alarm testing	6 monthly test / inspection.	£ -	£ 13,600.00
Fire Fighting Equipment Servicing / testing	6 monthly test / inspection.	£ 2,105.00	£ 4,200.00
Fixed Gym Equipment Testing (fixed equipment only, loose	Annual test and inspection	£ -	£ 2,300.00

DETAILED PROGRAMME

General Fund Revenue Maintenance		Expenditure at 30 June 2020	Annual Budget 2020/21
		£	£
Asset Name	Description		
Generator Servicing	Annual service and test	£ -	£ 2,400.00
Grease filter cleaning	Monthly clean following consultation with Insurers.	£ -	£ 53,600.00
Heat pump servicing	Annual service.	£ -	£ 9,000.00
Lightning systems testing	Annual test and inspection.	£ -	£ 2,600.00
Oil Boiler Servicing	Annual service	£ -	£ 37,400.00
Swimming pool and library heat recovery / air con servicing	Annual service	£ -	£ 2,800.00
Swimming pool, sauna, steam and spa bath servicing of	Annual service	£ -	£ 8,700.00
Radon	Complete, monitoring to continue.	£ -	£ 700.00
Septic tank cleaning	Annual agreements - Scottish Water to regularly clean out the tanks rather than addressing on a reactive basis.	£ -	£ 1,100.00
Sewerage treatment plant, petrol interceptors and grease	Annual clean out	£ -	£ 700.00
Petrol Interceptors & Grease Traps Servicing	Annual clean out	£ -	£ 4,700.00
Sprinkler / fire suppression systems	Annual test and inspection	£ -	£ 3,200.00
Window cleaning	Frequency and level of service dictated by site conditions, usage, issues etc. Only CCTV cameras cleaned under this account.	£ 60.00	£ 240.00
MVHR servicing and inspection	Included within Heat pump contract	£ -	£ 6,900.00
Cyclical works			
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.	£ -	£ 43,500.00
Timber floor treatments	Stronsay School - hall - Project moved forwards 12 months following inspection of floor. Initially planned for summer holidays 2020, but COVID 19 delayed works, which are being reviewed for later on in the financial year.	£ -	£ 3,000.00
Timber floor treatments	Kirkwall Town Hall - Meeting Room 2 (Ground Floor) Works were to be undertaken week commencing 13 April 2020, but COVID 19 delays have resulted in the program being reviewed, and plans are to complete during the current financial year.	£ -	£ 2,200.00

DETAILED PROGRAMME

General Fund Revenue Maintenance		Expenditure at 30 June 2020	Annual Budget 2020/21
		£	£
Asset Name	Description		
Timber floor treatments	Stromness Academy Dining Hall. Works were to be undertaken week commencing 13 April 2020, but COVID 19 delays have resulted in the program being reviewed, and plans are to complete during the current financial year.	£ -	£ 5,700.00
Timber floor treatments	Stenness Primary School . Works were to be undertaken week commencing 13 April 2020, but COVID 19 delays have resulted in the program being reviewed, and plans are to complete during the current financial year.	£ -	£ 2,000.00
Timber floor treatments	Shapinsay School. Works were to be undertaken during the summer holidays 2020, but COVID 19 delays have resulted in the program being reviewed, and plans are to complete during the current financial year.	£ -	£ 2,000.00
St Magnus Cathedral	Annual fee for inspection and supervision of maintenance of fabric at Cathedral.	£ -	£ 3,500.00
St Magnus Cathedral	Organ tuning - quarterly inspection and tune.	£ -	£ 4,900.00
Swimming pools - generally	Minor works following feedback from autumn inspections.	£ -	£ 17,000.00
Various properties	Lightning systems. Remedial works following inspection. Surveys to be undertaken, awaiting feedback.	£ -	£ 30,000.00
Various properties	High level surveys on an annual basis.	£ -	£ 700.00
Various properties	Remedial works following high level surveys.	£ -	£ 12,000.00
Water systems - generally	Awaiting contractor feedback before committing to remedial works.	£ -	£ 24,000.00
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. 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.	£ 5,188.68	£ 602,510.00
Contingency			
Contingency	To be utilised across the programme as required.	£ -	£ 55,000.00

DETAILED PROGRAMME

General Fund Revenue Maintenance		Expenditure at 30 June 2020	Annual Budget 2020/21
		£	£
Asset Name	Description		
<u>Apportioned Costs</u>			
Apportioned Costs	To be charged at year-end	£ -	£ 353,200.00
		£ 13,567.68	£ 1,675,900.00

DETAILED PROGRAMME			
Strategic Reserve Fund Revenue Maintenance		Expenditure at 30 June 2020	Annual Budget 2020/21
		£	£
Asset Name	Description		
H30 and H31	Demolition - To be demolished once properties vacated, initially planned for 2019/20, but following tenant feedback, lease extended by 12 months. Project delayed but advised July 2020 by Estates that lease expires end September 2020, and agreed that demolition would	£ -	£ 25,000.00
Statutory Testing			
Asbestos register / surveys	Substantially complete, and full review of entire property stock completed to identify any outstanding surveys.	£ -	£ 1,000.00
Duct hygiene (Air conditioning , plenum heating	Annual inspection and test	£ -	£ 1,080.00
Electrical Testing (PIR)	Annual inspection and test - thorough cleaning routine determined from testing / inspection.	£ 2,305.50	£ 8,000.00
Emergency lighting testing	Frequency varies according to property type, varies from 1-10 years.	£ -	£ 850.00
Fixed appliance testing	Annual inspection and test.	£ -	£ 270.00
Gas appliance testing / servicing	Annual servicing to include check on ventilation, adequate flues, heat input combustion conformance, appliance is stable and safety devices working.	£ -	£ 400.00
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.	£ -	£ 180.00
Passenger / Goods lifts testing and servicing	Annual inspection and feedback.	£ 246.25	£ 1,450.00
Portable appliance testing	Undertaken every 2 years.	£ -	£ 250.00
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.	£ -	£ -
Non Statutory Testing			
Automatic door servicing	6 monthly test / inspection	£ -	£ 550.00

DETAILED PROGRAMME			
Strategic Reserve Fund Revenue Maintenance		Expenditure at 30 June 2020	Annual Budget 2020/21
		£	£
Asset Name	Description		
Fire alarm testing	6 monthly test / inspection.	£ -	£ 1,600.00
Fire Fighting Equipment Servicing / testing	6 monthly test / inspection.	£ -	£ 550.00
Lightning systems testing	Annual test and inspection.	£ -	£ 800.00
Oil Boiler Servicing	Annual service	£ -	£ 1,750.00
Vermin Control	Frequency and level of service dictated by site conditions, usage, issues.	£ -	£ 4,300.00
<u>Cyclical Works</u>			
External Decorations	5 year re-decoration plan. programme has come to an end, no works identified.	£ -	£ 1,000.00
<u>Reactive Works</u>			
	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.	£ 1,471.10	£ 31,270.00
<u>Apportioned Costs</u>			
Apportioned Costs	To be charged at year-end	£ -	£ 12,000.00
		£ 4,022.85	£ 92,300.00