ORKNEY
ISLANDS COUNCIL

Corporate Asset Management Plan

2019 to 2023

March 2019

Contents

1.0. About this plan

This plan summarises Orkney Islands Council's aims and objectives for our assets to ensure that they are used in an effective and efficient manner. The delivery of the plan supports Orkney Islands Council's corporate priorities in The Council Plan 2018 to 2023 and is based on our shared mission of "working together for a better Orkney" and on our values. It also provides detail on our future investment strategy and the effect this will have on our assets.

The function of asset management within Orkney Islands Council applies to all types of physical asset held by the Council. Assets are classified in the following six generic categories:

- Property.
- Open Spaces and Heritage.
- Roads and Infrastructure.
- Housing.
- Fleet and Plant.
- Information and Communications Technology (ICT).

The roads and infrastructure category covers:

- Roads Infrastructure.
- Marine Infrastructure.
- Airfield Infrastructure.
- Waste Management and Disposal.
- Burial grounds.

In addition, a separate detailed plan is being developed for each asset type which will set out how we will achieve our asset aims and objectives. The framework is shown below in the diagram below:
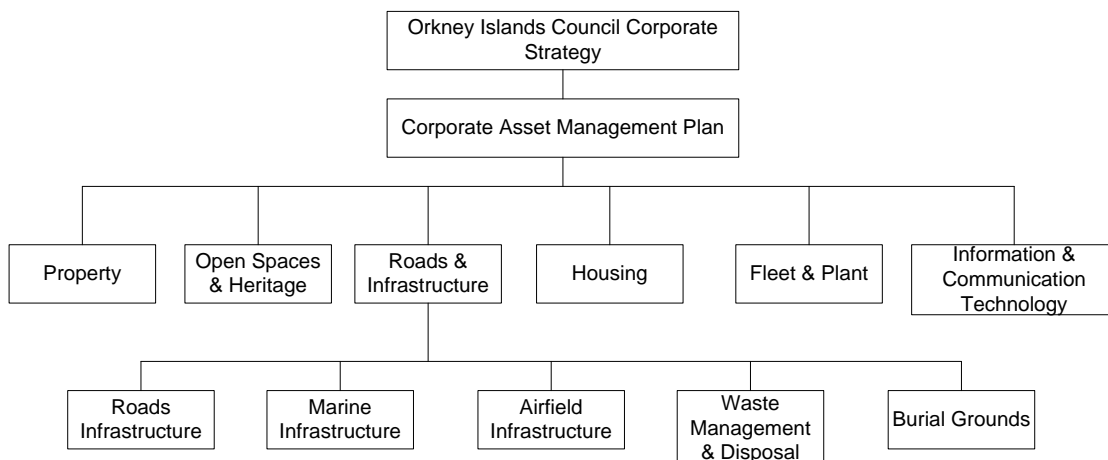
2.0. Background

2.1. The Wider Context

In recent years Councils have risen to the challenge of developing increasingly robust asset management planning frameworks. Councils in Scotland have embraced Asset Management Planning (AMP) as a compulsory requirement, not only for the proper management and monitoring of assets but critically as a tool for sound investment decision making.

There have been several key influences in the development of Asset Management Plans:

2.1.1. The abolition of the S94 capital controls in 2004 and the replacement of this investment system by the Prudential Code. This Code allows Councils the freedom to invest and borrow, provided it takes place within the confines of affordable limits.

2.1.2. The former Scottish Executive invested heavily in publicising best practice asset management techniques for the schools estate in 2003. This led to increased monies for the schools fund, a set of guides for the preparation of detailed school estate management plans and an annual set of core facts. The progress achieved by asset management planning in schools has created the momentum for best practice procedures in other Council services.

2.1.3. It was the stated intention of the regulator (Audit Scotland) to allow local authorities some breathing space in the period 2005 to 2008 to put in place proper asset management and capital planning decision making frameworks and for a full audit of such systems to be arranged post 2008. In 2009 a review of Asset Management in Local Government was undertaken by Audit Scotland resulting in the headline "Councils need to improve their asset management". Guidance has been made available to Councils and subsequent audits have focused on the implementation of asset management utilising the Best Value Framework and Toolkits.

An integrated asset management / capital planning system is a critical part of the good management of any organisation and a key principle in ensuring that all investment decisions are considered within an overall systematic appraisal system that includes the use of business cases and option appraisal.

Orkney Islands Council initial Corporate Asset Management Plan covered the period 2013 to 2018. This plan updates that original plan and looks forward to 2023, allowing for effective medium-term planning which will reflect the priorities of this Council.

2.2. The "building blocks" of Asset Management

Taken in its totality and, especially when linking to the capital planning system, asset management can be a complex subject. The need for Business Cases for all investment bids and the use of option appraisal techniques complicate this even further.

Asset management consists ultimately of a few key drivers that when correctly interpreted offer the "building blocks" for sound decision making. Collecting the data is a time consuming and expensive process but this forms the key database on which well informed decisions and analysis can take place and allows us to reap innumerable future benefits. The information for each of these drivers forms the bedrock of the asset management decision process, monitoring and reporting on the performance of the assets and the

formal basis on which Capital Project Appraisal (CPA) and the capital planning system can be built. The drivers are as follows:

Key Driver.	Description.
Condition.	It is essential there is an understanding of the condition of all assets. Sampled surveys or full 100% surveys are therefore required to form a reliable picture. Usually, a graded system is used to categorise the condition of assets.
Suitability.	This is sometimes called the 'fitness for purpose' test. Many organisations find it difficult to assess whether an asset is delivering returns for the purpose for which it was intended. It goes beyond any question of condition and is concerned with how well the asset is suited to its current purpose. An example might be old head office premises that are in good condition but are cramped and full of corridors and small offices that are not suited to twenty-first century working. This is a suitability issue rather than one of condition.
Sufficiency.	This is about current and sustainable demand for the asset. Sufficiency is concerned with asset use both now and in the future. It is critically important because it helps to identify underutilised assets that can be identified for possible disposal or reconfiguration. It is primarily concerned with asset capacity compared to asset use and again taking the example above of the head office premises, it may have a capacity of say 300 people but is currently occupied with say only 100 meaning an occupancy rate of only 33%. In this case this would be the key sufficiency indicator for the asset.
Revenue Costs.	The costs of operating the asset are important. The asset management plan needs to include the revenue costs of running the asset in order that maintenance costs and heat and light costs are not only controlled but within ranges the Council wishes to pay. In theory these costs should be in line with the condition rating for the asset but information on the two should assist in deciding the relative merits or otherwise of continued, economic asset use.
Accessibility.	This can be on two levels. The first is linked to the Equality Act 2010 and how much the asset is accessible to people with disabilities. The second is concerned with accessibility generally. For example, there may be a special piece of computer equipment that can only be used by suitably trained Council personnel. In this case it would be useful to ensure that operatives are correctly identified, and appropriate cover is in place (avoiding the situation of reduced usage-sufficiency-because of the unavailability of qualified staff).
Value.	Commonly overlooked in asset management plans, but a list of values of assets not only act as a reliable inventory check, but can ensure that an accurate, appropriate valuation is listed. This might not necessarily be the valuation in the accounts but could be one that the responsible asset manager knows is an accurate market value (if the Council wished to dispose of the asset) or of a replacement value if he/she wished to replace the asset.

Energy Performance.	Energy consumption has social, environmental and economic impacts on the community. The management of existing properties and the provision of new buildings should maximise the social and economic benefits of development whilst minimising the environmental damage resulting from the use of energy and resources. All Authorities are required to comply with the requirements of the Energy Performance of Buildings Directive that places a duty on the authority to investigate and monitor the energy performance of all buildings over 1000m². Consideration must be given to the level of energy performance required of new buildings in order to minimise the environmental impact of future building work.

3.0. Asset Management planning in Orkney Islands Council

3.1. Financial Climate

The Council spends approximately £13million on property costs each year. In addition, a capital investment in property, infrastructure and plant and equipment of £90million was delivered between 2013 and 2018, representing an average investment of £18million per annum.

This included the completion of the Orkney Islands Council's Schools Investment Programme (SIP) with new build facilities including the Kirkwall Grammar School, Stromness Primary School, together with a leisure swimming pool and art theatre at a cost of £58million.

The unprecedented level of investment in the capital programme in recent years has seen the Council realise significant improvements to service delivery and facilities provision, including the completion of new piers and associated infrastructure in support of the renewables industry sector and a major programme of new house build for the social housing sector.

The five-year capital programme for 2018 to 2023 is well committed with a planned spend of £84million and includes, for example, the construction of two replacement Care Facilities for St Peters House in Stromness and St Rognvald's House in Kirkwall, along with replacement of two tugs for the Scapa Flow Oil Port.

The outlook for 2019 to 2023 and beyond however paints a different picture where revenue and capital resources are likely to be significantly lower. The Council faces a challenge of continuing to manage an asset portfolio that supports corporate objectives from within constrained revenue budgets and a likely capital allocation of approximately £7million per year excluding any agreed capital borrowing.

Effective prioritisation of capital resources and pro-active asset management are crucial in the period ahead.

3.2. Approach to Asset Management

In 2011 the Council established a Building and Facilities function within Corporate Services, and tasked the team with responsibility for the planning, management, review and provision of a cost effective and efficient property asset service. In 2015 this team was amended to the IT and Facilities function, with the asset management elements remaining the same.

This was a change from the historical approach, where asset management had been undertaken by default at a Service level within the Council. This meant that service areas had built up a good knowledge of their own asset requirements and managed resources accordingly, but there was no overall corporate oversight.

Over the period of the first Corporate Asset Management Plan this approach has been embedded and is now working effectively, with significantly improved corporate planning and engagement with all Services across the Council.

This approach was consolidated in 2016 to 2017 with the Change Review project looking at Property Asset Management across all Services. Detailed discussions were held with Heads of Service and their management teams to review how and where they were delivering their services and, as a result a number of assets were declared as surplus. Their eventual disposal is now being managed through the Estates team

Effective and efficient use of assets requires corporate visibility of all relevant data, a consistent approach to management, an understanding of all service requirements and an objective means of prioritising investment. Asset management processes have therefore been the subject of audit and best value reviews.

The Capital Planning and Asset Management Strategy Group was established as a result of the original Corporate Asset Management Plan 2013 to 2108. This group meets monthly and provides co-ordination, direction and operational asset management planning. The Senior Management Team, acting as an Officers' Capital Working Group, provides oversight of the management of corporate assets within Orkney Islands Council and a decision-making gateway to ensure that management decisions are undertaken in a corporate manner.

