

## **Item: 6**

**Development and Infrastructure Committee: 7 September 2021.**

### **Road Asset Replacement Programme**

**Expenditure Outturn.**

**Report by Head of Finance.**

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

To advise of the expenditure outturn on the approved Road Asset Replacement Programme for financial year 2020/21.

#### **2. Recommendations**

The Committee is invited to note:

##### **2.1.**

The summary outturn position of expenditure incurred for financial year 2020/21 in respect of the Road Asset Replacement Programme, as detailed in section 4.1 of this report, indicating an underspend of £70,037 as at 31 March 2021, against an approved budget of £1,046,000.

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 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 in financial year 2020/21 against the approved programme 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 Outturn

### 4.1.

The undernoted table shows the outturn position of expenditure incurred for the period 1 April 2020 to 31 March 2021, against the approved programme.

Description	Expenditure as at 31 March 2021	Budget 2021/22	Overspend/ (Underspend)
Road Asset Replacement Programme.	£975,963.	£1,046,000.	(£70,037).

### 4.2.

Appendix 1 to this report provides a detailed breakdown of the works undertaken during financial year 2020/21 and is compared directly with the planned and approved programme.

## 5. Road Asset Replacement Programme

### 5.1.

The Road Asset Replacement Programme realised an underspend of £70,037.

### 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 2020/21, the annual programme of £950,000 was increased by £96,000 to £1,046,000 in respect of the Cycling, Walking and Safer Streets grant allocation.

### 5.3.

Due to COVID-19 restrictions, works contained within the Road Asset Replacement Programme were unable to begin until late July 2020. Roads Operations were working with reduced resources as priority was given to Environmental Operations. Following changes to refuse and recycling collections, resources became available at the start of November 2020.

#### **5.4.**

Following further investigation, some projects were deemed not to require attention at this time and minor repairs were programmed as revenue works. To enable a full programme of works to be delivered, additional areas of work were accelerated from future year programmes.

#### **5.5.**

Some works cost more than originally anticipated because of resources required as a result of COVID-19 restrictions, and this trend is expected to continue.

### **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 will result in improved accountability in relation to the deliverance of the approved programmes of work and ensure 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 Officer**

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### **10. Appendix**

Appendix 1: Road Asset Replacement Programme 2020/21.

Development and Infrastructure - Roads and Environmental Services  
Roads Asset Replacement Programme

