

Item: 6

Asset Management Sub-committee: 2 September 2025.

Corporate Asset Maintenance Programmes.

Revenue Expenditure Monitoring.

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 revenue repairs and maintenance programmes for financial year 2025/26 were approved by the Asset Management Sub-committee on 25 March 2025.
- 1.4. The table below provides an overview of the expenditure incurred as at 30 June 2025.

Description.	Actual Expenditure at 30 June 2025.	Approved Budget 2025/26.	Probable Out-turn 2025/26.	Overspend/ (Underspend).
	£000	£000	£000	£000
General Fund	319.9	1,866.5	2,181.6	315.1
Strategic Reserve Fund	18.4	134.9	123.4	(11.5)
Total	338.3	2,001.4	2,305.0	303.6

- 1.5. The projected outturn is currently showing an overspend against budget, so the planned works will have to be reviewed and adjusted, to ensure the programme comes in on budget by 31 March 2026.
- 1.6. A detailed breakdown of the approved programmes of work for financial year 2025/26, 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 position of expenditure incurred, as at 30 June 2025, against the approved corporate asset maintenance programmes for 2025/26, as detailed in section 1.4 of this report.
 - ii. Note the detailed analysis of expenditure figures and programme updates, attached as Appendix 1 to this report.

For Further Information please contact:

Pat Robinson, Service Manager (Accounting), extension 2621, Email:
pat.robinson@orkney.gov.uk

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 expenditure incurred against approved annual corporate asset maintenance programmes, funded through the approved revenue budget, is referred to the Asset Management Sub-committee.
4. **Human Resources** N/A.
5. **Equalities** An Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** An 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.
 - ☐Improving Population Health.
- 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, 25 March 2025, Corporate Asset Maintenance and Improvement Programmes

Appendix

Appendix 1 – Corporate Asset Maintenance Programmes as at 30 June 2025.

SUMMARY

General Fund Revenue Maintenance	Actual Expenditure	Approved Budget 2025/26	Probable Outturn 2025/26	Estimated Over/(Under) spend 2025/26
	£	£	£	£
Asset Name				
Planned works	0	150,000	0	(150,000)
Statutory / non statutory testing	82,556	494,000	480,800	(13,200)
Cyclical works	18,681	60,500	57,461	(3,039)
Large scale repairs (budgeted within Reactive works)	65,052	0	425,052	425,052
Reactive works	153,657	800,000	542,887	(257,113)
Contingency	0	1,700	0	(1,700)
Apportioned Costs	0	360,300	360,300	0
	319,946	1,866,500	1,866,500	0

Strategic Reserve Fund Revenue Maintenance	Actual Expenditure	Approved Budget 2025/26	Probable Outturn 2025/26	Estimated Over/(Under) spend 2025/26
	£	£	£	£
Asset Name				
One-off planned repairs	0	0	0	0
Statutory / non statutory testing / cyclical works	896	7,610	7,610	0
Cyclical works	0	750	750	0
Large scale repairs (budgeted within Reactive works)	0	0	0	0
Reactive Works	17,457	50,000	50,000	0
Contingency	0	61,540	50,000	(11,540)
Apportioned Costs	0	15,000	15,000	0
	18,353	134,900	123,360	(11,540)

DETAILED PROGRAMME

General Fund Revenue Maintenance		Actual Expenditure	Approved Budget 2025/26
		£	£
Asset Name	Description		
Planned works			