The lists below summarise some of the key activities and documents used by the operational services to ensure their asset management analysis and decisions are well evidenced and documented.

Property

- Operational Property Review – review service needs and consider on a council wide basis all possible opportunities for reducing the number of properties to allow limited resources to be more effectively targeted.
- Commercial Portfolio Review – undertake a review to assess performance with the objective of maximising return and disposing of poorly performing assets.
- Review of Property Revenue Maintenance Budgets.
- Disposal of Surplus Assets – the progression of surplus assets through the asset disposal procedure.
- Joint Working – working with partners on co-location opportunities.
- Data Management – consolidation and review of data sources.
- Condition Assessment – independent assessment of operational portfolio.
- Energy database system – implementation to monitor and record energy and water usage as part of a carbon emissions reduction programme.

Open Spaces and Heritage

- Review of grounds maintenance specifications in light of biodiversity reviews and budget reductions.

- Place based review of playground provision and investment requirements.

Roads Infrastructure

- Independent high-speed surface condition surveys, condition assessment and backlog maintenance estimate.
- Compilation of Asset Management Plan through the Society of Chief Officers of Transportation in Scotland (SCOTS) workshops and project participation.
- Review of road strengthening options to optimise effectiveness of treatment and minimise future liabilities.
- Risk based inspection regime.
- Quarry resource assessment to establish longevity of quarriable material.

Marine Infrastructure

- Condition assessment of all major assets with options to suspend or increase investment based on inspection results.
- 3 Port strategy for significant infrastructure enhancement.

Airfield Infrastructure

- Condition assessment of all airfields with options to suspend or increase investment based on inspection results.
- Annual Civil Aviation Authority inspection regime.

Waste Management and Disposal

- Implementation of the Orkney Islands Waste Strategy.
- Provision of waste disposal and landfill capacity to 2020 via Shetland Islands Council's Energy Recovery Plant and landfill sites.

Burial Grounds

- Review plot allocations and layouts to make efficient and sensitive use of available areas.
- Condition assessment of all assets to suspend, re-prioritise or increase investment.

Housing

- Review of housing asset management strategy and works programmes completed in 2012.
- Works to achieve the Scottish Housing Quality Standard.
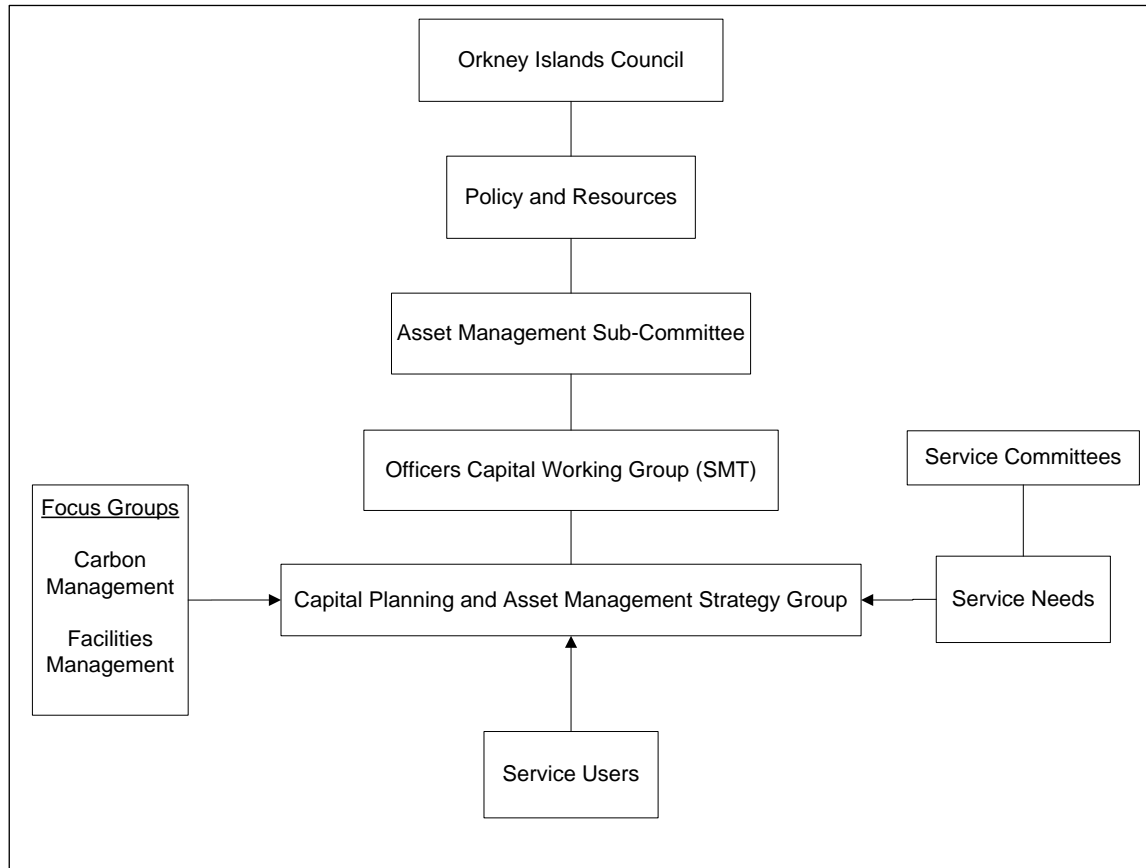
Fleet and Plant

- Fleet & Plant Asset Register.
- Balanced maintenance/replacement strategy.

ICT

- ICT Asset Register.
- ICT Strategy and Delivery Plan.
- Digital Strategy and Delivery Plan.

3.3. Framework for Asset Management Planning

This framework supports the integration of asset management planning and effective investment decisions, and also ensures that asset management planning is dealt with at a sufficiently senior level.

```
                    ┌─────────────────────────┐
                    │  Orkney Islands Council │
                    └────────────┬────────────┘
                                 │
                    ┌────────────┴────────────┐
                    │  Policy and Resources   │
                    └────────────┬────────────┘
                                 │
              ┌──────────────────┴──────────────────┐
              │  Asset Management Sub-Committee      │
              └──────────────────┬──────────────────┘
                                 │
          ┌──────────────────────┴──────────┐      ┌─────────────────────┐
          │ Officers Capital Working Group   │      │  Service Committees │
          │ (SMT)                            │      └──────────┬──────────┘
          └──────────────────────┬──────────┘                 │
  ┌──────────────┐               │                  ┌──────────┴──────────┐
  │ Focus Groups │               │                  │   Service Needs     │
  │              │   ┌───────────┴───────────────────┴───┐                │
  │  Carbon      │──▶│ Capital Planning and Asset        │◀───────────────┘
  │ Management   │   │ Management Strategy Group          │
  │              │   └───────────────────▲───────────────┘
  │  Facilities  │                       │
  │ Management   │            ┌───────────┴──────────┐
  └──────────────┘            │    Service Users     │
                              └──────────────────────┘
```

Officers' Capital Working Group

The Senior Management Team, acting in its capacity as an Officers' Capital Working Group, is chaired by the Chief Executive. The group provides an oversight of the management of corporate assets within Orkney Islands Council and a decision-making gateway to ensure that management decisions are undertaken in a corporate manner. This group is supported by the Capital Planning and Asset Management Sub-group.

Capital Planning and Asset Management Sub-group

The Capital Planning and Asset Management Sub-group provides co-ordination, direction and operational asset management planning. It is chaired by the Head of IT and Facilities and attended by Heads of Service, as nominated asset managers, and lead officers from the Finance Service. It is responsible for the following:

- Establishing procedures to compile, monitor and report on the capital investment programme over both the medium and long term including whole life costing.
- Ensuring the preparation of a comprehensive range of options as part of the business case for future investment.
- Co-ordinating future options for investment between different asset types to avoid any potential duplication or shortfalls.

- Ensuring the development of the complete Corporate Asset Management Plan to support options for future service delivery.
- Co-ordinating the collation of investment options for those not driven by the asset management plan.
- Co-ordinating the development of Capital Project Appraisals in respect of specific investment proposals for consideration and prioritisation by the Council, and thereafter inclusion in the detailed capital programme, as appropriate.
- Ensuring a consistent approach across Orkney Islands Council in matters relating to the utilisation, management and maintenance, and where appropriate rationalisation, of corporate assets.
- Monitoring and reporting on progress in relation to the development of the Corporate Asset Management Plan.
- Raising corporate asset management issues.
- Disseminating best practice in the management of assets, while acting as a "critical friend".
- Identifying potential improvement and good practice in the management of the council's assets.
- Co-ordinating the development of a suite of asset management performance indicators.

Carbon Management Group

A Carbon Management Group was set up in 2007 to develop a Carbon Management Strategy and Implementation Plan which was approved in August 2007. Noting the shifting market for alternative fuels (ie possible LNG, Hydrogen and self-generated electricity) there are a number of Strategic Projects under development, including a Scale Wind Farm and a Private Wire Network. In addition, the Hydrogen based Surf & Turf, and Big Hit, have already been implemented.

In 2019 work will be carried out to assess the overarching opportunities and demands and look to bring together several elements of user demand into a revised Carbon Management Strategy. This will assess the next stage of action planning for the development of new energy hubs such as electric vehicle / hydrogen refuelling stations and will also look at such matters as ease of access linked to Local Development Plan land, use planning, and the impact of other major energy consumers who have developments in place or plans for new build, such as the possible new waste management facility, the current Hospital development and local large scale commercial businesses. The overarching aim of this work is to reduce fuel oil dependency for properties, businesses and transport.

The Carbon Management Group consists of lead officers responsible for each policy aspect and also includes external stakeholders and external groups such as EMEC, OREF and the EV Users Group. This body will sit on completion and Council / Partner approval of the revised overarching strategy. This Group will continue to progress, monitor and report on the carbon footprint of Orkney Islands Council.

3.4. Links to Best Value

Best Value is a critical driver to the management of our assets. The duty to secure best value has emphasised the need to manage assets effectively. Asset management planning is consistent with the accepted principles to enable the delivery of best value:

- We are accountable to our customers.
- We are transparent and open in the way in which we do business.
- We are committed to continuously improving our services.
- We take ownership of Best Value.

To take forward best value, the Council uses the Best Value Toolkit: Asset Management as developed by Audit Scotland.

This process assists the Council in demonstrating Best Value, securing continuous improvement in the services being provided and ensuring that assets continue to support service delivery.

3.5. Detailed Asset Management Plans for each asset category

Each of the asset management plans follows a broadly similar structure although by the very nature of the different types of assets, they approach asset management in different ways when required. However, they have a common theme of offering a critical appraisal of existing asset performance and the decision-making requirements that follow such work.