Asset type	Cost Code	Location	Final Outturn 2020-2021	Allocated Budget 2020-2021	Overspend/ (Underspend)	Description	Project Update	Previously Reported Probable Outturn 2020/21	Previously Reported Outturn v Actual Outturn
Street lighting system upgrade		Annfield Crescent, Kirkwall	£20,765	£24,000	(£3,235)	Replace columns over 30yrs old and upgrade control/cablings.	Works substantially complete. Extent of works required reduced.	£24,000	(£3,235)
		Cursiter Crescent, Kirkwall	£27,542	£24,000	£3,542	Replace columns over 30yrs old and upgrade control/cablings.	Works substantially complete. Overspend due to on site delays and the increase in resources required as a result of COVID-19.	£24,000	£3,542
		Netherton Road, Stromness	£40,537	£20,000	£20,537	Replace columns over 30yrs old and upgrade control/cablings.	Works complete. Overspend due to on site delays, design error and the increase in resources required as a result of COVID-19.	£20,000	£20,537
		Loganlea, Stromness	£24,734	£20,000	£4,734	Replace columns over 30yrs old and upgrade control/cablings.	Works complete. Overspend due to location of the works and the increase in resources required as a result of COVID-19.	£25,000	(£266)
		Ontoft Road, St Margaret's Hope	£32,824	£28,000	£4,824	Replace columns over 30yrs old and upgrade control/cablings.	Works complete. Overspend due to increase in resources required as a result of COVID-19.	£32,348	£476
		<b>Additions to Approved Programme</b> Sparrowhawk Road		£23,357	£0	£23,357	Replace columns over 30yrs old and upgrade control/cablings.	Outstanding works carried forward from 2019/20 now complete. Additional works identified whilst on site and increase in resources required as a result of COVID-19 resulting in overspend.	£23,223
Column Replacements		Lynn Park, Kirkwall	£10,945	£10,800	£145	Replace columns over 30yrs old.	Works substantially complete.	£10,800	£145
		Burnmouth Road, Kirkwall	£3,242	£3,600	(£358)	Replace columns over 30yrs old.	Works complete.	£4,435	(£1,193)
		Great Western Road, Kirkwall	£3,713	£3,600	£113	Replace columns over 30yrs old.	Works substantially complete.	£3,600	£113
		Weyland Bay, Kirkwall	£0	£23,400	(£23,400)	Replace columns over 30yrs old.	Due to impact of COVID-19 and available resources works moved to 2021/22 programme.	£23,400	(£23,400)
		Crowness Crescent, St.Ola	£33,917	£30,600	£3,317	Replace columns over 30yrs old.	Works substantially complete. Overspend due to increase in resources required as a result of COVID-19.	£30,600	£3,317
		A964, Orphir	£3,557	£3,600	(£43)	Replace columns over 30yrs old.	Works complete.	£3,944	(£387)
		Hellihole, Stromness	£24,984	£14,800	£10,184	Replace columns over 30yrs old.	Works complete. Overspend due to location of the works and the increase in resources required as a result of COVID-19.	£14,800	£10,184
		Leaburn, Burray	£7,185	£3,600	£3,585	Replace columns over 30yrs old.	Works complete. Overspend due to increase in resources required as a result of COVID-19.	£3,600	£3,585
		A961, Burray	£16,785	£10,800	£5,985	Replace columns over 30yrs old.	Works substantially complete. Overspend due to increase in resources required as a result of COVID-19.	£10,800	£5,985
		Marengo Road, St Margaret's Hope	£6,530	£5,600	£930	Replace columns over 30yrs old.	Works complete. Overspend due to increase in resources required as a result of COVID-19.	£6,918	(£388)
Front Road, St Margaret's Hope	£4,704	£3,600	£1,104	Replace columns over 30yrs old.	Works complete. Overspend due to increase in resources required as a result of COVID-19.	£5,093	(£389)		
<b>Street lights</b>	<b>C26101001</b>		<b>£285,321</b>	<b>£230,000</b>	<b>£55,321</b>			<b>£266,561</b>	<b>£18,760</b>
Drainage		Berstane Lodge Road, St Ola	£0	£10,000	(£10,000)	Upgrade existing stone culvert collapsed	Further inspection indicated that asset replacement was not required. Added to revenue works.	£0	£0
		Laminess, Sanday	£4,227	£10,000	(£5,773)	Upgrade existing drainage - Existing drainage to be improved to protect from sea.	Works incomplete and carried forward to 2021/22 - delay is due to location and the increase in resources required as a result of COVID-19.	£10,000	(£5,773)
		A965, Finstown	£22,188	£15,000	£7,188	Upgrade existing drainage and replace damaged sections of clay tile pipe.	Works incomplete carried forward to 2021/22. Overspend due to re-evaluation and design, and increase in resources required as a result of COVID-19.	£15,000	£7,188
		<b>Additions to Approved Programme</b> Puldrite Road, Rendall		£465	£0	£465	Upgrade existing drainage.	Works had originally been added to the programme as they had been omitted in error the year before, however subsequently removed from programme due to a lack of available workforce resource. This decision was taken by the Roads Support Manager following discussions with the Roads Operations Manager.	£10,000