Pickaquoy Centre Camping & Caravan Site	Air Source Heat Pump (ASHP) replacement - existing air source heat pumps have failed. Mini district heating from Pickaquoy Centre plant has been investigated and initially dismissed as route from boiler house to the campsite was convoluted and uneconomic. Replacement scheme comprised stripping out the existing plant room, and forming an external access, rather than internal, and complete plant room fit out. Following a tender exercise, and limited competition, the scheme far exceeds the revised budget and so the tender was not accepted. Re-using the 2 large solar thermal collectors has been considered, but one is leaking while the other is fine. The solar controller is also broken. It is unknown if a fix will be possible but will be investigated when on site. The project has been completely reviewed, and the old plant room with suitable connection points has been identified at the Pickaquoy Centre allowing the district heating system to progress. A revised design has been prepared and a revised tender received. Cost are high, and alternative solutions are being investigated. Feedback from Finance is that the project should be Capitalised and moved to the General Capital Improvement Programme.	0	150,000
<u>Statutory Testing</u>	The following budget figures cover only the planned tests and servicing, with all reactive / remedial works funded from the reactive budget.		
Asbestos register / surveys	Control of Asbestos Regulations 2012 - budget relates to management surveys that are outstanding. Currently 11 properties with no surveys, access is proving difficult, and when opportunities arise, surveys are planned. Procurement has commenced to re-survey and update the asbestos information management system, with the intention of having a new contract in place for Q2.	0	50,000
Duct hygiene (air conditioning , plenum heating)	Workplace (Health, Safety and Welfare Regulations 1992) and Control of Substances Hazardous to Health (COSHH) and Local Exhaust Ventilation (LEV) Testing. Annual inspection and test - thorough cleaning routine determined from testing / inspection. Works programmed to be carried out in Q3.	0	7,000
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. Works progressing with schools projects programmed into Q2.	27,226	122,000
Emergency lighting testing	Electricity at Work Regulations 1989 and Regulatory Reform (Fire Safety) Order 2005. Annual inspection and test. Progressing to programme.	2,684	10,200
Fixed appliance testing (FAT)	Annual test and inspection. Progressing to programme.	5,891	6,000
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. Works to be undertaken in Q2/Q3.	0	5,700
Local exhaust ventilation systems such as wood waste extraction, welding fume extraction systems	Control of Substances Hazardous to Health 2002 (as amended) (COSHH). Contractor review of installations carried out and actions being agreed. Works being carried out in Q2/Q3.	0	10,000

Passenger / Goods lifts testing and servicing	Lift Operations and Lifting Equipment Regulations 1998 (LOLER). Inspection, test undertaken on a quarterly basis, minor works done at the same time as site inspection, with quotations provided for larger scale works. Tender includes previously identified larger scale works such as pit lighting, pit restraints, ladders, emergency lighting, RCD protection, car top controls, engineer's car top alarms etc. Works to commence in Q2.	0	5,200
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. Works in line with programme.	1,304	5,000
Retractable seating	Annual inspection and reporting on condition and remedials required at Stromness Academy and Pickaquoy Centre. Works carried out ahead of Island Games in Q1.	4,238	5,000
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. Works to commence in Q2/Q3.	0	25,000
Working at Height - Roof Anchor and Wire Rope System and single point anchorage testing / servicing	Lift Operations and Lifting Equipment Regulations 1998. Annual test and inspection. Covers only the testing. Works progressing to programme.	2,498	6,000
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; Septic tank and sewerage treatment plant cleaning; Vermin; Window cleaning.	6,022	13,200
Automatic door servicing	6 monthly test / inspection. Works complete for Q1 awaiting invoicing.	0	12,000
Fire alarm testing	Fire Safety (Scotland) Act 2005 as amended and Fire Safety (Scotland) Regulations 2006. 6 monthly test / inspection. Works progressing to programme.	6,876	16,000
Fire Fighting Equipment Servicing / testing	Fire Safety (Scotland) Act 2005 as amended and Fire Safety (Scotland) Regulations 2006. Annual monthly test / inspection. Includes testing, servicing, repairs and replacement. Contractor progressing, but behind programme.	6,752	43,000
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. Works to be carried out in Q2.	0	7,000
Grease filter cleaning	Undertaken on a monthly basis in accordance with insurers requirements. Works progressing to programme.	11,765	37,000
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. Works underway awaiting invoicing.	0	8,900
Oil Boiler Servicing	Annual service. Covers all OIC properties that contain oil boilers including 2 domestic properties. Works progressing to programme.	7,300	30,000
Swimming pool and library heat recovery / air con servicing	Health and Safety at Work Act 1974. Annual service - inspect, service and undertake remedial works on refrigeration equipment. Works complete awaiting invoicing.	0	7,500