Sections now follow which cover the key aspects of each of the ten plans, which together form the Corporate Plan. For each asset category, there is a context, an aim and a series of specific goals.

4.0. Property

4.1. Context

Property assets are essential to the services delivered by Orkney Islands Council. Managing these assets is a structured process that seeks to ensure best value for money from property assets and improved performance in meeting strategic needs. It is recognised that:

- Managing property assets effectively is a key driver of service transformation.
- Properties are at the centre of the public's perception of a local authority.
- The value of property assets and expenditure on construction and running the estate is significant.

Property is one of six generic categories of corporate asset identified by the Council. Although the property database holds the details of all the Council's properties including infrastructure and Council housing only buildings except for Council housing, associated land and surplus properties are reported in this section.

Properties are classified by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Royal Institute of Chartered Surveyors as being either Operational or Non-Operational. A substantial amount of work has been undertaken since the previous Plan to improve data accuracy in respect of property records. This has led to a change to what assets are categorised as property in terms of the CIPFA guidance.

4.1.1. Operational properties

Operational properties are defined as those assets held and occupied, used or consumed by an organisation in the direct delivery of those services for which it has either a statutory or discretionary responsibility, or for the service objectives of the authority.

4.1.2. Non-Operational properties

Non-Operational properties are defined as assets being held by an organisation but not directly occupied, used or consumed in the delivery of services, or for the service or strategic objectives of the authority. Non-operational properties are used to stimulate economic development, plan for the future and provide the Council with a stable revenue income stream and surplus assets for disposal.

The list of Operational Property included as "Property assets" is shown below:

Operational Property – Asset Type.	Number of Properties.
Airfields.	6.
College and associated buildings.	3.
Community Centre.	5.
Day Care Centre.	7.
Depot.	7.
Exhibition.	1.
Hostel.	1.
Industrial Unit.	6.
Land.	23.
Leisure Centre.	1.
Leisure Facility.	11.
Library.	2.
Lighthouse.	1.
Linkspan.	9.
Museum / Visitor Centre.	10.
Office.	17.
Outdoor Centre.	3.
Pre-School Facility.	1.
Public Convenience.	21.
Public Garden Building.	1.
Quarry.	3.
Radar Station Site.	5.
Religious Building.	2.
Residential Care Home.	9.

School.	22.
Store.	19.
Travel Centre.	1.
Waiting Room.	1.
Waiting Room and Public Convenience.	22.
Waste Management.	6.
Waste Transfer Station.	1.
Workshop.	1.
Total number of properties.	**228.**

This is a reduction of 11 since the 2013 to 2018 plan.

The list of Non-operational Property included as "Property assets" is shown in the table below.

Non-Operational Property – Asset Type.	**Number of Properties.**
Care Home Under Construction	1.
Community Centre	2.
Dwelling	2.
Farm	2.
Ferry Terminal	3.
Hangar	1.
Industrial Unit	31.
Lairage	2.
Land	82.
Leisure Centre	1.
Leisure Facility	4.
Museum/Visitor Centre	6.
Office	12.
Public Convenience	1.
Quarry	1.
Redevelopment	3.
Residential	2.
Shop	1.
Store	14.
Waiting Room	1.

Total number of properties.	172.

This is a reduction of 72 since the 2013 to 2018 plan.

4.2. Aim

"To make more effective and efficient use of Orkney Islands Council's property assets."

4.3. Objectives

4.3.1. We will ensure property is managed as a corporate resource by:

- Ensuring the framework and responsibility for the management of operational and non-operational property assets is embedded in the Council's governance and operational procedures.
- Ensuring service management planning identifies the property needed to support service delivery and follows the corporate framework for asset management planning.

4.3.2. We will ensure all property investment and disposal decisions are based on thorough option appraisal by:

- Setting out the framework and responsibility for property investment decisions.
- Using a business case approach to future investment.

4.3.3. We will regularly monitor the performance of property and set out responsibility for securing continuous improvement by:

- Preparing regular property performance reports.
- Benchmarking property performance.
- Valuing land and buildings in accordance with legislation.

4.3.4. We will ensure that property asset management information is collected, maintained and stored effectively by:

- Having an up to date asset register.
- Reviewing Orkney Islands Council's property related information systems.
- Developing a corporate property asset management database.
- Developing a commercial property management system to manage third party tenant leases, rental payments and rent arrears.
- Having current layout and operating plans for all properties.

4.3.5. We will ensure best value in the delivery of property asset management services by:

- Applying the Audit Scotland Best Value Toolkit as the method for measuring and monitoring performance.
- Utilising the "How Good is Our Council" Framework for self-assessment, and other similar self-assessment tools.
- Benchmarking service delivery with other authorities.

4.3.6. We will ensure that only property that meets Orkney Islands Council's corporate objectives is retained by:

- Regularly reviewing and challenging property retention.

4.3.7. We will consider the needs of stakeholders by:

- Participating in local and national stakeholder events.
- Regularly consulting with communities through the Local Development Plan.
- Utilising the established network of Community Councils and the Orkney Community Planning Partnership.

4.3.8. We will ensure our property portfolio is suitable for its current use and supports efficient and effective service delivery both now and in the future by:

- Measuring and reporting the suitability of the property portfolio.
- Measuring and reporting the suitability of the school estate.

4.3.9. We will ensure properties are in an appropriate condition and maintained effectively by:

- Measuring and reporting the condition of the property portfolio.
- Managing property maintenance corporately.
- Ensuring planned maintenance spend is targeted at the areas of greatest need.
- Maximising the amount of revenue planned maintenance.
- Providing a reactive maintenance service to ensure properties remain open and available.
- Providing a regular property inspection regime to identify defects at an early stage.

4.3.10. We will ensure properties are compliant with relevant legislation by:

- Establishing key responsibilities.
- Carrying out all necessary statutory servicing and inspections.

4.3.11. We will ensure properties are accessible for people with disabilities by:

- Measuring and reporting the accessibility of the areas of buildings likely to be used by the public.
- Measuring and reporting the accessibility of the school estate.
- Ensuring all new properties and refurbishment of existing property meet acceptable accessibility standards.
- Ensuring that the routine replacement of building fabric and services elements is consistent with good practice.

4.3.12. We will ensure office space is used efficiently by:

- Undertaking utilisation audits and reporting the office space used per person.
- Identifying areas of best practice in office area utilisation and considering implementation in the Council estate.

4.3.13. We will minimise the number of poorly used properties by:

- Providing visibility of property and space availability internally and externally to the Council.

- Challenging service providers.

4.3.14. We will meet future demand of an aging population by:

- Reviewing the adequacy of the Residential and Care estate.
- Examining the alternative means of procuring care provision.
- Working in partnership with relevant colleagues in other public services to rationalise assets.

4.3.15. We will ensure that cost and consumption of resources in the operation of our properties is minimised by:

- Measuring and reporting the cost and consumption of utilities and consumables in the operation of our properties.
- Ensuring accurate data management.
- Focusing on energy reduction initiatives through the Carbon Management Group.

4.3.16. We will ensure that the commercial portfolio continues to generate sufficient revenue and encourage economic development by:

- Ensuring that the commercial portfolio is well managed.
- Ensuring that properties are held for a clearly defined purpose and that a regular review in terms of service delivery and investment/financial performance is undertaken.

4.3.17. We will manage surplus property effectively by:

- Preparing for disposal process in advance of vacancy.
- Regularly reporting and monitoring progress through the disposal process

4.3.18. We will ensure efficient procurement and project management of construction projects by:

- Effective monitoring and reporting of construction project performance.
- Developing effective procurement practices that can demonstrate improvements in value for money.
- Carrying out post project reviews.

4.3.19. We will minimise the impact to the environment from the construction and operation of our properties by:

- Aiming for BRE Environmental Assessment Method (BREEAM) "Excellent" standard in capital construction projects.
- Including bio-diversity considerations over the lifecycle of a project.

4.4. Strategic Direction and Investment Requirements

The Council has ownership and stewardship of significant community assets in the form of roads, footpaths, schools, care establishments and other buildings, piers and harbours and recreational facilities. The built infrastructure over which the Council has stewardship is long term by nature but will still inevitably need to adapt to changing needs, require ongoing maintenance and eventually need to be replaced.

The Council therefore must plan for the future costs of improvement, replacement or renewal of community assets in addition to meeting the costs of day to day operations to give assurance to stakeholders that it has a sustainable financial position.

The Council has adopted the following principles as part of a Medium Term Resource Strategy with a view to ensuring that resources are aligned to Council priorities:

☐ Resources will be redirected within the Council in accordance with a clear strategy based on Risk, Council Priorities, Funding and Performance levels;
☐ Ongoing reassessment and reconfiguration will determine the sustainable level of expenditure that can be incurred on services over each of the next five years;
☐ Sustainable use of General Fund balances and strategic reserves in order to manage the timing of baseline savings;
☐ Sustainable use of General Fund balances and strategic reserves in order to invest in income generating opportunities which will help bridge the identified funding gap for each of the next five financial years;
☐ Phased introduction of identified Change Programme savings in order to help bridge the identified funding gap; and
☐ A maximum level of capital expenditure that can be incurred each year, recognising that any expenditure over and above what can be funded from General Capital Grant, designated reserves or capital receipts will need to be financed through borrowing, which will in turn create an ongoing revenue cost pressure.

A corporate approach to asset management planning is aimed at improving the Council's efficiency and effectiveness in the use of fixed assets. This includes the potential for rationalisation of the Council's property estate, and in turn the better use of finite resources going forward

The plan supports the delivery of the Council's strategic priorities and is based on our shared values. It also provides detail of our future investment strategy and the effect this will have on our assets

An integrated asset management/capital planning system is a critical part of the good management of any organisation and a key principle in ensuring that all investment decisions are considered within an overall systematic appraisal system that includes the use of business cases and option appraisal.

5.0. Open Spaces and Heritage

5.1. Context

The Council owns and maintains several parks, playgrounds and open spaces. For definition, a park would be classed as an area outwith school grounds with some form of sports or leisure provision, playgrounds are areas containing children's play equipment and open spaces are areas that are within Council ownership and maintained for general amenity, community or aesthetic reasons.

Although the Bignold Park, Kirkwall and the Market Green, Stromness are the only two areas that would be classed as parks within the Council portfolio, there are many facilities available through school lets or in community ownership. The Council owns and maintains 47 play areas although not all play areas at schools are currently available for public use during the school day. There are a variety of open spaces ranging from the Peedie Sea

area and Skate Park to small landscaped areas. These are generally managed through the grounds maintenance contract.