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<b>Drainage</b>	<b>C25207001</b>		<b>£26,880</b>	<b>£35,000</b>	<b>(£8,120)</b>			<b>£35,000</b>	<b>(£8,120)</b>
Street Furniture (Signs, Bollards and Railings)		Grainshore Road,	£0	£5,000	(£5,000)	Replace existing lit bollards - Replace faded/defective lit bollards.	Due to impact of COVID-19 and available resources works moved to 2021/22 programme	£5,000	(£5,000)
		West Mainland	£2,705	£6,000	(£3,295)	Replace existing signs and railings - Faded/defective signs and broken railings.	Works incomplete due to reduced workforce capacity resulting from the impact on resources of COVID-19.	£6,000	(£3,295)
		East Mainland	£527	£4,000	(£3,473)	Replace existing signs and railings - Faded/defective signs and broken railings.	Works incomplete due to reduced workforce capacity resulting from the impact on resources of COVID-19.	£4,000	(£3,473)
Footways and kerbing		Lynn Park, Kirkwall	£0	£30,000	(£30,000)	Lay new kerbs and surface - Defective kerbing and footway surface to be upgraded.	Due to impact of COVID-19 and available resources works moved to 2021/22 programme	£30,000	(£30,000)
		Annfield Crescent, Kirkwall	£0	£40,000	(£40,000)	Lay new kerbs and surface - Defective kerbing and footway surface to be upgraded.	Works removed from programme due to a lack of available workforce resource. This decision was taken by the Roads Support Manager following discussions with the Roads Operations Manager.	£40,000	(£40,000)
		Garrioch Street, Kirkwall	£20,804	£25,000	(£4,196)	Lay new kerbs and surface - Replace poor concrete flag with bituminous surface.	Works complete and came in under budget resulting in underspend. The time spent on the project was less than had been planned which resulted in a reduction in the anticipated labour costs.	£25,000	(£4,196)
		<b>Additions to Approved Programme</b> Isles	£907	£0	£907	Replace existing signs and railings - Faded/defective signs and broken railings.	The current description above for signs only refers to East and West Mainland. Some works were also identified on the outer isles and were included in the planned programme, however the description had not been updated on the programme before it was approved.	£6,001	(£5,094)
<b>Associated Infrastructure</b>	<b>C25205001</b>		<b>£24,943</b>	<b>£110,000</b>	<b>(£85,057)</b>			<b>£110,000</b>	<b>(£85,964)</b>
Bridges and structures		Isgarth, Sanday	£19,267	£25,000	(£5,733)	Coastal protection works, detail and extent to be confirmed as part of design.	Works completed.	£25,000	(£5,733)
<b>Bridges and structures</b>	<b>C25202001</b>		<b>£19,267</b>	<b>£25,000</b>	<b>(£5,733)</b>			<b>£25,000</b>	<b>(£5,733)</b>
Surface Treatments		Gunns Close Car Park, Kirkwall	£34,496	£63,000	(£28,504)	Inlay Surfacing - Improvement of carriageway surface.	Works complete, extent of works reduced resulting in an underspend.	£34,496	£0
		Willow Road, Kirkwall	£50,846	£50,000	£846	Inlay Surfacing - Improvement of carriageway surface.	Works complete.	£50,846	£0
		Stews Road, South Ronaldsay	£25,645	£25,000	£645	Overlay Surfacing - Improvement of carriageway surface.	Works complete.	£25,645	£0
		Lythes Road, South Ronaldsay	£23,789	£62,000	(£38,211)	Overlay Surfacing - Improvement of carriageway surface.	Works complete, extent of works reduced resulting in an underspend.	£23,788	£1
		A961, Burray	£78,845	£35,000	£43,845	Inlay Surfacing - Improvement of carriageway surface.	Unforeseen issues identified on site and the impact on resources as a result of COVID-19 resulted in overspend. Works complete.	£78,845	£0
		Sandyhill Road, Shapinsay	£0	£40,000	(£40,000)	Overlay Surfacing - Improvement of carriageway surface.	Following review of works required with the Roads and Environmental Services Manager this project was removed from 2020/21 programme.	£0	£0
		Stove Road, Deerness	£0	£75,000	(£75,000)	Overlay Surfacing - Improvement of carriageway surface.	Following review of works required with the Roads and Environmental Services Manager this project was removed from 2020/21 programme.	£0	£0
		<b>Additions to Approved Programme</b> Main Street Kirkwall	£15,955	£0	£15,955	Overlay Surfacing - Improvement of carriageway surface.	Works identified following inspections and site investigations - deemed higher priority and brought forward from 2021/22 to maximise the budget. Works complete.	£15,955	£0
		Tankerness lane Kirkwall	£18,240	£0	£18,240	Overlay Surfacing - Improvement of carriageway surface.	Works identified following inspections and site investigations - deemed higher priority and brought forward from 2021/22 to maximise the budget. Works complete.	£18,240	£0
		Oback Road, South Ronaldsay	£9,971	£0	£9,971	Overlay Surfacing - Improvement of carriageway surface.	Works identified following inspection and given the close proximity of the site to Lythes Road it was determined, by Roads and Environmental Service Manager and Roads Support Manager, to be best value to add to the programme. Works complete.	£9,971	£0
		Holm Branch Road, Kirkwall	£25,689	£0	£25,689	Inlay Surfacing - Improvement of carriageway surface.	Works identified following inspections and deemed higher priority and brought forward from 2021/22 to maximise the budget. Works complete.	£25,689	£0
		Pickaquoy Road, Kirkwall	£46,830	£0	£46,830	Inlay Surfacing - Improvement of carriageway surface.	Works identified following inspections and deemed higher priority and brought forward from 2021/22 to maximise the budget. Works complete.	£40,000	£6,830
Outstanding payment 2019/20 for Bignold Park Road.	£4,588	£0	£4,588	Plane out existing surface and resurface.	Retention payment to contractor from 18/19 for sites included in tender package which were carried over into April 2019.	£0	£4,588		