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 to take place later in Q2-Q4.	0	11,600
Radon	Ionising Radiation Regulations 1999. Procurement to be undertaken to allow service to be delivered. OIC in dialog with consultant.	0	30,000
Petrol interceptors and grease traps servicing	Annual clean out. Involves emptying petrol interceptors, undertaken late summer / early autumn. Works programmed for Q4.	0	14,200
Sprinkler / fire suppression systems	Annual test and inspection. Includes testing and servicing. Some works carried out in Q1 awaiting invoicing, remaining works programmed into Q4.	0	6,500
<u>Cyclical works</u>			
External decoration including steelwork painting	5-year re-decoration plan. Works carried out in Q1 awaiting invoicing.	0	15,000
St Magnus Cathedral	Architects' inspection fee - annual fee for inspection and supervision of maintenance of fabric at Cathedral.	0	3,500
St Magnus Cathedral	Organ tuning - quarterly inspection and tune.	1,720	6,000
Swimming pools - generally	Minor upgrading works to be agreed, but generally comprises of pool cover replacement, chlorine dosing upgrades, preventative maintenance. Works to take place later in Q2-Q4.	0	16,000
Timber floor treatments	St Magnus Cathedral and Stromness Academy floors treated. Q1 works complete and invoiced.	9,886	20,000
Timber floor treatments	Stromness Academy Works carried out as part of above ahead of the Island Games.	7,075	0
<u>Large scale reactive works (Over £5,000) added during the year (Excluding fees)</u>			
Glaitness School	Electrical as identified in testing report.	5,887	0
Kalisgarth	Door controls system recommissioning and repairs.	7,668	0
Stromness Swimming Pool	Flue replacement.	5,637	0
Rackwick Hostel	Re-roofing lean-to.	14,523	0
St Magnus Cathedral	High level inspection.	8,155	0
Depot, Westray	Replacement industrial door.	8,118	0
Tankerness House	Roof repairs.	8,795	0
Smiddybrae House	Supply and fit quattro macerator.	6,270	0
<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. Due to financial pressures, works to be curtailed to the General Fund Revenue Budget resulting in only essential works being undertaken.	153,657	800,000
<u>Contingency</u>			
Contingency	To be utilised across the programme as required.	0	1,700
<u>Apportioned Costs</u>			
Apportioned Costs	To be charged at year-end - £360,300.	0	360,300

		319,946	1,866,500
--	--	---------	-----------

DETAILED PROGRAMME			
Strategic Reserve Fund Revenue Maintenance		Actual Expenditure	Approved Budget 2025/26
		£	£
Asset Name	Description		
<u>One-off planned repairs</u>	No planned works	0	0
<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	Duct hygiene (air conditioning , plenum heating); Electrical Installation Condition Report (EICR); Emergency lighting testing; Fixed appliance testing; Gas appliances testing / servicing; Passenger / goods lifts testing and servicing; Portable appliance testing; Water services management and Thermostatic Mixer Valve (TMV) testing / servicing.	373	2,360
<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.	523	5,250
<u>Cyclical Works</u>			
External decoration	5-year re-decoration plan.	0	750
<u>Large scale reactive works (Over £5,000) added during the year.</u>			
None			
<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.	17,457	50,000
<u>Contingency</u>			
Contingency	To be utilised across the programme as required.	0	61,540
<u>Apportioned Costs</u>			
Apportioned costs	To be charged at year-end - £15,000.	0	15,000
		18,353	134,900