Museum assets are held by the Council at the Orkney Museum in Tankerness House, Scapa Flow Museum at Lyness, Corrigall Farm Museum in Harray and Kirbuster Museum in Birsay. Collections not on display are held at the Museum Store, in Kirkwall. The Council also manages the role of St Magnus Cathedral as a visitor attraction, several unstaffed sites and monuments, and the arts development service.   The Council provides support to the heritage sector in Orkney by participating in key heritage areas such as the steering group with responsibility for the management of the Heart of Neolithic Orkney World Heritage Site and Council led programmes such as the North Isles Landscape Partnership.

Access is provided to the museum collections owned by the Council on behalf of the people of Orkney. These include an archaeological collection of Neolithic, Pictish and Viking artefacts from over 70 sites that is recognised as a collection of national significance by the Scottish Government and a social history and fine art collection which includes collections of commerce and industry, domestic and community life, works of art and wartime Orkney. Objects are also loaned for temporary exhibitions and on a longer-term basis to several local heritage centres on the isles.

Orkney Archives is situated within the Orkney Library & Archive building in Kirkwall and holds tangible heritage assets on behalf of the Council and the community. Orkney Archives has 129 collections comprising 29,431 items held under official deposit, agreements with The National Records of Scotland, permanent loan or when gifted to the Council. In addition to the written heritage assets Orkney Archives also holds 2,000 sound and video recordings, approximately 60,000 photographs and 5,869 publications in the Orkney Collection which consists mainly of published books and periodicals relating to the area.

'The Council owns and / or manages a range of assets under the auspices of the Development and Marine Planning section, inter alia, Local Nature Reserves (including one visitor centre), broughs. tombs and car parks. These assets are managed in order to ensure their compliance with all statutory obligations, whilst recognising the need to facilitate the safe interaction of the public, within budgetary constraints. A comprehensive property terrier is being prepared to assist in the management of these assets.'

A Management Plan for the Happy Valley Local Nature Reserve covering the period 2017-2021 and identifying a range of actions to enable maintenance and where possible improvements to the Reserve was approved by the Council in June 2018. A similar Management Plan is being prepared for the Mull Head Local Nature Reserve. Projects which will improve access at both Reserves are currently being developed.

5.2. Aim

"To provide fit for purpose assets that meet the needs of our communities, encouraging lifestyle enhancement, whist minimising cost and future liability."

5.3. Objectives

5.3.1. We will ensure parks, playgrounds and open spaces are managed as community resources by:

• Establishing a framework and responsibility for the management of parks, playgrounds and open space assets.

• Ensuring all open space decisions are supported by a robust outline business case with fully costed options.

• Ensure strategy and investment decisions are taken at an appropriate corporate level.

• Regularly consulting with members, public and appropriate user groups on current issues and future aspirations.

• Preparing an annual report detailing what improvements have been possible.

• Continuing to develop and maintain an open space asset management database with accurate and up to date information.

5.3.2. We will maximise opportunities to provide joined up solutions by:

• Regularly consulting with all Planning partners on future changes that may increase or decrease or change the nature of assets

• Developing the principles of a co-location strategy.

• Ensuring best practice is followed in terms of educational, biodiversity and environmental advice and experience.

5.3.3. We will consider the reasonable needs of stakeholders by:

• Addressing any reasonable changes or improved needs requirement that is brought to our attention and is affordable within available budgets.

5.3.4. We will ensure our assets are suitable for purpose and support the needs of the users where affordable by:

• Regularly measuring and reporting the suitability of the assets.

• Preparing options for future investment that address educational, suitability and sustainability issues.

• Linking future aspirations that are financially practicable to Service Plans.

5.3.5. We will ensure open space assets are in an appropriate condition and maintained effectively, where affordable by:

• Annually measuring and reporting the condition of the assets.

• Managing maintenance corporately.

• Ensuring planned maintenance spend is targeted at the areas of greatest need, whilst maintaining the overall portfolio in balance to avoid increased costs at some later date.

• Providing a maintenance service to ensure assets remain available and functional, within budgetary constraints.

• Providing a regular open space inspection regime to identify defects at an early stage.

5.3.6. We will ensure assets are compliant with relevant legislation by:

• Establishing responsibility for specific areas of operation

• Cyclical servicing as required.

• Routine inspections.

5.3.7. We will ensure assets are accessible for people with disabilities by:

- Regularly reviewing and reporting the accessibility of the areas of open space likely to be used by the public.
- Ensuring all new or refurbished open space assets meet current accessibility standards.
- Ensuring that the replacement of equipment with specific elements is consistent with good practice (e.g. colour, signs, surfacing access gates etc.)

5.3.8. We will minimise the number of poorly used assets by:

- Annually reviewing the Council portfolio, alongside community assets to assess if any areas could be converted to another function to improve its added value.
- Working at a strategic level with Planners and community groups to identify non-strategic spaces or assets that may form part of an asset rationalisation process.

5.3.9. We will increase public participation in managing parks, playgrounds and open space assets through education, special interest groups and environmental enforcement by:

- Engaging with children at school about the benefits of their assets
- Engaging with residents and citizens about the benefits of their assets
- Consulting with all categories of users at one off events and community meetings

5.3.10. We will ensure the appropriate management of public art and heritage assets owned by or the responsibility of Orkney Islands Council by:

- Working, as a minimum, to the standards of Museums Accreditation
- Developing a strategy to strengthen connections between museums, people and places to inspire greater public participation, learning and wellbeing.
- Regularly reviewing the framework and responsibility for the management of public art and heritage assets owned by, or the responsibility of, the Council.
- Reviewing and maintaining a catalogue of public art and heritage assets owned by, or the responsibility of, the Council.

5.3.11. We will seek to collect archives relating to the history of Orkney and its people, whether it is official, social economic, cultural or otherwise and will ensure appropriate management of these assets by:

- Developing a strategy to strengthen connections between the archives, people and places to inspire greater public participation, learning and wellbeing.
- Regularly reviewing the framework and responsibility for the management of the archive assets owned by, or the responsibility of, the Council.
- Reviewing and maintaining a catalogue of the archived assets owned by, or the responsibility of, the Council.
- Monitoring the performance of the archived assets owned by, or the responsibility of, the Council.
- Developing a strategy for improving and increasing storage space for archived assets owned by or the responsibility of, the Council.

5.4. Strategic Direction and Investment Requirements.

A significant capital investment would be required to enable all playgrounds to remain open and to upgrade parks facilities. To continue to provide similar equipment attracts annual revenue costs. Officers are aware of good practice nationally and internationally where robust, sustainable and educational playgrounds with low maintenance equipment have been provided. A Pitch and facilities Strategy has been adopted by the Council. In addition, a play area strategy has been developed and the playground portfolio is gradually changed to these new models, encouraging joint working and rationalisation with school and community assets. It should be highlighted that, without adequate funding, some assets may have to be closed.

A review is being undertaken to establish the conservation requirements and cost implications of conservation of the museums' collection and identifying priorities. Work has already been done to establish the significance and conservation requirements on the wartime collections housed at Lyness as an urgent area of the collection requiring conservation. The conservation of artefacts will be prioritised alongside the major capital works required at Scapa Flow Visitor Centre & Museum. The overall conservation requirements have not been costed yet but as a priority the Council is in the process of seeking external funding for the Scapa Flow project.

Archive storage and reading rooms currently conform to BS 5454:2000 – Recommendations for the storage and exhibition of archival documents, however, the indications are that there will be a requirement for additional archival storage space within the five-year period of this plan.

6.0. Roads Infrastructure

6.1. Context

The road network is the largest and most visible asset for which the Council is responsible and comprises roads, footpaths, street furniture, lighting, drainage infrastructure and structures such as culverts and bridges. There are 985km of roads across the mainland and isles of Orkney consisting of 160km of A Class roads, 205km of B Class roads, 160km of C Class roads and 460km of unclassified roads.

The whole infrastructure network comprises a number of diverse assets and the principles of asset management are applied to all of these components within the groupings set out in the following table:

Asset Group.	Elements.
Carriageways.	Carriageways, highway drainage, road markings.
Footways, Cycleway and Hard verges.	Footways, Cycleways (dedicated and shared used), hard paved verges, footway gullies, footpaths and bridleways.
Street lighting.	Columns, lamps, cabling feeder pillars, illuminated signs, illuminated bollards.
Traffic Signals.	Pedestrian crossing, school crossing lights.

Asset Group.	Elements.
Signs, Barriers and Street Furniture.	Advanced direction signs, direction signs, warning signs, information signs, signposts, street nameplates, non-illuminated bollards, road fences, pedestrian barriers, safety barriers, and other street furniture.
Bridges and Other Structures.	Bridges, subways, culverts, retaining walls, fixed link barriers, sea walls.
Winter Maintenance.	Salt storage areas, gritters and grit bins.
Water-related assets.	Flood prevention schemes, ponds, swales, detention basins, watercourses, headwalls and screens, weirs and culverted watercourses including some structures with heritage value.
Quarries.	Quarry at Cursiter.
Bus Shelters.	Post, sign, hardstanding, shelter.
Electric Vehicle Infrastructure.	Charging post, electrical supply.

Being a key asset of the Council's portfolio, proportionate maintenance is essential to ensure that the existing infrastructure continues to support the communities throughout Orkney.

The level of investment in recent years has reduced, however through careful planning of road treatments, the overall condition of the asset has not reduced significantly and remains one of the upper quartile performers across Scottish Roads Authorities. The challenge from an asset planning perspective however is that much of the maintenance work undertaken in recent years has been to the upper surface only, typically surface dressing. This treatment type seals the road from water ingress and provides a new running surface however it does not improve the structural integrity of the carriageway, which through increased traffic loading (Orkney is growing) will see a need for Capital investment in future years to ensure the asset maintains its value.

This is being addressed through a slight shift in maintenance techniques in the coming years along with a prioritisation of the Council's capital investment review process 2019. This is where the potential for future investment in structural integrity of the Roads network will be considered, subject to availability of adequate Council funding, alongside other asset planning priorities.

6.2. Aim

"To provide a road network that is safe, reliable and will help to generate and promote growth in business, leisure and everyday living within the community."

6.3. Objectives

6.3.1. We will ensure compliance with relevant legislation and regulations affecting the assets by:

- Continuing to develop our people and their knowledge.
- Taking a proactive part in the development of new legislation.
- Regularly inspecting our assets and assessing their condition and compliance.
- Assessing activities associated with the asset to ensure a high standard of compliance.
- Networking and monitoring legislative changes.
- Ensuring that necessary repairs are carried out timeously and to a high standard.