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<b>Surface treatments</b>	<b>C25211001</b>		<b>£334,894</b>	<b>£350,000</b>	<b>(£15,106)</b>			<b>£323,475</b>	<b>£6,831</b>
Road Reconstruction		A965, Finstown	£22,143	£50,000	(£27,857)	Haunch reconstruction and associated drainage works - Carriageway edge strengthening and improvement.	Works completed. Significant reduction in works carried out. Second phase of works moved to 2021/22 programme.	£15,000	£7,143
		A986, Harray	£0	£50,000	(£50,000)	Haunch reconstruction and associated drainage works - Carriageway edge strengthening and improvement.	Due to impact of COVID-19 and available resources works moved to 2021/22 programme	£0	£0
		Lamb Holm, A961, Holm	£120,434	£50,000	£70,434	Haunch reconstruction and associated drainage works - Carriageway edge strengthening and improvement.	Works complete. Significant overspend due to unforeseen issues on site and increase in resources required as a result of COVID-19.	£119,631	£803
		Norton Brae, A961, Burray	£78,305	£50,000	£28,305	Haunch reconstruction and associated drainage works - Carriageway edge strengthening and improvement.	Works complete. Overspend due to unforeseen issues on site and increase in resources required as a result of COVID-19.	£78,304	£1
<b>Road Reconstruction</b>	<b>C25213001</b>		<b>£220,882</b>	<b>£200,000</b>	<b>£20,882</b>			<b>£212,935</b>	<b>£7,947</b>
Cycling Walking Safer Streets		St Margaret's Hope, South Ronaldsay	£4,768	£8,000	(£3,232)	Cycling Walking and Safer Streets - New gateway signage including countdown markers.	Works completed. Works were put out to tender, prices lower than initial estimate resulting in underspend.	£8,000	(£3,232)
		The Palace, Birsay	£2,296	£4,000	(£1,704)	Cycling Walking and Safer Streets - New gateway signage including countdown markers.	Works completed. Works were put out to tender, prices lower than initial estimate resulting in underspend.	£4,000	(£1,704)
		Evie Village, Evie	£5,827	£10,000	(£4,173)	Cycling Walking and Safer Streets - New gateway signage including countdown markers.	Works completed. Works were put out to tender, prices lower than initial estimate resulting in underspend.	£10,000	(£4,173)
		Evie School, Evie	£4,768	£8,000	(£3,232)	Cycling Walking and Safer Streets - New gateway signage including countdown markers.	Works completed. Works were put out to tender, prices lower than initial estimate resulting in underspend.	£8,000	(£3,232)
		A966 Streetlight improvements, Finstown	£26,227	£40,000	(£13,773)	Cycling Walking and Safer Streets - Extension of existing Streetlighting to Firth Primary School.	Works came in under budget resulting in underspend. The time spent on the project was less than planned which resulted in a reduction in the anticipated labour costs.	£40,000	(£13,773)
		Accessibility improvements, Kirkwall	£19,890	£26,000	(£6,110)	Cycling Walking and Safer Streets - Footway accessibility improvements such as drop kerbs and tactile paving.	Works were not completed in 2020/21 and are to be carried over to 2021/22 following permission from grant funder to accrue. Additional match funding from HITRANS ensured that the full extent of the proposed works could be included in the tender for the project.	£26,000	(£6,110)
<b>Cycling Walking Safer Streets</b>	<b>C26235044</b>		<b>£63,776</b>	<b>£96,000</b>	<b>(£32,224)</b>			<b>£96,000</b>	<b>(£32,224)</b>
<b>Total</b>			<b>£975,963</b>	<b>£1,046,000</b>	<b>(£70,037)</b>			<b>£1,068,971</b>	<b>(£98,503)</b>
<b>Contact Officer - Roads Support Manager - Extension 2326</b>									