6.3.2. We will regularly monitor and report on the performance of the assets and set out responsibilities for securing continuous improvement by:

- Reporting established Key Performance Indicators and regularly publishing details of our performance against established targets.
- Continuing to develop our IT infrastructure to handle detailed asset, condition and maintenance history.
- Reviewing maintenance treatment types and delivering solutions that create Best Value
- Regularly inspecting our assets and surveying their condition.
- Regularly reporting to members.
- Taking a proactive part in National Improvement Programmes.

6.3.3. We will ensure comprehensive asset management information to support decision-making is collected, maintained and stored efficiently by:

- Developing our IT infrastructure, data handling detailing asset condition and maintenance history.
- Working with other organisations to gather information on asset condition.
- Participating in National projects in compiling Roads Asset Management Plan (RAMP) documents.
- Adherence to the Road's Quality Management Systems.

6.3.4. We will ensure 'best value' in the delivery of the service to maintain the assets by:

- Establishing a robust process for investment decisions.
- Regularly consulting with members and stakeholders on their perceptions of the asset and the service.
- Networking with similar organisations through established protocols, exchanging information and taking an active role in benchmarking activities.
- Utilising Audit Scotland Best Value Toolkits.
- Utilising the SCOTS road asset audit facility.
- Monitoring and controlling the costs associated with maintenance techniques and products.
- Taking an active part in benchmarking with others.
- Utilising appropriate procurement frameworks and contracts.
- Procuring services and materials in accordance with Contract Standing Orders.

- Utilising greater innovation and providing fit for purpose solutions that provide long-term, Value for Money.
- Improving organisational flexibility by helping our teams to adapt more easily to change.

6.3.5. We will meet the demand of a changing climate by:

- Reducing our usage of raw materials by reuse and recycling.
- Encouraging the use of safer, less damaging products, materials and techniques.
- Working, in a joined-up way with a wide range of other organisations from the public, private, charitable and voluntary sectors.
- Keeping inspection routines under review.

6.4. Strategic Direction and Investment Requirements

Independent high-speed surface condition surveys carried out in 2017 indicated a backlog maintenance cost of £12.7million and a steady state figure of £2.94million per annum for Orkney's Roads network. These surveys highlight that the percentage of the road network that should be considered for maintenance treatment has decreased from 20.4% in April 2013 to 19.8% in April 2018. The current investment budget for roads specific repair is £792,000.

This reflects the fact that as part of the Council's budget strategy the roads service has had funding reduced for several years across all its works categories. These cuts are likely to continue to the end of the current Medium-Term Resource Strategy Period in revenue funding terms. It is hoped that through additional capital investment the inevitable deterioration in overall condition of the asset can be addressed, but not before 2020. While the Roads section continues to monitor the effect of budget cuts on the road asset condition and is putting its case forward for additional investment, it is also changing its delivery processes to maximise use of current resources and best practice.

The focus of any investment made would be targeted to those sections of road that are generally subject to higher traffic volumes and are starting to show evidence of structural deterioration. As well as repairs to the roadway itself, maintenance investment is also required to the associated drainage, high use footpaths, bridges and structures, signs, lines, chambers and ironwork etc. in order to maintain the long-term value of the Council's vital asset.

Significant investment has been made on street lighting in recent years and by late 2019 100 percent of the Council's previous stock of 3,259 lanterns will have been replaced with LED lanterns. Where necessary the existing columns were replaced at the same time, therefore once complete, other than routine attendance issues, the asset will be in good order for many years to come.

7.0. Marine Infrastructure

7.1. Context

Marine infrastructure is critical to the economy, survival, culture and transport links of the Orkney Islands. The Council owns and maintains 29 piers and harbours, 16 of which have vehicle Ro-Ro capability and a further 6 of which have Lift on Lift Off facilities for transportation links. The Marine facilities are managed under two separate accounts namely Miscellaneous Piers and Harbours and the Scapa Flow Oil Port.

The piers and harbours infrastructure comprises a number of diverse assets and the principles of asset management are applied to all of these components within the groupings set out in the following table:

Asset Group.	Description.
Harbour Area.	Sea areas, channels and anchorages, refuge port, marina areas, harbours and surrounding land including navigational aids (Markers and Buoys).
Pier.	Fixed Landing structures, including fixed link vehicle ramps, slipways and link spans.
Pontoon.	Floating landing structures.
Slipway.	Launching / landing structures.
Moorings.	Yacht moorings.
Crane and weighbridges.	Mechanical loading facilities and weighing systems.
Services.	Water, water tanks, power, data and IT links, fuel offload facilities.
Facilities.	Toilets, showers, waiting rooms, stores, waste oil reception, waste reception, passenger reception, security infrastructure, marshalling areas, parking, lay down areas and lairage.
Fuel.	Self-help marine fuel tanks and Road delivery.
Vessel Traffic Service.	Vessel Traffic Service inclusive of surveillance assets, weather stations, CCTV, Port Management System and communications links.
Vessels.	Tugs, Pilot Boats, Work Boats and Ferries.

Being such a critical element of Orkney Islands Council's asset portfolio, adequate maintenance is essential in order that the existing infrastructure continues to support the economy of Orkney.

7.2. Aim

"To provide a marine infrastructure that is safe and will help to generate and promote growth in business, leisure and everyday living within the community whilst enhancing the mobility of islands residents, visitors and businesses."

7.3. Objectives

7.3.1. We will ensure compliance with relevant legislation and regulations affecting the assets by:

- Continuing to develop our people and their knowledge.
- Taking a proactive part in the development of new legislation.
- Regularly inspecting our assets and assessing their condition and compliance.
- Assessing activities associated with the asset to ensure a high standard of compliance.
- Networking and monitoring legislative changes.

- Ensuring compliance through external audit.
- Ensuring that necessary repairs are carried out timeously and to a high standard.

7.3.2. We will regularly monitor and report on the performance of the assets and set out responsibilities for securing continuous improvement by:

- Developing Key Performance Indicators and regularly publishing details of our performance.
- Regularly assessing usage and establishing income vs expenditure for each asset.
- Regularly reporting to members.
- Developing and implementing affordable planned maintenance schedules both long term and near term.

7.3.3. We will ensure comprehensive asset management information to support decision-making is collected, maintained and stored efficiently by:

- Developing our IT infrastructure, data handling detailing asset condition and maintenance history.
- Regularly inspecting our assets and surveying their condition.

7.3.4. We will ensure 'best value' in the delivery of the service to maintain the assets by:

- Regularly reviewing future business opportunities.
- Establishing a robust process for investment decisions to meet current demand and to develop future business opportunities.
- Regularly consulting with members and customers on their perceptions of the asset and the service.
- Networking with similar organisations and key partners through established protocols, exchanging information and taking an active role in benchmarking activities.
- Utilising Audit Scotland Best Value Toolkits.
- Producing an annual report.
- Utilising self-assessment tools such as How Good is our Council?
- Monitoring and controlling the costs associated with maintenance.
- Utilising appropriate procurement frameworks and contracts.
- Procuring services and materials in accordance with Contract Standing Orders.
- Seeking greater innovation.
- Improving organisational flexibility by helping our teams to adapt more easily to change.

7.3.5. We will meet the demand of a changing climate by:

- Providing facilities for the marine renewables sector to encourage developments in the Orkney and Pentland Firth area.
- Reducing our usage of raw materials by reuse and recycling.
- Encouraging the use of less damaging products, materials and techniques.
- Working, in a joined-up way with a wide range of other organisations from the public, private, charitable and voluntary sectors.
- Investigating future fuel and energy needs for Orkney harbour users.
- Keeping inspection routines under review.

- Seeking low carbon solutions to our vessels and infrastructure.

7.4. Strategic Direction and Investment Requirements

Income is received from pier dues and rental which assists with the operation and maintenance of the piers, harbours and vessels. The assets are however in a particularly corrosive and damaging environment and income streams are vulnerable due to economic variables in fishing and tourism.

Conditions assessments have indicated the following areas for concern over the next five years which require capital funding to be identified:

Location.	Description.
Lyness.	Lay down hard standing. Pollution remediation.
Various.	Navigational Aids. VTS improvements and surveillance. Port Security.
Moaness.	Improved shelter and minor dredging.
Graemsay.	Ramp (dependent on ferries outline business cases).
Stromness.	Copland's Dock facilities (fish tanks, lay down, access, storage, road). Marina Improvements. Move of Fisheries and RNLI Buildings.
Hatston.	Port Master Plan recommendations, which could include: Fuel. Lay down. Marshalling improvements. Additional Wharfage. Improved security. New Pier.
Kirkwall.	Storage. Improved security. Port Master Plan recommendations.
Tingwall.	Works, dependent on ferries outline business case. Expansion to accommodate fishing and aquaculture growth.
Rapness.	Works, dependent on ferries outline business case.
Loth.	Works, dependent on ferries outline business case.
Backaland.	Works, dependent on ferries outline business case.

Location.	Description.
Whitehall.	Works, dependent on ferries outline business case. West Pier repairs and shelter.
Pierowall.	Provision of hard ramp for Papa Westray Ro-Ro (dependent on ferries outline business case).
Papa Westray.	Provision of hard ramp (dependent on ferries outline business case).
North Ronaldsay.	Linkspan for Ro-Ro (dependent on ferries outline business case).
Shapinsay.	Works, dependent on ferries outline business case. Hydrogen refuelling infrastructure.
Flotta.	Improved waiting facilities. Works, dependent on ferries outline business case.
Tugs.	Replace two Tugs. Replace Third Tug.
Pilot Boats.	Replacement Pilot Boat.
Ferries.	Dependent on ferries outline business case.

The total capital risk for the portfolio stretches into millions as a result of historic under investment in the maintenance of current facilities and due to the future costs associated with future ferry decisions. Legislative requirements could also place a heavy burden on the Council.

Continuing work is required on the piers and harbours strategy which will require consultation with the key industry partners in ensuring that the infrastructure is fit for purpose and sustainable for the future.

The more strategic aspects of the Harbours and Vessels Infrastructure is being considered through the Port Master Plan activity and the Ferries outline business case work with Transport Scotland.

8.0. Airfield Infrastructure

8.1. Context

The isles aerodrome infrastructure is critical to the economy, culture, transport links and access to education and health for the north isles communities. The Council owns and maintains six operational isles aerodromes and one hangar. All operational assets are fundamental to transport links.

The airfield infrastructure comprises a number of diverse assets and the principles of asset management are applied to all of these components within the groupings set out in the following table:

Asset Group.	Description.
Aerodromes.	Hard and grass landing strips, associated markers and lighting, terminal buildings, fire facility garaging, airfield aprons, parking and communications facilities.
North Ronaldsay.	As for aerodromes plus night landing equipment.
Hangar.	Kirkwall airport hangar for the use of the Public Sector Obligation (PSO) contract holder.
Plant.	6 fire tenders plus 1 spare.
Services.	Power, water and communications at all aerodromes.
Fuel.	None.
Facilities.	Toilets, waiting rooms and store at each aerodrome.

Being such a critical element of Orkney Islands Council's asset portfolio, adequate maintenance is essential in order that the existing infrastructure continues to support the economy of Orkney.

8.2. Aim

"To provide a safe aerodrome infrastructure that will help to generate and promote growth in business, leisure and everyday living within the north isles communities whilst enabling mobility and ease of access to education and health provision."

8.3. Objectives

8.3.1. We will ensure compliance with relevant legislation and regulations affecting the assets by:

- Continuing to develop and continuously train our people and their knowledge.
- Taking a proactive part in the development of new legislation.
- Regularly inspecting our assets and assessing their condition and compliance.
- Assessing activities associated with the asset to ensure a high standard of compliance.
- Networking and monitoring legislative changes.
- Ensuring that necessary repairs are carried out timeously and to a high standard.

8.3.2. We will regularly monitor and report on the performance of the assets and set out responsibilities for securing continuous improvement by:

- Developing Key Performance Indicators and regularly publishing details of our performance.
- Regularly reporting to members.
- Developing and implementing affordable planned maintenance schedules.

8.3.3. We will ensure comprehensive asset management information to support decision-making is collected, maintained and stored efficiently by:

- Developing our IT infrastructure, data handling detailing asset condition and maintenance history

- Regularly inspecting our assets and surveying their condition
- Working with the Civil Aviation Authority to undertake annual audit inspections.

8.3.4. We will ensure 'best value' in the delivery of the service to maintain the assets by:

- Establishing a robust process for investment decisions.
- Regularly consulting with members and customers on their perceptions of the asset and the service.
- Networking with similar organisations and key partners through established protocols, exchanging information and taking an active role in benchmarking activities.
- Utilising Audit Scotland Best Value Toolkits.
- Utilising self-assessment tools such as How Good is our Council?
- Monitoring and controlling the costs associated with maintenance.
- Utilising appropriate procurement frameworks and contracts.
- Procuring services and materials in accordance with Contract Standing Orders.
- Seeking greater innovation.
- Improving organisational flexibility by helping our teams to adapt more easily to change.
- Working with the local communities to ensure the best care of the assets.

8.3.5. We will meet the demand of a changing climate by:

- Reducing our usage of raw materials by reuse and recycling.
- Encouraging the use of less damaging products, materials and techniques.
- Working, in a joined-up way with a wide range of other organisations from the public, private, charitable and voluntary sectors.
- Keeping inspection routines under review.

8.4. Strategic Direction and Investment Requirements

Limited income is received from landing fees for non-Public Service Obligation (PSO) flights. PSO flights do not generate additional income for the airfields budget. Budgeted funding is therefore essential for the maintenance of the aerodromes.

Conditions assessments have indicated some areas for concern over the next five years for which the risk of capital:

Location.	Description.
All aerodromes.	The hard runway surfaces require refurbishment/relaying every 5 years – this is managed through a 5 year rolling cycle of planned maintenance.
Eday. Papa Westray.	These terminal buildings are in a poor state of repair and require replacement.
North Ronaldsay.	Potential to hard surface the cross runway.

The total capital risk to maintain the facilities at their now improved standard stretches into millions in the medium / long term. Legislative requirements could also place a heavy burden on the Council.

Further work is required on the strategy which will require consultation with the key industry partners in ensuring that the infrastructure is fit for purpose and sustainable for the future.

9.0. Waste Management and Disposal

9.1. Context

The current Waste Management Strategy (Orkney and Shetland Area Waste Management Plan) ends in 2020. This focuses on several issues, how we collect our waste, what we collect, what can be recycled and thereby what are the disposal plans.

A comprehensive review is underway as part of the councils CPA (Capital Project Appraisal) process. This is both addressing the potential development of new waste management facility to replaced aged waste transfer station on Orkney Mainland, but also in that design process working with Zero Waste Scotland in the review, refresh, amendment and replacement of key elements of a new waste management strategy that will be in place for the next 25 to 30 years.

Key to this is both a mainland and an outer isle solution, in many ways distinctly different as our outer isles ideally need solutions that seek to process waste at point of use, working with Zero Waste Scotland and the "Circular Economy" team the refreshed strategy seeks to develop solutions to achieve this over its life.

Key to this will be partnership working, noting that Orkneys waste currently goes to Shetlands heat recovery plant for processing. Working with Shetland Islands Council on possible joint / shared solutions linked to the next stage of their Energy Recovery and District Heating Plant use will be critical in maximising opportunities to process Orkneys waste economically and releasing the potential resources within it.

There are various waste processing assets in Orkney, from the Waste Transfer Station at Chinglebraes, the five Household Waste Recycling Centres and the 21 Recycling Points, detailed in section 9.4 of this plan. Other assets are utilised in the management and treatment of waste including the biotreatment reed beds at Chinglebraes and the hard standings at Bossack for windrowing of green waste. All together provide residents and businesses with options to dispose of their waste efficiently and for business cost effectively.

We operate a wide range of services depending on whether residents or business. We offer capacity to deal with organic material, plastic bottles, glass, metals, waste electronic and electrical equipment, cardboard and paper. The glass is crushed in Orkney and used as an aggregate substitute. Plastic bottles, paper and cardboard are baled and transported to Scottish mainland centres where there are suitable outlets.

9.2. Aim

"To manage waste in Orkney in a manner that is efficient and sustainable, whilst being sensitive to environmental and biodiversity considerations in the Northern Isles".

9.3. Objectives

9.3.1. We will maximise community and business participation in waste management by:

- Consultation with public and businesses on requirements and acceptable options.
- Ensuring waste recycling targets and taxation implications, along with current performance is communicated to businesses and public alike.
- Providing adequate facilities to enable efficient separation, storage and collection.

9.3.2. We will ensure all investment and operational decisions are based on thorough option appraisal by:

- Setting out the framework and responsibility for investment decisions relating to the Scotland's Zero Waste Plan.
- Using a business case approach to future investment.
- Ensuring that technical and operational requirements are clearly understood by decision makers.

9.3.3. We will regularly monitor the waste operations and set out responsibility for securing continuous improvement by:

- Preparing regular property performance reports.
- Benchmarking waste management performance.

9.3.4. We will ensure best value in the delivery of waste management services by:

- Applying the Audit Scotland Best Value Toolkit as the method for measuring and monitoring performance.
- Utilising the "How Good is Our Council?" Framework for self-assessment.
- Benchmarking service delivery with other authorities.

9.3.5. We will consider the needs of stakeholders by:

- Establishing and participating in local and national stakeholder events.
- Regularly consulting with communities.
- Utilising the established Orkney Community Planning Partnership.

9.3.6. We will ensure assets are in an appropriate condition and maintained effectively by:

- Measuring and reporting the condition of the assets.
- Ensuring planned maintenance schedules are in place and undertaken.
- Providing a regular asset inspection regime to identify defects at an early stage.
- Ensuring that regular safety inspections are undertaken and acted upon.

9.3.7. We will ensure compliance with relevant legislation by:

- Establishing key responsibilities.
- Participating in industry network groups and Government consultations.
- Carrying out all necessary statutory servicing and inspections.

9.3.8. We will ensure that cost and consumption of resources in the operation of our properties is minimised by:

- Measuring and reporting the cost and consumption of resources in the operation of our properties.
- Ensuring accurate data management.
- Focusing on energy reduction initiatives through the Carbon Management Group.
- Considering renewable and energy from waste initiatives.

9.3.9. We will minimise the impact to the environment from the construction and operation of our operations by:

- Aiming for BREEAM excellent standard in capital construction projects.
- Including bio-diversity considerations over the lifecycle of a project.
- Maintaining and regulating the treatment processes and effluent streams from our sites.

9.4. Strategic Direction and Investment Requirements

There has been limited investment over the past ten years in property, plant and infrastructure. It is likely that this lack of investment will be insufficient to deal with demands for the next five years; additionally, the very nature of the plant requires a certain contingency to cover replacement and failure.

Asset.	Description.
Chinglebraes.	Major modernisation to meet safety, efficiency and legislative requirements.
Bossack.	Modernisation to enable proper recycling of organic waste.
Amenity sites at Garson, Cursiter and St Margaret's Hope.	Modernisation to enable more efficient operation and longer opening.
Waste management facility.	Replacement for the aged Chinglebraes site for next 25 to 30 years.

A review of current assets is ongoing as part of a council Change Programme initiative looking at the need for and number of satellite facilities and general capacity at core facilities along with the future operation of these services linked to the future waste management strategy / facility.

10.0. Burial Grounds

10.1. Context

The Council administers 45 burial grounds throughout Orkney. The Council is not the only provider of this service as there are other community owned and operated burial grounds. It was recognised in 2015 that there had been significant under-investment in the assets for several years and from that review the council approved a 5 year investment programme to address three key elements as noted:

- Ongoing implementation of 2015 to 2020 burial grounds expansion programme across the whole of Orkney to address lack of lairs post-2020.
- Ongoing implementation of 2015 to 2020 major improvements programme across all in-use cemeteries to address long standing major maintenance issues.
- Ongoing implementation of 2015 to 2020 minor improvement programme across all in-use cemeteries to address long standing wear and tear issues.

In parallel to this substantial programme of work, and noting recent national issues arising with the aged state of headstones, a full review and complete re-survey of all cemetery headstone condition has been undertaken (completed 2018) and from that a comprehensive programme of action commenced to address any safety matters. Following feedback from the public on some elements of this work a Member Officer Working Group has been established to oversee that programme from February 2019.

The day to day general appearance of our cemeteries is critical, both in terms of their place in our communities and for users. A review of routine maintenance requirements to meet seasonal demands (i.e. grass cutting) is underway to revise the Asset Delivery Plan 2019 for all green assets.

As funeral services utilise churches or community halls, the only buildings associated with burial grounds are small equipment stores. The main asset is therefore the land. Most of the burial grounds are in sandy coastal areas, however there are constructed grounds, where the local area is of peat or rock terrain. It is extremely important that good records are maintained both from a sensitive nature and to enable appropriate utilisation of the space available.

10.2. Aim

"To provide a high quality facility and sensitive management service to support communities through bereavement".

10.3. Objectives

10.3.1. We will ensure corporate visibility of investment requirements, taking account of aging population profile by:

- Ensuring service requirements are reviewed annually and reported through the asset management framework.
- Ensuring that comprehensive asset management information and data is collected and stored effectively.
- Ensuring all investment decisions are supported by a robust outline business case with fully costed options.
- Ensure strategy and investment decisions are taken at an appropriate corporate level.

10.3.2. We will ensure that service provision is providing best value and is financially robust by:

- Monitoring income and expenditure by area on a quarterly basis.
- Considering alternative strategies for delivery of the service where appropriate.
- Regularly consulting with appropriate user groups on burial ground issues.

10.3.3. We will ensure that burial grounds are in an appropriate condition and maintained effectively by:

- Ensuring adequate financial provision is collected and used effectively.
- Consulting with appropriate user groups.
- Taking account of environmental and bio-diversity considerations.

10.3.4. We will ensure compliance with relevant legislation by:

- Monitoring requirements and undertaking regular inspections of sites.
- Providing, where practical, access for people with disabilities.

10.3.5. We will consider the reasonable needs of service users and stakeholders by:

- Addressing any reasonable changes or improved needs requirement that is brought to our attention.

10.4. Strategic Direction and Investment Requirements

In terms of the Burial Grounds (Scotland) Act 1855, the Council is responsible for burial grounds in Orkney. The Council has recognised that there are a number of burial grounds which require upgrading by additional land acquisition, development of land previously purchased or additional maintenance.

In particular land acquisition will be required to allow continuing use of the graveyards at Holm, Sanday, Orphir, Stronsay, St Olaf's and St Peter's in South Ronaldsay. Non-routine maintenance to protect and improve the asset is required at Flaws in South Ronaldsay, Stronsay, Deerness and St Peter's in Sandwick.

Asset.	Description.
Burial Ground – Expansion.	In locations noted above where number of lairs will be exhausted. Creating circa 250 to 500 new lairs in a new or adjoined facility.
Burial Ground – Major Improvement.	In locations noted above, addressing a backlog of significant life expired assets within each Kirkyard (i.e. walls, drainage etc.).
Burial Ground – Minor Improvement.	In locations noted above, addressing a backlog of significant general life expired smaller assets (i.e. gates/fences etc.).

A detailed feasibility analysis of options to address the asset needs identified above is being undertaken the outcome of which will inform future bids for funding through the Council's Capital Project Appraisal process.

11.0. Housing

11.1. Context

The Council owns and maintains 965 Council houses and flats in 13 separate areas of Orkney mainland and 8 additional island communities. It provides services to a range of households including those seeking to access social rented housing and households who

are homeless or threatened with homelessness. In addition, social rented housing is provided by Orkney Housing Association Ltd and both organisations work closely together, operating a common housing register.

In addition to Council housing, the Council leases 274 garages across Orkney and 17 garage plots in Kirkwall.

The Council stock is in good condition and sound stock management strategies are followed to endeavour to ensure the houses are in demand, maintained, modernised and adapted as people's needs change.

Significant investment has been made in Orkney's housing stock. The Council has undertaken a proportionately large new build programme for its size in order to increase its ability to meet housing need. While the new build programme has now been scaled back, some development of Council housing will continue as there continues to be a high demand for housing in Orkney.

11.2. Aim

"Orkney Islands Council is committed to ensuring that every citizen has access to a warm, dry, secure, and affordable home, suited to their particular needs and, wherever possible, in a community of their choice."

11.3. Objectives

11.3.1. We will ensure compliance with relevant legislation and good practice by:

- Ensuring services offered meet the requirements of the Scottish Social Housing Charter in respect of Housing Quality and Maintenance.
- Ensuring that we achieve appropriately high standards in respect of self-assessment, including meeting the National Standard for Information and Advice Providers.
- Ensuring we utilise appropriate standards of self assessment to meet the requirements of the Scottish Housing Regulator's Annual Assurance Statement.
- Utilising the "How Good is Our Council?" Framework for self-assessment.
- Ensuring that we compare service provision with good practice initiatives elsewhere.
- Monitoring requirements and undertaking regular inspections of properties in line with normal practices.

11.3.2. We will ensure that service provision is providing best value and is financially robust by:

- Continually reviewing our services to ensure their efficiency, effectiveness and that they meet agreed targets.
- Providing services competitively to ensure value for money by developing effective procurement and partnership arrangements.
- Maximising the importance of planned maintenance programmes to reduce the incidence of responsive repairs.
- Benchmarking against other Councils and maintaining membership of Scotland's Housing Network.
- Consulting with our tenants as relevant and in line with our responsibilities in respect of tenant participation.

11.3.3. We will ensure that Housing is in a good condition and maintained effectively by:

- Maintaining the Scottish Housing Quality Standard across our stock.
- Achieving the Energy Efficiency Standard for Social Housing for 2020.
- Planning to meet additional targets in respect of the Energy Efficiency Standard for Social Housing over the longer term.
- Ensuring that planned maintenance schedules are in place and are appropriately implemented and monitored.
- Continuing to operate an appropriate void (empty property) inspection process.
- Ensuring adequate financial provision is collected through rents and used effectively.
- Consulting with tenants and analysing customer satisfaction feedback.
- Continuing to expand stock levels through new build as funding allows.

11.3.4. We will consider the needs of service users and stakeholders by:

- Offering comprehensive services which are responsive, person centred, efficient and effective.
- Implementing key changes to our services inside a realistic timescale to ensure our services continue to grow, develop and respond to the needs of service users.
- Promoting equalities and accessibility of services.
- Maximising the effective use of our stock to ensure it remains a valuable asset for the future.

11.3.5. We will ensure corporate visibility of investment requirements, taking account of a changing population profile by:

- Ensuring service requirements are reviewed annually and reported through the asset management framework.
- Ensuring that comprehensive asset management information and data is collected and stored effectively.
- Ensuring all investment decisions are supported by a robust outline business case with fully costed options.
- Ensure strategy and investment decisions are taken at an appropriate corporate level.

11.4. Strategic Direction and Investment Requirements

Over the investment period 2013 to 2018 it is anticipated that there will be a requirement to significantly improve IT systems relating to property maintenance and improvement. In addition, significant investment will be required in order to meet the SHQS and continue to build new stock.

12.0. Fleet and Plant

12.1. Context

The Council has a fleet of vehicles and plant that support in the delivery of services. They include:

- 50 vehicles over 3,500kg.

- 40 cars and vans up to 3,500kg.
- 43 pickups and minibuses up to 3,500kg.
- 16 Disabled access buses.
- 17 Zero Emission Vehicles (Electric).
- 73 registered and licenced items of plant including tractors and paving machines.
- 144 non-registered items of plant including excavators, forklifts and compressors.
- Various fixed plant items including waste balers and a bitumen mixing plant.

While fleet levels have reduced slightly over the last five years, it is noticeable that there has been an increase in the Council's zero emission fleet within this period.

Plant items and fleet stock currently has a replacement value of £16million. The Council currently invests £1.2million per annum on stock replacement, with a view to achieving upwards of 10 years use from each item of plant / fleet purchased. This does not always occur however due to the high usage much of the plant is required to undertake (bin lorries etc.) as well as general wear and tear. Prioritisation for urgent replacement is therefore an annual challenge given the funding available.

Were the Council to adopt an industry standard replacement period of between 7 and 10 years, the annual level of investment required would be between £1.6million and £2.3million. This is significantly above the currently allocated levels. Therefore, noting current budget constraints and little likelihood of any significant increase, the capital asset replacement funding of £1.2million per annum requires significant revenue investment to maintain its garage services.

As a result, Orkney Islands Council retains a comprehensive garage service to maintain its fleet as the initial warranty periods expire and day to day servicing, MOT preparations work, repair, breakdown and damage need to be resolved locally to ensure the fleet is readily available for clients. The Council provides fleet maintenance services for all its fleet from garages at Hatston Industrial Estate, Kirkwall augmented by agreements with private sector providers to meet peaks in demand.

There is a need in the face of budget constraints across the Council to review its' fleet requirements. This includes evaluation of the fleet's utilisation and striking a careful balance between purchase and maintain, or hire-in, as and when required with a view to minimising the overall fleet numbers as service needs change. The fleet service is working with their Client base to encourage the streamlining of replacement specifications for standardisation of the fleet. This will provide greater value for money in the annual purchase, repair and general maintenance of the Council's asset.

The service reviews "market trends" in terms of lease vs capital purchase, noting that when considering the level of £1.2million annual funding made available and the desire to achieve an average asset life in excess of 10 years, normal lease terms do not work in Orkney. This is the main factor in continuing with the Council's capital replacement strategy. Equally given an island geography and limited suppliers herein, there is limited opportunity for mainland firms to respond within Client's favoured timescales.

12.2. Aims

"To provide an efficient and effective Fleet Management and Vehicle Maintenance Service to support service delivery across the Council".

12.3. Objectives

12.3.1. We will ensure Council Services have the appropriate vehicles to carry out their responsibilities and duties by:

- Advising Service Users on economic maintenance and replacement periods for vehicles.
- Holding meetings with Service users.
- Offering 24-hour workshop support on call-out basis.

12.3.2. We will ensure vehicles are maintained to VOSA (Vehicle Operator Services Agency) standard by:

- Regular safety inspections (currently every 12 weeks for vehicles under 3500kg and 6 weeks for vehicles over 3500kg as defined by the terms and conditions applicable to our Operators Licence OM).
- Ensuring vehicles are fit for purpose and kept roadworthy and comply with Construction and Use (C&U) Regulations.
- Undertaking pre-MOT checks prior to presenting vehicles to VOSA for Class IV, V & VII MOT tests.
- Providing refresher training for mechanics.
- Using approved and calibrated inspection equipment.

12.3.3. We will ensure Fleet Asset Management information and data is collected and stored effectively by:

- Ensuring asset register is updated as and when new vehicles arrive and are disposed of.
- Updating of individual files and service records.
- Ensuring fuel providers provide electronic consumption data by vehicle registration number.
- Implementation of a Quality Management System for use by the garage.

12.3.4. We will demonstrate Best Value by:

- Benchmarking with other authorities.
- Benchmarking with Private Sector.
- Tendering fleet replacement in line with the Council's procurement team.

12.3.5. We will consider the needs of Stakeholders by:

- Holding meetings with service users.
- Advising on legislation and new technology.
- Arranging and attending vehicle demonstrations or inspections.

12.3.6. We will ensure vehicles are environmentally friendly by:

- Using the latest engine technology available to comply with emissions standards.
- Monitoring fuel consumption and carbon emissions.
- Promoting and organising driver training courses.
- Evaluating alternative fuels.

- Trialling Low Emission Vehicles (LEV) and Zero Emission Vehicles (ZEV).

12.4. Strategic Direction and Investment Requirements

A budget allowance of £1.2million per annum has been established for the replacement of plant, equipment and vehicles identified from the existing asset register based on need and scored against pre-set criteria including delivery of statutory services and meeting the Council's corporate priorities / community planning goals.

The potential for and feasibility of working in partnership with VOSA and the private sector has been undertaken in the past. This can result in spot contracts with the private sector which assists in the maintenance of the Council's fleet in times of severe peaks in the garage's workload.

The Orkney fleet maintenance market is small and buoyant with all firms chasing the same, limited, suitably qualified people resource. This can have an impact upon vehicle maintenance turn-around when employees move around employers. Given the volume of work in the private sector there is little or no interest in wholesale sub-letting of the Council fleets maintenance at the present time, however this is under review as part of the Council's review of outsourcing.

13.0. Information and Communication Technology (ICT)

13.1. Context

Within the Council, Information and Communication Technology (ICT) is managed within the IT and Facilities Service, part of the Corporate Services Directorate.

The assets owned and maintained by the Council include:

- Data and Information.
- Software Licences to use IT Systems, Technologies and Business Application e.g. MS Office, etc.
- Data Storage and Archival Systems.
- Networking and Communication Infrastructure (including Network Switches, Routers, WiFi systems, Radio Masts, Microwave and Wireless Radio Devices, Cabling etc.).
- Cybersecurity Infrastructure (Firewalls, Proxies, Gateways and Mobile Information Management Systems).
- Servers.
- End user desktop and laptop PC's and devices.
- Data centre facilities (Data Rooms, Server Racks, Air Conditioning, UPS).
- Copiers, Printers, Scanners and Multifunction Devices.
- Video conferencing facilities.
- Telephony equipment (Telephone Systems, Handsets, Smartphones).

Services should purchase hardware and software dependent on service needs with the assistance of the IT and Procurement specialists. Equipment is serviced by IT technicians or through specialist contracts. Any new ICT Systems need to be approved by the Information Services Programme Board.

13.2. Aim

"To make effective, efficient, economical and ethical use of Orkney Islands Council's ICT assets in support of its strategies, plans and service delivery."

13.3. Objectives

13.3.1. We will ensure effective and efficient identification, management and operation of ICT Assets by:

- Ensuring that comprehensive asset management information is collected, maintained, readily available and stored efficiently.
- Ensuring efficient and consistent information relating to lifecycles and replacement plans.
- Ensuring detailed information is maintained in relation to contractual obligations, leasing, warranties and software.
- Ensure asset management information is in line with all other Council processes and procedures e.g. financial planning, service planning and project management.
- Ensure asset management procedures inform, prioritise and direct ICT operations management.

13.3.2. We will ensure the effective planning, procurement and deployment of ICT Assets solutions by:

- Informing ICT Capital and Revenue budget planning, ICT service and workload planning.
- Managing the deployment of ICT assets, including through the annual ICT Capital Replacement Programme, currently funded at £420,000 per annum.
- Identifying the optimum point for system upgrades, minimising operational impact whilst ensuring efficient delivery using appropriate deployment tools.
- Minimising costs via efficient processes, partnership approaches and economies of scale.
- Assessing affordability and determining priorities.
- Centralising purchasing and supply contracts for hardware and standard software.
- Ensuring an option appraisal framework is in place to clearly demonstrate benefit, best value and total cost of ownership.
- Ensuring compliance with all other Council strategies, security and legal requirements and framework agreements for hardware and software.
- Ensuring a corporate approach to the use of shared service / infrastructure / hardware / systems opportunities.
- Ensuring all new hardware and software are thoroughly tested to ensure technical and operational compliance.

13.3.3. We will ensure that assets are suitable, operational, accessible and maintained to required standards by:

- Challenging the need for ownership / retention of under-performing assets.
- Adopting a corporate approach to ownership in a shared infrastructure.
- Minimising operational overheads and annual running costs.

- Co-ordination of assets, management and budgets.
- Ensuring effective capacity planning is undertaken.
- Ensuring regular monitoring and report on the performance of ICT assets.
- The identification of redundant hardware and software.
- Ensuring backup / recovery of systems.
- Maximising interoperability opportunities between hardware, applications, systems and networks.
- Ensuring appropriate ICT and information security (availability, integrity and confidentiality).
- Ensuring compliance with Network Management, Audit and security IT systems.

13.3.4. We will ensure that new assets are sustainable and affordable for the whole life of the asset by:

- The identification of operational sustainability systems including storage, space and cooling.
- Ensuring Government and Council targets for energy efficiency is considered in the procurement of all new hardware.
- Extending as much practical life out of assets as possible.
- Working closely with hardware vendors to ensure maximum benefits are realised and support contracts are in place and fully documented.
- Developing replacement plans for all ICT assets integrating opportunities for consolidation and the application of new, budget saving technologies.
- Ensuring operational efficiency with all other assets i.e. hardware, software, applications and networks.

13.3.5. We will ensure the effective retiral and disposal of ICT assets complying with legislative and operational requirements by:

- Complying with the EC Directive on Waste Electrical and Electronic Equipment (WEEE).
- Ensuring an Information Storage, Retention and Archive framework fulfils the statutory obligation of the Council in relation to Freedom of Information etc.
- Ensuring replacement plans for hardware, systems and networks are in place.
- Ensuring the efficient and safe removal of electronic data.

13.4. Strategic Direction and Investment Requirements

Effective Information and Communications Technology (ICT) is essential to allow the Council to provide customer-focused government. Telephone and computer systems underpin the efficient and effective delivery of all Council services.

There are a number of different and competing drivers for the strategic use of ICT in the Council including:

- The Council's Corporate Strategic Plan for 2018 to 2023 which sets out the areas of priority and aspirations for the future. It is expected that the Council's information technology function will support, enable and facilitate the objectives of this Plan.

- External influences such as the June 2011 report on the McClelland Review of ICT Infrastructure in the Public Sector in Scotland as well as increasing scrutiny by the Information Commissioner's Office on data protection and data loss events.
- Business areas' needs for "business as usual;" information technology services should also be kept in view.
- Recent developments and innovation in technology.

The current ICT strategy will be updated in Summer 2019 to reflect new developments and to ensure that investment in ICT projects and services is targeted on achieving corporate and service objectives, and that the benefits, costs and risks of using ICT are understood and managed appropriately.

14.0. Capital Investment Strategy and Asset Management

The corporate asset management plan sets out Orkney Islands Council's aims and objectives for our assets to ensure that they are used in an effective and efficient manner. This section deals with the links between asset management planning and capital investment strategy.

14.1. Corporate Approach

The Prudential Code places a formal requirement on local authorities to take account of asset management planning and option appraisals when developing proposals for capital investment. Outputs from the asset management plans should therefore be used to assist in preparing ten year capital investment strategy.

It is however recognised that both internal and external influences can have a significant effect on capital planning, and it is therefore important for these processes to be dynamic and for asset management plans to be regularly reviewed.

14.2. Business Cases to support Capital Investment

In setting the 2008 to 2013 Capital Programme, Outline Project Briefs were used as a basis to prepare capital project appraisals that were then prioritised against competing capital investment opportunities in a consistent manner and recognising factors such as the availability of external funding. However, these projects were rarely developed to a sufficiently detailed stage, with for example a Project Initiation Document (PID) and costings based on a detailed design, until after the capital programme was approved. As a result, for many projects, the original approved budgets and timescales for delivery were simply unrealistic and therefore not achievable.

As a result, a revised capital planning and option appraisal framework has been developed during the 2013 to 2018 programme period to better support and inform the capital investment decision making process going forward. The respective roles of both the Capital Planning and Asset Management Sub-Group and the Senior Management Team have also been clarified as part of a gateway process to ensure corporate consistency. The Council is mindful of the reductions in both revenue and capital funding for this period, against the picture of significant maintenance backlogs in asset portfolios, and the requirement to deliver on key strategic objectives.

The Capital Project Appraisal and Delivery Process Guidance Notes – January 2018 therefore require an initial feasibility study to be prepared for potential projects in the eight

to ten year plus period 2019 to 2028, an outline business case in the form of a Stage 1 CPA for all bids for capital investment in assets for the five to eight year period 2024 to 2027, and a detailed business case in the form of a Stage 2 CPA for projects in the three to five year period 2021 to 2024.

The Capital Project Appraisal guidance notes specify the key information requirements to be included for each proposed investment, and including for example:

- Assessment of strategic fit.
- Service constraint and developed client service specification.
- Investment options for consideration, including a do nothing option.
- Financial information for each option containing both capital cost and revenue implications.
- Timeline for project planning, delivery and completion.
- Supporting information for each option e.g. impact on asset and / or service delivery.
- Impact on outcome agreement targets.

A key improvement from previous capital planning processes is that each business case will contain a range of options, which allows a far greater degree of flexibility in decision making, as there are various costed solutions that achieve the investment objectives.

14.3. Option Appraisal and prioritisation process

It should be recognised that there will be an essential core level of investment required to meet statutory needs and backlog / lifecycle investment requirements in Orkney Islands Council's current asset infrastructure. Taking this into account, it is important to agree a transparent and robust process to assist in the evaluation and prioritisation of capital investment opportunities, while avoiding duplication.

It is recognised that the process should be an aid to decision making for officers and Members, rather than as a definitive method of arriving at investment decisions. In summary, the stages of the process are as follows:

- Identify essential core statutory investment.
- Identify essential core backlog / lifecycle investment.
- Assess and prioritise remaining options for statutory, backlog and lifecycle investment and new capital projects.
- Consider capital investment priorities based on these information factors.

14.4. 2019 to 2024 Capital Programme

The production of the capital investment strategy will involve:

- Quantifying available resources.
- Identifying essential core statutory investment.
- Noting existing approved capital commitments.
- Prioritising investment for the remaining resources.

The five-year capital programme for 2018 to 2023 has been duly approved by Council including a planned capital investment of £84million.

In producing a capital investment strategy for assets, it is important to quantify at an early stage an estimate of the probable level of available resources in order to help inform the planning process and avoid the creation of unnecessary and abortive work streams.

The Council's capital project appraisal process will be used to assess all bids from competing investment opportunities for prioritisation and inclusion in the Council's approved capital programme as appropriate. Looking forward it will be necessary to prioritise capital projects aimed at improving efficiency in the delivery of Council services and use of the associated property and infrastructure assets. Any proposed investment above the level of annual general capital grant funding will also be expected to demonstrate a self-financing capability.